KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

Date: July 24, 2020

To: Board of Commissioners

From: Ben Bentley, Secretary

Subject: AGENDA
Board Meeting of the Board of Commissioners
Thursday, July 30, 2020, 5 p.m.

PURSUANT TO THE GOVERNOR'S EXECUTIVE ORDER NO. 34 TO PROTECT THE HEALTH AND SAFETY OF CITIZENS DURING THE COVID-19 PANDEMIC, THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION WILL MEET VIA TELECONFERENCE

1. Call to Order.

2. Approval is requested to execute the minutes for the meeting held on June 25, 2020. (Item 2 Attachment)

3. Motion to add, delete or postpone agenda items.

4. Reports of officers and special presentations.

NEW BUSINESS

REDEVELOPMENT/LEGAL MATTERS (Brad Peters)

5. Resolution authorizing the execution of documents relating to the amendment of certain tax increment financing documents extending the interest-only period for The Courtland Group Development Project. (Item 5 Attachment)

6. Resolution regarding a 20-year payment in lieu of tax (PILOT) transaction with Pine Ridge Apartments, L.P. for the preservation of 125 units. (Item 6 Attachment)

HOUSING (Sean Gilbert)

7. Approval is requested to adopt the revised Tenant Selection and Assignment Plan for PBRA properties. (Item 7 Attachment)

8. Approval is requested for COVID Related Waivers for both Section 8 Administrative Plan & Public Housing Admissions and Continued Occupancy Policy (ACOP). (Item 8 Attachment)

THIS MEETING AND ALL COMMUNICATIONS BETWEEN MEMBERS IS SUBJECT TO THE PROVISIONS OF THE TENNESSEE OPEN MEETINGS ACT, TENN. CODE ANN. §8-44-101, et seq.
FINANCE AND ADMINISTRATION (Tracee Pross)

9. Approval is requested to revise the Pay Plan Policy to allow management to grant increased pay under hazardous or emergency work conditions. (Item 9 Attachment)

Unfinished Business
Public Forum
Adjournment

The next meeting of the KCDC Board of Commissioners will be
Thursday, August 27, 2020 @ 5 p.m.
Pursuant to the Governor's Executive Order No. 34 to protect the health and safety of citizens during the COVID-19 pandemic, the Board of Commissioners of Knoxville's Community Development Corporation met via teleconference on June 25, 2020.

Present: Vice Chair Kim Henry  
Treasurer Robyn McAdoo  
Commissioner Bruce Anderson  
Commissioner Kanika White  

Absent: Chair Robert Whetsel  
Commissioner John Winemiller  
Commissioner Sylvia Cook  

The meeting was called to order and a quorum declared present at 5:05 p.m.

Approval to execute the meeting minutes of May 28, 2020. Commissioner Anderson moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."

The Chair called the meeting to order and declared a quorum present at 5:08 p.m.

NEW BUSINESS

REDEVELOPMENT/Legal matters (Brad Peters)  
Resolution providing for the execution of closing documents related to Bell Street LP (105 units). Commissioner McAdoo moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–20 is attached.

Approval to modify the existing parking lease with Lincoln Memorial University's Duncan School of Law, in substantially the same form as attached, to extend the term and adjust the fee. Commissioner McAdoo moved to approve. Commissioner White seconded the motion. All other Commissioners present voted "Aye."

Resolution ratifying the amendment to the Charter of Bell Street Corporation. Commissioner McAdoo moved to approve. Commissioner White seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–21 is attached.
HOUSING (Sean Gilbert)
Approval is requested to award Contract C20017 for Cagle Terrace renovations to Gibraltar Construction Co., Inc. Commissioner McAdoo moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye."

FINANCE AND ADMINISTRATION (Tracee Pross)
Resolution approving Revision No. 1 of the Operating Budget for the Multi-Family Housing Program for the fiscal year 2020 (July 1, 2019 – June 30, 2020). Commissioner Anderson moved to approve. Commissioner White seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–22 is attached.

Resolution approving the treasury management services contract with Pinnacle Bank. Commissioner McAdoo moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–23 is attached.

PUBLIC FORUM
None

UNFINISHED BUSINESS
None

ADJOURNMENT
With no further business to come before the Board, the meeting adjourned by consent at 5:32 p.m.

__________________________________
Robert Whetsel, Chair

ATTEST:

__________________________________
Benjamin M. Bentley, Secretary
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>July 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution authorizing the execution of documents relating to certain TIF documents extending the interest-only period The Courtland Group Development Project.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Brad Peters, Vice President</td>
</tr>
<tr>
<td>Department:</td>
<td>Redevelopment</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: 0</td>
</tr>
<tr>
<td>Source of Funds:</td>
<td>N/A</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head /Vice President</td>
</tr>
<tr>
<td>☒ Legal Counsel</td>
<td>Name of Reviewer: Brad Peters</td>
</tr>
<tr>
<td>☒ Executive Director/CEO</td>
<td>Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**
   Amendment of loan documents to extend the interest-only period.

2. **Why is the action needed now?**
   The interest-only period is about to expire.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   - The Courtland Group, LLC-Developer, Guarantor
   - Mountain Commerce Bank-Lender
   - KCDC-Issue of the tax increment note, borrower

4. **What are the long term and short term exposures to KCDC?**
   N/A as this note and all obligations relating hereto are not general obligations of KCDC and are payable only from any tax increment revenues.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

- The KCDC Board approved the original TIF documents at the May 18, 2016 board meeting.

### ATTACHMENTS

- Resolution
- Map
RESOLUTION NO. _______

A RESOLUTION OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING TO THE AMENDMENT OF CERTAIN TAX INCREMENT FINANCING DOCUMENTS IN CONNECTION WITH A REDEVELOPMENT PROJECT LOCATED IN THE CITY OF KNOXVILLE, TENNESSEE AND KNOWN AS THE COURTLAND GROUP DEVELOPMENT PROJECT

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq.; and

WHEREAS, pursuant to the Jackson/Depot Redevelopment & Urban Renewal Plan, as amended, KCDC is authorized to assist with the redevelopment of a project located in the City of Knoxville, Tennessee and known as the "The Courtland Group Redevelopment Project" (the "Project"); and

WHEREAS, KCDC has previously issued a tax increment revenue note to finance certain eligible costs incurred in connection with the Project in the amount of $350,000 (the "TIF Note"); and

WHEREAS, KCDC, Mountain Commerce Bank (the "Bank"), The Courtland Group, LLC (the "Developer"), Jeffrey I. Nash and Patricia Anderson Nash (collectively and together with the Developer, the "Guarantors") desire to amend the TIF Note and the other loan documents related thereto to extend the interest-only period under the TIF Note and modify the amortization of the TIF Note; and

WHEREAS, the Developer and Guarantors have requested that KCDC enter into that certain Third Modification of Loan Documents, a copy of which shall be filed with the records of KCDC (the "Third Modification") for the purposes set forth above; and

WHEREAS, such amendment of the TIF Note will further the public purposes of KCDC by promoting redevelopment in the City of Knoxville.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Knoxville's Community Development Corporation, as follows:
RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Bank the Third Modification in substantially the form presented herewith and any and all other instruments, documents and agreements deemed necessary or desirable by the Bank in order to evidence the parties' obligations thereunder, all in the form required by the Bank and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Third Modification properly in accordance with the requirements of the Developer and the Bank; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved this ___ day of __________, 2020.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By:________________________
Secretary
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>July 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding a 20-year PILOT transaction with Pine Ridge Apartments, L.P. for the preservation of 125 units.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Brad Peters, Vice President</td>
</tr>
<tr>
<td></td>
<td>Department: Redevelopment</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular  ☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution  ☐ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: 0  Expenditure: fee to KCDC of $35,000</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: N/A (we are being paid the fee)</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head /Vice President  ☐ Budget/Finance</td>
</tr>
<tr>
<td></td>
<td>☒ Legal Counsel  ☐ Name of Reviewer: Brad Peters</td>
</tr>
<tr>
<td></td>
<td>☒ Executive Director/CEO  ☐ Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒  Deny: ☐  Defer: ☐</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**
   The objective of this action is to obtain authorization to execute documents to provide a payment in lieu of taxes to the Pine Ridge 125 unit affordable apartment complex that is being renovated. KCDC first received a letter of support from the mayor and this supports our goal of promoting affordable housing in the area.

2. **Why is the action needed now?**
   Closing for the project is happening soon.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   Pine Ridge Apartments, L.P. - The developer who is renovating the apartments, and the party who will lease back the property from KCDC.
   KCDC-Owner for purposes of the PILOT

4. **What are the long term and short term exposures to KCDC?**
   KCDC will have minimal exposure in connection with holding nominal title to the property. Under the lease, the developer is required to broadly indemnify KCDC in connection with KCDC's ownership of the property. It is also required to add KCDC as an additional insured on its commercial general liability insurance.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

- In 2015, Tenn. Code Ann. § 48-101-312 was amended to permit housing authorities, in certain circumstances, to provide property tax abatement for low-income housing tax projects upon the receipt of a support letter from the mayor.

### ATTACHMENTS

- Resolution
- Support Letter
- Map
- Lease
RESOLUTION NO. ________

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH PINE RIDGE APARTMENTS, L.P.

WHEREAS, the Board of Commissioners of Knoxville's Community Development Corporation ("KCDC") has met pursuant to proper notice; and

WHEREAS, KCDC is the housing, redevelopment and urban renewal authority of the City of Knoxville, Tennessee (the "City") and is duly incorporated pursuant to Sections 13–20–101 et seq., Tennessee Code Annotated; and

WHEREAS, to induce Pine Ridge Apartments, L.P., a Tennessee limited partnership (the "Company"), to cause the acquisition and renovation of a 125–unit housing facility (the "Project") located at 4700 Schubert Road, Knoxville, Tennessee, KCDC will acquire certain real and personal property located related to the Project, and KCDC will lease said property to the Company on the terms and conditions set forth in the Lease referenced herein; and

WHEREAS, KCDC has received a letter from the Mayor of the City expressing her support for the Project pursuant to Tenn. Code Ann. § 48–101–312(b)(4)(C); and

WHEREAS, there has been submitted to KCDC a form of Lease (the "Lease"), between KCDC and the Company, which provides certain payments in lieu of tax as provided therein and which KCDC proposes to execute to carry out the transaction described above, a copy of which instrument shall be filed with the records of KCDC.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION:

1. It is hereby found and determined that the acquisition and ownership of the Project will promote industry, trade, commerce and housing in the State of Tennessee and will increase the availability of affordable housing and employment in the City.
2. The Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to execute the Lease and deliver the Lease to the Company.

3. KCDC is hereby authorized and directed to own the Project pursuant to the terms of the Lease.

4. The Lease shall be in substantially the form submitted, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer executing it, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.

5. The officers of KCDC are hereby authorized and directed to execute, deliver and file such other certificates and instruments and to take all such further action as they may consider necessary or desirable in connection with the consummation of the transactions described above, including, without limitation, executing such documents as any lender of the Company may request in connection with its liens on the Project.

6. Any authorization herein to execute any document shall include authorization to record such document where appropriate.

7. All other acts of the officers of KCDC which are in conformity with the purposes and intent of this resolution are hereby approved and confirmed.

Approved this 30th day of July, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By:________________________
Secretary
June 10, 2020

Mr. Benjamin Bentley  
Knoxville’s Community Development Corporation  
901 N. Broadway  
Knoxville, Tennessee 37917

Re: Support Letter for Pine Ridge Apartments, L.P. Project

Dear Mr. Bentley:

I understand that Knoxville’s Community Development Corporation (“KCDC”), through its proposed lessee, Pine Ridge Apartments, L.P., is undertaking the acquisition and preservation of multi-family apartments located at 4700 Schubert Road, currently owned by Pine Ridge Associates. I understand that this project entails rehabilitating and upgrading 125 affordable apartments aimed toward households at or below 60% of the area median income. To provide financing for this project, Pine Ridge Apartments intends to apply for a 4% allocation of low-income housing tax credits from the Tennessee Housing Development Agency to ensure these apartments remain as affordable housing for the next 20 years. Pine Ridge Apartments has also applied for a construction loan.

Pursuant to Section 48-101-312 of the Tennessee Code Annotated, and because the City has not formed a health, educational, and housing facility corporation, KCDC is permitted to enter into an agreement for payments in lieu of taxes with respect to this project provided that I, as the chief executive officer of the City, provide a letter in support of the project. Please accept this letter as evidence of my support of this project for payments in lieu of taxes for a term of up to 20 years with the payment amount set at $27,801.52 to the City of Knoxville and $23,922.00 to Knox County. The preservation of these apartments and the provision of affordable housing for low-income citizens are important goals of the City, and this project is consistent with those goals.

Please do not hesitate to contact my office if you have any questions.

Sincerely,

Indya Kincannon  
Mayor

APPROVED AS TO FORM:

Charles W. Swanson  
Law Director
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

(a housing and redevelopment authority of the City of Knoxville, Tennessee organized under Tennessee law)

TO

PINE RIDGE APARTMENTS, L.P.

(a Tennessee limited partnership)

_________________________

LEASE

DATED AS OF __________, 2020

_________________________

This instrument prepared by:
BASS, BERRY & SIMS PLC (JPM)
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
LEASE

This Lease, made and entered into as of the ___ day of __________, 2020, by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. ("Lessor"), and PINE RIDGE APARTMENTS, L.P., a Tennessee limited partnership ("Lessee").

WITNESSETH:

WHEREAS, Lessor is a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq., as amended (the "Act"), and is authorized under the Act to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the purpose of providing safe and sanitary dwelling accommodations for persons of low income;

WHEREAS, in order to encourage Lessee to cause the acquisition and renovation of a low-income housing facility consisting of approximately 125 apartment units known as Pine Ridge Apartments located in the City of Knoxville, Tennessee (the "Project"), thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor certain real property and equipment hereinafter more particularly described, on the terms and conditions set forth herein; and

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated June 10, 2020 to the Lessor supporting the Project and approving the Lessor to negotiate and accept from Lessee payments in lieu of ad-valorem taxes; and

NOW, THEREFORE, Lessor, for and in consideration of the payments hereinafter stipulated to be made by Lessee, and the covenants and agreements hereinafter contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, and Lessee does by these presents hire, lease and rent from Lessor, for the Term (as defined below) and upon the conditions hereinafter stated, the real property described in Exhibit A attached hereto, together with all facilities and improvements now existing or hereafter constructed thereon by Lessee or otherwise;

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances applicable to the real property and equipment to be leased and existing as of the date hereof and any other encumbrance hereafter existing that is not created by Lessor; and

UNDER AND SUBJECT to the following terms and conditions:

ARTICLE I.
Definitions

Section 1.01 In addition to the words, terms and phrases elsewhere defined in this Lease, the following words, terms and phrases as used in this Lease shall have the following respective meanings:

"Acquisition Deed" shall mean the deed pursuant to which Lessor acquires title to the Leased Land.


"Basic Rent" shall mean the amounts described in Section 4.01.
"Buildings" shall mean the Buildings to be renovated on the Leased Land by Lessee pursuant to Article XI.

"City" shall mean the City of Knoxville, Tennessee.

"County" shall mean Knox County, Tennessee.

"Escrow Agent" shall mean James P. Moneyhun, Jr. or any successor escrow agent acceptable to Lessor and Lessee.

"Force Majeure" means fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the applicable party's reasonable control. Where this Lease expressly provides that a party's obligations are subject to Force Majeure, then delay or non-performance on the part of such party will be excused upon the occurrence and during the continuance of such event of Force Majeure, provided that such party promptly gives the other party written notice of the occurrence and abatement of such event of Force Majeure.

"Investor Limited Partner" shall mean CREA Pine Ridge Development, LLC and its successors and assigns.

"Lease" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

"Leased Land" shall mean the real property described in Exhibit A attached hereto.

"Leased Property" shall mean the Leased Land, together with the Buildings and related improvements.

"Lender" shall mean Northmarq Capital, LLC, a Minnesota limited liability company, and its successors and assigns, as their interests may appear.

"Lessee" shall mean Pine Ridge Apartments, L.P., a Tennessee limited partnership.

"Lessor" shall mean Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Act.

"Tax Credits" shall mean any low-income housing tax credits available at the Leased Property pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

"Tax Year" shall mean each annual period beginning on January 1 of each year and ending on December 31 of that year.

"Term" shall mean the term described in Article III.

**ARTICLE II.**

**Representations of Lessee**

Section 2.01 Lessee makes the following representations and warranties to induce Lessor to enter into this Lease:
(a) Lessee is a limited partnership duly formed, existing and in good standing under the laws of the State of Tennessee, has full power and authority to enter into this Agreement and to perform all obligations contained herein and therein, and has, by proper action, been duly authorized to execute and deliver this Lease and, when executed and delivered by the parties thereto, this Lease will constitute the valid and binding obligation of Lessee enforceable in accordance with its terms.

(b) Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated herein by Lessee, nor the fulfillment of or compliance with the terms and conditions of this Lease, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of Lessee or any agreement or instrument to which Lessee is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessee under the terms of any instrument or agreement.

(c) There are no proceedings pending, or to the knowledge of Lessee threatened, against or affecting Lessee in any court or before any governmental authority, arbitration board or tribunal which involve the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of Lessee, or the ability of Lessee to perform its obligations under this Lease. Lessee is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

(d) No event has occurred and no condition exists with respect to Lessee that would constitute an Event of Default under this Lease, as defined in Article XIV, or which, with the lapse of time or with the giving of notice, or both, would become such an Event of Default.

(e) To the knowledge of Lessee, and in reliance upon, and except as disclosed in, an independent third-party report obtained by Lessee, there are no substances, materials, wastes, pollutants or contaminants located on the Leased Property that are regulated under any environmental law or regulation except those materials and substances that are maintained in compliance with such laws and regulations, and Lessee shall not permit material quantities of such substances, materials, wastes, pollutants or contaminants to exist on the Leased Property during the Term of this Lease except in compliance with such laws and regulations.

ARTICLE III.
Lease Term

Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a Term commencing on the date hereof and ending on the twentieth (20th) anniversary of the date hereof, unless previously terminated as provided herein or extended pursuant to the provisions hereof.

Notwithstanding the foregoing, the Term of this Lease may be terminated at any time upon exercise by Lessee or Lessor of the purchase option described in Article XV hereof.

ARTICLE IV.
Rent

Section 4.01 Basic Rent. Lessee will pay to Lessor without notice or demand, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, as Basic Rent on each January 1 during the Term, the sum of $1.00. Lessor acknowledges that Lessee has prepaid the Basic Rent for the Term on the date hereof.
Section 4.02 Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay (including, without limitation, the obligations in Article XI hereof). Without limiting the foregoing, Lessor and Lessee recognize that the Leased Property has been conveyed to Lessor subject to or contemporaneously with, inter alia, the execution, delivery and recording of a deed of trust securing the financing of the acquisition of and renovations to the Leased Property. Lessee agrees to make all payments of debt service relating to such financing. Lessor will execute and deliver commercially reasonable documents pledging its interest in the Leased Property, by joinder or otherwise, in connection with Lessee’s financing or refinancing of the Leased Property. In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this paragraph, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent.

ARTICLE V.
Compliance with Laws; Permitted Contests;
Lessee’s Acceptance of Leased Property; Reports; Lease of Equipment; Net Lease

Section 5.01 Compliance with Laws. Lessee shall throughout the Term and at no expense to Lessor promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become lawfully applicable to the Leased Property, the repair and alteration thereof, and the use or manner of use of the Leased Property, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof; provided, however, that Lessee, in lieu of compliance with such laws, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may, at its option, exercise its right to purchase the Leased Property, as provided below and, in such event shall have no further liability hereunder, except as otherwise provided herein.

Section 5.02 Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referenced in Section 5.01, so long as Lessee shall, at Lessee’s expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine and Lessor agrees that it will, at Lessee’s expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys’ fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

Section 5.03 Acceptance of Leased Property. Lessee acknowledges that, as between Lessor and Lessee, it has examined the Land described in Exhibit A attached hereto and the state of Lessor’s title thereto prior to the making of this Lease and knows the condition and state thereof, including, without limitation, the environmental and soil conditions, as of the first day of the term of this Lease, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that in entering into this Lease, Lessee is relying solely upon its own examination thereof.

Section 5.04 Triple Net Lease. This is a "triple net lease" and the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor shall be paid promptly and without set off, counterclaim, abatement, suspension, deduction, diminution or defense.
ARTICLE VI.
Title and Tax Benefits

Section 6.01  No Conveyance of Title by Lessor. Lessor covenants and agrees that, except as set forth herein, during the Term of this Lease, it will not convey, pledge, encumber or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Property to any person, firm, corporation, or other entity whatsoever, irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease unless such conveyance is consented to, in writing, by each of Lessee, Lender and Investor Limited Partner. Lessor will not create any lien, encumbrance or charge upon its interest in the Leased Property except for any such lien, encumbrance or charge otherwise created by this Lease or consented to in writing by each of Lessee, Lender and Investor Limited Partner.

Section 6.02  Tax Benefits. During the Term, Lessee shall be entitled to all benefits under federal and state tax laws attributable to the ownership of the Leased Property, including, without limitation, the right to claim deductions for depreciation and the right to claim Tax Credits. Lessor shall execute and deliver other and further certificates, documents, and amendments to this Lease as reasonably requested by Lessee to confirm and establish that Lessee is the owner of the Leased Property for federal income and state franchise and excise tax purposes.

ARTICLE VII.
Taxes and Other Charges

Section 7.01  Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 7.04, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable without penalty, all ad valorem taxes that at any time during the Term shall be or become due and payable by Lessor or Lessee and that shall be levied, assessed or imposed upon, or that shall be or become liens upon, the Leased Property or any portion thereof or any interest of Lessor or Lessee therein, under and by virtue of any present or future law, statute, regulation or other requirement of any governmental authority.

Section 7.02  Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VII, Lessee shall be subrogated to Lessor's rights in respect to the proceedings or matters relating to such payments, and any recovery in such proceedings or matter shall be used to reimburse Lessee for the amount of such additional rent so paid by Lessee.

Section 7.03  Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Property any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind pursuant to this Lease and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 7.04  Payments in Lieu of Taxes.

(a)  Recognition of Tax Status. Lessee recognizes that under present law, including specifically the Act, the properties owned by Lessor are exempt from all taxation in the State of Tennessee.

(b)  Administrative Provisions. To the extent necessary in furtherance of the agreements in this Section, it is agreed by and between the parties hereto that Lessee, in cooperation with Lessor, shall cause all of the Leased Property, including but not limited to, the Leased Land, the Buildings and each expansion of any Building to be valued and assessed separately by the assessor or other official or officials charged with the responsibility of assessing privately owned property in the area where the
Leased Property is located at the time such privately owned property is valued or assessed. Lessee in cooperation with Lessor shall cause to be applied to the appropriate taxable value of each such portion of the Leased Property the tax rate or rates that would be applicable for state and local tax purposes if the property were then privately owned, and shall cause the county trustee or other official or officials charged with the responsibility of collecting taxes to submit annually to Lessor and Lessee a statement of the taxes which would otherwise then be chargeable to each such portion of the Leased Property. The right is reserved to Lessee to the same extent as if Lessee were the owner of the Leased Property to contest the validity or amount of any such assessment.

(c) Payments in Lieu of Taxes. In addition to Basic Rent and Additional Rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City and the County for each Tax Year during the Term, an annual payment in lieu of taxes to the City equal to $27,801.52 and an annual payment in lieu of taxes to the County equal to $23,922.00 (collectively, the "PILOT Payments").

Amounts payable with respect to any partial Tax Years included within the Term will be prorated based upon the actual number of days included within such Tax Year. Any pro-rated payment due with respect to a Tax Year that is not paid prior to the termination or expiration of this Lease shall not be extinguished as a result of such termination or expiration and shall survive such termination or expiration. For Tax Year 2020 (such year referred to hereinafter as the "First Tax Year") where the Leased Property is owned by Lessee (or an affiliate of Lessee) for part of such Tax Year and by Lessor for part of such Tax Year, Lessee shall pay to the City of Knoxville and Knox County, respectively, (a) a prorated portion of the property taxes due with respect to the Leased Property for the First Tax Year for the period of the First Tax Year that the Leased Property was not owned by Lessor plus (b) a prorated portion of the PILOT Payments due with respect to the Leased Property for the portion of the First Tax Year when the Leased Property was owned by Lessor. For Tax Year 2040 (such year referred to hereinafter as the "Last Tax Year") where the Leased Property is owned by Lessor for part of such Tax Year and by Lessee for part of such Tax Year, Lessee shall pay to the City of Knoxville and Knox County, respectively, (a) a prorated portion of the property taxes due with respect to the Leased Property for the Last Tax Year for the period of the Last Tax Year that the Leased Property is no longer owned by Lessor plus (b) a prorated portion of the PILOT Payments due with respect to the Leased Property for the portion of the Last Tax Year in which the Leased Property was owned by Lessor.

Notwithstanding anything to the contrary contained in this Section, this Lease shall not be extended except pursuant to an amendment in writing and executed by both the Lessor and Lessee, and consented to in writing by Lender and Investor Limited Partner. Such reduction in taxes otherwise payable shall not apply with regard to any other tax assessed against Lessee, its income, its other real property or its personality. In the event Lessee assumes ownership of the Leased Property, Lessee shall begin paying all applicable ad valorem and other taxes directly to the City and the County, as assessed, but shall not make, from the date of such acquisition, any in lieu payments with respect to such property other than those payments that were unpaid at the time of such acquisition.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the renovation of the Buildings in accordance with Article XI hereof or the Leased Property becomes ineligible for federal low-income housing tax credits due to a violation of the use restrictions (related to federal low-income housing tax credits) applicable to the Leased Property, then Lessee shall make a payment in lieu of taxes with respect to each Tax Year remaining in the Term on behalf of the Lessor to the City and the County in an amount equal to the ad valorem taxes that would otherwise be payable with respect to the Leased Property for each such Tax Year if the Leased Property were owned by Lessee.
(d) Credit for Taxes Paid. Nothing contained in this Section 7.04 is intended or shall be construed to require the PILOT Payment by Lessee to be any greater in amount than would be payable as taxes if the Leased Property were owned by Lessee. It is accordingly understood and agreed that the amount payable by Lessee in any year under the provisions of this Section 7.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Property or any part thereof, or upon Lessee's leasehold estate therein, and actually paid by Lessee pursuant to the requirements of Section 7.01 hereof to the City and the County and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 7.01 hereof for any year shall exceed the PILOT Payments for such year otherwise provided in this Section 7.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 7.04 shall be reduced by such excess amount.

(e) Timing of Payments. Each payment in lieu of taxes required by this Section 7.04 with respect to any Tax Year or partial Tax Year shall be paid not later than February 28th of the following year.

(f) Reports. On behalf of Lessor, Lessee shall, during the term of this Lease, submit on or before October 1 of each year to the Tennessee State Board of Equalization the annual report required to be submitted by it.

(g) Payment Upon Termination or Expiration. Upon the termination of this Lease for any reason during a Tax Year, Lessee shall pay on the date of such termination, a pro-rated amount of the payments in lieu of taxes, if any, required by this Section 7.04 for the period that this Lease is in effect and for which no payments in lieu of taxes have been made up to the date of such termination.

(h) Cessation of Business or Foreclosure. Except in the event Lessee shall terminate this Lease pursuant to Article IX of this Lease, in the event Lessee ceases the active operation (excluding temporary cessations due to Force Majeure events) of a low-income housing facility for eligible residents at the Leased Property, and notwithstanding any provision herein to the contrary, Lessee shall make payments in lieu of taxes beginning as of the date Lessee ceases such operation equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee. Upon the foreclosure of Lessee's leasehold interest in this Lease, any successor to Lessee's interest hereunder shall, notwithstanding any provisions herein to the contrary, make payments in lieu of taxes beginning as of the date such successor acquires Lessee's leasehold interest hereunder equal to the ad valorem taxes that such successor otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by such successor.

Section 7.05 Permitted Contests. Lessee shall not be required to pay any tax or assessment against the Leased Property or any part thereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax or assessment so contested or resulting from such contest and the sale of the Leased Property or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.
ARTICLE VIII.
Maintenance and Repair

Lessor shall not be required to rebuild or to make any repairs, replacements or renewals of any nature or description to the Leased Property or to make any expenditures whatsoever in connection with this Lease or to maintain the Leased Property in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

Except as provided in the next paragraph, Lessee shall keep and maintain in good order, condition and repair (including any such repair as is required due to fire, storm or other casualty) the Leased Property and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics and materialmen’s liens in connection with any work by Lessee, and any such liens shall exist only against Lessee’s leasehold interest and shall be discharged, by bond or otherwise, within sixty (60) days after filing. Lessee shall keep and maintain the Leased Property in accordance with all directions, rules and regulations of the proper officials of the government agencies having jurisdiction, at the sole cost and expense of Lessee.

In the event the Improvements are destroyed or substantially damaged by fire, storm or other casualty, Lessee shall not be required to rebuild the Improvements on the Leased Property. In the event Lessee does not elect to rebuild the Improvements on the Leased Property in such a case, Lessee shall within sixty (60) days after such casualty (a) remove all rubble, debris, materials and any remaining Improvements on the Leased Property so that the Leased Property are in good condition and would be ready to develop with other improvements, and (b) exercise the option to purchase described in Section 15.01 of this Lease.

Lessor acknowledges that it does not have any interest or claim to any insurance proceeds payable to Lessee related to hail damage on the Leased Property that occurred prior to the date hereof.

ARTICLE IX.
Condemnation

If during the Term, all or any part of the Leased Property be taken by the exercise of the power of eminent domain or condemnation, Lessee shall be entitled to and shall receive the entire award for the taking. If title to or control of all of the Leased Property shall be taken by the exercise of the power of eminent domain or condemnation, or if such use or control of a substantial part of the Leased Property shall be taken as to result in rendering a substantial part of the Leased Property untenable or of materially reduced value to Lessee, Lessee may terminate this Lease and exercise the purchase option purchase to Article XV by giving written notice to the Lessor and thereafter shall have no further liability hereunder except as specifically provided herein, provided, as a condition of such termination, Lessor may require Lessee to remove all or a portion of the improvements from the remaining portion of the Leased Property.

ARTICLE X.
Insurance and Indemnification

Section 10.01 Insurance. Lessee shall carry commercial general liability insurance covering the Leased Property and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy satisfactory to Lessor both as to amount and coverage and shall provide evidence of same to Lessor. Lessor shall be listed as an additional insured on such policy. Lessee shall also insure all improvements on the Leased Property at their full replacement value, with Lessor being included as an additional insured, and Lessee shall provide evidence of same to Lessor. Each
policy described above shall not be canceled without first giving Lessor not less than thirty (30) days prior written notice. Lessee shall provide to Lessor evidence of all insurance policies contemplated by this Section, including, upon request, annual certificates of continued coverage.

Section 10.02 Indemnification. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and its directors, agents and employees (collectively, the "Indemnified Parties") harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession, conduct or management of or from any work or activity done in or about the Leased Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Property or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnified Parties harmless against and from, any and all claims, costs or expenses arising from (i) any condition, including any environmental condition, now existing or hereafter arising, on the Leased Property, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, (iv) the failure of the Acquisition Deed to convey title to the Leased Land to Lessor on the date hereof other than as described in the Acquisition Deed, (v) any disputes, demands or claims related to the title of the Leased Land or any liens or other encumbrances affecting the Leased Land (other than claims originating from an action in violation of Section 6.01 hereof), or (vi) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Property and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against any Indemnified Party by reason of any such claims, Lessee, upon notice from such Indemnified Party, covenants to resist or defend such action or proceeding. Notwithstanding anything in this Lease to the contrary, Lessee shall not be required to indemnify any of the Indemnified Parties in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties or for any claim or liability which the Indemnified Parties was not given the opportunity to contest. The indemnification provided shall survive termination of this Lease.

ARTICLE XI.
Renovation of Buildings; Alterations

Lessee shall have the right to construct buildings and other improvements on the Leased Land from time to time and to make additions to and alterations of any such buildings and improvements and any existing buildings and improvements. All work done in connection with such additions, alterations, improvements or construction shall be done promptly, and in good and workmanlike manner, and in compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process in connection with such additions, alterations, improvements or construction, workmen's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Property.

Lessee covenants and agrees at its expense to cause the acquisition of the Leased Land and the renovation of the apartment buildings and improvements located on the Leased Land (the "Buildings"), and in connection therewith, Lessee agrees to incur capital expenditures for the acquisition of the Leased Land and the renovation of the Buildings in an aggregate amount of not less than [$.__________.]. It is understood and agreed that the Buildings, together with all other improvements or fixtures from time to time placed on the Leased Land, shall become the property of Lessor and part of the Leased Property, subject to the purchase option set forth in Article XV. Lessee agrees to complete the renovation of the
Buildings prior to [__________, 20__], provided that such time period shall be extended in the event of an event of Force Majeure.

**ARTICLE XII.**

**Equipment**

Section 12.01 Equipment. As of the date of this Lease, Lessee owns certain equipment located on the Leased Property.

Section 12.02 Installation and Removal of Other Equipment. Lessee may at any time or times during the Term install or commence the installation on the Leased Land or any improvement thereon of any equipment in addition to the equipment as Lessee may deem desirable, and Lessee may also remove any such equipment at its discretion, provided, however, that such installation or removal shall not be permitted to interfere with the acquisition and installation of the Leased Property or in any way materially damage the Leased Property. All such Lessee’s equipment shall be acquired and installed at the expense of Lessee and shall remain the property of Lessee. Any item of Lessee’s equipment may be removed at any time by the Lessee and shall, upon the occurrence of an Event of Default and the termination of this Lease hereunder, be removed by the Lessee at the written request of the Lessor. Any such removal shall be at the expense of the Lessee and the Lessee shall bear the costs of repair of all damage to the Leased Property resulting from or incident to such removal.

Section 12.03 Alteration, Improvement, Removal and Modifications of Equipment by Lessee. Lessee may alter, improve, and modify its equipment on the Leased Property from time to time as it may determine is desirable for its uses and purposes. Lessee shall be responsible for all costs of such alterations, improvements and modifications. Lessee shall use its best efforts to cause all work done in connection with such alterations, improvements and modifications to be done in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all governmental authorities.

**ARTICLE XIII.**

**Subletting, Assignments and Mortgaging**

Section 13.01 Except for leases in the ordinary course of business or otherwise desirable for operation of an apartment complex (including without limitation, residential leases to tenants at the Leased Property), Lessee shall not have the right to sublet the Leased Property or assign or otherwise transfer its rights and interest hereunder except with the prior written consent of Lessor, such approval not to be unreasonably withheld, conditioned or delayed.

Section 13.02 Notwithstanding Section 13.01 hereof, Lessee is hereby given the right, at any time and from time to time, to mortgage its leasehold estate in the Leased Property, provided that any such leasehold mortgage shall be subject and subordinate to the rights of Lessor hereunder. As used in this Section and throughout this Lease, the noun "mortgage" shall include a deed of trust, the verb "mortgage" shall include the creation and delivery of a deed of trust, the word "mortgagee" shall include the beneficiary under a deed of trust, and the terms "foreclose" or "foreclosure" shall include a trustee’s sale under a deed of trust as well as a foreclosure by judicial process. Lessor specifically consents to the deed of trust and related loan documents executed concurrently with this Lease by Lessee in favor of Lender and, upon request, agrees to execute a joinder thereto in accordance with Section 4.02 and to deliver to Lender such other commercially reasonable documents reasonably requested by Lender to evidence and secure its loan to Lessee, including without limitation, a Recognition, Attornment and Assent to Leasehold Deed of Trust, and Ground Lessor Estoppel and Agreement.
Section 13.03 Lessor shall not terminate this Lease by reason of the occurrence of any Event of Default hereunder unless Lessor shall have given the mortgagee and Investor Limited Partner, a copy of its notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee and Investor Limited Partner, and such Event of Default shall not have been cured by said mortgagee or investor limited partner as provided below. Lessor acknowledges that it has received written notice that (a) Lender is a mortgagee hereunder, and that Lessor shall send notices required to be sent to a mortgagee hereunder to Lender at the address provided in Section 16.03 and (b) the Investor Limited Partner is an investor limited partner hereunder, and that Lessor shall send notices required to be sent to an investor limited partner hereunder to the Investor Limited Partner at the address provided in Section 16.03.

Section 13.04 Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee or investor limited partner of any term, covenant, agreement, provision, condition or limitation on Lessee's part to be performed or observed as though performed or observed by Lessee (including, without limitation, exercise of the option to purchase the Leased Property granted to Lessee by Section 15.01 hereof), irrespective of whether an Event of Default has occurred, provided such performance by said mortgagee or investor limited partner shall occur within the time prescribed therefor in this Lease, plus an additional grace period of ninety (90) days thereafter or, if said Event of Default is curable but not within said 90-day period, then within such additional time as may be necessary to cure the same provided the mortgagee or investor limited partner commences the curing thereof within such 90-day period and thereafter prosecutes the curing of such Event of Default to completion with all commercially reasonable due diligence; provided, however, (i) with respect to any Event of Default hereunder which cannot be cured by said mortgagee or investor limited partner until it obtains possession of the Leased Property, the provisions of Section 13.05 shall apply and (ii) if Lessee fails to maintain commercial general liability insurance required by Section 10.01 hereof, the mortgagee or investor limited partner shall only have ten (10) days to cure such Event of Default.

Section 13.05 If an Event of Default occurs under this Lease which cannot be cured by a mortgagee or investor limited partner without first obtaining possession of the Leased Property (which shall not include an Event of Default relating to the maintenance of liability insurance), then, and notwithstanding any other provision contained in this Lease, Lessor shall not terminate this Lease by reason of such Event of Default if (i) said mortgagee or investor limited partner, within the ninety (90) day grace period set forth in Section 13.04 above, shall have commenced, and thereafter diligently proceeds with, an appropriate proceeding to foreclose such mortgage or otherwise obtains possession of the Leased Property, and (ii) said mortgagee or investor limited partner shall have cured such Event of Default within ninety (90) days following its obtaining possession of the Leased Property (or, if said Event of Default is curable but not within said 90-day period, then within such additional time as maybe necessary to cure the same provided the mortgagee or investor limited partner commences the curing thereof within such 90-day period and thereafter prosecutes the curing of such Event of Default to completion with all commercially reasonable due diligence).

Section 13.06 In the event a mortgagee or any purchaser at a judicial or non-judicial foreclosure sale ("purchaser") acquires title to the leasehold estate through such a foreclosure proceeding, or otherwise, it shall thereupon become subrogated to all the rights of the Lessee under this Lease whereupon:

(1) Lessee shall have no further right hereunder;

(2) Such mortgagee or purchaser shall forthwith be obligated to assume and perform each and all of Lessee's obligations and covenants first arising hereunder from and after the date it obtains title to the leasehold estate; and
(3) This Lease shall remain in full force and effect and Lessor shall recognize the assignee, mortgagee or purchaser at foreclosure, or their assignees, as the Lessee hereunder.

Section 13.07 Upon the written request of any mortgagee or prospective mortgagee, and for the benefit of said mortgagee or its nominee, Lessor will promptly deliver to said mortgagee a certificate as to whether Lessor is aware of any default by Lessee hereunder.

Section 13.08 Notwithstanding anything to the contrary contained in this Section 13.08, the mortgagee, on or after acquiring ownership of Lessee's leasehold estate, may assign this Lease without the necessity of obtaining Lessor's consent and, upon any such assignment, provided such assignee shall assume and agree to perform and be bound by all of the terms hereof, be released from all liability hereunder except for obligations occurring during its ownership of said leasehold estate.

ARTICLE XIV.
Events of Default; Termination

If any one or more of the following events (herein called "Events of Default") shall happen:

(a) if Lessee fails to maintain the commercial general liability insurance required by Section 10.01 after being given notice to Lessee, Lender and Investor Limited Partner of such failure and not curing such failure within ten (10) days of receipt of such notice by Lessee, Lender and Investor Limited Partner; or

(b) if default shall be made in the due and punctual payment of any payment due pursuant to Section 7.04 hereof, and such default shall continue for more than thirty (30) days after receipt of written notice of such default by Lessee, Lender and Investor Limited Partner from Lessor; or

(c) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof, other than that referred to in the foregoing subdivisions (a) and (b), and such default shall continue for sixty (60) days after Lessor shall have given Lessee, Lender and Investor Limited Partner written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with commercially reasonable due diligence, it being intended in connection with any such default not susceptible of being cured with commercially reasonable due diligence within the sixty (60) days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all commercially reasonable due diligence);

then in any such event Lessor at any time thereafter and while such Event of Default shall continue may give a written termination notice to Lessee, which notice shall specify the nature of the Event of Default and a date of termination of this Lease not less than ninety (90) days after the giving of such notice. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Property and repossess the Leased Property. This termination right is subject and subordinate to Lessee's and Lender's right to purchase the Leased Property pursuant to Section 15.01 and at any time during or within 180 days after the term of this Lease, Lessee or Lender may exercise its right in Section 15.01 to purchase the Leased Property without regard to whether an Event of Default has occurred. Lessor shall send copies of any and all notices sent pursuant to this Article XIV to Lender and Investor Limited Partner simultaneous with notices sent to Lessee.
ARTICLE XV.

Purchases and Purchase Prices

Section 15.01  Option to Purchase. Lessee shall have an irrevocable and exclusive option to purchase the Leased Property as a whole or any part thereof at any time during the Term or within sixty (60) days after the termination or expiration of the Lease for the amount provided in Section 15.03. To exercise such option Lessee shall (i) give Lessor at least ten (10) days' prior written notice of its intent to exercise any option granted pursuant to this Section 15.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 15.03 hereof. The option to be exercised by Lessee hereunder may be exercised whether or not a default or Event of Default has occurred hereunder.

Section 15.02  Granting of Easements. From time to time during the Term, Lessee, with the prior written consent of Lessor, shall have the right, at Lessee's expense, to cause Lessor (i) to grant easements affecting the Leased Land, (ii) to dedicate or convey, as required, portions of the Leased Land for road, highway and utilities and other public purposes, and (iii) to execute petitions to have the Leased Land or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district. Lessor shall also promptly execute and deliver estoppels, joinders, non-disturbance agreements and other documents required in connection with Lessee's use, financing, and refinancing of the Leased Property.

Section 15.03  Exercise of Option.

(a) To exercise any option contained in Section 15.01, Lessee shall pay, or cause to be paid, on or prior to the purchase date, as the purchase price the sum of (i) $1.00 plus (ii) any other amounts that are then due or that have accrued under this Lease (including, without limitation, any amounts due upon termination or expiration of this Lease), but excluding any amounts required to be expended pursuant to Article XI.

(b) Prior to the execution and delivery of this Lease, Lessor has delivered to the Escrow Agent an executed quitclaim deed in the form attached hereto as Exhibit B (the "Transfer Document"), which Transfer Document shall not be dated. The Escrow Agent shall hold the Transfer Document in escrow until Lessee exercises any option to purchase the Leased Property pursuant to this Lease and otherwise complies with Article XV, in which case the Escrow Agent shall date the Transfer Document of even date therewith and deliver the Transfer Document to Lessee, or all such options expire, in which case the Escrow Agent will deliver the Transfer Document to Lessor upon receipt of notice from Lessor that such options have expired. The Escrow Agent's duties as described in this Section are the duties of a third party holder of the Transfer Document and not as agent for either Lessor or Lessee. This Lease shall constitute the escrow agreement between Lessor and Lessee, and no other writing is necessary with respect thereto. Lessee shall pay all expenses relating to the exercise of any option hereunder and the related conveyance.

ARTICLE XVI.

Miscellaneous

Section 16.01  Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 16.02  Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.
Section 16.03 Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be effective either (a) when delivered personally to the party for whom intended, (b) on the second business day following mailing by a nationally recognized overnight courier service, (c) on the fifth day following mailing by certified or registered mail, return receipt requested, postage prepaid, or (d) on the date transmitted by telecopy as shown on the telecopy confirmation therefor as long as such telecopy transmission is followed by mailing of such notice by certified or registered mail, return receipt requested, postage prepaid, in any case addressed to such party as set forth below or as a party may designate by written notice given to the other party in accordance herewith.

To the Lessor:

Knoxville's Community Development Corporation
P.O. Box 3550
Knoxville, Tennessee 37927
Attention: Benjamin M. Bentley

with copies to:
G. Mark Mamantov, Esq.
Bass, Berry & Sims PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

To the Lessee:

Pine Ridge Apartments, L.P.
c/o Pine Ridge GP, LLC
566 West Lake Street, Suite 400
Chicago, Illinois 60661
Attention: President

with copies to:
Dwayne W. Barrett, Esq.
Reno & Cavanaugh PLLC
424 Church Street, Suite 1750
Nashville, TN 37219

To Lender (as mortgagee as provided in Article XIII):

Northmarq Capital, LLC
3500 American Boulevard West
Suite 500
Minneapolis, MN 55431
Attn: _______________________

To the Investor Limited Partner
(as investor limited partner as provided in Article XIII):
CREA Pine Ridge Development, LLC
30 South Meridian Street, Suite 400,
Indianapolis, Indiana 46204
Attn: _______________________

Section 16.04 Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease, unless otherwise indicated.

Section 16.05 Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 16.06 Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 16.07 Expenses. Lessee shall pay all costs and expenses of Lessor in connection with the preparation, negotiation and execution of this Lease and the performance hereof, including the reasonable fees and expenses of Lessor's attorneys. In addition, in the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other reasonable expenses incurred by Lessor as a result of such default. Furthermore, simultaneously with the execution hereof, Lessee shall pay to Lessor a closing fee in the amount of $35,000.00 in accordance with Lessor's policies.

Section 16.08 No Liability of Officers, Etc. No recourse under or upon any obligation, covenants or agreement contained in this Lease shall be had against any incorporator, members, director or officer, as such, past, present or future, of Lessor, either directly or through the Lessor. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by Lessee as a condition of and consideration for the execution of this Lease.

Section 16.09 No Liability of City, County, Officers, Etc. The City, County and the officers and agents of the City and County shall not in any event be liable for the performance of any obligation or agreement of any kind whatsoever herein, and none of the agreements or obligations of Lessor contained in this Lease or otherwise shall be construed to constitute an indebtedness of the City, County or the officers or agents of the City or County, within the meaning of any constitutional or statutory provision whatsoever.

Section 16.10 Limitation of Liability. notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Property and the payments to be made pursuant to this Lease, and Lessee shall not have any recourse against any other assets of Lessor.

Section 16.11 Interest. In addition to all other amounts payable under this Lease, Lessee shall also pay interest on any payment due hereunder that is not paid on the date such payment is due until paid at the interest rate, as it may vary from time to time, that the City would impose on a delinquent tax payment during the period such payment was due.

[Signatures appear on following page.]
IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

ATTEST:

By: ________________________________
    Chairman

Secretary

PINE RIDGE APARTMENTS, L.P., a Tennessee limited partnership

By: PINE RIDGE GP, LLC, a Tennessee limited liability company, its General Partner

By: ________________________________
    Stephen F. Rappin, President
EXHIBIT A

Legal Description of Leased Land
EXHIBIT B

This Instrument Prepared By:
BASS, BERRY & SIMS PLC (JPM)
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

THIS INDENTURE, made this ______ day of _________________, ______, between:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law.

First Party, and

PINE RIDGE APARTMENTS, L.P., a Tennessee limited partnership.

Second Party,

WITNESSETH: that said First Party, for and in consideration of the sum of ONE DOLLAR ($1.00) cash and other good and valuable considerations in hand paid by Second Party, the receipt and sufficiency of which is hereby acknowledged, has quitclaimed and does hereby quitclaim unto the said Second Party the following described premises:

SEE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT A AND MADE A PART HEREOF.

THIS CONVEYANCE is made subject to applicable easements, restrictions and building set back lines of record.

TOGETHER with all the estate, right, title and interest of the First Party therein, with the hereditaments and appurtenances thereto appertaining releasing all claims therein.

In this instrument in every case the plural shall include the singular and vice-versa and each gender the others.

IN WITNESS WHEREOF, this instrument has been executed on behalf of First Party by its duly authorized officer on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ________________________________
   Chairman
STATE OF TENNESSEE     
    
COUNTY OF ___________ 

Personally appeared before me the undersigned authority, a Notary Public in and for said City and in said state, ______________________, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chairman of Knoxville’s Community Development Corporation, the within named bargainor, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, and that he as such Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Chairman.

Witness my hand and official seal at office, this ____ day of ____________________, ____

__________________________________________
Notary Public

My Commission Expires: 

__________________________________________

Name and address of property owner: 

__________________________________________
__________________________________________

who is responsible for payment of taxes.

CLT CODE: __________________________

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater is $1.00.

Subscribed and sworn to before me, this ____ day of ________________, ____. 

__________________________________________
Affiant

My Commission Expires: 

__________________________________________
Notary Public

28604675.1
### BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>July 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to adopt the revised Tenant Selection and Assignment Plan (TSAP) for PBRA properties.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Sean Gilbert, Sr. Vice President of Housing</td>
</tr>
<tr>
<td></td>
<td>Department: Housing</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: N/A  Expenditure: N/A</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: N/A</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head /Vice President</td>
</tr>
<tr>
<td></td>
<td>☐ Legal Counsel</td>
</tr>
<tr>
<td></td>
<td>☐ Executive Director/CEO</td>
</tr>
<tr>
<td></td>
<td>☐ Other - Name &amp; Title: ____________</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒  Deny: ☐  Defer: ☐</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**
   Revision of the Tenant Selection and Assignment Plan, which is a supporting document to the Annual Plan, includes a new preference for individuals who are elderly and/or disabled AND homeless.

2. **Why is the action needed now?**
   KCDC received a waiver due to COVID-19 to extend the deadline of the submission of the 5-Year and Annual Plan until 7/31/2020. During this extension, staff have evaluated the need for the new preference to reach the most vulnerable elderly and disabled individuals who are homeless.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   KCDC annually reviews supporting documents of the Annual Plan to ensure policies and procedures align with HUD guidance.

4. **What are the long term and short term exposures to KCDC?**
   Failure to approve the revisions of the Tenant Selection and Assignment Plan would not allow KCDC the ability to offer housing to the most fragile individuals in our community.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)
Revisions have been made to the initial Tenant Selection and Assignment Plan that was approved by the Board on March 26, 2020.

### ATTACHMENTS
Tenant Selection and Assignment Plan that is applicable to all PBRA/Multifamily properties.
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

TENANT SELECTION AND ASSIGNMENT PLAN

EFFECTIVE: 10/01/2020
# Table of Contents

Introduction ..................................................................................................................4

Business Relationship ..................................................................................................4

1.0 PRIVACY POLICY ..................................................................................................5

2.0 FAIR HOUSING POLICIES ....................................................................................5

3.0 HUD HOUSING VOUCHERS ..................................................................................6

4.0 NON-DISCRIMINATION AND ACCESSIBILITY ..................................................6

5.0 TAKING APPLICATIONS .......................................................................................7

6.0 ELIGIBILITY FOR ADMISSION ..........................................................................8

6.1 SINGLE RESIDENCE ..........................................................................................9

6.2 ELIGIBILITY CRITERIA .......................................................................................9

6.3 SUITABILITY CRITERIA ....................................................................................14

6.4 GROUNDS FOR DENIAL ..................................................................................16

6.5 Ineligibility Notification/Informal Review/Informal ...........................................17

7.0 MANAGING THE WAITING LIST ....................................................................17

8.0 Tenant selection and assignment ........................................................................19

9.0 Unit transfers .......................................................................................................24

10.0 Verification .........................................................................................................25

11.0 Income limits and targeting requirements .........................................................26

11.1 Total Tenant Payment and Minimum Rent Hardship .......................................27

12.0 Security Deposits ..............................................................................................28

13.0 Leasing process ..................................................................................................29

14.0 Unit inspections ..................................................................................................29

15.0 Annual recertification requirements ..................................................................30

16.0 Interim Certification Reporting Policy ...............................................................31

17.0 Resident procedural rights under Rental Assistance Demonstration (RAD) ....32

18.0 Choice Mobility rights under RAD/PBRA ........................................................33

19.0 Pets .....................................................................................................................34

20.0 Changes in Household Composition – Adding Household Members ...........34

21.0 Changes in Household Composition – Removing Household Members .......35

22.0 Changes to the Resident Selection Plan .............................................................35

23.0 Smoking Policy ..................................................................................................35

24.0 MISREPRESENTATION .......................................................................................36
Appendix A – Income Limits and Available Bedroom Sizes.........................................................37
Appendix B – Request for Reasonable Accommodation or Modification........................................38
Appendix C – Citizen/Non-Citizen Eligibility..............................................................................39
Appendix D – Verification of Household Composition..................................................................43
Appendix E – Fair Housing and Other Civil Rights Protections......................................................46
Tenant Selection and Assignment Plan

Introduction

The objective of this Tenant Selection Plan is to consolidate relevant policies and procedures affecting tenant selection pursuant to applicable federal and state laws and the Tenant Selection Regulations published by the HUD Occupancy Handbook – 4350.3 Rev.1, and the Rental Assistance Demonstration (RAD) Final Rule (PIH 2012-32).

The Tenant Selection Plan sets forth procedures for processing and selecting applicants, including the establishment of preferences and priorities, occupancy standards, rejection standards, reviews and appeals of rejection decisions, notice requirements, as well as, continued occupancy. If there is any conflict between this policy and HUD’s regulations, HUD’s regulations will prevail.

Business Relationship

The relationship between a landlord (owner/agent) and a resident or applicant is a business relationship.

A courteous and businesslike attitude is required from both parties. The owner/agent reserves the right to conduct business with anyone who is verbally abusive, swears, is disrespectful, makes threats, uses discriminatory language, appears to be intoxicated or under the influence of alcohol or drugs, is argumentative, or in general displays an attitude, at any time, which causes the owner/agent or the property staff to believe we would not have a positive business relationship.

If an applicant or any member of the applicant’s family demonstrates unprofessional behavior in the presence of the management team or other residents/applicants, the applicant, the applicant’s family and other members of the applicant’s entourage (if applicable) will be required to leave the property and the application will be rejected.

If the applicant or any member of the applicant’s family exhibits threatening behavior, appears to be intoxicated or under the influence of alcohol or illegal drugs or attempts to intimidate the staff, the applicant, the applicant’s family and other members of the applicant’s entourage (if applicable) will be required to leave the property and the application will be rejected.

If the applicant or any member of the applicant’s family is not appropriately attired, when visiting the management office, the applicant will be asked to leave. Appropriate attire includes shoes, shirts and pants, shorts or skirts.

Unacceptable attire includes, but is not limited to:

- Pajamas
- Bathing suits
- Clothing that allows display of foundation garments (underwear)
- Clothing with inappropriate language or pictures
The use of cell phones or other devices is not allowed when engaging with the property staff. If an applicant/resident is participating in a cell phone call, texting, reading a text or otherwise using any electronic device (not necessary to alleviate the symptoms of a disability), the property staff will discontinue any communication until the applicant is able to “disengage”.

To ensure the privacy of property staff, property residents and applicants, use of cell phones or other electronic devices, except those necessary to alleviate the symptoms of a disability, by residents or applicants, is not allowed in the management office.

Animals, (other than assistance animals necessary to allow the applicant/resident to conduct business with the owner/agent) are not allowed in the management office.

Children are always welcome. When in the management office, minors must be supervised. Property staff is not responsible for child care or supervision.

Aside from standard property charges, property staff is not permitted to accept any money, gifts, services or favors connected with the application process or associated with any aspect of residency on this property. If property staff solicits any mandatory payment for any part of the application process, the applicant should notify the property staff or the owner/agent.

1.0 PRIVACY POLICY

It is the policy of KCDC to guard the privacy of individuals conferred by the Federal Privacy Act of 1974 and to ensure the protection of such individuals' records maintained by the owner/agent.

Neither KCDC nor its agents shall disclose any personal information contained in its records to any person or agency, other than HUD, its Contract Administrators or other federal/state entity or investor auditing entities, unless the individual about whom information is requested gives written consent to such disclosure. Such consent may be provided in an equally effective manner, as a reasonable accommodation, when there is the presence of a disability.

This Privacy Policy in no way limits KCDC's ability to collect such information to determine eligibility, compute rent, or determine an applicant's suitability for tenancy.

2.0 FAIR HOUSING POLICIES

Information about civil rights protections provided through the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, the Limited English Proficiency Final Rule, the Equal Access Final Rule and the Violence Against Women Reauthorization Act are all included as Appendix E of this Tenant Selection Plan.
3.0 HUD HOUSING VOUCHERS

KCDC may not admit an applicant with a voucher to a unit with Section 8 assistance unless the applicant agrees to give up the voucher prior to occupancy. This will be verified with the former housing provider.

If the owner/agent discovers that any household member failed to give up current HUD housing assistance before moving to a KCDC property, no rent subsidy or utility allowance will be provided by the Department of Housing and Urban Development until the day after the move out/surrender is complete.

Household members who sign the lease will be responsible for paying the market rent until qualified to receive HUD assistance on this property. Any assistance paid in error must be returned to HUD.

Applicants should consult with the local HUD office if the former landlord is accepting subsidy after move-out.

Please note that housing assistance provided through HUD’s multi-family housing program is not the same as the housing assistance provided through the voucher program. If any family member moves out, the housing subsidy will not move with the family as it does with a voucher. The family will be required to re-apply to a PHA to receive another voucher.

Residents at any KCDC properties are offered subsidized rent. This means the rent that a household pays is based upon the household income. The rent paid by residents may vary.

4.0 NON-DISCRIMINATION AND ACCESSIBILITY

It is the policy of KCDC to fully comply with all Federal, State and local nondiscrimination laws; Title II of the Americans with Disabilities Act; and the U. S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity. KCDC will administer its public housing program in accordance with (a) the nondiscrimination and fair housing requirements set forth in 24 CFR part 5, including the prohibition on inquiries regarding sexual orientation or gender identity set forth in 24 CFR 5.100 and 5.105(a) (2); and (b) The affirmative fair housing marketing requirements in 24 CFR part 200, subpart M and 24 CFR part 108.

No person shall, on the grounds of race, color, sex, religion, national or ethnic origin, familial status, or disability be excluded from participation in, be denied the benefits of, or be otherwise subject to sexual orientation or gender identity discrimination under KCDC's programs. No person shall be refused the right to apply for housing with KCDC.

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of KCDC's housing programs and related services. In accordance with Title II of the Americans with Disabilities Act (ADA), a reasonable accommodation will be provided for disabled persons unless KCDC can demonstrate it would result in a fundamental alteration in the nature of the program or activity or in undue financial and administrative burdens. Persons requesting a special accommodation must complete the process as outlined in KCDC's Reasonable Accommodation
Policy. When such accommodations are granted, they do not confer special treatment or advantage for the person with a disability; rather, they make the program accessible to them in a way that would otherwise not be possible due to their disability. Because disabilities are not always apparent, KCDC will inform all applicants/residents of the opportunity to request a reasonable accommodation. All decisions granting or denying requests for a reasonable accommodation will be in writing.

KCDC will make every reasonable effort to provide handicapped accessible units to families with physically handicapped members requiring such units.

KCDC will endeavor to have bilingual staff, or access to people who speak languages other than English, in order to assist non-English speaking or limited English proficient (LEP) persons. In determining whether it is feasible to provide translation of documents written in English into other languages, the HA will consider the number or proportion of applicants eligible to be served or participants in the jurisdiction who do not speak English (or LEP persons) and speak the other language and the estimated cost to the HA per client. The HA will refer to census data to determine the number or percentage of the population eligible to be serviced for each LEP language group. The HA will annually review and update its Language Access Plan (LAP) to ensure the needs of LEP applicants and residents are addressed according to the needs of the jurisdiction.

5.0 TAKING APPLICATIONS

Families wishing to apply for KCDC’s Multi-Family Housing Programs will be required to complete a pre-application for housing assistance via KCDC’s Applicant Portal at www.kcdc.org.

Pre-applications are taken to compile Site-based Waiting Lists for each property. Due to the demand for housing in KCDC’s jurisdiction, KCDC may take pre-applications on an open enrollment basis, depending on the length of the waiting lists.

A pre-application, signed by a responsible member of the family (preferably the head of household), will be obtained. The pre-application will be considered a complete application when all data and information necessary for KCDC to determine the family’s eligibility, and documentation verifying income (earned and unearned) necessary to determine total and net family income. All verification essential to determine the family’s total and net income and all other documentation relating to eligibility will be made a part of the applicant’s record (see KCDC’s Implementation Guide for verification procedures).

The application constitutes the basic record for each family applying for KCDC admission or continued occupancy. Each family must supply information required for a complete application and sign the application. Each application for admission will be documented by KCDC as to: (1) the date and time of receipt; (2) the appropriate unit size; (3) preference rating (if applicable); (4) determination of eligibility; (5) where applicable, the date of the assignment to a dwelling unit and identification of the property assigned; (6) where applicable, the date of the offer, the date of the applicant’s rejection of the offer, reason for the rejection, and identification of the property.

Persons with disabilities who require a reasonable accommodation in completing an application may call KCDC to make special arrangements. The Tennessee Relay Center (TRC) may be used by individuals who are deaf, hard of hearing or speech impaired by dialing 1-800-848-0298.
The applicant may at any time report changes in their applicant status, including changes in family composition, income, or preference factors. KCDC will annotate the applicant’s file and will update their place on the Site-based Waiting List(s) based on reported changes.

A family may file an application for more than one of the KCDC housing programs without affecting their status on any of the waiting lists.

6.0 ELIGIBILITY FOR ADMISSION

KCDC's Project-Based Rental Assistance properties are designed to provide housing to low income housing families who meet the eligibility and screening requirements set forth in this Resident Selection Plan. Eligibility requirements may change at any time when HUD issues new guidance.

There are five eligibility requirements for admission to affordable housing: 1) Qualifies as a family; 2) has an income within the income limits; 3) meets citizenship/eligible immigration criteria; 4) discloses and provides documentation of Social Security numbers (where applicable); and 5) signs consent authorization documents.

Based on federal regulations, KCDC may admit only eligible applicants. In the selection of applicants for admission, eligibility criteria have been established in accordance with HUD guidelines.

The following eligibility standards will be applied in accordance with HUD requirements:

1. The household’s annual income must not exceed program income limits at move-in (refer to Appendix A)
2. The Head-of-Household (HOH), co-Head-of-Household and the spouse (regardless of age) and all adults in each household must sign an Authorization for Release of Information (HUD Forms 9887 and 9887A) and owner/agent created verification documents prior to receiving assistance and annually thereafter
3. The unit for which the household is applying must be the household’s only residence. KCDC will not knowingly assist applicants who will maintain a residence in addition to the HUD-assisted unit.
4. An applicant must agree to pay the rent required by the program under which the applicant will receive assistance
5. Only U.S. citizens or eligible non-citizens may receive assistance (See additional information below and in Appendix C)
6. Applicants who claim eligible status must disclose Social Security Numbers for all household members and provide proof of the numbers reported (See additional information below)
7. The household size must be appropriate for the available apartments (See Occupancy Standards – Appendix A)
8. All information reported by the household is subject to verification
6.1 SINGLE RESIDENCE

Applicants **MUST** disclose if they are currently receiving HUD housing assistance. Residents can only receive subsidy for one unit/residence at a time. This prohibition does not prevent a person who is currently receiving assistance from applying for an assisted unit in another property.

If, for any reason, an applicant moves in to this property before moving out of another subsidized unit, the new resident will be required to pay market rent until the move out from the previous property is complete and the resident is eligible to receive HUD subsidy for this property. Assistance in the new unit will begin, if the household is still eligible, the day after assistance ends for the previous unit.

There is an exception to this rule. Children in joint custody arrangements can receive HUD housing assistance in two units when both parent/guardian families receive HUD housing assistance. However, only one household may use the $480 dependent deduction to determine adjusted income. In these cases, additional verification is required.

KCDC will request:

- Verification of the use of the $480 deduction. KCDC will verify use of the $480 dependent deduction with the other owner/agent if:
  - The child will live in the unit at least 50% of the time and
  - The parent wishes to claim the $480 deduction, and
  - Both families are receiving HUD housing assistance.

6.2 ELIGIBILITY CRITERIA

A. **Family status.** Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, as outlined in 24 CFR 5.403:

1. **Family with or without children** - Such a family is defined as a group of people related by blood, marriage, adoption or affinity that lives together in a stable family relationship.
   a. Children temporarily absent from the home due to placement in foster care are considered family members.
   b. Unborn children and children in the process of being adopted are considered family members for the purpose of determining bedroom size and income limits.

2. **Elderly family** - is a family whose head, spouse, co-head or sole member is a person who is at least 62 years of age; two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.
3. **Near-elderly family** - is a family whose head, spouse, co-head or sole member is a person who is at least 50 years of age but below the age of 62; two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons, who are at least 50 years of age but below the age of 62, living with one or more live-in aides.

4. **Disabled family** - is a family whose head, spouse, co-head or sole member is a person with disabilities; two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

5. **Displaced family** - is a family in which each member, or whose sole member, has been displaced by governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

6. **Remaining member of a tenant family** - provided they meet all other eligibility requirements.

7. **Single person** - who is not an elderly or displaced person, a person with disabilities, or the remaining member of a tenant family. See information below on admission of a full-time college student.

**B. Student Status/Admission of College Students** - Management must determine a student's eligibility at move-in, annual recertification, initial certification, and at the time of an interim recertification if the family reports that a household member is a student.

Assistance **shall not be provided** to any individual who:

- Is enrolled as a full or part-time student at an institution of higher education for the purpose of obtaining a degree, certificate, or other program leading to a recognized educational credential; and
- Is under the age of 24; and
- Is not a veteran; and
- Is not married; and
- Is not a person with disabilities, and was not receiving assistance as of November 30, 2005; and
- Does not have a dependent child; and
- Is not living with his/her parents who are receiving Section 8 assistance; and
- Is individually ineligible for section 8 assistance or has parents who are, and individually or jointly, ineligible for assistance; and
- Is not eligible as an independent student as defined by the U.S. Department of Education; and
- Has not established a separate household from parents for at least one year prior to application, or has not been claimed as a dependent by parents pursuant to IRS regulations.

Any financial assistance a student receives (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition (as defined by the institution) is included in annual income,
except if the student is over the age of 23 with dependent children, or is living with his or her parents who are receiving assistance.

C. **Income Eligibility:** Pursuant to HUD Regulations, admission will be limited to those families whose annual income does not exceed the applicable income limits. Income Limits vary by household size. KCDC will provide a copy of the income limits for the property upon request. In addition, applicants can review the income limits by accessing the following website: [http://www.huduser.org/datasets/il.html](http://www.huduser.org/datasets/il.html). HUD requires that property managers incorporate the most recently published income limits when determining eligibility. Currently the limit is set at low income level, which is at or below 80% Area Median Income (AMI) for Knox County Fair Market Rent Area.

D. **Citizenship Requirements:** By law, assistance in subsidized housing is restricted to the following:

1. U.S. citizens or nationals; and/or
2. Non-citizens who have eligible immigration status as determined by HUD.

All family members, regardless of age, at admission are required to declare their citizenship or immigration status by completing and signing the declaration of citizenship form.

Noncitizens (except those aged 62 and older) must provide a signed declaration of eligible immigration status, a signed verification consent form and submit one of the HUD-approved DHS documents verifying their immigration status, or sign a declaration that they do not contend eligible immigration status. Noncitizens aged 62 and older must sign a declaration of eligible immigration status and provide a proof of age document.

Management will utilize the Multifamily Systematic Alien Verification for Entitlements (SAVE) System to verify the validity of documentation provided by non-citizen applicants. Management will follow all Section 214 regulations in providing applicants with due process if the applicant appeals the SAVE System results.

Note: Management will not delay a family’s assistance if the family submitted its immigration documentation in a timely manner but the DHS verification or appeals process has not been completed. If a unit is available, the family has come to the top of the waiting list, and at least one member of the family has been determined to be eligible, Management will offer the family a unit. However, Management will only provide assistance to the family members determined to be eligible and to those family members that submitted their immigration documents on time. If any family members do not provide the required immigration documentation, then the assistance for the family will be prorated.

A mixed family is a family with one or more ineligible family members and one or more eligible family members, and may receive prorated assistance, continued assistance, or a temporary deferral of termination of assistance. Mixed families qualify only for prorated assistance in accordance with HUD regulations.
Applicants who hold a non-citizen student visa are ineligible for assistance as are any non-citizen family members living with the student. However, spouses and children who are citizens may receive assistance.

A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

This prohibition applies to the noncitizen student's noncitizen spouse and noncitizen children.

E. **Social Security Number Requirements**: All household members receiving HUD housing assistance or applying to receive HUD housing assistance are required to provide a Social Security Number and adequate documentation necessary to verify that number. This rule applies to all household members including live-in aides, foster children and foster adults. Adequate documentation includes a Social Security card issued by the Social Security Administration (SSA) or other acceptable evidence of the SSN such as:

Acceptable documentation includes:

- Original Social Security card issued by the Social Security Administration
- Driver's license with Social Security number
- Identification card issued by a Federal, State or local government agency, medical insurance provider, or an employer/trade union
- Earnings statements on payroll stub
- Bank statement
- Form 1099
- Retirement benefit letter
- Life insurance policy
- Court records

The Social Security Number requirements do not apply to:

1. Individuals age 62 or older as of January 31, 2010, whose initial determination of eligibility was begun before January 31, 2010.
2. Individuals who do not contend eligible immigration status.
3. A child under the age of 6 years added to the applicant household within the 6-month period prior to the household's date of admission. The household will have a maximum of 90-days after the date of admission to provide the Social Security Number and adequate documentation that the Social Security Number is valid. An additional 90 days may be granted under certain circumstances. If the household does not provide the Social Security Number and adequate documentation to verify the Social Security Number within the prescribed timeframe, HUD requires that the owner/agent terminate tenancy.
4. Foster children or adults when:
The foster agency will not provide the SSN or adequate documentation to verify the SSN; and
With HUD approval.

Failure to disclose and provide documentation and verification of SSNs as required will result in an applicant not being admitted.

The applicant who has not disclosed and provided verification of SSN's for all household members may retain their position on the waiting list for 90 days. After 90 days, if the applicant has been unable to provide acceptable verification of SSNs, the applicant will be determined ineligible. If a child under the age of 6 is added to a family during the 6 months prior to admission, the family has 90 days to supply an accurate SSN. One 90-day extension may be granted to families failing to meet the initial 90-day timeline. When an extension is granted, the family may be asked to provide documentation of their failure to meet the initial timeline.

The Social Security Number provided will be compared to the information recorded in the Social Security Administration database through HUD's Enterprise Income Verification System (EIV) to ensure that the Social Security Number, birth date and last name match.

If EIV returns an error that cannot be explained or resolved, assistance and/or tenancy may be terminated and any assistance paid in error must be returned to HUD.

If the applicant/resident deliberately provides an inaccurate Social Security Number, the owner/agent and/or HUD may pursue additional penalties due to attempted fraud.

F. Consent and Verification forms: Each family head, spouse, or co-head, regardless of age, and all other household members who are at least 18 years of age must sign and date the HUD-required consent forms, HUD 9887, Notice and Consent for the Release of Information, and form HUD 9887-A, Applicant’s/Tenant’s Consent to Release of Information Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance. If any member of the applicant’s household refuses to sign and submit the consent forms as required, KCDC must reject the application and deny assistance and/or tenancy.

The release forms must be signed at initial certification and each annual recertification. All adult members regardless of whether they report income must sign and date these forms annually.

In addition, all adult members of an applicant or resident family must sign individual consent and verification forms authorizing management to verify family income and other applicable eligibility factors; e.g., disability status, criminal history.

If the applicant or resident, or any adult member of the household does not sign and submit the consent forms as required, Management must deny assistance and admission to the entire family. For current residents, the assistance will be terminated and the family charged market rent.
G. Live-In Aides

Applicants and residents must contact the admissions/management staff if a live-in aide will be moving into the unit. If the family plans to include a live-in aide, the live-in aide is not required to complete the same application forms. Live-in aides, once successfully completing the screening and verification process, must sign the Live-In Aide Agreement.

Live-in Aides have no rights to the unit as a remaining family member and must agree to relinquish possession of the unit within a reasonable amount of time if the resident is absent for an extended prior of time or if the resident leaves for any reason including death.

The Live-In Aide must meet HUD’s definition of a Live-In Aide. HUD’s definition of a Live-In Aide is as follows:

A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:

(a) Is determined to be essential to the care and wellbeing of the person(s);
(b) Is not obligated for the support of the person(s); and
(c) Would not be living in the unit except to provide the necessary supportive services.

6.3 SUITABILITY CRITERIA

A. Screening - Applicant families will be evaluated to determine whether, based on their recent behavior, such behavior could reasonably be expected to result in noncompliance with the public housing lease. KCDC will look at past conduct as an indicator of future conduct. Emphasis will be placed on whether a family's admission could reasonably be expected to have a detrimental effect on the property's environment, other residents, KCDC employees, or other people residing in the immediate vicinity of the property. Applicants with violent criminal histories will be denied KCDC admission for three (3) years (typically unsupervised) provided they have no arrests and/or convictions during that period. Other listed criminal histories will be considered on a case-by-case basis, focusing on the seriousness and recentness of the criminal activity.

Applicants with drug-related criminal histories will be denied KCDC admission for at least three (3) years (typically unsupervised) provided they have no arrest and/or convictions during that period except that any household member who has been convicted of manufacturing or producing methamphetamine (speed) in any federally assisted housing property will be denied for life.

Any household member who is subject to any state lifetime sex offender registration requirement will be denied for life.
No applicant who has been a victim of domestic violence, dating violence, or stalking will be denied admission if they are otherwise qualified. KCDC will give applicant who claims victim status 14 business days after written request to certify either by:

1. Completing the optional Certification of Domestic Violence, Dating Violence, Sexual Assault, Stalking, and Alternate Documentation HUD Form 5382 (which is available at the KCDC rental office); or
2. Providing KCDC with documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional from whom the victim (applicant or another member of the applicant family) has sought assistance in addressing domestic violence, dating violence, stalking, or the effects of the abuse (this certification must be sworn under penalty of perjury); or
3. Producing a Federal, State or local police or court record.
4. At lease signing Management will have all tenants execute the VAWA Lease Addendum (HUD Form 91067).

Otherwise eligible families will be denied admission if they fail to meet suitability criteria.

B. KCDC will consider objective and reasonable aspects of the family’s background, including the following:

1. History of meeting financial obligations, especially rent;
2. Ability to maintain (or with assistance would have the ability to maintain) their housing in a decent and safe condition based on living or housekeeping habits and whether such habits could adversely affect the health, safety or welfare of other residents;
3. History of criminal activity by any household member involving physical violence against persons or property, drug-related criminal activity (e.g. illegal manufacture, sale, or distribution), the use of or pattern of abuse of alcohol, and any other criminal activity that would adversely affect the health, safety, or wellbeing of other residents or staff or cause damage to the property;
4. History of disturbing neighbors or destruction of property;
5. Having committed fraud in connection with any Federal housing assistance program, including the intentional misrepresentation of information related to their housing application or benefits derived therefrom; and
6. History of abusing alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment by others.

C. KCDC will ask applicants to provide information demonstrating their ability to comply with the essential elements of the lease. KCDC will verify the information provided. Such verification may include but may not be limited to the following:

1. A credit check of the head, spouse and co-head;
2. A rental history check of all adult family members;
3. A criminal background check on all adult household members, including live-in aides. This check will be made through State or local law enforcement or
court records and/or a check through the FBI’s National Crime Information Center (NCIC);
4. A check of the State’s lifetime sex offender registration program for each adult household member, including live-in aides. No individual registered with this program will be admitted to public housing; and/or
5. A check of HUD’s Enterprise Income Verification (EIV) System Debts Owed to PHAs and Terminations Module, which is a national repository of families that owe a debt to any PHA nationwide and/or left a PIH program under negative circumstances.

6.4 GROUNDS FOR DENIAL

KCDC is not required or obligated to assist applicants who:

A. Do not meet at least one of the eligibility criteria;
B. Do not supply information or documentation required by the application process within the time frame allotted;
C. Have failed to respond to a written request for information or a request to declare their continued interest in the program;
D. Have a history of not meeting financial obligations, especially rent;
E. Do not have the ability to maintain (with assistance) their housing in a decent and safe condition where such habits could adversely affect the health, safety, or welfare of other residents;
F. Have a history of criminal activity by any household member involving physical violence against persons or property, drug-related criminal activity (e.g. illegal manufacture, sale, distribution, use of or pattern of abuse of alcohol), and any other criminal activity that would adversely affect the health, safety, or wellbeing of other residents or staff or cause damage to the property;
G. Have a history of disturbing neighbors or destruction of property;
H. Currently owes rent or other amounts to any housing authority in connection with their public housing or Section 8 programs as may be indicated in HUD’s EIV “Debts Owed” module;
I. Have committed fraud, bribery or any other corruption in connection with any Federal housing assistance program, including the intentional misrepresentation of information related to their housing application or benefits derived therefrom;
J. Were evicted from assisted housing within the past three (3) years because of criminal activity involving physical violence against persons or property, and/or drug-related criminal activity (e.g. illegal manufacture, sale, distribution, and/or use.);
K. Have illegally used a controlled substance or abused alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. KCDC may waive this requirement if:
1. The person demonstrates to KCDC’s satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol;
2. Has successfully completed a supervised drug or alcohol rehabilitation program; or
3. Has otherwise been rehabilitated successfully.
L. Have engaged in or threatened abusive or violent behavior towards any KCDC staff or resident;
M. Have a household member who has ever been evicted from subsidized housing;
N. Have a family household member who has been terminated under the certificate or voucher program;
O. Denied for Life: If any family member has been convicted of manufacturing or producing methamphetamine (speed) in a federally subsidized housing program;
P. Denied for Life: Has a lifetime registration under a State sex offender registration program.

6.5 Ineligibility Notification/Informal Review/Informal

A. If KCDC determines that an applicant does not meet the criteria for receiving housing assistance, KCDC will promptly provide the applicant with written notice of the determination. The notice will contain a brief statement of the reason(s) for the decision and state that the applicant may request an informal review of the decision within 10 business days of the denial notice. KCDC will describe how to obtain the informal review.

The informal review may be conducted by any person designated by KCDC, other than a person who made or approved the decision under review or a subordinate of this person. The applicant must be given the opportunity to present written or oral objections to KCDC's decision. KCDC must notify the applicant of the final decision within a reasonable time after the informal review, including a brief statement of the reasons for the final decision.

B. The participant family may request that KCDC provide for an Informal Hearing after the family has notification of an INS decision on their citizenship status on appeal, or in lieu of request of appeal to the INS. This request must be made by the participant family within 30 days of the Notice of Denial or Termination of Assistance, or within 30 days of the notification of the INS appeal decision.

In such cases, the Informal Hearing Process above will be utilized with the exception that the family will have up to 30 days of the Notice of Denial or Termination of Assistance, or of the INS appeal decision.

7.0 MANAGING THE WAITING LIST

A. Opening and closing the waiting list – Opening of the waiting list will be announced with a public notice stating that applications for multi-family housing are being accepted. The public notice will state where, when, and how to apply. The notice will be published in a local newspaper of general circulation, as well as on KCDC's main webpage. The public notice will state any limitations to who may apply.

The notice will state that applicants already on waiting lists for other housing programs must apply separately for this program, and such applicants will not lose
their place on other waiting lists when they apply for public housing. The notice will include the Fair Housing logo and slogan and will be in compliance with Fair Housing requirements.

Closing of the waiting list will also be announced with a public notice. The public notice will state the date the waiting list will be closed and for what bedroom sizes. The public notice will be published in a local newspaper of general circulation, as well as on KCDC's main webpage.

During the period when the waiting list is closed, KCDC will not maintain a list of individuals who wish to be notified when the waiting list is reopened.

B. Organization of the waiting list - A Site-based Waiting List is maintained for each property. An applicant may request to be placed on the waiting list for all properties, if eligible. Applicants are given information relative to each site (location, amenities, availability of handicapped-accessible units, estimated length of wait, etc.) to help them decide the waiting list(s) they want their name placed on.

The waiting list will be maintained in accordance with the following guidelines:

1. The application will be a permanent file;
2. All applications will be maintained in order of bedroom size, preference, and then in order of date and time of application; and
3. Any contact between KCDC and the applicant will be documented in the applicant file and/or within the database system.

C. Purging the waiting list - KCDC will update and purge its waiting list as needed to ensure that the pool of applicants reasonably represents the interested families for whom KCDC has current information, i.e. applicant's address, family composition, income category, and preferences.

D. Removal of applicants from the waiting list - KCDC will not remove an applicant’s name from the waiting list unless:

1. Applicant requests verbally or in writing that their name be removed;
2. Applicant fails to respond to a written request for information or a request to declare their continued interest in the program;
3. Applicant does not meet either the eligibility;
4. Applicant does not meet occupancy standards;
5. Applicant fails to meet screening requirements;
6. Applicant is rejected for any reason described in this plan;
7. Applicant receives and accepts an offer of housing;
8. The unit that is needed – using household size as the basis – has changed, an no appropriate size/type unit exists in the property; or
9. The unit that is needed – using household size as the basis – has changed, and the waiting list is closed for that unit size/type;
If an applicant is removed from the waiting list, and subsequently KCDC determine an error was made in removing the applicant, the applicant will be reinstated at the original place on the waiting list.

If an applicant is removed from the waiting list and later, the applicant feels they are now qualified for assistance/tenancy, the applicant household must submit a new application. The applicant will be placed on the waiting list based on the submission date and time of the new application.

E. Missed appointments - All applicants who fail to keep a scheduled appointment with KCDC will be notified the application is being withdrawn.

KCDC will allow the family to reschedule for good cause. Generally, no more than one opportunity will be given to reschedule without good cause, and no more than two opportunities will be given for good cause. When good cause exists for missing an appointment, KCDC will work closely with the family to find a more suitable time. Applicants will be offered the right to an informal review before being removed from the waiting list.

F. Notification of negative actions - Any applicant whose name is being removed from the waiting list will be notified by KCDC, in writing, that they have ten (10) days from the date of the written correspondence to present mitigating circumstances. The letter will also indicate their name will be removed from the waiting list if they fail to respond within the timeframe specified.

8.0 Tenant selection and assignment

A. Preferences - KCDC will select families from the Site-based Waiting Lists based on the following preferences within each bedroom size category:

1. First Preference (Former/Current KCDC Residents) - This preference applies to households displaced by KCDC action (i.e. Maintenance issue that requires family to relocate in order to address; relocation due to demolition or modernization of units; ADA or under/over-housing issues). Part of the Rental Assistance Demonstration (RAD) allows KCDC to relocate residents who were in place, at the time of conversion to the PBRA RAD program, in order to complete rehabilitation of the units/property. If a resident is relocated and the resident wishes to return to the property, KCDC will offer units to those Returning Residents before offering a unit to an applicant on the waiting list.

2. Second Preference (Government Action/Involuntarily Displaced/VAWA) - This preference would include an individual or family displaced by government action; An individual or family that includes a member who is unable to use critical elements of their current rental unit due to a mobility impairment and where the owner is neither legally obligated nor willing to make adaptive modifications; An individual or family that is facing an eviction action due to reasons beyond their control or cause; An individual or family that has been forced to vacate their home due to a fire that was beyond their
control or cause; or, an individual or family whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized by a unit of local, state, or federal government; it would also include victims of domestic violence where the most recent incident of abuse occurred no more than thirty calendar days before the submission of the pre-application; victims of recent hate crimes, where a hate crime is defined as actual or threatened physical violence or intimidation that is directed against a person or their property and is based on the person's race, color, religion, sex, perceived or actual sexual orientation or gender identity, national origin, handicap, or familial status. It must have occurred recently or be of a continuing nature; or Police informants for whom the law enforcement agency has recommended re-housing in order to avoid or minimize the risk of violence against family members.

3. Third Preference (Elderly and/or Disabled AND Homeless) - This would apply to those Elderly and/or Disabled who are ALSO Homeless. Such families contain at least one family member who is elderly (62+) and/or disabled receiving a fixed income (Examples: Social Security, Social Security Disability, Veterans Benefits, etc.) AND who lacks a regular or fixed nighttime residence, and/or who is living in a shelter. Homeless circumstances should be confirmed by a shelter or a recognized social service agency.

4. Third Preference (Elderly, Disabled or Working) – Elderly and/or disabled would apply to families with at least one family member who is elderly (62+) and/or disabled receiving a fixed income (Examples: Social Security, Social Security Disability, Veterans Benefits, etc.). Working would apply to families with at least one adult family member who is employed (working at least 20 hours per week at the Federal Minimum Wage).

5. Fourth Preference (Homeless) - This preference shall be given to individuals or families lacking a regular or fixed nighttime residence, and who are living in a shelter. Homeless circumstances should be confirmed by a shelter or a recognized social service agency.

6. Fifth Preference (Near Elderly I, Age 58-61) - This preference will be given to individuals or families with at least one adult household member between 58 and 61 years of age.

7. Sixth Preference (Near Elderly II, Age 50-57) - This preference will be given to individuals or families with at least one adult household member between 50 and 57 years of age.

All preferences will be verified using the verification methodology described in this resident selection plan.

Special consideration applies when a VAWA Emergency Transfer request is submitted by a victim of a VAWA crime. If this is your situation, please contact management staff for additional information.

B. Selection from the waiting list - Based on the above preferences, all families in the first preference will be offered housing before any families in the second preference, and second preference families will be offered housing before any families in the third preference, etc.
The date and time of application will be noted and utilized to determine the sequence within the above prescribed preferences.

Within all preference categories for admission to general population and mixed population properties, single persons who are elderly (62 or older), disabled, or displaced will have preference over and be offered housing before other single persons. Single persons who are not elderly, disabled, or displaced will be admitted to a mixed population property only after all elderly, disabled, displaced, and near-elderly families have been offered units.

C. Accessible Units

When an applicant requests an accessible unit or a unit preference, such as a first-floor unit, KCDC will conduct inquiries to:

1. Verify that the applicant is qualified for the unit, which is only available to persons with a disability or to persons with a particular type of disability
2. Verify that the applicant needs the features of the unit as an accommodation to his/her disability
3. Verify that the applicant is qualified to receive a priority on the waiting list available to persons with a disability or to persons with a particular type of disability

Accessible units will be offered first to families who may benefit from the accessible features, and will be offered to a current resident who has been approved for a transfer to an accessible unit before an eligible applicant family. Applicants for these units will be selected utilizing the same preference system as outlined above. If there are no applicants who would benefit from the accessible features, the units will be offered to other applicants in the order that their names come to the top of the Site-based Waiting List(s). Such applicants, however, must sign a release form stating they will accept a transfer (at their own expense) if, at a future time, a family requiring an accessible feature applies. Any family required to transfer will be given a 30-day notice.

KCDC will not skip over a household that has reached the top of the waiting list and has indicated a need for certain unit features because of a disability.

D. Assignment of bedroom sizes — Occupancy standards serve to prevent the over-utilization of under-utilization of units that can result in an inefficient use of housing funding. Occupancy standards also ensure that residents are treated fairly and consistently and receive adequate housing space.

The following guidelines will determine each family's unit size without overcrowding or over-housing:
<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Number of Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Note: Exact bedroom sizes, by property, are provided in Appendix A

These standards are based on the assumption that each bedroom will accommodate no more than two (2) persons. Zero bedroom units will only be assigned to one-person families.

In determining bedroom size, KCDC will include the presence of children to be born to a pregnant woman, children who are in the process of being adopted, children whose custody is being obtained, children who are temporarily away at school, or children who are temporarily in foster-care.

In addition, the following considerations may be taken in determining bedroom size:

1. No more than two (2) persons will occupy the same bedroom, with the exception of a child under the age of four years who may share the same bedroom with the parents. Although allowable, a child should not occupy the same bedroom with the parents except under exceptional circumstances.
2. Persons of the opposite sex, other than cohabiting adults, should not occupy the same bedroom if either person has reached the age of four years.
3. If a family, based on the number of members, would qualify for more than one unit size; KCDC will allow the family to choose which unit size they prefer. A family may not apply for more than one bedroom size at each location.
4. KCDC will always make every effort to provide a bedroom for children separate from their parent(s).
5. Children of the same sex will share a bedroom.
6. Foster adults and/or foster children will not be required to share a bedroom with family members.
7. Live-in aides will get a separate bedroom. Children of live-in aides will not receive a separate bedroom.
8. Exceptions to normal bedroom size standards include the following:
   a. Units smaller than assigned through the above guidelines – A family may request a smaller unit size than the guidelines allow. KCDC will allow the smaller size unit so long as generally no more than two (2) people per bedroom are assigned. In such situations, the family will sign a certification stating they understand they will be ineligible for a larger size unit until the next scheduled reexamination.
   b. Units larger than assigned through the above guidelines – A family may request a larger unit size than the guidelines allow. KCDC will allow the larger size unit if the family provides a verified medical need
that the family be housed in a larger unit (see KCDC's Implementation Guide for requesting Reasonable Accommodation – Appendix B).

c. If there are no families on the Site-based Waiting List(s) for a larger size, smaller families may be housed if they sign a release form stating they will transfer (at the family's own expense) to the appropriate size unit when an eligible family needs the larger unit. The family transferring will be given a 30-day notice before being required to move.

d. Households whose composition changes after the initial lease signing or between recertification periods will be required at the next re-exam to sign an over-housed statement, and the household will be re-assigned to an appropriate bedroom size when feasible. Such reassignment will take priority when waiting list contains appropriate candidates for the bedroom size in question.

e. Larger units may be offered in order to improve the marketing of a property suffering a high vacancy rate.

E. Deconcentration Policy - KCDC will affirmatively market its housing to all eligible income groups in accordance with its Affirmative Fair Housing Marketing Plan (AFHMP). Lower income residents will not be steered toward lower income properties and higher income people will not be steered toward higher income properties. Toward this end, KCDC will:

1. Establish preferences that promote deconcentration of poverty and income mixing, such as a preference for working families;
2. Provide information and referral services that link residents to supportive services, such as child care, job training and placement programs, and case management;
3. Establish contract rents in accordance with HUD Multi-family guidelines.

Prior to the beginning of each fiscal year, KCDC will analyze the income levels and demographic characteristics of families residing in each of its properties and the families on the waiting list. Based on this analysis, KCDC will determine marketing strategies for deconcentration.

F. Offer of a unit - When KCDC discovers that a unit will become available; management will contact the first family on the waiting list who has the highest priority for this type and size of unit and whose income category would help to meet the deconcentration goal and/or the income targeting goal.

KCDC will contact the family by one of the following methods:

1. Phone Call
2. Email Message
3. Text Message
4. KCDC Web Applicant Portal

In some cases a written notice may be in the form of a mailed, first class letter. The family will be given no more than five (5) business days from the date of notification.
to contact KCDC regarding the offer. The offer and the family's decision must be documented in the tenant file.

G. Rejection of unit - If, in making the offer to the family, KCDC skipped over other families on the waiting list in order to meet the deconcentration goal or offered the family any other deconcentration incentive and the family rejects the unit, the family will not lose their place on the waiting list and will not be otherwise penalized.

If KCDC did not skip over other families on the waiting list to reach this family, did not offer any other deconcentration incentive, and the family rejects three offers of suitable units without good cause, the family will forfeit their application's date and time. The family will keep their preferences, but the date and time of application will be changed to the date and time the unit was rejected.

If the family rejects (with good cause) any unit offered, they will not lose their place on the waiting list. Good cause includes reasons related to health, proximity to work, school, and childcare (for those working or going to school).

9.0 Unit transfers

Transfers apply to residents in inappropriate size units as defined in this policy. Such residents shall be transferred to appropriate size units when available. All such transfers will occur in the property where the family resides, provided there are units of the needed size at said property. Unit transfers may require that a family's income be recertified to assure program compliance.

KCDC will accept requests for transfer based on the following:

1. There is a need for a unit transfer because a change in household size and/or composition.
2. There is a need for a unit transfer based on the verified need for an accessible unit.
3. There is a verified need for a reasonable accommodation or a verified medical need for a different unit.
4. 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.
5. The resident has requested and qualifies for a VAWA Emergency Transfer.

A. Cost of the family's move – The cost of the transfer generally will be borne by the family in the following circumstances:

1. When the transfer is made at the request of the family or by others on behalf of the family (i.e., by the police);
2. When the transfer is needed to move the family to an appropriately sized unit, either larger or smaller.
3. When the transfer is necessitated because a family with disabilities needs the accessible unit into which the transferring family moved (the family without disabilities signed a statement to this effect prior to accepting the accessible unit); or
4. When the transfer is needed because action or inaction by the family caused the unit to be unsafe or uninhabitable.

B. The cost of the transfer will be borne by KCDC in the following circumstances:

1. When the transfer is needed in order to carry out rehabilitation or demolition activities; or
2. When the transfer is needed to accommodate a family with a member who has a disability; or
3. When action or inaction by KCDC has caused the unit to be unsafe or inhabitable.

The responsibility for moving costs in other circumstances will be determined on a case by case basis.

C. Residents in good standing - When the transfer is at the request of the family, it will not be approved unless the family is in good standing with KCDC. This means the family must be in compliance with their lease, current in all payments to KCDC, and must pass a housekeeping inspection.

D. Transfer requests - A resident may request a transfer at any time after their first year of residency by completing a transfer request form. In considering the request, KCDC may request a meeting with the resident to better understand the need for transfer and to explore possible alternatives. KCDC will review the request in a timely manner, and if a meeting is desired, the resident will be contacted to schedule a meeting. If the transfer is approved, the family's name will be added to the transfer waiting list. If the transfer is denied, the denial letter will advise the family of their right to utilize the grievance procedure.

E. Right of KCDC in Transfer Policy - If the transfer is denied, the denial letter will advise the family of their right to utilize the grievance procedure.

10.0 Verification

KCDC will verify information related to waiting list preferences, eligibility, admission, and level of benefits prior to admission. Periodically during occupancy, items related to eligibility and rent determination shall also be reviewed and verified. Income, assets, and expenses will be verified, as well as disability status, need for a live-in aide and other reasonable accommodations; full time student status of family members 18 years of age and older; Social Security numbers (if applicable); and citizenship/eligible noncitizen status. Age and relationship will only be verified in those instances where needed to make a determination of level of assistance. KCDC will use a third party source to verify tenant employment and income information for Reexaminations and Interims as well as for new move-ins approximately 90 days after move-in date. Third-party verification will be obtained for assets more than $5,000. (See KCDC’s Implementation Guide for verification procedures and for definitions of income, deductions and exclusions.)

Where the family has net family assets equal to or less than $5,000, KCDC may request supporting documentation (e.g. bank statements) from the family to verify the assets or
the amount of income expected to be received from those assets. When the family has net family assets in excess of $5,000, KCDC will obtain supporting documentation (e.g. bank statements) from the family to confirm the assets.

KCDC may conduct streamlined reexaminations for families on fixed incomes when 90% or more of their income comes from social security, Supplemental Security Income (SSI) and Supplemental Security Disability Income (SSDI), federal, state, local and private pension plans, other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits and other similar types of periodic receipts that are of substantially the same amounts from year to year.

In a streamlined reexamination, KCDC will recalculate family incomes by applying any published cost of living adjustments to the previously verified income amount.

Only verified information that is less than 120 days old may be used for verification. Verified information not subject to change (such as a person's date of birth) will not be re-verified.

11.0 Income limits and targeting requirements

Pursuant to the regulations contained in HUD Notice PIH 2012-32, Management shall comply with the following income limit requirements for new applicants:

A. Income targeting requirements - In order to achieve compliance with HUD's income targeting requirements, Management, within the established preferences above, will ensure that at least 40% of its applicants in a given fiscal year have incomes at or below the 30% of median income level, aka Extremely Low Income (ELI).

Management will annually examine the volume of unit turnover and applicant admissions for the past year and, based on this information, estimate the likely number of admissions for the coming year. If it is determined that the 40% requirement will most likely be achieved, no action will be taken. If it appears that the 40% requirement will not be accomplished by the normal selection process, Management will implement the following procedures by adopting Method 1 as stated in the HUD Handbook 4350.3, Rev-1, CHG-4. In chronological order, Management will select eligible applicants from the waiting list whose incomes are at or below the extremely low-income limit to fill the first 40% of expected vacancies in the property. This may result in skipping the next applicant on the waiting list if their income level is over the ELI limit. Once the target number of move-ins has been reached, Management will admit applicants in waiting list order.

If it is determined from examining the current waiting list that the income targeting level may not be achieved, management will diligently make efforts to locate an applicant(s) at the extremely low income level. If a vacancy occurs and the next applicant will go over the target number of move-ins, and an extremely low income applicant cannot be located within 30 days, Management will fill the vacancy with the applicant on top of the waiting list and make the appropriate notations on the waiting list report.
11.1 Total Tenant Payment and Minimum Rent Hardship

A. **Total Tenant Payment** - The total tenant payment (TTP) represents the minimum amount a family must contribute toward rent and utilities regardless of the unit selected. The TTP is calculated using a statutory formula and individual income information. To calculate TTP, annual adjusted income and annual (gross) income must be converted to monthly adjusted income and monthly gross income by dividing the annual figures by 12 months.

The total tenant payment is the greater of:
1. 30% of monthly adjusted income;
2. 10% of monthly gross income; or
3. The minimum rent of $25

<table>
<thead>
<tr>
<th>Total Tenant Payment Calculation Example:</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% of monthly adjusted income:</td>
</tr>
<tr>
<td>$700 X .30 = $210</td>
</tr>
<tr>
<td>10% of monthly gross income:</td>
</tr>
<tr>
<td>$740 X .10 = $74</td>
</tr>
<tr>
<td>Minimum rent:</td>
</tr>
<tr>
<td>$25</td>
</tr>
<tr>
<td>Total tenant payment (highest of above)</td>
</tr>
<tr>
<td>= $210</td>
</tr>
</tbody>
</table>

B. **Minimum Rent Hardship Policy** - The Minimum Rent Hardship Policy is designed to protect families in crisis by allowing KCDC flexibility to address unique, unforeseeable circumstances that may occur. Those with a hardship may have their rent suspended until their case can be reviewed by management.

1. A hardship exists in the following circumstances:
   a. When the family has lost eligibility for (or is awaiting an eligibility determination for) a federal, state, or local assistance program;
   b. When the family would be evicted as a result of the imposition of the minimum rent requirement;
   c. When the income of the family has decreased because of changed circumstances, including loss of employment;
   d. When the family has an increase in expenses because of changed circumstances, for medical costs, child care, transportation, education, or similar items;
   e. When a death has occurred in the family.

2. If KCDC determines there is no qualifying hardship as listed above, the minimum rent will be reinstated, including requiring back payment of minimum rent to KCDC for the time of suspension.

3. If KCDC determines there is a qualifying hardship, but that it is of a temporary nature, the minimum rent will not be imposed for a period of 90 days from the date of the family’s request. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. KCDC will offer a reasonable repayment agreement for any minimum rent back payment paid by KCDC on the family’s behalf during the period of suspension.
4. If KCDC determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists. Such hardship cases will be reviewed no less than on an annual basis at time of re-exam. Families qualifying for exemption due to long-term hardship will be required to complete a quarterly interview with management or KCDC staff to document the ongoing hardship.

5. Appeals. The family may use the informal hearing procedure to appeal KCDC’s determination regarding the hardship. No escrow deposit will be required in order to access the informal hearing procedure.

C. Flat rent (At the time of conversion from Low Income Public Housing to PBRA/RAD) – Flat rents are eliminated in the RAD program. Residents pay income-based rent (30% of monthly adjusted income or 10% of monthly gross income) the RAD program without limitation.

If a family in a project converting from Public Housing to PBRA was paying flat rent at the time of conversion, KCDC will use the flat rent amount to calculate the phase-in amount for a period of five years as follows:

1. Year 1: Any recertification (annual or interim) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP or flat rent and the calculated multifamily total tenant payment.

2. Year 2: Any recertification (annual or interim) prior to Year 3 annual recertification – 25% of difference between most recently paid TTP and calculated multifamily total tenant payment.

3. Year 3: Any recertification (annual or interim) prior to Year 4 annual recertification – 33% of difference between most recently paid TTP and calculated multifamily total tenant payment.

4. Year 4: Any recertification (annual or interim) prior to Year 5 annual recertification – 50% of difference between most recently paid TTP and calculated multifamily total tenant payment.

5. Year 5: Annual recertification and all subsequent recertifications — full calculated multifamily total tenant payment.

Note: Once the calculated multifamily total tenant payment is equal to or less than the previous total tenant payment, the phase-in period ends and tenants will pay full calculated multifamily total tenant payment from that point forward.

12.0 Security Deposits

Prior to move-in all new residents with leases effective after the RAD conversion date of May 1, 2015, will be charged a one-time security deposit equal to the Total Tenant Payment or $50.00, whichever is greater. In accordance with State law, the deposit will be refunded within 30 days after the resident has moved out, assuming there is no damage greater than normal wear and tear to the vacated unit. Charges for damages and unpaid rent may be deducted from the security deposit. Staff will provide the tenant with a detailed listing of items deducted from the Security Deposit within 30 days of vacating the unit.
If the move-in certification is corrected, and the TTP is recalculated, the security deposit requirement will be recalculated a well. Otherwise, the amount of the security deposit established at move-in does not change when a resident’s rent changes.

13.0 Leasing process

A. **Offer of available units** - When a unit becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type (taking into consideration income targeting requirements). If the applicant fails to respond within five business days, the application will be withdrawn and the apartment will be offered to the next applicant on the waiting list.

Upon offer of an apartment, the applicant shall have an opportunity to inspect the unit along with management and sign the Unit Inspection Report.

Failure to complete all of the move-in requirements within the assigned period will result in withdrawal of the offer and deactivation of the application.

B. **Prior to move-in/tenant interview** – At least one day prior to taking occupancy, Management will meet with the applicant family and explain at a minimum the following topics:

1. Security deposits and refunds
2. Use of the EIV system after move-in
3. Annual recertification process
4. Interim process
5. Unit inspection
6. Community House Rules
7. Transfer Policy
8. Section 8 student eligibility
9. Violence Against Women Act (VAWA)
10. Reporting requirement for income increases of $200 per month
11. Reporting changes in household composition
12. Unit rent and other charges
13. HUD Model Lease
14. Pet Policy

C. **Leasing of dwelling unit** - The Head of Household and all adult household members are required to execute the HUD Model Lease and VAWA Addendum. The property’s House Rules will be attached to the lease as an addendum. A copy of the lease will be provided to the lessee and the original will be filed as part of the permanent records established for the family.

14.0 Unit inspections

All apartments must undergo periodic inspection conducted by the on-site management team, HUD
or HUD's representatives/agents. These inspections include interior and exterior areas. Residents have the right to be present, and are, in fact encouraged, to be present during unit inspection.

A. Move-In Inspection – This is an opportunity to familiarize the new resident with the property and the unit, as well as to document its current condition. By performing move-in inspections, KCDC and residents are assured that the unit is in livable condition and is free of damages. A move-in inspection gives KCDC the opportunity to familiarize residents with the operation of appliances and equipment in the unit.

B. Move-Out Inspection – Occurs when a household vacates a unit. KCDC will list the damages on the Unit Inspection form and compare it with the Unit Inspection form completed at move-in to determine if there is any damage or excessive wear-and-tear.

C. Annual Recertification Inspection – Occurs on an annual basis to determine whether the appliances and equipment in the unit are functioning properly and to assess whether a component needs to be repaired or replaced. This is also an opportunity to determine any damage to the unit and, if so, make the necessary repairs. At this time, residents may be charged for damages to the unit so long as those damages are not the result of normal wear-and-tear.

D. HUD or Authorized Contractor Inspections – Assures HUD that KCDC and our agents are fulfilling our obligations under the regulatory agreements and/or subsidy contracts to provide residents with decent, safe, and sanitary housing.

Upon move-in, new residents with leases effective after the RAD conversion will inspect the apartment together with Management, and shall make note of any deficiencies in the unit. An inspection form will be completed upon move-out and the resident will be charged for any damages beyond normal wear and tear with the exception of items noted at move-in.

KCDC is allowed to enter an apartment at any time without advance notification when there is reasonable cause to believe an emergency exists.

15.0 Annual recertification requirements

A. To ensure that assisted tenants pay rent commensurate with their ability to pay, HUD requires the following:

1. Management must conduct a recertification of family income and composition at least annually by the annual recertification anniversary date.
2. Tenants must supply the information requested by executing the Recertification Application and must provide all requested supporting documentation.
3. Tenants must sign consent forms and asset declaration forms each year.
4. Management must use the EIV Income Report as third-party verification of income from sources available on EIV; i.e., Social Security benefits, wages, or Unemployment benefits.
5. Management must obtain third-party verification of income sources not reporting data in EIV; i.e., Child Support, alimony, pensions, VA benefits, income from assets, gifts, valuation of assets and all other sources of income.
6. Residents must provide documentation of other eligible factors used in determining allowances in the family’s TTP; e.g., medical expenses, and handicapped expenses, and child care payments.
B. Recertification notices

Management must send Recertification Reminder notifications to residents to meet with management beginning at 120 days prior to the annual recertification anniversary date. If the tenant does not respond, a Second Reminder Notice will be sent at 90 days prior to the annual recertification anniversary date. If the tenant fails to respond, a Third Reminder Notice will be sent to the tenant at 60 days prior to the annual recertification that includes a 60-day notice to terminate assistance if the tenant fails to respond. If the tenant fails to respond by the 10th day of the 11th month prior to the recertification anniversary date, the tenant may be charged market rent until such time as he or she complies with the recertification requirements.

C. Notice of rent increase

If the tenant complies with the annual recertification process, Management must provide at least a 30-day written notice of any rent increase. If the tenant does not report in a timely manner, the requirement to provide a 30-day notification of rent increase is waived.

D. At annual recertification, an Initial Notice of Recertification will be provided to the resident indicating the reporting requirements and deadlines for the next annual recertification.

E. Residents who do not comply with the recertification requirements in a timely manner or fail to provide requested documentation may be charged market rent until such time as the recertification process is complete, unless there are verified medical reasons or other extenuating circumstances that apply.

16.0 Interim Certification Reporting Policy

A. Residents must notify Management within ten (10) business days of the occurrence of the following:

1. A family member moves out of the unit;
2. The family proposes to move a new member into the unit;
3. An adult member of the family who was reported as unemployed on the most recent certification or recertification obtains employment; or
4. The family’s income cumulatively increases by $200 or more per month.

B. Residents may request an interim recertification due to any changes occurring since the last recertification that may affect the TTP or tenant rent and assistance payment for the tenant. Changes a tenant may report include:

1. Decreases in earned income or benefits;
2. Increases in allowances such as medical expenses or child care;
3. Other changes affecting the TTP, such as a family member
who attains the age of 62, or a family member becoming disabled.

C. When reporting changes in income and/or family composition, the resident must provide all requested documentation to substantiate the change.

D. When proposing to add a new household member, Management will apply screening criteria to all adults (including live-in aides) for drug related criminal activity, other criminal activity, State sex offender registration, other eligibility criteria, and EV Existing Tenant Search before approving the move-in.

E. The proposed household member must disclose and provide verification of their SSN (including live-in aides). New household members (except live-in aides) must provide information regarding all sources of income, execute the Racial & Ethnic Data Form, Declaration of Citizenship and provide proof of age. The head of household may execute these documents for minor children. Adults must sign the HUD 9887/9887A Consent Form.

F. If the tenant complies with the interim reporting requirements, rent changes must be implemented as follows:

1. Rent increases - If the tenant’s rent increases because of an interim adjustment, Management must give the tenant 30 days advance notice of the increase. The effective date of the increase will be the first of the month commencing after the end of the 30-day notice period.
2. Rent decreases - If the tenant’s rent decreases, the change in rent is effective on the first day of the month after the date of action that caused the interim certification.

G. If the tenant does not comply with the interim reporting requirements, and Management discovers the tenant failed to report a change as required, the effective date of the change is as follows:

1. Rent increases - Management will implement any resulting rent increase retroactive to the first of the month following the date that the action occurred.
2. Rent decreases - Any resulting rent decrease must be implemented effective the first rent period following completion of the recertification.

17.0 Resident procedural rights under Rental Assistance Demonstration (RAD)

A. Termination of Tenancy - The termination procedures for RAD properties require that owners provide adequate written notice of termination of the lease which shall not be less than:

1. A reasonable period of time, not to exceed 30 days;
2. If health or safety of other tenants, owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
3. The notice period will be 10 days in the event of any drug-related or violent criminal activity or any felony conviction; or
4. The notice period will be 14 days in the case of nonpayment of rent.

B. Termination of assistance - In all other cases, the requirements at 24 CFR 880.603, the Multifamily HUD Model Lease, and other HUD multifamily administrative guidance shall apply.

C. Grievance Process - In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances, etc.), the following procedural rights will apply with the requirements of section 6 of the Act. RAD properties require that:

1. Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as, their right to an informal hearing with the owner;
2. Residents will have an opportunity for an informal hearing with an impartial member of the owner's staff within a reasonable period of time;
3. Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to the owner, prior to the hearing and at the residents' own cost, the resident may copy any documents or records related to the proposed adverse action; and
4. The owner must provide the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence the owner relied upon as the basis for the adverse action.
5. The owner will be bound by decisions from these hearings, except if the (1) hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing, or (2) the decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

18.0 Choice Mobility rights under RAD/PBRA

A. Residents have the right to move with tenant-based assistance after the later of 24 months from date of execution of the HAP contract or 24 months after the move-in date.

B. HUD allows PHAs to limit the number of Choice-Mobility moves under the PBRA program in two ways:

1. A PHA is not required to provide more than one-third of its turnover vouchers to residents of RAD properties requesting them in any one year; and
2. A PHA can limit Choice-Mobility moves to no more than 15 percent of assisted units in each RAD property.

C. The Owner reserves the right to utilize either method allowed in Section 16B when administering Choice Mobility Rights.
19.0 Pets

KCDC does not require a pet fee. Residents are allowed to keep pets in the unit. Certain restrictions apply and are outlined in KCDC’s Pet Policy. Pets and assistance animals must be approved before they are allowed to live in the unit. A copy of the Pet Policy is available upon request.

Assistance animals that assist persons with disabilities are exempt from the pet policy.

Residents, their guests and/or service providers, are required to comply with the property Pet Policy.

20.0 Changes in Household Composition – Adding Household Members

KCDC must approve any new household member before he/she moves in to the unit. Eligibility criteria, screening criteria and compliance with occupancy standards will be reviewed before the new household member is approved or denied.

The request to add a new household member will not be considered if the resident has provided notice to vacate the unit. This helps prevent applicants from “jumping” ahead on the waiting list. Any new household member will be considered an applicant and must participate in the eligibility determination and screening processes described in the resident selection plan in place at the time of the eligibility determination.

The rent and assistance payment will be re-calculated to reflect any income or allowances for the new household member. IF the rent increases, the increase will take effect the first of the month following delivery of a 30-day notice of change to rent. If the rent decreases, the decrease will take effect the first of the month following the addition of the new household member.

Information about new household members who are minors must be provided to KCDC as quickly as possible but not to exceed thirty (30) calendar days. This includes, as applicable, required eligibility information including Social Security Numbers, proof of citizenship or non-citizen eligibility and other pertinent information.

If the new household member is under the age of six, special considerations regarding Social Security number disclosure and verification of Social Security numbers is given. The household will be given ninety (90) calendar days to provide the Social Security number and adequate documentation to verify the Social Security number provided. In some cases, an additional ninety (90) days may be provided. If the household fails to provide the required Social Security number information within the allotted timeframe, the household’s tenancy will be terminated (eviction) in accordance with HUD requirements.

Each dependent child that lives in the unit may be eligible for a $480 deduction that decreases the monthly rent payment by roughly $12.00 per month. The rent payment will be recalculated to reflect any income or allowances for the new household member.
If the rent increases, the increase will take effect the first of the month following delivery of a 30-day notice of change to rent. If the rent decreases, the decrease will take effect the first of the month following the addition of the new household member.

Failure to notify KCDC about changes in household composition as described above may result in retroactive rent changes and/or termination of subsidy/tenancy for the entire household. Please contact the management staff if you have questions about this policy. (Refer to Appendix D)

21.0 Changes in Household Composition – Removing Household Members

Residents must notify KCDC if any household member listed on the lease or on HUD Form 50059 leaves the unit. This notification must occur as quickly as possible but not to exceed thirty (30) calendar days.

Upon notice, the rent payment will be re-calculated to remove any income or allowances for the previous household member. If the rent increases, the increase will take effect the first of the month following delivery of a 30-day notice of change to rent. If the rent decreases, the decrease will take effect the first of the month following the removal of the household member.

Failure to provide notice to KCDC within thirty (30) days, could result in rent increases retroactive to the first of the month after the household member left. Subsidy paid in error will be returned, as required, to the Department of Housing and Urban Development.

If the resident fails to notify KCDC of a change in household composition within thirty (30) calendar days, and that change would result in a rent decrease, KCDC will make the decrease effective the first of the month following the notice. No retroactive rent credits will be returned to the resident.

Failure to notify KCDC about changes in household composition may result in termination of subsidy and/or tenancy for the entire household. Please contact management if you have questions about this policy. (Refer to Appendix D)

22.0 Changes to the Resident Selection Plan

Applicants will be notified in writing when the resident selection plan undergoes significant change or when preferences are added or removed. At that time, applicants will be:

A. Given an opportunity to review the new plan
B. Notified of changes to preferences
C. Asked if they wish to remain on the waiting list

If the applicant household does not respond, that household will be deemed ineligible and removed from the waiting list. The current resident selection plan, in place at the time of final eligibility determination, will be used to make a final decision to approve or reject the application.

23.0 Smoking Policy
Smoking is prohibited in any area of the property, both private and common, whether enclosed or outdoors, except in designated smoking areas located within 25 feet from such buildings or playgrounds. This policy applies to all owners, property staff, applicants, residents, guests, volunteers, and contractors.

“Smoking” shall include the inhaling, exhaling, or carrying of any lighted cigarette, e-cigarette, cigar, pipe, hookah, other tobacco products (smokeless tobacco), marijuana including medical marijuana, herbal smoking products “Legal Weed” or products known as “bath salts” or other legal substance.

Please note that use of illegal or controlled substances is grounds for denial of housing/assistance in accordance with the Quality Work and Housing Responsibility Act (QWHRA). Use of illegal or control substances after residency may result in termination of housing assistance and/or eviction as allowed under regulation.

Regardless of the purpose of legalization under state law, the use of marijuana in any form, is illegal under the Controlled Substances Act (CSA) and therefore is an illegal controlled substance under Section 577 of the Quality Housing and Work Responsibility Act (QHWRA). Based on federal law, new admissions of any marijuana user – including people who use medical marijuana – are prohibited.

QHWRA requires KCDC to establish lease standards that prohibit admission based on the illegal use of controlled substances including state legalized marijuana. State laws that legalize marijuana directly conflict with QHWRA and thus are subject to federal preemption.

Residents are prohibited from using marijuana (even in a smokeless manner). If HUD rules change, the Resident Selection plan and the property House Rules may be edited to conform to the policies set forth by HUD.

24.0 MISREPRESENTATION

Any information, provided by the applicant that proves to be untrue may be used to disqualify the applicant because of misrepresentation or attempted fraud. KCDC will not take any action to reduce or deny assistance based on inconsistent information received during the verification process until KCDC has independently investigated the information. KCDC considers false information about the following to be grounds for rejecting an applicant:

- Identity
- Social Security Numbers/Information
- Income/Assets/Income from Assets
- Household Composition
- Disability
- Date of Birth/Age
- Citizenship, Naturalization, and/or Eligible Immigration Status
- Eviction History
- Criminal History
- Sexual Offender Status
- Eligibility for Preferences/Priorities
- Allowances
- Current/Previous Residence History
- Current Housing Assistance
- Student Status

Unintentional errors that do not cause preferential treatment will not be used as a basis to reject applicants.

### Appendix A – Income Limits and Occupancy Standards
#### Income Limits by Property

<table>
<thead>
<tr>
<th>Property</th>
<th>Income Limit</th>
<th>Property</th>
<th>Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autumn Landing</td>
<td>80%</td>
<td>North Ridge Crossing</td>
<td>60%</td>
</tr>
<tr>
<td>Nature's Cove</td>
<td>80%</td>
<td>Five Points Senior Duplexes</td>
<td>80%</td>
</tr>
<tr>
<td>Residences at Lonsdale</td>
<td>60%</td>
<td>Five Points Family Multiplexes</td>
<td>80%</td>
</tr>
<tr>
<td>Mechanicsville</td>
<td>80%</td>
<td>Residences at Five Points</td>
<td>60%</td>
</tr>
<tr>
<td>Montgomery Village</td>
<td>80%</td>
<td>Five Points 2</td>
<td>60%</td>
</tr>
<tr>
<td>Verandas on Flenniken</td>
<td>80%</td>
<td>Five Points 3</td>
<td>60%</td>
</tr>
<tr>
<td>Vista at Summit Hill</td>
<td>60%</td>
<td>Five Points 4</td>
<td>60%</td>
</tr>
<tr>
<td>Love Towers</td>
<td>80%</td>
<td>Passport</td>
<td>80%</td>
</tr>
<tr>
<td>Isabella Towers</td>
<td>80%</td>
<td>Residences at Eastport I</td>
<td>80%</td>
</tr>
<tr>
<td>Valley Oaks</td>
<td>80%</td>
<td>Residences at Eastport II</td>
<td>60%</td>
</tr>
</tbody>
</table>

Note: All properties noted above are all considered Section 8 (Pre-1981).

### Available Bedroom Sizes by Property

<table>
<thead>
<tr>
<th>Property</th>
<th>Efficiency</th>
<th>1 Bedroom</th>
<th>2 Bedroom</th>
<th>3 Bedroom</th>
<th>4 Bedroom</th>
<th>5 Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autumn Landing</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Nature's Cove</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Residences at Lonsdale</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Mechanicsville</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Montgomery Village</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Verandas on Flenniken</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Vista at Summit Hill</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Love Towers</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Isabella Towers</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Valley Oaks</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>North Ridge Crossing</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Five Points Senior Duplexes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Five Points Family Multiplexes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Residences at Five Points</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Five Points 2</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Five Points 3</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Five Points 4</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Passport</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Residences at Eastport I</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Residences at Eastport II</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Appendix B – Request for Reasonable Accommodation or Modification

KCDC is committed to complying with the Fair Housing Act and Section 504 of the Rehabilitation Act by ensuring that its policies and practices do not deny individuals with disabilities the opportunity to participate in, or benefit from, nor otherwise discriminate against individuals with disabilities in connection with the operation of housing services or programs solely on the basis of such disabilities.

If an individual with a disability requests an accommodation or modification, KCDC will fulfill these requests, unless doing so would result in a fundamental alteration in the nature of the program or create an undue financial and administrative burden. In such a case, if possible, KCDC will offer an alternative solution that would not result in a financial or administrative burden.

KCDC informs all applicants/residents that, at any time, the applicant/resident or a person acting on behalf of the applicant/resident may make a request for reasonable accommodation or modification for an individual with a disability.

At the time of application, all applicants are provided with a copy of the Reasonable Accommodation - Modification Policy. This is provided as part of the Application Package or, upon the applicant’s request, the Policy will be provided in an equally effective format.

All applicants/residents are provided with a Notice of Reasonable Accommodation Request Form when requesting a reasonable accommodation or modification. The request will be accepted in an equally effective format, as a reasonable accommodation. A resident or applicant may submit the request in writing, orally, or use another equally effective means of communication to request an accommodation or modification.

Residents and applicants may contact the management office located within their property for information about requests.

The owner/agent will provide an initial reply to requests as quickly as possible, but no more than ten (10) business days from the receipt of the request unless the owner/agent explains the delay. Response may include but is not limited to:

1. Request Approval
2. Request Denial
3. Request for Additional Information or Verification of Need

KCDC will consent to or deny the request as quickly as possible. Unless KCDC explains the delay, the applicant/resident will be notified of the decision to consent or deny within no more than thirty (30) calendar days after receiving all necessary information and documentation from the resident and/or
appropriate verification sources. All decisions to grant or deny reasonable accommodations will be communicated in writing or, if required/requested, in an alternative format.

Exceptions to the thirty (30) day period for notification of the owner/agent’s decision on the request will be provided to the resident setting forth the reasons for the delay.

If the request for reasonable accommodation or modification is denied, the requestor has the right to appeal the decision within ten (10) business days of the date of the written notification of denial. The appeal meeting will be conducted by a person who was not originally involved in the decision to deny.

Appendix C – Citizen/Non-Citizen Eligibility

Applicants are required to declare U.S. Citizenship or submit evidence of eligible immigration status for each of household member seeking housing assistance. KCDC is required to obtain the following documents:

1. Family Summary Sheet (lists all household members who will reside in the assisted unit on the KCDC Application)
2. Declaration of Citizenship Declaration Form (One completed for each household member)
3. Forms and/or evidence of citizen/immigration status
4. Listing of Non-Contending Family Members (For those who wish not to report their eligibility status, if applicable)
5. INS Verification Consent Form
6. INS Verification Form (Document

If you have any questions or difficulty in providing the described information or determining the type of documentation required, please contact the management office. If you are unable to provide the required documentation in the timeframe indicated, you must contact the management office and request an extension. If you fail to provide this information, KCDC cannot provide assistance.

KCDC will offer the household assistance, providing subsidy to those household members whose documents were received on time when the following criteria is met:

1. Assistance/unit is available
2. The household has come to the top of the waiting list
3. At least one member of the household has submitted the required documentation in a timely manner and has been determined to be eligible based on all of the criteria in this resident selection plan

If any household member is determined to be an ineligible non-citizen, either at application or after move-in, assistance may be prorated or terminated.

REQUIRED DOCUMENTATION
KCDC must obtain the following documentation for each household member regardless of age:

- From U.S. citizens, a signed declaration of citizenship. The owner/agent requires verification of the declaration.
The following documents will be accepted as proof of citizenship:
- United States (U.S.) Passport
- U.S. birth certificate
- Other documentation as provided by HUD or DHS

- From non-citizens claiming eligible status who is 62 or older:
  - A signed declaration of eligible immigration status and
  - Proof of age

- From non-citizens claiming eligible status who is not 62 or older:
  - A signed declaration of eligible immigration status and
  - A signed consent form and
  - One of the DHS-approved documents
  - Form I-551, Permanent Resident Card,
  - Form I-94, Arrival-Departure Record annotated with one of the following:
    - "Admitted as a Refugee Pursuant to Section 207";
    - "Section 208" or "Asylum";
    - "Section 243(h)" or "Deportation stayed by Attorney General"; or
    - "Paroled Pursuant to Section 212(d)(5) of the INA."
  - Form I-94, Arrival-Departure Record (with no annotation) accompanied by one of the following:
    - A final court decision granting asylum (but only if no appeal is taken);
    - A letter from an DHS asylum officer granting asylum (if application was filed on or after October 1, 1990) or from an DHS district director granting asylum (application filed was before October 1, 1990);
    - A court decision granting withholding of deportation; or
    - A letter from an asylum officer granting withholding of deportation (if application was filed on or after October 1, 1990).
    - A receipt issued by the DHS indicating that an application for issuance of a replacement document in one of the above-listed categories has been made and that the applicant's entitlement to the document has been verified.
    - Other acceptable evidence.

If other documents are determined by the DHS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the Federal Register.

TIMEFRAMES FOR SUBMITTING EVIDENCE OF CITIZENSHIP/IMMIGRATION STATUS TO THE OWNER/AGENT

Applicants must submit required documentation of citizenship/immigration status no later than the date KCDC initiates verification of other eligibility factors (pre application or application). KCDC determines the applicant's citizenship or immigration status during the initial eligibility determination prior to move-in.

If the applicant cannot supply the documentation within the owner/agent's specified timeframe, KCDC may grant the applicant an extension of not more than thirty (30) days, but only if the applicant certifies that the documentation is temporarily unavailable and additional time is needed to collect and submit the required documentation. (Although the extension period may not exceed thirty (30) days, KCDC may establish a shorter extension period based on the circumstances of the individual case.)
KCDC will inform the applicant in writing (or, if required/requested, in an alternative format) if an extension request is granted or denied. If the request is granted, KCDC will include the new deadline for submitting the documentation. If the request is denied, KCDC will state the reasons for the denial in the response. When granting or rejecting extensions, KCDC will treat applicants consistently.

REVIEWING AND VERIFICATION OF A HOUSEHOLD’S CITIZENSHIP/IMMIGRATION STATUS

KCDC will conduct primary verification through the (Systematic Alien Verification for Entitlements) SAVE ASVI database - the Department of Homeland Security (DHS) automated system.

After accessing the ASIV database, the owner/agent enters the required data fields. The system will display one of the following messages for immigration status confirmation on the screen,

- Lawful Permanent Resident
- Temporary Resident
- Conditional Resident
- Asylee
- Refugee
- Cuban\ Haitian Entrant
- Conditional Entrant

Secondary verification. If the message "institute secondary verification" is displayed on the screen, the manual verification process must be used.

Within ten (10) days of receiving an “Institute Secondary Verification” response, KCDC will prepare DHS Form G-845S, Document Verification Request. KCDC will send DHS Form G-845S and photocopies of the DHS documents submitted by the applicant to the DHS office serving the property’s jurisdiction.

The DHS will return to KCDC a copy of DHS Form G-845S indicating the results of the automated and manual search.

NOTIFICATION TO APPLICANTS

KCDC will notify households in writing that they are:

- Eligible for assistance
- Eligible for partial assistance, as a mixed household

KCDC will notify applicants and/or residents in writing if they are found to be ineligible based upon citizenship/immigration status.

MIXED HOUSEHOLDS

A mixed household—a household with one or more ineligible members and one or more eligible household members—may receive:

- Prorated assistance
- Continued assistance
APPELLING DETERMINATIONS OF INELIGIBILITY

KCDC will notify the household in writing as soon as possible if the secondary verification process returns a negative result.

The applicant or resident has thirty (30) days from receipt of the notice to choose which option to follow.

The applicant or resident may appeal KCDC's decision directly to the DHS. The applicant or resident must send a copy of the appeal directly to the owner/agent. The DHS should respond to the appeal within thirty (30) days.

If the DHS decision results in a positive determination of eligibility, KCDC can provide the appropriate housing assistance. If the DHS decision results in a negative determination of eligibility, the household has thirty (30) days to request a hearing with the owner/agent.

PROHIBITION AGAINST DELAY OF ASSISTANCE

KCDC may not delay the household's assistance if the applicant or resident submitted immigration information in a timely manner but the DHS verification or appeals process has not been completed.

If a unit is available, the household has come to the top of the waiting list, and at least one member of the household has submitted the required documentation in a timely manner and has been determined to be eligible, KCDC will offer the household a unit and provide full assistance to those household members whose documents were received on time. KCDC will continue to provide full assistance to such households until information establishing the immigration status of any remaining non-citizen household members has been received and verified.
Appendix D – Verification of Household Composition

In compliance with HUD’s Rental Housing Integrity Improvement Project (RHIIP), KCDC will make every effort to ensure that the correct assistance is provided to those who seek housing assistance.

If an applicant household indicates that one or more members should be removed from the application, KCDC will accept such notification from the Head-of-Household (HOH) if it is provided on a notarized form provided by the owner agent. The following rules apply.

If the household is being rejected because a member is registered as a sex offender in any state lifetime sex offender registry, KCDC will take extra steps to ensure that the sex offender is not housed in any unit on the property. The household will have to provide documentation to prove that the sex offender will live at another location. Acceptable documentation includes, but is not limited to:

- Confirmation from a landlord with copy of an executed lease
- Confirmation from local police
- Confirmation from anyone who maintains sex offender registries including but not limited to:
  - Dru Sjodin Sex Offender Registry
  - Megan’s List
  - State or Federal Sex Offender Registries
  - New driver’s license with new address

Information will be confirmed for up to one year after move-in.

If it is discovered that the household allowed any registered sex offender to live in the unit, the applicant must understand that he/she is not qualified to receive subsidy or live on the property. All subsidy paid-in-error must be returned to HUD. Because this is a material lease violation, all household members must vacate the unit within 30 days.

One of the key requirements, at application and during residency, is to disclose who will be living in the unit at any given time. It is important to understand the difference between a resident and a guest.

Resident: A resident is any person who is listed on the application, on any Family Summary submitted and on the lease who will reside in the unit.

Guest: A guest is a person who visits any resident and may stay overnight no more than thirty (30) consecutive nights in a one-year period and may stay overnight no more than
ninety (90) non-consecutive nights in any one-year period without express written consent of the owner/agent.

If KCDC suspects that a guest should actually be classified as a resident, KCDC will request a meeting with the Head-of-Household (HOH).

In accordance with HUD requirements, the resident will have ten (10) days to meet with the owner/agent. Failure to respond to the request to meet will result in termination of assistance beginning the first of the month following the 10-day notice.

If KCDC suspects that a guest is actually living in the unit, KCDC will ask for verification of alternative residence. Samples of such verification include one or more of the following:

- Verification with the United States Postal Service that no mail, for the guest, is delivered to the unit address
- *A current driver’s license for the “guest” with an alternative address
- *A current lease indicating an alternative residence
- *A current utility bill in the person’s name showing an alternative address
- *A current insurance policy or other such invoice/bill showing an alternative address
  - *Current means issued/created within the last thirty (90) days.

In addition, the resident(s), indicated on the lease, must sign a statement confirming that the guest does not violate the guest policy as indicated above and does not reside in the unit.

Live-in Aides: A live-in aide must meet HUD’s definition of a live-in aide:

1. Is essential to the care and well-being of the resident
2. Is not dependent on the resident for support
3. Is only living in the unit to provide essential support

If a resident or applicant requests a live-in aide, the owner/agent is required to verify the need for a live-in aide using third-party verification.

The prospective live-in aide will be screened in accordance with the resident selection plan in place at the time of review. The live-in aide will not be screened for the “ability to pay rent” since the live-in aide is not responsible for rent payment.

The live-in aide must be approved and must sign the House Rules and the HUD-approved Live-in Aide Policy prior to move-in. KCDC must sign a revised 50059 before the live-in aide is allowed to move-in.

If a live-in aide moves in prior to screening and prior to signing required forms, KCDC will issue a notice of lease violation and may pursue other action including, but not limited to eviction of the live-in aide, termination of assistance and/or termination of tenancy.

Children/Minors: At move-in, all non-exempt household members, including children, must have a Social Security Number and adequate documentation to verify the Social Security Number.
When children are later added to the household, the following will be required.

For children who are born, adopted or in foster care, KCDC requires the following:

- Social Security Number and proof that the number is valid
- For children under the age of 6 years old – proof must be provided within ninety (90) days or owner/agent is required to terminate tenancy.
- An additional ninety (90) may be provided if extenuating circumstances exist
- Adoption paperwork indicating that a household member is a parent as appropriate; or
- Verification from the foster agency indicating the unit as the primary residence of the foster child as appropriate; or
- Other documents proving legal custody arrangement as appropriate

KCDC does not and will not establish policies intended to exclude children. If none of the household members can provide documentation for minors, as described above, KCDC will meet with the resident to discuss reasonable alternatives. KCDC will be the final judge of what is considered adequate documentation proving household composition/residency.
Appendix E – Fair Housing and Other Civil Rights Protections

Fair Housing

The Fair Housing Act prohibits discrimination in housing and housing related transactions based on race, color, religion, sex, national origin, disability, and familial status.

Title VI of the Civil Rights Act of 1964

KCDC complies with Title VI of the Civil Rights Act of 1964 which prohibits discrimination based on race, color, or national origin in any program or activity receiving federal financial assistance from HUD.

Section 504 of the Rehabilitation Act of 1973

KCDC complies with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination, based on the presence of a disability in all programs or activities operated by recipients of federal financial assistance.

Although Section 504 protections often overlap with the disability discrimination prohibitions included in the Fair Housing Act, Section 504 differs in that it imposes broader affirmative obligations to make their programs, as a whole, accessible to persons with disabilities.

Coordinating Efforts to Comply with Section 504 Requirements

KCDC has designated a person to address questions or requests regarding the specific needs of residents and applicants with disabilities. This person is referred to as the Section 504 Coordinator.

| Name of Section 504 Coordinator: | Kim Mills |
| Address: | 901 N. Broadway  
| | Knoxville, Tennessee 37917 |
| Phone Number: | 865-403-1100, Extension 1195 |
| TDD/TTY Number: | 1-800-848-0298  
| | (Tennessee Relay Center) |

Requests for Reasonable Accommodation or Modification
In accordance with the Fair Housing Act and Section 504 of the Rehabilitation Act, KCDC will make reasonable accommodations or modifications for individuals with disabilities (applicants or residents) unless these modifications would change the fundamental nature of the housing program or result in undue financial and administrative burden. Please see Appendix B for additional information.

Limited English Proficiency

Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)" requires KCDC to develop and implement a system to provide housing assistance so persons with Limited English Proficiency (LEP) can have meaningful access to assisted housing opportunities.

KCDC will provide for such meaningful access consistent with, and without unduly burdening the fundamental mission of the property. KCDC will work to ensure that people who apply for and/or qualify for housing assistance are provided meaningful access to HUD's housing assistance program.

The Equal Access Rule

KCDC ensures that HUD's core housing programs are open to all eligible persons regardless of sexual orientation, gender identity or marital status in accordance with The Equal Access Rule.

Protections Provided Under VAWA

Please see the VAWA Notice of Occupancy Rights for a more detailed explanation of the process used to assist you in exercising protections provided under VAWA.

The Violence Against Women Act (VAWA) provides protections to women or men who are applicant to or residents of any "covered housing program" and who are the victims of domestic violence, dating violence, sexual assault and/or stalking – collectively referred to as VAWA crimes. KCDC understands that, regardless of whether state or local laws protect victims of VAWA crimes, people who have been victims of violence have certain rights under federal fair housing regulation.

This policy is intended to support or assist victims of VAWA crimes and protect victims, as well as affiliated persons, from being denied housing or from losing their HUD assisted housing as a consequence of their status as a victim of VAWA crimes.

VAWA protections are provided to affiliated persons which are defined as follows:

1. A spouse, parent, brother, sister, or child of the victim, or a person to whom the victim stands in the place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of the victim); or
2. Any individual, resident/applicant, or lawful occupant living in the household of that individual.

VAWA ensures that victims are not denied housing and housing assistance is not terminated solely because the person is a victim of a VAWA crime.

Unless such requirements interfere with protections provided under the VAWA, being a victim of a VAWA crime is not reason to change the screening requirements set forth in the Tenant Selection Plan.
Eligibility requirements for housing programs cannot be modified. Being a victim of a VAWA crime does not automatically make a person eligible for housing assistance.

Being a victim of a VAWA crime is not reason to waive requirements set forth in the HUD Model Lease or in any lease attachment or HUD approved lease addendum unless being a victim of a VAWA crime was the cause of the lease violation.

When applicable, the resident will be required to work with KCDC to reduce the likelihood of future lease violations.

Confidentiality

KCDC is committed to ensuring that the Privacy Act is enforced in this and all other situations.

HUD Form 5380 Notice of Occupancy Rights under the Violence Against Women Act provides notice to the resident/applicant of the confidentiality of information about a person seeking to exercise VAWA protections and the limits thereof. The identity of the victim and all information provided to the owner/agent relating to the incident(s) of abuse covered under the VAWA will be retained in confidence.

Information will not be entered into any shared database nor provided to a related entity, except to the extent that the disclosure is

1. Requested or consented to by the victim in writing for a limited period of time; or
2. Required for use in an eviction proceeding or termination of assistance; or
3. Otherwise required by applicable law.

KCDC will retain all documentation relating to an individual’s domestic violence, dating violence, sexual assault and/or stalking in a separate file that is kept in a separate secure location from other applicant or resident files.

Requests & Certification

The person seeking VAWA protections may make a request for a VAWA accommodation in any reasonable manner. The resident/applicant may:

- Complete a VAWA Request Form provided by the owner/agent
- Submit a written request (including email but not texting)
- Make a personal (oral) request either in person or via phone

Once a request is made, KCDC requires that the applicant/resident certify their status as a victim of a VAWA crime or as a person affiliated with a victim of a VAWA crime using one of the following methods. Applicants and residents decide which of the following methods is used to certify their status as a victim of a VAWA crime or as someone affiliated with a victim of a VAWA crime.

Option 1:
When KCDC responds to a request to exercise protections provided under the VAWA, KCDC will request that an individual provide HUD Form 5382 Certification as a Victim of Domestic Violence, Dating Violence, Stalking or Sexual Assault to certify status as a VAWA victim or as a person affiliated with a VAWA Victim. The person seeking VAWA protections may obtain this form from the property staff or from HUD’s web site.

KCDC understands that the delivery of the certification form to the applicant/resident via mail may place the victim at risk, (e.g., the accused perpetrator may monitor the mail). KCDC will work with the applicant/resident in making acceptable delivery arrangements.

Option 2:

Alternatively, if the applicant/resident has sought assistance in addressing domestic violence, dating violence, sexual assault and/or stalking from a federal, state, tribal, territorial jurisdiction, local police or court, the resident may submit written proof of this outreach in lieu of the certification form.

KCDC will accept a federal, state, tribal, territorial, or local police record or court record other official record documenting status as a victim of a VAWA crime or a person affiliated with a victim of a VAWA crime as defined in this policy.

Option 3:

KCDC will also accept a document signed and attested to by a professional (employee, agent or volunteer of a victim service provider, an attorney, medical personnel, etc.) from whom the person seeking VAWA protections has sought assistance in addressing domestic violence, dating violence, sexual assault and/or stalking or the effects of the abuse. This document must be signed by the applicant/resident.

The signatory attests under penalty of perjury that he/she believes it is the occurrence of the incident of domestic violence, dating violence, sexual assault, or stalking that is the ground for protection and remedies under the VAWA, and that the incident meets the applicable definition of domestic violence, dating violence, sexual assault, or stalking.

Based on HUD’s instruction above, the written statement must be signed, dated, and notarized or witnessed, and must include the following language:

Name of person seeking protections has worked with me to receive assistance in addressing domestic violence, dating violence, sexual assault and/or stalking or the effects of the abuse.

Name of professional providing documentation believe it is the occurrence of the incident of domestic violence, dating violence, sexual assault, or stalking that is the ground for protection and remedies under the VAWA, and that the incident meets the applicable definition of domestic violence, dating violence, sexual assault, or stalking.

Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government, HUD, the PHA and any owner (or any employee of HUD, the PHA or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willfully requests, obtains or discloses any information under false pretenses concerning an applicant or participant may be subject to a
misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the PHA or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 208 (a) (6), (7) and (8). Violation of these provisions are cited as violations of 42 U.S.C. 408 (a) (6), (7) and (8).

The information provided above is true and is based on my knowledge of incidents involving domestic violence, dating violence, sexual assault or stalking.

Signed and dated by person providing certification: ________________________________________

I acknowledge that submission of false information is a basis for denial of admission, termination of assistance, or eviction. In addition, providing false information may prompt the owner/agent to notify HUD and pursue civil action related to fraud based on HUD requirements. I am requesting to exercise protections provided through the VAWA because I am a victim of domestic violence, dating violence, stalking and/or sexual assault (VAWA crimes) or I am a person affiliated with someone who is a victim of a VAWA crime as defined in this document.

Signed and dated by person seeking VAWA protections: _______________________________________

The owner/agent can provide you with a form that can be used to fulfill this requirement.

The victim is not required to name his/her accused perpetrator if doing so would result in imminent threat or if the victim does not know the name of his/her accused perpetrator.

The person seeking VAWA protections will have thirty (30) calendar days from the date of the written request to provide certification using any of the options above.

This certification may be submitted in an equally effective manner, as a reasonable accommodation, if there is the presence of a disability.

If KCDC receives documentation that contains conflicting information (including certification forms from two or more members of a household each claiming to be a victim and naming one or more of the other petitioning household members as the perpetrator), KCDC will require an applicant or tenant to submit third-party documentation, as described above in Option 2 or Option 3, within thirty (30) calendar days of the date of the request for the third-party documentation.

To ensure that a person is not wrongly accused of committing an act covered under the VAWA, KCDC will carefully evaluate abuse claims as to avoid denial, termination of assistance, termination of tenancy or eviction based on false or unsubstantiated accusations.

KCDC will review and respond to requests to exercise protections provided under the VAWA as quickly as possible but within no more than ten (10) business days of receiving all required documentation.

KDC may provide the response in any manner acceptable to the victim and KCDC. Responses include:

- Approval of the Request for a specific VAWA accommodation
- Denial of the Request for a specific VAWA accommodation
- Request for additional information or Request to Meet
If the request is denied, the person seeking VAWA protections will have the right to appeal. Requests to appeal must be received within ten (10) business days of the date of the denial. When requested, the appeal will be held with someone who was not involved in the original decision to deny. KCDC will grant a reasonable accommodation when there is the presence of a disability.

**Lease Bifurcation**

If KCDC determines that physical abuse caused by a resident is clear and present, the law provides KCDC the authority to bifurcate a lease (i.e., remove, evict, or terminate housing assistance to any accused perpetrator), while allowing the victim, who lawfully occupies the home, to maintain tenancy.

KCDC may attempt to evict the accused perpetrator, but residents should know that state/local tenant/landlord laws prevail and KCDC must comply with such laws. KCDC cannot guarantee that a court will award or enforce an eviction.

The resident must keep in mind that eviction of or termination action must be in accordance with the procedures prescribed by federal, state, and local law. KCDC is committed to attempting to assist the victim and persons affiliated with the victim, however, evictions are generally carried out through the court system and the owner/agent cannot override or circumvent a legal decision.

In the event that one household member is removed from the unit because of engaging in acts of domestic violence, dating violence, sexual assault and/or stalking against another household member, an appropriate certification will be processed reflecting the change in household composition. Special consideration will be given if the remaining household members are not qualified to remain in the unit as a “remaining household member”.

**Legal Action**

Victims are encouraged to seek police/legal protection from their accused perpetrator. In some cases, KCDC may file a restraining order against the accused perpetrator to prevent the accused perpetrator from entering the property.

The VAWA does not limit the authority of KCDC, when notified of a court order, to comply with a court order with respect to:

- The rights of access or control of property, including civil protection orders issued to protect a victim of domestic violence, dating violence, sexual assault, or stalking; or
- The distribution or possession of property among members of a household.

**Termination of Tenancy or Termination of Assistance**

The VAWA does not limit KCDC’s authority to deny, evict or terminate assistance to a resident/applicant for any violation that is not the result of an act of domestic violence, dating violence, sexual assault, or stalking.

KCDC will not subject the resident/applicant, who is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, or is affiliated with an individual who is or has been a victim of domestic violence, dating violence, sexual assault or stalking, to a more demanding standard than other resident/applicants in determining whether to evict or terminate assistance.
The VAWA does not limit KCDC’s authority to deny, terminate assistance to, or evict a resident/applicant under a covered housing program when KCDC can demonstrate an actual and imminent threat (to other resident/applicants or those employed at or providing service to property of the covered housing provider) would be present if that resident/applicant or lawful occupant is not evicted/terminated. In this context, words, gestures, actions, or other indicators will be considered an “actual and imminent threat” if they meet the standards provided in the definition of “actual and imminent threat”.

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

Determinations about the presence of imminent danger will not be based on stereotypes but will be tailored to particularized concerns about individual residents.

KCDC will take into account individual circumstances when making a determination to terminate tenancy; such circumstances might include, among other things, the seriousness of the offending action, the extent of participation by the leaseholder in the offending action, and whether the leaseholder, if not the wrongdoer, took all feasible steps to prevent the offending action from occurring and has removed the offending person from the lease or otherwise banned the offending person from the premises in the future.

Any eviction or termination of assistance will be initiated only when there are no other actions that could be taken to reduce or eliminate the threat. Examples of such action include, but are not limited to:

- Transferring the victim to a different unit when doing so would reduce or eliminate the threat – also see Addendum A for information about VAWA Emergency Transfers,
- Barring the perpetrator from the property,
- Contacting law enforcement to increase police presence
- Develop other plans to keep the property safe, or
- Seeking other legal remedies to prevent the perpetrator from acting on a threat

**Lease Addendum**

The HUD approved lease addendum will be implemented and provided in accordance with HUD guidance.

**VAWA Emergency Transfers**

KCDC is concerned about the safety of residents and applicants, and such concern extends to residents and applicants who are victims of domestic violence, dating violence, sexual assault, or stalking – collectively referred to as VAWA crimes.

KCDC has developed a VAWA Emergency Transfer Plan that allows VAWA victims or people associated with VAWA victims to request a VAWA Emergency Transfer. Please refer to KCDC’s VAWA Policy for detailed information.
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested for COVID related waivers for both Section 8 Administrative Plan &amp; Public Housing Admissions and Continued Occupancy Policy (ACOP).</td>
</tr>
</tbody>
</table>
| SUBMITTED BY | Name & Title: Sean Gilbert, Sr. Vice President of Housing  
Department: Housing/Section 8 |
| MEETING TYPE | ☒ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted:  
Expenditure: |
| Source of Funds: | NA |
| APPROVAL/REVIEWS | ☒ Department Head /Vice President  
☐ Budget/Finance  
☐ Legal Counsel  
Name of Reviewer:  
☐ Executive Director/CEO  
☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
Deny: ☐  
Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**  
Due to the COVID-19 Pandemic, HUD provided certain operational waivers that would allow the organization to operate more efficiently during this crisis. This action would approve COVID 19 Addendum's for the Section 8 Administrative Plan and the Public Housing Admissions and Continued Occupancy Policy (ACOP).

2. **Why is the action needed now?**  
HUD allowed for utilization of waivers prior to Board Approval, however, HUD requires board approval prior to September 30, 2020.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
KCDC Section 8, Housing and Finance Departments.

4. **What are the long term and short term exposures to KCDC?**  
None if approved if not we will be out of compliance with HUD.

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

HUD issued allowable waivers in April 2020. KCDC informed the public of possible utilization April 2020 of 12 waivers by posting on website. Board was informed by ED of waivers on May 28, 2020.

## ATTACHMENTS

KCDC Summary of Waivers  
Section 8 Administrative Plan COVID 19 Addendum  
KCDC Summary of Public Housing and HCV Adopted Waivers and Alternative Requirements (Refer back to the Notice using the item code for a full description and more detailed information). This chart summarizes the waivers authorized under this Notice and the availability period for each. As stated in Section 5, PHAs must keep written documentation on the waivers applied by the PHA as well as the effective dates. To fulfill those requirements, PHAs may but are not required to utilize the last two columns to record this information.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statutory and regulatory waivers</th>
<th>Summary of alternative requirements</th>
<th>Availability Period Ends</th>
<th>Did PHA implement waiver and alternative requirement?</th>
<th>Date of PHA adoption</th>
</tr>
</thead>
</table>
| PH and HCV-1 PHA 5-Year and Annual Plan Submission                    | Statutory Authority Section 5A(a)(1), Section 5A(b)(1), Section 5A(g), Section 5A(h)(2) Regulatory Authority §§ 903.5(a)(3), 903.5(b)(3), 903.13(c), 903.21, 903.23 | • Alternative dates for submission  
• Changes to significant amendment process | • Varies based on FYE  
• 12/31/20 | Yes                                                  | 4/10/20                                           |
| Dates: Significant Amendment Requirements                             |                                                                                                 |                                                                                                       |                          |                                                      |                      |
| PH and HCV-6 Family Self-Sufficiency (FSS) Contract of Participation: Contract Extension | Regulatory Authority § 984.303(d)                                                                  | • Provides for extensions to FSS contract of participation                                              | • 12/31/20               | Yes                                                  | 4/10/20                                           |
| HQS-3 | Initial Inspection: Non-Life-Threatening Deficiencies (NLT) Option | **Statutory Authority** Section 8(o)(8)(A)(ii) Sub-regulatory Guidance HOTMA HCV Federal Register Notice January 18, 2017 | • Allows for extension of up to 30 days for owner repairs of non-life threatening conditions | 12/31/20 | Yes | 4/10/2020 |
| HQS-5 | HQS Inspection Requirement: Biennial Inspections | **Statutory Authority** Section 8(o)(D) Regulatory Authority §§ 982.405(a) , 983.103(d) | • Allows for delay in biennial inspections • All delayed biennial inspections must be completed as soon as reasonably possible but by no later than 1 year after the date on which the biennial inspection would have been required absent the waiver. | 10/31/20 | Yes | 4/10/2020 |
| HCV-1 | Administrative Plan | **Regulatory Authority** § 982.54(a) | • Establishes an alternative requirement that policies may be adopted without board approval • Any provisions adopted informally must be adopted formally NLT December 31, 2020 | 9/30/20 | Yes | 4/10/2020 |
| HCV-2 Information When Family is Selected: PHA Oral Briefing | **Regulatory Authority** §§ 982.301(a)(1), 983.252(a) | • Waives the requirement for an oral briefing  
• Provides for alternative methods to conduct required voucher briefing | 12/31/20 | Yes | 4/10/2020 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV-3 Term of Voucher: Extensions of Term</td>
<td><strong>Regulatory Authority</strong> § 982.303(b)(1)</td>
<td>• Allows PHAs to provide voucher extension regardless of current PHA policy</td>
<td>12/31/20</td>
<td>Yes</td>
<td>4/10/2020</td>
</tr>
<tr>
<td>HCV-10 Family Unification Program (FUP): FUP Youth Age Eligibility to Enter HAP Contract</td>
<td><strong>Statutory Authority</strong> Section 8(x)(2)</td>
<td>• Allows PHAs to increase age to 26 for foster youth initial lease up</td>
<td>12/31/20</td>
<td>Yes</td>
<td>4/10/2020</td>
</tr>
<tr>
<td>HCV-12 Family Unification Program (FUP): Timeframe for Referral</td>
<td><strong>Statutory Authority</strong> Section 8(x)(2)</td>
<td>• Allows PHAs to accept referrals of otherwise eligible youth who will leave foster care within 120 days</td>
<td>12/31/20</td>
<td>Yes</td>
<td>7/2/2020</td>
</tr>
<tr>
<td>PH-4</td>
<td>ACOP: Adoption of Tenant Selection Policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regulatory Authority § 960.202(c)(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Establishes an alternative requirement that policies may be adopted without board approval</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Any provisions adopted informally must be adopted formally NLT December 31, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 9/30/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 12/31/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4/10/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PH-5</th>
<th>Community Service and Self-Sufficiency Requirement (CSSR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statutory Authority Section 12(c)</td>
</tr>
<tr>
<td></td>
<td>Regulatory Authority §§ 960.603(a) and 960.603(b)</td>
</tr>
<tr>
<td></td>
<td>• Temporarily suspends CSSR</td>
</tr>
<tr>
<td></td>
<td>• 3/31/21</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4/10/20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PH-10</th>
<th>Tenant Notifications for Changes to Project Rules and Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulatory Authority § 966.5</td>
</tr>
<tr>
<td></td>
<td>• Advance notice not required except for policies related to tenant charges</td>
</tr>
<tr>
<td></td>
<td>• 12/31/20</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4/10/20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12c Extension of Deadline for Programmatic Obligation and Expenditure of Capital Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Authority Section 9(j)</td>
</tr>
<tr>
<td>Regulatory Authority §905.306(d)(5)</td>
</tr>
<tr>
<td>• Provides a one-year extension</td>
</tr>
<tr>
<td>For all open Capital Fund grants, one-year extension from the</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>4/10/20</td>
</tr>
</tbody>
</table>
COVID 19 ADDENDUM TO THE SECTION 8 ADMINISTRATIVE PLAN

KCDC has adopted the following waivers:

**PH and HCV-6: Family Self-Sufficiency (FSS) Contract of Participation; Contract Extension**
Regulatory Authority: 24 CFR § 984.303(d)
Description: Part 984 establishes the requirements for the Section 8 and Public Housing FSS Program. Section 984.303(d) authorizes a PHA to extend a family’s contract of participation for a period not to exceed two years upon a finding of good cause. HUD has made a determination that the circumstances surrounding COVID-19 qualify as “good cause” to extend family contracts, and FSS programs may consider this expanded definition of “good cause” as they make their determinations on each family’s eligibility for an extension.

**Period of Availability:** The period of availability during which the PHA may extend the family’s contract of participation using COVID-19 as the “good cause” ends on December 31, 2020.

**HQS-3: Initial Inspection: Non-Life-Threatening Deficiencies (NLT) Option**
Statutory Authority: Section 8(o)(8)(A)(ii) of the USHA of 1937
Description: Section 8(o)(8)(A)(ii) provides the PHA with the option to choose to approve an assisted tenancy, execute the HAP contract, and begin making housing assistance payments on a unit that fails the initial HQS inspection, provided the unit’s failure to meet HQS is the result only of NLT conditions. The statute further requires that the PHA must withhold housing assistance payments from the owner if the NLT conditions are not corrected within 30 days.
HUD is waiving the requirement that the PHA must withhold the payment if the NLT repairs are not made in 30 days. Instead, the PHA may provide an extension of up to an additional 30 days to the owner to make the NLT repairs and continue to make payments to the owner during the period of that maximum 30-day extension. If the owner has not made the NLT repairs by the end of the PHA extension period, the PHA must withhold payments.
This NLT initial inspection option is available to the PHA for both tenant-based units and project-based units. This waiver and alternative requirement may also be applied to PHA-owned units if the independent entity is unable to perform the inspection.

**Period of Availability:** The period of availability for the PHA to approve an extension of up to an additional 30 days ends on December 31, 2020. The extension to make the NLT repairs may extend beyond December 31, 2020, depending on the date the PHA approved the extension. For example, if the PHA approved the extension on December 15th, 2020, the maximum extension provided to the owner would be January 15, 2021.

**HQS-5: HQS Inspection Requirement – Biennial Inspections**
Statutory Authority: Section 8(o)(D) of the USHA of 1937
Regulatory Authority: 24 CFR §§ 982.405(a), 983.103(d)
Description: The statute and the regulations require the PHA to inspect the unit not less often than biennially during the term of the HAP contract. (Per the recent Federal Register Notice, 16
85 Fed. Reg. 11381 (Feb. 27, 2020), small rural PHAs may instead inspect the unit not less often than triennially, but since small rural PHAs do not have the authority to begin using a three-year inspection interval until after the next scheduled inspection after Feb. 27, 2020 is carried out, the majority of small rural PHAs have not yet moved from a biennial to a triennial requirement.) HUD is waiving this requirement and is allowing PHAs to delay biennial inspections for both tenant-based and PBV units. All delayed biennial inspections must be completed as soon as reasonably possible but no later than one year after the date the biennial inspection would have been required absent the waiver.

This waiver and alternative requirement may also be applied to PHA-owned units if the independent entity is unable to perform the inspection.

**Period of Availability:** The PHA must conduct the delayed biennial inspection as soon as reasonably possible but no later than one year after the date the biennial inspection would have been required absent the waiver.

**HCV-1: Administrative plan**

Regulatory Authority: 24 CFR § 982.54 (a)
Description: The regulation requires that any revisions of the PHA's administrative plan must be formally adopted by the PHA Board of Commissioners or other authorized PHA officials. Recognizing the foreseeable difficulties in complying with this requirement in light of the COVID-19 emergency, HUD is waiving the requirement to allow the PHA administrative plan to be revised on a temporary basis without Board approval through September 30, 2020. Any informally adopted revisions under this waiver authority must be formally adopted no later than December 31, 2020.

**Period of Availability:** The period of availability to informally adopt changes to the PHA administrative plan ends on September 30, 2020; the PHA must formally adopt such revisions no later than December 31, 2020.

**HCV-2: Information When Family is Selected - PHA Oral Briefing**

Regulatory Authority: 24 CFR § 982.301(a)(1), § 983.252(a)
Description: The regulation requires when the PHA selects a family to participate in either the HCV or PBV program, the PHA must give the family an oral briefing. HUD is waiving this requirement and as an alternative requirement allowing the PHA to conduct the briefing by other means such as a webcast, video call, or expanded information packet. Section 504 and the ADA require PHAs to ensure effective communication with applicants, participants and members of the public in all communications and notices. The PHA must ensure that the method of communication for the briefing effectively communicates with, and allows for equal participation of, each family member, including those with vision, hearing, and other communication-related disabilities, and ensures meaningful access for persons with limited English proficiency.

**Period of Availability:** The period of availability ends on December 31, 2020.
**HCV-3: Term of Voucher – Extensions of Term**
Regulatory Authority: 24 CFR § 982.303(b)(1)
Description: The regulation provides that at its discretion, the PHA may grant a family one or more extensions of the initial voucher term in accordance with the PHA policy as described in the PHA administrative plan. HUD is waiving the requirement that the extension(s) must be accordance with the PHA’s administrative plan in order to allow the PHA to provide extensions even though it has been unable to formally amend its policy in the administrative plan.

**Period of Availability:** The period of availability ends on December 31, 2020.

**HCV-10: Family Unification Program (FUP): FUP Youth Age Eligibility to Enter HAP Contract**
Statutory Authority: Section 8(x)(2) of the USHA of 1937
Description: The statute provides that a FUP youth must be not more than 24 years of age (not yet reached their 25th birthday) to be eligible to be placed under HAP contract. A FUP youth issued a voucher at 24 years of age may not be able to lease the voucher before their 25th birthday where PHA operations may have been shut down or severely curtailed, unit searches are not possible due to shelter-in-place orders, or where the movement of people is significantly restricted. HUD is waiving this requirement and providing as an alternative requirement that the PHA may execute a HAP contract on behalf of any otherwise eligible FUP youth not more than 25 years of age (not yet reached their 26th birthday). This waiver may also be applied to the Foster Youth to Independence (FYI) initiative.

**Period of Availability:** The period of availability ends on December 31, 2020.

**HCV-12: Family Unification Program: Timeframe for Referral**
Statutory Authority: 42 U.S.C. 1437f(x)(2)
Description: The statute provides that assistance may be provided on behalf of “otherwise eligible youths who have attained at least 18 years of age and not more than 24 years of age and who have left foster care or will leave foster care within 90 days.” Due to the COVID-19 pandemic, it may be difficult for youth to find units that are available for lease within the 90-day timeframe, increasing the risk that such youth may experience homelessness. To prevent such an outcome, HUD is waiving the statutory limitation and establishing an alternative requirement. Specifically, PHAs may accept referrals from child welfare agencies for youth who will leave foster care within 120 days. This waiver may also be applied to the FYI initiative.

**Period of Availability:** Through December 31, 2020, a PHA may receive referrals of otherwise eligible youth who will leave foster care within 120 days.

**NOTE:** If HUD extends the period of availability for any of the above waivers, KCDC will continue with the waivers as stated in this addendum until HUD’s period of availability extension ends.
COVID 19 Low-Income Public Housing/Other Adopted Waivers

KCDC has adopted the following public housing waivers:

**PH and HCV-1: PHA 5-Year and Annual Plan Submission Dates: Significant Amendment Requirements**

Statutory Authority: Section 5A(a)(1), Section 5A(b)(1), Section 5A(g), and Section 5A(h)(2) of the United States Housing Act of 1937 (hereafter “the USHA of 1937”)

Regulatory Authority: 24 CFR §§ 903.5(a)(3), 903.5(b)(3), 903.13(c), 903.21, 903.23

Description: HUD is establishing an alternative requirement under which PHAs with 6/30/20 or 9/30/20 fiscal year-end (FYE) dates must submit their 5-Year (if due in 2020) and Annual Plans or civil rights certification for qualified PHAs no later than 10/18/20 (75 days before 1/1/21) and PHAs with 12/31/20 FYE dates must submit their 5-Year (if due in 2020) and annual plans no later than 1/16/21 (75 days before 4/1/21). Please see the chart below:

<table>
<thead>
<tr>
<th>PHA FYE</th>
<th>Revised Submission Requirement</th>
<th>Revised Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/20 and 9/30/20</td>
<td>75 days before 1/1/21</td>
<td>10/18/20</td>
</tr>
<tr>
<td>12/31/20</td>
<td>75 days before 4/1/21</td>
<td>1/16/21</td>
</tr>
</tbody>
</table>

In addition, the statute and regulations further provide that a significant amendment or modification to the Annual Plan may not be adopted until the PHA has duly called a meeting of its board of directors (or similar governing body) and the meeting, at which the amendment or modification is adopted, is open to the public, and that notification of the amendment or modification is provided to and approved by HUD. 9 HUD is waiving these requirements and establishing an alternative requirement that any change to a PHA policy, except for changes related to Section 18, Section 22, or the Rental Assistance Demonstration (RAD), that would normally trigger significant amendment requirements of the PHA Plan, may be effectuated without completing the significant amendment process. PHAs are advised that the accessibility, language access, and other nondiscrimination requirements related to the significant amendment process are not waived. The PHA is required to notify public housing residents and HCV families of any impacts that the significant amendment may have on them by whatever means it considers most effective as soon as practicable. As noted earlier, HUD recognizes that the COVID-19 pandemic presents unique challenges from a staffing and communication perspective and encourages PHAs to adapt their communications in consideration of local conditions and resources.

Period of Availability: The period of availability for the waiver of the significant amendment process ends on December 31, 2020. The period of availability for the 5-Year/Annual Plan submission varies depending on the end date of the PHA fiscal year. Please see the description section above
PH-4: ACOP: Adoption of Tenant Selection Policies

Regulatory Authority: 24 CFR § 960.202(c)(1) Description: The regulation requires that the PHA policies in the ACOP must be duly adopted and implemented. HUD is waiving this requirement to permit PHAs to adopt and implement changes to the ACOP on an expedited basis, without formal board approval, through September 30, 2020. Any informally adopted revisions under this waiver authority must be formally adopted no later than December 31, 2020.

Period of Availability: The period of availability to informally adopt changes to the PHA administrative plan ends on September 30, 2020; the PHA must formally adopt such revisions no later than December 31, 2020.

PH-5: Community Service and Self-Sufficiency Requirement (CSSR)

Statutory Authority: Section 12(c) of the USHA of 1937

Regulatory Authority: 24 CFR § 960.603(a) and 960.603(b)

Description: The statute and regulations require that each adult resident of public housing, except for any family member that is exempt, must contribute 8 hours per month of community service or participate in an economic self-sufficiency program or a combination of both. A family’s noncompliance with the service requirement is grounds for non-renewal of the lease at the end of the lease term. HUD is waiving this requirement and is alternatively suspending the community service and self-sufficiency requirement. If a PHA adopts this waiver, tenants will not be subject to this requirement at the family’s next annual reexamination. Upon the family’s next annual reexamination, PHAs should report on Form HUD-50058 each individual’s CSSR status as either exempt for those that are exempt, or pending for those that are otherwise eligible but for which the suspension prevents a housing authority from determining compliance. After a PHA completes an annual reexamination for any family, the CSSR becomes effective again for family members for the subsequent annual reexamination cycle.


PH-10: Tenant Notifications for Changes to Project Rules and Regulations

Regulatory Authority: 24 CFR § 966.5

Description: PHAs are required by this regulation to provide 30-day notice to impacted families for changes to policies, rules and special charges to families. HUD is waiving the requirement to provide such advance notice, except advance notice must be provided for any changes related to tenant charges. Although HUD is waiving the advanced notice, PHAs must still provide adequate notification to impacted families within 30 days of making such changes. HUD encourages PHAs to give advance notice to the extent feasible.

OTHER-12c: Extension of Deadline for Programmatic Obligation and Expenditure of Capital Funds

Statutory Authority: Section 9(j)

Regulatory Authority: 24 CFR § 905.306(d)(5) and 905.306(f)

Description: Section 9(j)(1) requires PHAs to obligate Capital Funds not later than 24 months after the date on which the funds became available, or the date on which the PHA accumulates adequate funds to undertake modernization, substantial rehabilitation, or new construction of units, plus the period of any extension approved under Section 9(j)(2). Section 9(j)(5)(A) requires a PHA to expend Capital Funds not later than four years after the date on which the funds become available for obligation, plus the period of any extension approved under Section 9(j)(2). Section 9(j)(2) authorizes the Secretary to extend the time period for the obligation of Capital Funds for such period as the Secretary determines necessary if the Secretary determines that the failure of the PHA to obligate assistance in a timely manner is attributable to an event beyond the control of the PHA. The authority for extension of the Section 9(j) obligation and extension deadlines for an event beyond the control of the PHA is also found in the implementing regulation at 24 CFR § 905.306 (d)(5). The regulations do not permit extensions of the expenditure dates other than for the period of time of a HUD-approved extension of the obligation deadline.

Period of Availability: HUD is extending both the obligation end date and the expenditure end date for all Capital Fund grants that were open on April 10, 2020, by one year from the obligation and expenditure end date in LOCCS that was in effect on April 10, 2020; however, no programmatic expenditure end date shall be extended beyond one month prior to the closure of the relevant appropriation account, pursuant to 31 U.S.C. § 1552
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>July 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to revise the Pay Plan Policy to allow management to grant increased pay under hazardous or emergency work conditions.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY       | Name & Title: Tracee Pross, CFO  
|                    | Department: Finance and Administration |
| MEETING TYPE       | ☒ Regular  
|                    | ☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
|                    | ☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: NA  
|                    | Expenditure: Undetermined  
|                    | Source of Funds: Operating and/or other governmental grants |
| APPROVAL/REVIEWS   | ☒ Department Head /Vice President  
|                    | ☒ Budget/Finance  
|                    | ☐ Legal Counsel  
|                    | ☐ Other - Name & Title: ________________  
|                    | ☒ Executive Director/CEO |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
|                    | Deny: ☐  
|                    | Defer: ☐ |

### BACKGROUND

1. **What's the objective of the requested action?**
   To establish Agency policy governing premium pay for employees working in hazardous conditions.

2. **Why is the action needed now?**
   The COVID-19 pandemic has revealed the need to have such a policy in place at all times.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   The policy will affect any employee determined to be working in a hazardous situation, as defined by the Department of Labor. Front line workers may be most impacted by this policy.

4. **What are the long term and short term exposures?**
   Such expenses cannot be forecast, and therefore not budgeted. Budget overruns could occur, and projected results of operations could be negatively impacted.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

Lessons learned from COVID-19 have resulted in a best practice to address hazard pay within an entity's personnel policies. In addition to establishing predetermined actions in times of crisis, this policy revision may meet certain criteria for reimbursement of hazard pay expenses from other governmental entities.

### ATTACHMENTS

Proposed KCDC Pay Plan Policy Revision
1. **Purpose:** The Pay Plan is established to provide compensation that is internally equitable, consistent with the surrounding market area; and flexible enough to allow response to changing economic and employment conditions in the local job market.

2. **Composition:** The Pay Plan is based on a broadband model with a number of pay grades each with a minimum, midpoint and maximum pay point.

3. **Maintenance:** The Executive Director/CEO or designee is responsible for maintaining and updating the Pay Plan. Factors shall be monitored that are relevant to sound compensation practices such as changes in cost of living, labor market conditions, recruitment problems, turnover experience and related factors. In addition, a salary and benefits survey shall be conducted periodically to ensure the Pay Plan remains competitive.

4. **Administration:** Salary ranges are intended to furnish administrative flexibility in recognizing individual differences among positions allocated to the same class, in providing incentive, and in rewarding employees for meritorious service. The following provisions shall govern the granting of within-range pay increase for employees:

   a. **Starting Rate of Pay:** The pay rate for new employees will be determined based on the employee’s education, competencies, experience, and labor market conditions.

   b. **Maximum Rate of Pay:** No employee shall receive a pay increase that exceeds the maximum pay rate of the class occupied. If an employee’s rate exceeds the maximum of the range due to a demotion or other administrative action, the employee’s rate will be frozen until such time the rate is within range.

   c. **Bonus Payments:** Bonus payments may be awarded for exceptional work performance as funds are available. Bonus payments should be reasonable and approved through the appropriate chain of command including the Executive Director/CEO.
d. **Merit Increases:** KCDC's Pay for Performance Program for regular, full-time employees will be used to determine merit pay increases and/or merit bonuses. Pay increases must be with the salary range for the employee's classification. The Executive Director/CEO or designee will determine the amount and type of rewards given.

e. **Holiday Pay:** Regular, full-time non-exempt employees who are required to work on an official holiday shall receive holiday pay (regular straight time) in addition to receiving time and a half for hours actually worked on the holiday.

f. **Pay Adjustments in Promotions, Demotions, and Transfers:** When an employee is promoted, demoted, or transferred, the rate of pay in the new position will be determined by the supervisory chain of command in consultation with the Human Resources Director.

2. **Pay Adjustment for Temporary Assignment ("Acting"):** When an employee is temporarily assigned to fill-in for another employee who is off work on extended leave, and the temporary classification is in a higher skill level, the employee's pay during the temporary assignment will be determined by the supervisory chain of command in consultation with the Human Resources Director.

3. **Pay Adjustment for Exigent Circumstances:** Exigent events such as pandemics and disasters may result in the need for some employees to work in unusual conditions which involve hazardous duty or physical hardship. In such circumstances, the CEO is authorized to establish additional pay ("hazard pay") over an employee's regular pay in accordance with the following guidelines:

   a. The U.S. Department of Labor defines hazardous work as "work duty that causes extreme physical discomfort and distress which is not adequately alleviated by protective devices [and] is deemed to impose a physical hardship".
   
   b. Existence of these conditions on KCDC properties shall be determined by Executive Management in response to an emergency declaration issued by federal, state or local authorities.
   
   c. Hazard pay shall be directly tied to the performance of hazardous work.
   
   d. Documentation of dates, hours and locations of hazardous work shall be maintained.
   
   e. Hazard pay shall increase regular hourly pay by 25% or by a higher amount or percentage determined by management in relation to the severity of the exigent circumstance.