

Appendix D. LCCEDD Guidance Documents

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The documents (e.g., checklists and income verification forms) in this appendix are example documents only and contain the same content as the actual documents but are not intended for use.

A. Monitoring Guidance Policy

Purpose of the Monitoring Plan

The objective of the Lake County Community Economic Development Department (LCCEDD) Subrecipient/Community Housing Development Organization (CHDO) Monitoring Plan is to establish standards for evaluating and reporting an owner, CHDO, or subrecipient's compliance with HOME, NSP, and CDBG programs. , LCCEDD will conduct onsite reviews to verify the accuracy of records/documents, review program policies and procedures, conduct housing inspections, and evaluate overall administrative compliance to HOME and other applicable regulations.

Monitoring Report

LCCEDD will produce documentation that will include, but may not be limited to, the following:

- An explanation of the purpose and scope of the review.
- A list of findings, comments, recommendations, and corrective actions to be taken.
- A list of the client files reviewed.
- A list of the houses/units inspected.
- A summary of project funds expended to date as needed.
- An evaluation of project performance to date.
- A timeframe for taking corrective action as needed.

Monitoring Compliance

HOME activities will be evaluated on the basis of the following program areas:

- Adherence to HOME, NSP, and CDBG guidelines, procedures, and regulations, including Tenant Income Certification.
- CHDO/subrecipient's administrative plan, scope of work, and program policies and procedures.
- Overall administration and management.
- Fair housing.
- Housing quality standard inspections.
- Project risk assessment.

Pre-Monitoring Preparation

After coordination with the entity, LCCEDD will provide the owner/CHDO/subrecipient with written notification of the monitoring visit. This notification shall include:

- The date(s) and time(s) of the visit(s).
- Copies of monitoring checklists – Checklists will be used to verify that annual tenant income certifications comply with applicable regulations, rent limits are adhered to, and other HOME, NSP, and CDBG program requirements are met.
- A list of the properties to be inspected and client files to be reviewed.

- The owner/CHDO/subrecipient will be asked to provide LCCEDD with the following, as applicable, in addition to other required documents as necessary:
 - Financial documents, including disbursement and expenditure reports.
 - Beneficiary data (tenant roll, down payment assistance clients).
 - Annual audit.

Monitoring and Inspection Schedule

LCCEDD will provide program monitoring that will include, but may not be limited to, the following practices over three phases:

1. Contract Development Phase:
 - Ensuring that projects are consistent with the Consolidated Plan.
 - Ensuring that all Environmental Review requirements have been met.
 - Ensuring clients are income-eligible.
2. Development Phase:
 - Ensuring that project costs, budgets, and timelines are adhered to.
 - Ensuring conformance to HOME standards through periodic property inspections.
3. Post-Development Phase/Long-Term Phase:
 - The duration and frequency of onsite CHDO/subrecipient monitoring and inspections is based on the length of the affordability period and the total number of project units.

Inspection Guidelines

LCCEDD will conduct Random Unit Inspection of *at least* 20 percent of program units. At scattered site projects, at least one building will be inspected.

Affordability Period

LCCEDD will rehabilitate or construct housing units using HOME funds in accordance with the following affordability periods:

B. Tenant File Checklist

Reviewer: _____

Date: _____

PROJECT INFORMATION

Project Name: _____

Property Location: _____

Owner: _____

Contact Info: _____

Management Agent Email address: _____

Property Manager Contact info: _____

Email address: _____

QUESTION	ANSWER	
	YES	NO
1. Tenant Income (24 CFR 92.508)		
a. Does the file have complete tenant income certifications?		
<i>Summary sheet detailing household income, effective date, household size, members' age, bedroom size</i>		
b. Does the file have the following supporting documentation?		
<i>Steady/Salaried/Regular employment: 3 consecutive months of pay stubs, or</i>		
<i>Unsteady/Weekly variations in employment: 12 months of pay stubs</i>		
<i>Clarification of overtime, bonuses, raises, etc. may be necessary</i>		
<i>Documentation of all assets (3rd party verification preferred)</i>		
<i>Assets disposed of in past 2 years</i>		
<i>Public Assistance</i>		
<i>Pensions</i>		
<i>Student Status</i>		
<i>Child Support/Alimony</i>		
<i>Affidavit of No Income or No Child Support/Alimony (notarized)</i>		
II. Tenant Lease (24 CFR 92.253)		
a. Does the tenant lease provide the required 30-day notice for tenancy termination for all causes, including non-payment?		
b. Does the lease exclude all the following required prohibitive clauses?		
<i>Agreement to be sued – Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.</i>		
<i>Treatment of property – Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.</i>		
<i>Excusing owner from responsibility – Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.</i>		
<i>Waiver of notice – Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.</i>		
<i>Waiver of legal proceedings – Agreement of the tenant that the owner may evict the tenant or household members without instituting a civil court decision on the rights of the parties.</i>		
<i>Waiver of a jury trial – Agreement by the tenant to waive any right to a trial by jury.</i>		

QUESTION	ANSWER	
<i>Waiver of right to appeal court decision</i> – Agreement by the tenant to waive the tenant’s right to appeal or to otherwise challenge in court a court decision in connection with the lease.		
<i>Tenant chargeable with cost of legal actions regardless of outcome</i> – Agreement by the tenant to pay attorney’s fees or other legal costs, even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.		
<i>Mandatory supportive services</i> – The lease cannot require a tenant to accept mandatory supportive services with an exception for residents of transitional housing.		
III. Tenant Protection and Selections (24 CFR 92.253(b), state law)		
a. Is there a Lead-Based Paint disclosure pamphlet, for new move-ins in pre-1978 buildings?		
b. Is there documentation of timely annual recertification?		
IV. Qualification as Affordable Housing (24 CFR 92.252(h))		
Gross contract rent identified (including tenant portion, subsidy amount and utility allowance)? 24 CFR 92.252		
Is documentation maintained regarding demographics of tenant applicants and residents (race, ethnicity, gender, and disability)? 24 CFR 92.508(7)		
IF NO TO ANY OF THE ABOVE, PROVIDE EXPLANATION:		

C. Administrative Questionnaire

Reviewer: _____

Date: _____

PROJECT INFORMATION

Project Name: _____

Property Location: _____

Owner: _____

Contact Info: _____

Management Agent Email address: _____

Property Manager Contact info: _____

Email address: _____

QUESTION	ANSWER	
	YES	NO
1. Income & Rent Compliance Tenant Protections		
a. Is there a procedure for timely annual recertification? <i>(24 CFR 92.252(h))</i>		
b. Do all HOME gross contract rents comply with the applicable HOME rent limits? <i>(24 CFR 92.252)</i>		
c. For HOME projects, do at least 20% of the HAUs have household incomes below 50% (VLI) and rents below the Low HOME rent limit (for projects with 5 or more HAUs)? <i>(24 CFR 92.252(b))</i>		
d. Did all new move-in households have incomes below applicable program limits (e.g., HOME 60% AMI)?		
e. Are all assisted household incomes below 80% AMI (at recertification)?		
2. Equal Opportunity and Fair Housing		
a. Are equal employment opportunity (EEO) posters located in conspicuous places?		
b. Are FHEO language and logos included in handbooks, policies, procedures manuals and other program literature? <i>(24 CFR 92.351)</i>		
c. Does management have an affirmative marketing plan and/or affirmative fair housing plan? <i>(24 CFR 92.351)</i>		
d. Have there been any fair housing or discrimination complaints?		
e. Does management have a written tenant selection plan? <i>(24 CFR 92.253(d))</i>		
f. Does the tenant selection plan identify an appeal process for rejection?		
g. For CHDO properties, does management provide and follow a program of tenant participation in management decisions? <i>(24 CFR 92.303)</i>		
h. Does management have a Conflict of Interest procedure that prohibits related parties (employees, etc.) from occupying Housing Assisted Units (HAUs)? <i>(24 CFR 92.356(f))</i>		
i. Is a written waiting list maintained? <i>(24 CFR 92.253(d)3)</i>		
j. Is the wait list open?		
k. Does management conduct outreach to populations that would not normally apply? <i>(24 CFR 92.351)</i>		
l. Is the program accessible for persons with disabilities, including having a reasonable accommodation policy (Section 504)?		
m. Is there a procedure for assisting persons with Limited English Proficiency?		
IF NO TO ANY OF THE ABOVE, PROVIDE EXPLANATION:		

D. Income Certification Guidance for Subrecipient/CHDO Organizations

(The following information should be shared with participating organizations so that they may implement processes that will assist with HOME compliance)

In order to be compliant with HOME requirements, Subrecipient/CHDO organizations should follow the following steps to ensure compliance with HOME Program requirements.

Step 1: Determination of Household Income

LCCEDD only accepts HUD's Part 5 annual income

<https://www.law.cornell.edu/cfr/text/24/5.609> (Section 8) method to determine annual gross income.

The Process of Determining Income

- a. Assist the client in completing an application form that includes the proper privacy notices and required releases.
- b. Collect and analyze appropriate income documentation for household members either through third party verification or source documentation. Organizations may facilitate this process by requiring clients to bring pay stubs, bank account records and other required documents to an interview in which the application form is completed.
- c. Ask questions about raises or other anticipated income changes (from employer, applicant). Organizations should assume that current circumstances will continue for next 12 months unless there is documentation that current circumstances will change within next 12 months—e.g., pay raises, overtime, family size, or composition.
- d. Calculate applicant's projected household income based upon documentation provided. Use the current year Adjusted HOME income Limits to determine eligibility.

For the Part 5 definition, include in the income calculation all adults (18 and older) who will be part of the household during the time assistance will be received, and also unearned income of minor children (e.g., TANF). A very detailed list of income and asset sources that are included or and excluded can be found on the HUD Exchange website OneCPD Income Eligibility Calculator.

In general, though, the Part 5 income definition includes and excludes the following household members:

Includes:

- Both related and unrelated household members.
- Shared custody children should be counted if at least 50 percent of time is with the household seeking NSP assistance.
- Temporarily absent household members who will return to the household, for example:
 - Members who are temporarily absent for school or work.

- Those who are incarcerated for a short time and will return to household.
- Active military members who will return to household.
- Unborn children.
- Permanently absent members (it is up to the head of household to decide who is permanently absent). For example:*
 - An elderly member who has gone to live in a nursing home.
 - Adult student living away from home.

*Note, if the applicant includes these persons as household members, the income associated with these household members must also be included.

Excludes:

- Foster children and legal kinship guardians or foster adults, live-in aides, and children of live-in aides.

Program application forms are the appropriate tools for collecting data on household composition, income, and asset sources. It is a good practice for the application form to include, above the signature line, include a statement stating that all of the information is complete and accurate. The application should be signed and the statement sworn to by the applicant, co-applicant, or both. All household members should be indicated on the program application, including their dates of birth. Also, it is a good practice to include a question on the application form pertaining to potential changes in household composition in the next 12 months. This question should help the administrator to anticipate additional household members through birth, relationship, and other familial changes.

Dealing With Wage Rates and Variations in Pay

a. Tips for calculating wage rates:

- If paid for every week of the year: Pay rate times 2080 hours (40 hours times 52 weeks).
- If not paid for every week: Pay rate times number of hours per week times number of weeks worked per year, OR multiply total quarterly pay times 4.

b. Variations in pay:

- If seasonal income, add months of pay + unemployment to project 12 months forward. Example: 6 months of pay + 6 months unemployment

c. Other common sources of income:

- Unemployment:
 - If a household member is currently receiving unemployment payments, verify amount received.
 - If a client is not currently receiving payments, but has signed up for unemployment payments or expects to soon, use the prior year tax return or last two years to obtain an average payment amount.

- Self Employed: Document current information if available. If current information is not available, use prior year tax return or last two years to obtain average income.
- Construction and/or seasonal: Ensure all employers are included, use verification letters and forms for all if possible.
- Cash: Review for periodic payments in checking and/or savings account statements.
- Zero income for one or more household members.
 - First, ask the client questions about household members' ability to pay rent, utilities, car payment, etc. to determine if zero income is correct. Verify cash and other income identified. If the entire household has little or no income, this of course calls into question whether the household could afford to rent or buy a home.
 - Second, review tax return from prior year. Use third party verification with prior employers, benefits, etc. as indicated on the household's tax return.
 - Finally, if desired, use IRS form 4506 to obtain a certified tax return. If income is indicated on the tax return, then talk to the client to determine if any of the sources of income are still being received.

Step 2: Verification of Income

Applicants often over- or under-estimate their income and assets on program application forms. In rare instances, clients provide false information in order to qualify for benefits. The major benefit of using the Part 5 certification method is that it includes processes for verifying the data.

Using the Part 5 method, once the total household income is determined, the next step is to verify that the income is correct as reported. This step is important for establishing eligibility for NSP assistance, but is also critical for underwriting the amount of monthly rent or mortgage applicants can afford to pay. Some administrators choose to pull credit reports for the household as part of the income verification process, even though it is not an income eligibility requirement. This is particularly helpful in homebuyer programs.

Third-party verification is the most reliable method. This involves sending the appropriate forms to employers and agencies listed as a source of income on the NSP program application or as indicated by household members during the application intake process (see Attachment 2 for a list and links to sample forms). Steps to verifying income and/or assets include:

- Execute a signed release form with the household to verify income via third party sources and to pull credit reports (if applicable).
- Send verification forms to the employer or agency. Be prepared to follow up if the agency is unresponsive and document verification efforts in the applicant's file.
- The Work Number is an additional resource that is commonly used by large employers (e.g., Cabelas, Walmart, etc.). The Work Number charges a fee unless information is being requested by a nonprofit. More information can be found: <http://www.theworknumber.com>.

Step 3: Calculation of Income

After income and asset sources have been collected either through source documentation and/or third party verification, calculate income using the Income Calculation Worksheet in Attachment 1. The form provides sections for the following information:

- Assets (top section of worksheet):
 - Include all assets for the household as determined in the Part 5 approach. Include the actual income anticipated to be derived from an asset over the next 12-month period.
- Income (bottom section of worksheet):
 - Include all income sources for the household as determined in the Part 5 approach. Add the assets and complete the worksheet.

Step 4: Comparing Income to HOME Limits

Compare household size to the appropriate HOME income limits to determine eligibility, updated annually. Ninety percent of the total households assisted in the Rental Rehab Program shall have incomes that do not exceed 60 percent of the area median income. The balance of the rental units must assist tenants with incomes that do not exceed 80 percent of the area median income. In project of five or more HOME-assisted units, at least 20 percent of the rental units must be occupied by families who have annual incomes that are 50 percent or less of the median income. These tenants must occupy units at or below the low home rent level. Projects with fewer than five HOME-assisted units do not have to restrict any units to the low home rent or limit occupancy to tenants 50 percent or below the median income.

E. Home Income Calculation Worksheet

INCOME CALCULATION WORKSHEET – PART ONE

BORROWER NAME: _____

____ HOURLY

_____ #HRS X \$ _____ PER HOUR = \$ _____
 X 52 WEEKS = _____ 12 MOS = \$ _____ MONTHLY
 YTD \$ _____

____ WEEKLY

\$ _____ WEEKLY X 52 WEEKS = \$ _____ ANNUALLY
 BY 12 MOS = _____ MONTHLY
 YTD \$ _____ / _____ MOS = \$ _____ MO/AVG

____ BI-WEEKLY

\$ _____ BI-WEEKLY X 26 WEEKS = \$ _____ ANNUALLY
 12 MOS = _____ MONTHLY
 YTD \$ _____ / _____ MOS = \$ _____ MO/AVG

____ BI-MONTHLY

PER MONTH \$ _____ BI-MONTHLY X 2 MOS = \$ _____ MO/AVG
 YTD \$ _____ / _____ MOS = \$ _____ MO/AVG

____ MONTHLY

\$ _____ MONTHLY X 12 MOS = \$ _____ ANNUALLY
 \$ _____ YTD / _____ MOS = \$ _____ MO/AVG \$YTD

____ ANNUALLY

\$ _____ ANNUALLY / 12 MOS = _____ /MO
 YTD \$ _____ / _____ MOS = \$ _____ MO/AVG

INCOME AVERAGING

\$ _____	_____	20 (_____	MOS)
\$ _____	_____	20 (_____	MOS)
\$ _____	_____	YTD (_____	MOS)
\$ _____	_____	/(_____	MOS/TOTAL)
\$ _____	_____	PER MONTH AVERAGE	

SIGNATURE _____ DATE _____

INCOME CALCULATION WORKSHEET – PART TWO

Sample Format for Calculating Part 5 Annual Income					
1. Name:			2. Identification:		
ASSETS					
Household Member	Asset Description			Actual Income from Assets	
3. Total Actual Income from Assets.....				\$0	
ANTICIPATED ANNUAL INCOME					
Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Public Assistance	d. Other Income	e. Asset Income
4. Totals	\$0	\$0	\$0	\$0	\$0
5. Total of items from 4a. through 4e is <i>Annual Income</i>					\$0

X _____
Applicant Signature

Date

 For Office Use Only

Household Income: _____
 Income Level _____

Signature of Certifying Staff

F. Lead Inspection Sheet

**LAKE COUNTY COMMUNITY DEVELOPMENT
DEPARTMENT (LCCEDD)
2293 NORTH MAIN STREET
CROWN POINT, INDIANA**

LEAD REQUIREMENTS WORKSHEET

DIRECTIONS: This worksheet must be placed in the project file for all residential properties that are assisted with federal funds. Parts 1, 2, and 3 should be completed for all projects. Part 4 should be completed for rehabilitation projects.

Street Address: _____ Unit: _____

City: _____ State: _____ Zip: _____

Part 1: Regulation Eligibility Statements

Check all that apply:

Property is receiving federal funds.

Unit was built prior to 1978.

NOTE: If both Eligibility Statements above have been checked, continue with the Exemption Statements below. Otherwise, the regulation does not apply, sign and date form.

Part 2: Full Exemptions From All Requirements of 24 CFR Part 35 (The Lead Regulation)

If the answer to any of the following questions is yes, the property is exempt from the requirements of 24 CFR Part 35 per the regulatory citation.

Was the property constructed after January 1, 1978? [35.115(a)(1)] YES NO

Is this a zero-bedroom unit? (e.g., SRO, efficiency) [35.115(a)(2)] YES NO

Is this dedicated elderly¹ housing? (i.e., over age 62) [35.115(a)(3)] YES NO

Is this housing dedicated for the disabled?² [35.115(a)(3)] YES NO

Has a paint inspection conducted in accordance with 35.1320(a) established that the property is free of lead-based paint? [35.115(a)(4)] YES NO

The date of the original paint inspection was _____. An optional paint inspection conducted on _____ confirmed this prior finding.

Has **ALL** lead-based paint in the property been identified and removed, and has clearance been achieved? [35.115(a)(5)] YES NO

Is the currently vacant unit to remain vacant until it is demolished?
[35.115(a)(6)] YES NO

Is the property used for nonresidential purposes, i.e., commercial, agricultural,
industrial, public? [35.115(a)(7)] YES NO

Will ALL rehab exclude disturbing painted surfaces? [35.115(a)(8)] YES NO

Are emergency actions immediately necessary to safeguard against imminent
danger to human life, health, or safety, or, to protect the property from further
structural damage? (e.g., after natural disaster or fire) [35.115(a)(9)] YES NO

Will the unit be occupied for less than 100 days under emergency leasing
assistance to an eligible household?³ [35.115(a)(11)] YES NO

Part 3: Hazard Reduction Requirements – Partial Waivers

If the answer to any of the following questions is yes, the grantee and/or occupant may waive certain requirements as described below.

Deminimis [35.1350(d)(1) & (2)]

Is the amount of painted surface that is being disturbed during construction below “deminimis” levels? If so, safe work practices and clearance are not required in that work area.

Less than 9 square feet of bare soil? YES NO

Less than 20 square feet on an exterior surface YES NO

Less than 2 square feet in the following rooms: YES NO

Elderly Relocation Waiver [Interpretive Guidance Question J-24]

Is the unit occupied by an elderly person(s)? If so, relocation of the elderly occupant(s) is not required if complete disclosure of the nature of the work is provided and informed consent is obtained prior to rehabilitation. YES NO

Historic Abatement Waiver [35.115(13)]

Is a unit that is subject to abatement requirements listed or eligible for listing on the National Register of Historic Places, or does it contribute to a National Register Historic District? If so, the State Historic Preservation Office may request that interim controls be implemented rather than abatement. YES NO

No Exterior Work [35.930(d)(3)]

Is no exterior paint to be disturbed during renovation?
(Only exterior stabilization required even in abatement jobs.) YES NO

No Children [35.1330(d)(1)]

Are all of the residents over the age of 6?
(No chewable or play area treatments required.) YES NO

No Bite Marks [35.1330(d)(1)]

Are all chewable surfaces free of bite marks made by children under 6?
(No chewable surface treatment required) YES NO

No Dust Hazards [35.1330(c)(1)(i)]

Is the closest horizontal surface dust wipe below the clearance threshold? YES NO
(No friction and impact surface treatments required in the following work areas:

Part 4: Rehabilitation Projects

Per Unit Level of Rehabilitation Assistance [35.915]

- A. Average Federal Funding Per Unit \$ _____
- B. Average Per Unit Rehabilitation Hard Costs \$ _____
(not including any acquisition soft cost or costs of lead hazard evaluation, reduction, clearance, and training)
- C. Level of Assistance (lower of A or B) \$ _____

Approach Required (Based on answer to C, above)

\$0	_____	Exempt From Lead Regulation
\$1–\$5,000	_____	Test & Repair Damaged Paint
\$5,001–\$25,000	_____	Risk Assessment and Interim Control of Lead Hazards
\$25,001 and above	_____	Risk Assessment and Abate Lead Hazards

Calculated by _____ Date _____

I have evaluated the site, the specifications, estimated the rehab hard costs, interviewed the occupants, and reviewed any hazard evaluation reports. In my professional opinion, this project meets the above requirement for federal lead hazard reduction under 24 CFR Part 35.

Signature Date _____

- ¹ Defined as retirement communities or dedicated types of housing reserved for households composed of one or more persons over age 62, or other age if recognized by a specific federal housing assistance program. However, if a child under age 6 resides or is expected to reside in such a unit, the unit is not exempt.
- ² The housing must be designated exclusively for persons with disabilities, defined as any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of impairment, or is regarded by others as having such an impairment. However, if a child under age 6 resides or is expected to reside in such a unit, the unit is not exempt.
- ³ When a household is provided short-term emergency leasing assistance and will occupy a unit for less than 100 days, the unit is exempt from lead paint regulations. This emergency leasing exemption is attached to the unit, not the family, and is a one-time exemption. After being assisted for a total of 100 consecutive days, the unit becomes subject to regular Subpart K requirements. Multiple families cannot be cycled through the same unit at intervals of less than 100 days under this exemption.