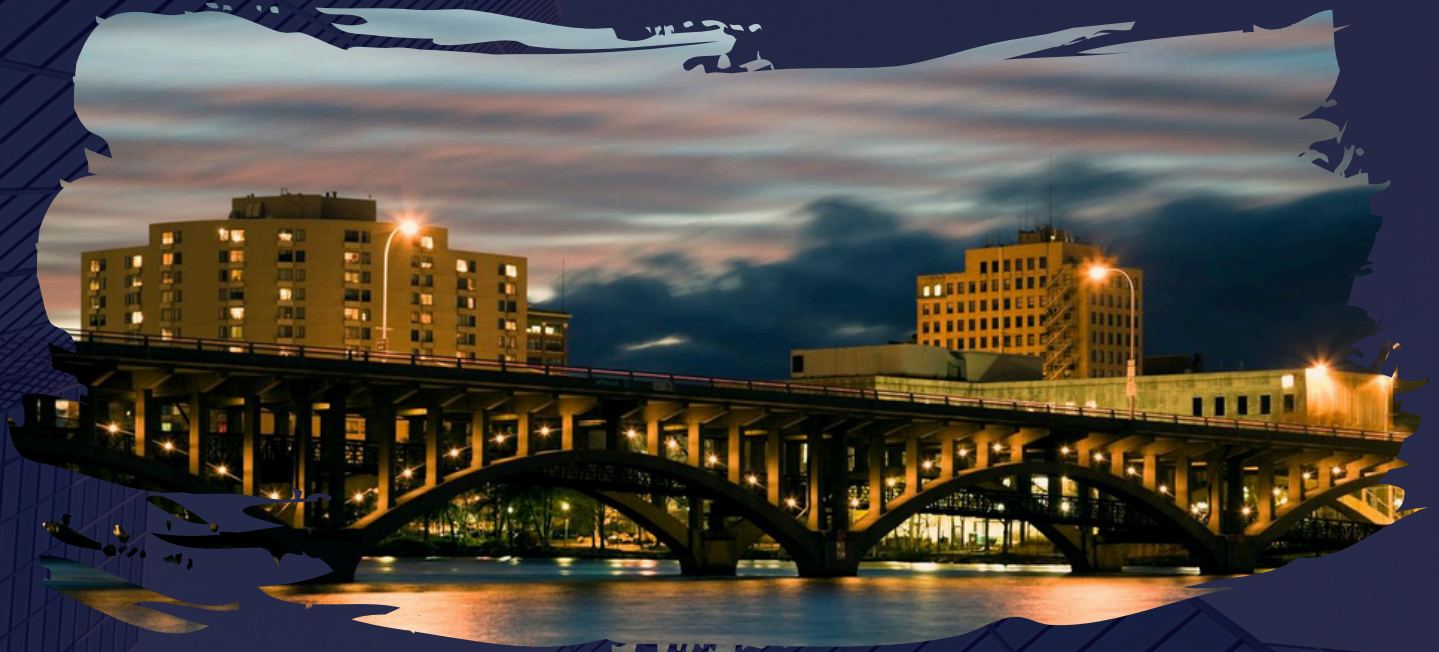


**FY26**

**MOVING TO WORK**

**Supplement**



**WCHA**

**Winnebago County Housing Authority**

**Submitted January 2025**

**April 1, 2025 through March 31, 2026**

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## A. PHA Information

<b>A.1 PHA Name</b>	Winnebago County Housing Authority
<b>PHA Code</b>	IL038
<b>MTW Supplement for PHA Fiscal Year Beginning</b>	04/01/2025
<b>PHA Program Type</b>	Public Housing & Housing Choice Vouchers Combined
<b>MTW Cohort Number</b>	4 – Landlord Incentives
<b>MTW Supplement Submission Type</b>	Annual Submission

## B. Narrative

### B.1 Vision for the WCHA MTW Program

The flexibility provided by MTW will enable the WCHA to implement strategies tailored to our local marketplace that will be cost effective; will support and incentivize families in reaching their self-sufficiency goals or successfully aging-in-place; and will increase housing choice particularly in neighborhoods of opportunity.

The WCHA believes that having a safe stable home is something everyone deserves. The WCHA works with local, state, and federal organizations to provide homes and supportive services to the families and communities in the counties of Winnebago, Stephenson, and Boone, Illinois. A safe stable home in a supportive community offers more than a place to live – it inspires hope and achievement. With affordable housing, families can thrive and focus on their futures. Through the WCHA’s housing and other supportive programs, residents achieve more in school and on the job, develop a sense of pride, and find a sense of belonging and community.

The WCHA’s innovation creates vibrant neighborhoods, fights blight in communities, and addresses the negative impacts of poverty. While the WCHA is known for its housing programs, we actively develop and participate in initiatives to support growth and development that leads towards self-sufficiency for our residents and other stakeholders. The WCHA administers housing and support for both the Winnebago County Housing Authority (WCHA) and the Boone County Housing Authority (BCHA).

The WCHA serves clients in the Winnebago County, which includes the following cities: Cherry Valley, Durand, Loves Park, Machesney Park, Pecatonica, Rockford, Rockton, Roscoe, Seward, Shirland, South Beloit, and Winnebago. The WCHA also serves clients in the Stephenson County, which includes the following cities: Cedarville, Dakota, Davis, Eleroy, Freeport, German Valley, Kent, Lena, Mc Connell, Orangeville, Pearl City, Ridott, Rock City, and Winslow. Lastly, the WCHA also serves clients in the Boone County, which includes the following cities: Belvidere, Caledonia, Capron, Garden Prairie, and Poplar Grove.

### How the WCHA Will Further the Three MTW Statutory Objectives During the Coming Fiscal Year

**Cost Effectiveness.** The loosening of fungibility requirements will permit the WCHA to direct funds to those activities that increase housing choice and support families in their self-sufficiency goals. Additionally, if there is a housing need in a certain population that is not otherwise served, such as domestic violence victims with children or homeless veterans, funds could be set aside for that purpose. Cost savings could be realized through changes in staffing structure focused more on the families rather than the process.

**Self-Sufficiency.** The WCHA has established many partnerships with nonprofit and government entities that provide supportive services to our residents. In many cases, senior WCHA staff serves on the boards of our partner organizations. As a result, it is not necessary to develop new relationships before the fiscal year begins. Partnerships include: Rosecrance Mental Health Center, Janet Wattles (mental health), VERA Institute of Justice (WCHA’s E.D. serves on the workforce committee of the VERA Institute), Rockford-Peoria OSF College of Nursing (WCHA’s E.D. serves as President), RAMP (which serves persons with disabilities), Remedies, Winnebago County Health Department, Swedish American Hospital for Mental Health, Rockford Public

Library, Rock River Training, Goodwill, Rock Valley College, Rockford Career College, Rockford Public Library, Rockford School District, Rockford Park District, Rockford YMCA, Meals on Wheels, Northern Illinois Food Bank, Rockford Mass Transit District, Crusader Clinic, Freeport Area Apartment Association, Rockford Area Apartment Association, City of Rockford Human Services, Rockford Township, HomeStart, and Workforce Connection.

**Housing Choice.** The WCHA has Inter Governmental Agreement (IGA) relationships with three other adjacent counties in northern Illinois, two of which will be part of this study, but the lack of flexibility in the use of the FMRs and payment standards means that neighborhoods of opportunity are out of reach for many voucher holders. Participation in MTW demonstration program will allow us to test whether SAFMRs and higher payment standards in general result in more housing mobility for families. An additional activity which focuses on housing choice is the use of the guest housing services program to expand housing opportunities in the region, particularly in rural areas.

## C. MTW Waivers and Associated Activities

### ACTIVITY 1 1.i. & 1.j. Alternative Utility Allowance (PH & HCV)

#### CORE QUESTIONS

**1. Fiscal Year Introduced**

2024

**2. Fiscal Year Approved**

2025

**3. Status**

Not implemented

**4. Narrative**

The WCHA will streamline its recertifications by employing a standard utility allowance for its public housing and HCV households. This act will reduce staff hours, allowing staff to focus on other matters. Additionally, it will allow the household rent/portion to increase helping households to realize a more market rate rent.

**5. MTW Statutory Objectives**

Cost effectiveness. This activity will streamline the intake and recertification processes.

**6. Cost Implications**

Increased revenue

Decreased expenditures

Having an alternative utility allowance may result in the WCHA receiving more rent revenue or paying less in HAP, which will ultimately increase revenue. Staff will be able to focus on other duties, making them more productive, which will lead to a decrease in expenditures.

**7. Policy by Household Status/Family Types/Sites**

The MTW activity applies to all assisted households

**8. Household Status**

New admissions and currently assisted households

**9. Family Types**

The MTW activity applies to all family types

**10. Location**

**For PH Activities:** The MTW activity applies to all PH developments

**For HCV Activities:** The MTW activity applies to all tenant-based units

**11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

12. **Does this MTW activity require a hardship policy?**  
No
13. **Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**  
No
14. **Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**  
No
15. **How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**  
N/A
16. **Does the MTW activity require an impact analysis?**  
No
17. **Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**  
No
18. **Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**  
N/A
19. **Please provide an explanation as to why the activity was discontinued or will be discontinued.**  
N/A

## CUSTOM QUESTIONS

1. **Please describe the alternative method of calculating the utility allowances. Please explain how the method of calculating utility allowances is different from the standard method and what objective the MTW agency aims to achieve by using this alternative method.**

Utility allowances, using the standard method, are the deduction of individual utilities based on bedroom size and dwelling type from a household's Total Tenant Payment (TTP). The WCHA will make a standardized utility allowance by averaging every utility type and then adding those averages together based on bedroom size and dwelling type. This will result in a single utility allowance amount, based on bedroom size and dwelling type, that will be deducted from a household's TTP. The WCHA will have two standard utility allowance schedules based on bedroom size and dwelling type for HCV, three standard utility allowance schedules based on bedroom size and dwelling type for tax credit mixed finance units, and one standard utility allowance schedule based on bedroom size for public housing. This new practice will reduce the administrative burden on the staff of the WCHA during recertifications.

## ACTIVITY 2 2.a. Payment Standards – Small Area Fair Market Rents (HCV)

### CORE QUESTIONS

**1. Fiscal Year Introduced**

2022

**2. Fiscal Year Approved**

2023

**3. Status**

Implemented

**4. Narrative**

The WCHA will test whether SAFMRs and higher payment standards result in more housing mobility for families. The test will be conducted in Winnebago County, Stephenson County, and Boone County. SAFMRs are defined by zip code. The largest number of voucher holders are currently located in Winnebago County. At the present time, there are few voucher holders outside the city of Freeport in Stephenson County and the city of Belvidere in Boone County. This test will allow the WCHA to capture increased housing mobility in general as well as housing opportunities in rural areas through the guest housing service expansion activity (please see Activity 17.a.). The map below identifies the zip codes in Winnebago County and the table which follows identifies the proposed SAFMR for each zip code.

**5. MTW Statutory Objectives**

Housing choice

Self sufficiency

Housing choice because voucher holders will have neighborhoods open to them that have not been in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

**6. Cost Implications**

Decreased expenditures

**7. Policy by Household Status/Family Types/Sites**

The MTW activity applies to all assisted households

**8. Household Status**

New admissions and currently assisted households

**9. Family Types**

The MTW activity applies to all family types

**10. Location**

**For HCV Activities:** The MTW activity applies to all tenant-based units

**11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**12. Does this MTW activity require a hardship policy?**

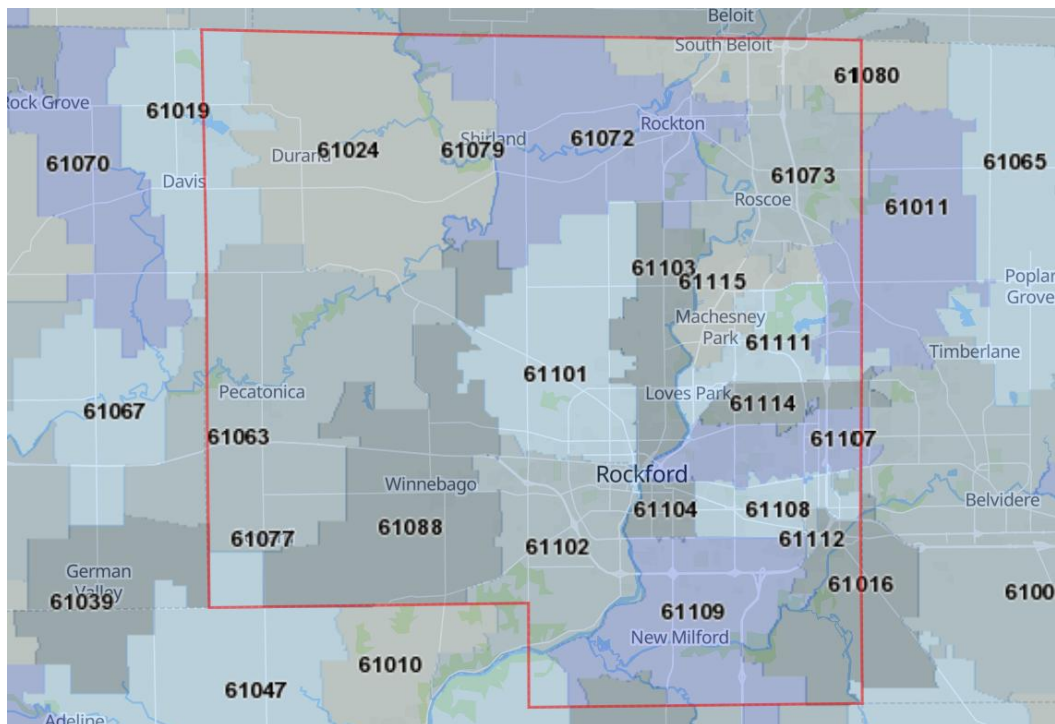
Yes

13. **Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**  
Yes, Payment Standards - Fair Market Rents
14. **Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**  
No
15. **How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**  
No
16. **Does the MTW activity require an impact analysis?**  
Yes
17. **Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**  
No
18. **Based on the Fiscal Year goals listed in the activity’s previous Fiscal Year’s narrative, provide a description about what has been accomplished or changed during the implementation.**  
SAFMR rents have been implemented as families locate to new units. The WCHA looks forward to providing detailed findings as this activity continues.
19. **Please provide an explanation as to why the activity was discontinued or will be discontinued.**  
N/A

## CUSTOM QUESTIONS

1. **Please explain the payment standards by ZIP Code or “grouped” ZIP Codes.**

Winnebago County, Illinois  
Proposed Small Area Fair Market Rents (SAFMR)





Winnebago County zip codes and the proposed SAFMR for each:

- [61016 \(Cherry Valley\)](#) – 130%
- [61112 \(Cherry Valley\)](#) – 130%
- [61024 \(Durand\)](#) – 110%
- [61111 \(Loves Park\)](#) – 130%
- [61115 \(Machesney Park\)](#) – 130%
- [61063 \(Pecatonica\)](#) – 110%
- [61114 \(Rockford\)](#) – 150%
- [61101 \(Rockford\)](#) – 130%
- [61102 \(Rockford\)](#) – 110%
- [61103 \(Rockford\)](#) – 110%
- [61104 \(Rockford\)](#) – 130%
- [61107 \(Rockford\)](#) – 150%
- [61108 \(Rockford\)](#) – 150%
- [61109 \(Rockford\)](#) – 130%
- [61072 \(Rockton\)](#) – 150%
- [61073 \(Roscoe\)](#) – 150%
- [61077 \(Seward\)](#) – 110%
- [61079 \(Shirland\)](#) – 110%
- [61080 \(South Beloit\)](#) -- 150%
- [61088 \(Winnebago\)](#) – 110%

The SAFMRs in the City of Freeport in Stephenson County and the City of Belvidere in Boone County will both be set at 120%. The remaining zip codes in each county will be set at 150% as follows:

Stephenson County Zip codes and the proposed SAFMR for each:

- [61013 \(Cedarville\)](#) – 150%
- [61018 \(Dakota\)](#) – 150%
- [61027 \(Eleroy\)](#) – 150%
- [61032 \(Freeport\)](#) – 120%
- [61039 \(German Valley\)](#) – 150%
- [61044 \(Kent\)](#) – 150%
- [61019 \(Lake Summerset\)](#) – 150%
- [61048 \(Lena\)](#) – 150%
- [61050 \(Mc Connell\)](#) – 150%
- [61060 \(Orangeville\)](#) – 150%
- [61062 \(Pearl City\)](#) – 150%
- [61067 \(Ridott\)](#) – 150%
- [61070 \(Rock City\)](#) – 150%
- [61089 \(Winslow\)](#) – 150%

Boone County zip codes and the proposed SAFMR for each:

- [61008 \(Belvidere\)](#) – 120%
- [61011 \(Caledonia\)](#) – 150%
- [61012 \(Capron\)](#) – 150%
- [61038 \(Garden Prairie\)](#) – 150%
- [61065 \(Poplar Grove\)](#) – 150%

## IMPACT ANALYSIS

- 1. Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution)**

The anticipated impact is neutral. If the test results in the impact we anticipate, the WCHA will be serving fewer families. However, new owners will be entering the program with units that have not been in the program in the past. As a result, staff may be spending more time on inspections and re-inspections. In addition, the WCHA staff will likely refocus on hardship issues, educating families about low poverty areas, and processing landlord incentives.
- 2. Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs)**

The anticipated impact is neutral. HCV Families will continue to stay at 30% of adjusted gross income in terms of their TTP.
- 3. Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

The anticipated impact is longer wait list periods for program applicants. We believe that families will stay with the HCV program longer because the higher market rents will ultimately require higher salaries before the family can move off the program.
- 4. Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

The anticipated impact is lower termination rates. We believe that there will be a decrease in voluntary termination because families will be living in neighborhoods that offer more services and support.
- 5. Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

The anticipated impact is neutral. The WCHA will continue to utilize all HAP.
- 6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

Through this test, the WCHA will meet the housing choice and self-sufficiency objectives.
- 7. Impact on the agency's ability to meet the MTW statutory requirements**

At least 75 percent of households admitted by the WCHA during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-traditional programs will be very low-income. The WCHA will calculate a weighted average of new admissions each year including the first year.

The WCHA provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of the WCHA's Administrative Plan, the following policy on the FSS program is stated:

“The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to provide added incentive and relief from the public assistance “no win cycle”, the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

- Local communities have the capacity for identifying and developing effective solutions for community problems.

- Public and private resources can be made more effectively through a coordinated approach to service delivery.
- The goal of self- sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
- Leadership and communication are essential ingredients for the success of the Program and its participants.”

The WCHA pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. The WCHA staff will monitor and calculate the amount annually.

The WCHA will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.

The WCHA will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.

**8. Impact on the rate of hardship requests and the number granted and denied as a result of this activity**

N/A

**9. Across the other factors above, the impact on protected classes (and any associated disparate impact)**

This activity is based on payment standards, in which protected class is not a factor, and there is no anticipated impact on protected classes. Elderly and disabled participants are a protected class; however, this activity will not have a negative impact on them.

## ACTIVITY 3 2.b. Payment Standards –Fair Market Rents (HCV)

### CORE QUESTIONS

**1. Fiscal Year Introduced**

2022

**2. Fiscal Year Approved**

2023

**3. Status**

Implemented

**4. Narrative**

While in Activity 2.a., we are testing whether SAFMRs and higher payment standards result in more housing mobility for families, in Activity 2.b. we will test whether a blanket increase in the payment standards jurisdiction-wide encourages families to find housing outside of high poverty areas. The payment standards to be adopted are reflective of the maximum range permitted by HUD, i.e., 80% to 120% of FMR. The WCHA will adopt a base of 110% of the FMR. The SAFMRs adjust the base upward in many zip codes (please see Activity 2.a.).

**5. MTW Statutory Objectives**

Cost effectiveness

Housing choice

Cost effectiveness because there may be a lower rate of landlords leaving the program. Housing choice because with happier landlords, existing voucher holders could stay in their units longer, which would free up more new units for new HCV families.

**6. Cost Implications**

Decreased expenditures. Less processing time is required for units that are already being subsidized in the program.

**7. Policy by Household Status/Family Types/Sites**

The MTW activity applies to all assisted households

**8. Household Status**

New admissions and currently assisted households

**9. Family Types**

The MTW activity applies to all family types

**10. Location**

**For HCV Activities:** The MTW activity applies to all tenant-based units

**11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**12. Does this MTW activity require a hardship policy?**

Yes

**13. Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

Yes, Payment Standards – Small Area Fair Market Rents

14. **Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**  
No
15. **How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**  
No
16. **Does the MTW activity require an impact analysis?**  
Yes
17. **Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**  
No
18. **Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**  
FMR rents have been implemented as families locate to new units. The WCHA looks forward to providing detailed findings as this activity continues.
19. **Please provide an explanation as to why the activity was discontinued or will be discontinued.**  
N/A

## CUSTOM QUESTIONS

1. **Please explain the payment standards by FMR.**

The WCHA will adopt a base of 110% of the FMR.

## IMPACT ANALYSIS

- 1. Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution)**

The anticipated impact is neutral. If the test results in the impact we anticipate, the WCHA will be serving fewer families. However, new owners will be entering the program with units that have not been in the program in the past. As a result, staff may be spending more time on inspections and re-inspections. In addition, the WCHA staff will likely refocus on hardship issues, educating families about low poverty areas, and processing landlord incentives.
- 2. Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs)**

The anticipated impact is neutral. HCV Families will continue to stay at 30% of adjusted gross income in terms of their TTP.
- 3. Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

The anticipated impact is longer wait list periods for program applicants. We believe that families will stay with the HCV program longer because the higher market rents will ultimately require higher salaries before the family can move off the program.
- 4. Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

The anticipated impact is lower termination rates. We believe that there will be a decrease in voluntary termination because families will be living in neighborhoods that offer more services and support.
- 5. Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

The anticipated impact is neutral. The WCHA will continue to utilize all HAP.
- 6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

Through this test, the WCHA will meet the housing choice and self-sufficiency objectives.
- 7. Impact on the agency's ability to meet the MTW statutory requirements**

At least 75 percent of households admitted by the WCHA during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-traditional programs will be very low-income. The WCHA will calculate a weighted average of new admissions each year including the first year.

The WCHA provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of the WCHA's Administrative Plan, the following policy on the FSS program is stated:

“The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to provide added incentive and relief from the public assistance “no win cycle”, the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

- Local communities have the capacity for identifying and developing effective solutions for community problems.

- Public and private resources can be made more effectively through a coordinated approach to service delivery.
- The goal of self- sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
- Leadership and communication are essential ingredients for the success of the Program and its participants.”

The WCHA pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. The WCHA staff will monitor and calculate the amount annually.

The WCHA will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.

The WCHA will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.

**8. Impact on the rate of hardship requests and the number granted and denied as a result of this activity**

N/A

**9. Across the other factors above, the impact on protected classes (and any associated disparate impact)**

This activity is based on income reviews, in which protected class is not a factor, and there is no anticipated impact on protected classes. Elderly and disabled participants are a protected class; however, this activity will not have a negative impact on them.

## ACTIVITY 4 17.a. Local Non-Traditional Activities – Rental Subsidy Programs

### CORE QUESTIONS

**1. Fiscal Year Introduced**

2022

**2. Fiscal Year Approved**

2023

**3. Status**

Not implemented

**4. Narrative**

The supply of affordable housing differs considerably between urban and rural areas of the region, particularly in Boone County, and the issues we want to address between the two are different as well. In the urban areas, flexibility in SAFMRs and FMRs will, we believe, increase housing opportunities for families in low-poverty areas.

To address this housing shortage, Boone County Housing Authority (BCHA) will project base some vouchers to provide fixed, long-term homes for families, with the additional benefit that it would stabilize a percentage of the HUD forecast for a stronger smoothing average. BCHA will explore ways to partner with organizations to create new affordable housing for families.

For MTW, the WCHA is proposing an additional initiative which provides a more immediate solution to the problem of housing scarcity – guest housing services, such as Airbnb. This company and many others operate an online marketplace focused on short-term homestays and experiences. The company acts as a broker and charges a commission on each booking. A guest housing service rental could be almost any type of housing: a room in someone’s home, an SRO, garage, tiny house, manufactured home, or other structure owned and managed by a single individual, family, or organization.

As of October 7, 2022, on Airbnb, there are three private rooms available in Boone County homes at 100% of FMR; 11 private rooms available at 125% of FMR; and 17 private rooms available in Boone County at \$150% of FMR. These rooms are available month-to-month, and could provide housing solutions to people in need, particularly women and children who are fleeing domestic violence situations and/or for homeless service men and women who need short term stays so they can get back on their feet.

The WCHA will contact various guest housing service organizations to discuss the proposed idea and ascertain whether it has been adopted in other parts of the country.

The WCHA will also contact the Boone County hosts that are already affiliated with guest housing service organizations to determine their interest in participating. The WCHA will also contact other owners in the community that might be interested in participating in a program such as this. The program may be particularly beneficial to seniors who are looking for ways to increase their income. The WCHA will track the performance of this test over the year and provide results and recommendations to MTW researchers.

In conjunction with owner outreach, the WCHA will also contact Airbnb.org, a 501(c)(3) nonprofit with its own mission and board of directors. The nonprofit came about as a result of an Airbnb host in Brooklyn, who offered her place for free to New Yorkers who had to evaluate their dwellings as a result of Hurricane Sandy. Airbnb worked with other owners, and more than 1,000 hosts opened their homes to evacuees in need as well.

Since that time, Airbnb.org set a goal of providing short-term housing to 100,000 guests in times of crisis, and they exceeded that goal in four years. In February 2022, after Russia invaded Ukraine, millions of Ukrainians were forced to flee their homes. Airbnb.org committed to finding temporary housing for 100,000 of them, and more than



40 organizations joined in the effort. Thanks to a global outpouring of support from Hosts and donors, Airbnb.org met its goal in six months and remains dedicated to finding stays for people fleeing Ukraine.

To the greatest extent possible, the WCHA will coordinate with Airbnb.org to test the concept in Northern Illinois and assess whether this approach could be a solution for other parts of the country.

**5. MTW Statutory Objectives**

Housing choice  
Self-sufficiency

Housing choice because voucher holders will have neighborhoods open to them that haven't been open in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

**6. Cost implications**

Decreased expenditures. In this test, the HAP needs for families choosing low poverty neighborhoods will increase, therefore the number of families the WCHA can serve will decrease. Fewer families equate to a reduction in the amount of processing time required by the WCHA staff including intake, renewals, inspections and rent reasonableness analyses.

**7. Policy by household status/family types/sites**

The MTW activity applies to all assisted households

**8. Household Status**

New admissions and currently assisted households

**9. Family Types**

The MTW activity applies to all family types with a focus on families with urgent needs.

**10. Location**

**For HCV Activities:** The MTW activity applies to all tenant-based units

**11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**12. Does this MTW activity require a hardship policy?**

No

**13. Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

N/A

**14. Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

No

**15. How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**

N/A

**16. Does the MTW activity require an impact analysis?**

No

**17. Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

No

- 18. Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

- 19. Please provide an explanation as to why the activity was discontinued or will be discontinued.**

N/A

## CUSTOM QUESTIONS

- 1. Does the MTW activity apply to all LNT units/properties?**

The MTW activity applies to specific units/properties including units tied to guest housing services, such as Airbnb, and/or hotels.

## ACTIVITY 5 17.b. Local Non-Traditional Activities – Service Provision

### CORE QUESTIONS

**1. Fiscal Year Introduced**

2022

**2. Fiscal Year Approved**

2023

**3. Status**

Not implemented

**4. Narrative**

Originally, the WCHA had planned to test the concept of an incentive bonus of \$100 per month to landlords that housed HCV participants. However, in several meetings between the WCHA and the community, landlords were only slightly interested in incentive bonuses, and few believed it would increase landlord participation in the program. Rather than incentive bonuses, landlords were most interested in ensuring they had good tenants who will respect their housing unit, be good neighbors, and pay their rent on time.

During the WCHA's HOPE VI program for Champion Park, the housing authority had implemented a relocation service program which was staffed by the current HCV Director. In it, the service coordinator provided counseling and supportive services to ensure that each family had a successful move. The program worked for both the families and landlords and contributed to the overall success of the WCHA's HOPE VI program. When the WCHA raised the possibility of this kind of service, the idea was very well received by landlords and participants. Therefore, the WCHA is proposing to test this service in MTW.

This test links to the increases in the FMR and SAFMRs described in 2.a. and 2.b. above. The WCHA staff has observed that there are additional barriers to housing opportunities, other than low FMRs, particularly for families considering higher cost opportunity areas. These barriers include: 1) a lack of money for security deposits for housing and utilities; 2) a lack of information about schools, day care, transportation, and neighborhood services; 3) the need for budgeting, housekeeping, and other life skills; and 4) the need for knowledge as to how to become involved in a new neighborhood.

In MTW, the WCHA staff will fill this gap by providing additional relocation services and reasonable fees for security deposits. In specific, the WCHA will hire a Relocation Service Coordinator who will work with new the HCV families and current families that move within the jurisdiction. The Relocation Service Coordinator will help families identify communities that meet their needs; accompany families during their housing search; explain the program to the landlord, if the landlord is not families with HCV; arrange for payment of security deposits where needed; and connect families to ongoing supportive services if needed. The security deposits made on behalf of an HCV family will be considered loans, and payment agreements will be created as part of the housing search process. The Relocation Service Coordinator will also encourage families to enroll in the Family Self-Sufficiency Program.

**5. MTW Statutory Objectives**

Housing choice

Self-sufficiency

Housing choice because voucher holders will have neighborhoods open to them that haven't been open in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

**6. Cost implications**

Increased expenditures

In this test, the WCHA will fund the Relocation Service Coordinator position through Administrative Fees. The WCHA will also fund the security deposit revolving loan program with Administrative Fees. As this is the first year this activity will be tested, the WCHA estimated that \$50,740 in Administrative Fees would be required to fund all potential moves during the first year. The equation is as follows: the WCHA's Per Unit Cost is \$573. In MTW, the highest SAFMR in the jurisdiction will be 150%. The Director of the HCV program has determined that there are 59 moves on average per year. Therefore:  $\$573 \times 150\% \times 59 = \$50,740$ .

Even considering the increased expenditures, the WCHA believes, and previous results have confirmed, that more services for new families and families that move will strengthen and enlarge satisfaction in the program for both families and landlords.

**7. Policy by household status/family types/sites**

The activity applies to all new Housing Choice Voucher households and to current HCV households that relocate within the WCHA's jurisdiction.

**8. Household Status**

New admissions and currently assisted households

**9. Family Types**

The MTW activity applies to all family types with a focus on families with urgent needs.

**10. Location**

**For HCV Activities:** The MTW activity applies to all tenant-based units

**11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**12. Does this MTW activity require a hardship policy?**

No

**13. Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

N/A

**14. Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

No

**15. How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**

N/A

**16. Does the MTW activity require an impact analysis?**

No

**17. Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

N/A

**18. Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

- 19. Please provide an explanation as to why the activity was discontinued or will be discontinued.**  
N/A

## CUSTOM QUESTIONS

- 1. What types of services is the MTW agency providing?**  
Relocation fees and security deposits.
- 2. How many households did the PHA provide services to in the most recently completed PHA Fiscal Year through this activity?**  
N/A

## ACTIVITY 6 Direct Rental Assistance (Agency Specific Waiver)

### CORE QUESTIONS

**1. Fiscal Year Introduced**

2026

**2. Fiscal Year Approved**

Pending

**3. Status**

Not implemented

**4. Narrative**

The Winnebago County Housing Authority is requesting an Agency-Specific Waiver (ASW) to implement and test a Direct Rental Assistance Program (DRA). The DRA Program would provide a rental housing subsidy directly to the renter rather than providing it to the landlord. This approach is similar to what HUD did 50 years ago in its Experimental Housing Allowance Program (EHAP). *The EHAP study findings have been provided in the Appendix.*

HUD's Office of Public and Indian Housing (PIH) along with the Office of Policy Development and Research (PD&R) published a Request for Information (RFI) for the DRA in the Federal Register on July 23, 2024. The stated purpose of the RFI was to gather feedback regarding the possibility of conducting a pilot project that would provide DRA in place of a Housing Choice Voucher (HCV). The RFI stated that HUD was not currently developing a direct rental assistance demonstration or pilot but may do so in the future under the Moving to Work (MTW) Demonstration program or under other new legislative authority if provided by Congress. Comments were requested by August 30, 2024. Based on the WCHA's interest in pursuing a DRA program along with the RFI findings, the WCHA created a DRA program suited to the needs of its local community.

**Institute DRA in Three Phases**

The implementation of the DRA will be instituted in three phases. The WCHA will begin with Phase 1. This ASW only addresses Phase 1. Phases 2 and 3 will only be implemented once the WCHA successfully implements Phase 1 with enough quantifiable data to ensure its practicality.

Phase 1: Non-Elderly, Non-Disabled (Landlord will NOT know the WCHA is helping to subsidize the rent)

Phase 2: Elderly and Disabled (Landlord will know the WCHA is helping to subsidize the rent)

Phase 3: Zero Income (Landlord will know the WCHA is helping to subsidize the rent)

**How Many Families Will be Chosen**

The WCHA has not determined the number of families that will participate in the inaugural DRA program. At the time of this writing, the DRA budget is approximately \$250,000. This financial base will allow the WCHA to closely evaluate and, if necessary, adjust the program.

**Direct Rental Assistance Program**

The Direct Rental Assistance Program (DRA) is a program that provides subsidized housing assistance, in the form of cash assistance, to low-income families. Families are given more autonomy to find housing without the discrimination or stigma of being labeled low-income. The DRA operates similarly to the Housing Choice Voucher (HCV) program, with several distinct differences, which are outlined below.

**DRA Waiting List**

Before placing families on the DRA waiting list, the WCHA will send a letter to (1) families on the current waiting list and (2) current public housing residents explaining the DRA program to gauge interest. Families in these two categories have been chosen to participate in the inaugural DRA due to their ability to terminate an existing lease without penalty. Families will be given a time period in which to respond to the WCHA expressing their interest. The WCHA will host several DRA briefings, detailing the program and its requirements. Interested families must

attend a briefing in order to be placed on the DRA waiting list. Additionally, interested public housing residents must be current on their rent, community service requirements, and any other WCHA public housing requirements in order to be eligible for the DRA waiting list.

**DRA Briefing**

Interested families will attend a detailed briefing (in-person or virtual) explaining the DRA program. In order to be placed on the DRA waiting list, interested families must attend the briefing. Families on the waiting list will not lose their current position on the regular WCHA waiting list if they choose to be on the DRA waiting list, and current public housing residents will not lose their housing if they choose to be on the DRA waiting list.

**Selection from the DRA Waiting List**

Families on the DRA waiting list will be randomly selected (lottery) to participate in the DRA program. Families chosen for the DRA program will not lose their current position on the regular WCHA waiting list. Unfortunately, current public housing residents chosen for the DRA program will lose their public housing.

**Eligibility Determination**

The eligibility determination for the DRA program will be the same as the HCV Program. Families must be pulled from the DRA waiting list, and they must meet the income limit, citizenship status, background screening, etc. as a requirement for entrance into the DRA program.

**Acceptance**

Once a family has met the eligibility criteria and has been accepted into the DRA program, families are required to complete the Good Neighbor program, which prepares families for quasi-market rate living without WCHA oversight. The Request for Tenancy Approval (RFTA) and the Housing Assistance Payment (HAP) contract will be eliminated and replaced with a Direct Rental Assistance contract.

**Rental Assistance:** Rental assistance will be determined using 100% of the applicable payment standard, based on the bedroom size in which the family qualifies.

*For example: A family that qualifies for two-bedroom assistance will receive \$1,181 monthly or \$14,172 yearly in direct rental assistance.*

**Final FY 2025 FMRs By Unit Bedrooms  
Rockford, IL MSA FMRs for All Bedroom Sizes**

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2025 FMR	\$810	\$900	\$1,181	\$1,561	\$1,603

**How Participants will Receive DRA**

To minimize the WCHA’s public involvement in the DRA program, DRA funds will be administered to DRA families in the form of a Good Neighbor Program Grant from the Winnebago Homes Association (WHA - WCHA’s non-profit third-party administrator), and DRA families will be seen as Good Neighbor Program Grant recipients. DRA families will receive a grant letter from the Winnebago Homes Association detailing the entire grant amount, although Winnebago Homes Association will disburse monies on a monthly basis. In this way, DRA families will have the documentation to support their DRA subsidy as additional income for rental applications. As a grant, the DRA will not be taxed for families.

**Internal Revenue Service Tax (IRS) Implications**

The WCHA will reach out to the IRS to inform them of the DRA pilot study aimed at achieving findings, or a report, on the implications of direct cash assistance, as grants, to low-income families in direct contrast to the HCV program. According to the IRS, grants are not taxable if, “The grant's purpose is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or similar capacity, skill or talent of the grantee.”

## **Direct Rental Assistance Contract**

In the same way the HAP contract legally obligates the landlord, the DRA contract would conversely legally obligate the participant. The DRA contract reduces instances of fraud because it makes the participant legally responsible for adhering to the overall requirements of the program and for paying the DRA only to the landlord or the WCHA will take the necessary legal measures. Failure to adhere to the DRA contract will result in DRA abatement to the participant, just as it would the landlord through the HAP contract. If the DRA is used for anything other than rent and the rent is not paid, that could, in turn, commence eviction proceedings, which would not only lead to the participant being in breach of their lease agreement, but also being in breach of their DRA contract.

The DRA contract will be signed after the DRA participant has completed the Good Neighbor Program. Contract addendums can be signed in conjunction with the DRA contract prior to finding a unit OR after finding a unit. Once a contract addendum has been signed indicating the family's choice, it may not be rescinded. No DRA contract addendums will be signed once the family has executed a lease agreement. *A sample working DRA contract has been provided in the Appendix.*

The DRA contract outlines the DRA program requirements, which includes but is not limited to:

1. **Work Requirement:** The Head and/or Co-head of the family must work a minimum of 40 hours a week, either collectively if both members are working, or separately, if only one member is working. DRA families must be able to show income in order to rent in the private sector.
2. **Household Composition:** The composition of the household must be approved by the WCHA. The family must promptly inform the WCHA of the birth, adoption or court-awarded custody of a child.
3. **Good Neighbor Program Requirement:** Families must attend the Good Neighbor Program prior to receiving the DRA. Once the family graduates from the Good Neighbor program, the family will receive their initial DRA and begin the process of looking for a new home.
4. **Check Account Requirement:** Families must have a checking account. If the family does not have a current checking account, the family must open one prior to the completion of the Good Neighbor Program. The WCHA will provide help if needed. The family must provide their checking account information and a cancelled check to the WCHA prior to receiving their initial DRA.
5. **DRA Disbursement:** Monies will be deposited in the family's checking account on the 28<sup>th</sup> of the month for the following month's rental assistance.
6. **DRA Monthly Rental Payment:** The monthly DRA funds received must be paid only to the landlord listed on the executed lease agreement.
7. **DRA Rental Receipt Requirement:** Monthly, the family must provide a receipt (via hardcopy, upload, or email), via bank transfer receipt, cashed check receipt, money order receipt, or online banking application receipt of the rental payment sent to the landlord to the WCHA, by the 10<sup>th</sup> day of the month. The receipt must list the responsible party, listed on the lease agreement, as the receiver. The receipt cannot be a handwritten note, and it must be traceable. In order to receive the next month's DRA, the family must adhere to the monthly receipt requirement.
8. **Bedroom Size:** The minimum bedroom size unit the family must rent is the bedroom size in which the family qualifies. The family may rent a unit that has more bedrooms than the family qualifies without penalty. *For example, if a family qualifies for a two-bedroom unit, the family must rent a unit that has at least two bedrooms. The family may not rent an efficiency or a one-bedroom unit.*
9. **Locale:** Families must live inside of the WCHA's jurisdiction.



10. **Housing Types:** Families may live in any type of housing.
11. **Rent Reasonableness:** Families will be responsible for determining their own rent reasonableness.
12. **Rent Burden:** Families will be responsible for determining their personal rent burdens.
13. **Utility Allowance:** Families will not receive an utility allowance. Families may apply for energy assistance if needed to help offset living expenses.
14. **Portability:** Families will not be able to port to another city or state. Families must reside within the WCHA's jurisdiction.
15. **Rental Application Fee Assistance:** The WCHA will provide rental application fee assistance, deducted from the rental subsidy, if the family chooses as a lump sum. There is no prescribed limit to the amount of rental applications in which a family may apply. As such, the family may request a specific amount to assist with those fees. The family must decide to employ rental application fee assistance prior to OR after finding a suitable unit. If the family elects rental application fee assistance, it will be attached to the DRA contract as an addendum. A family may not enroll in rental application fee assistance once the lease agreement has been executed. *For example, a family qualifies for \$1,181 monthly or \$14,172 yearly in rental assistance. The family chooses to use \$600 of the subsidy towards rental application fees. The family will receive a lump sum of \$600 for the rental application fees, and then the family will receive \$1,131 directly in monthly subsidy  $((\$14,172-600)/12)=\$1,131$ . The grant letter will still state the family receives \$14,172.*
16. **Security Deposit Assistance:** The WCHA will provide security deposit assistance, deducted from the rental subsidy, if the family chooses as a lump sum. The family may decide to employ security deposit assistance prior to OR after finding a suitable unit. If the family elects security deposit assistance, it will be attached to the DRA contract as an addendum. A family may not enroll in security deposit assistance once the lease agreement has been executed. *For example, a family qualifies for \$1,181 monthly or \$14,172 yearly in rental assistance. The family chooses to use \$1,000 of the subsidy towards the security deposit. The family will receive a lump sum of \$1,000 for the security deposit, and then the family will receive \$1,098 directly in monthly subsidy  $((\$14,172-1,000)/12)=\$1,098$ . The grant letter will still state the family receives \$14,172.*
17. **Hardship Insurance:** The family may opt to have the WCHA set aside a percentage of their monthly subsidy, up to 25%, as hardship contingency funds. The hardship insurance amount is based on a percentage of the yearly subsidy BEFORE any additional assistance is deducted. The family may decide to employ hardship insurance prior to OR after finding a suitable unit. If the family elects hardship insurance, it will be attached to the DRA contract as an addendum. A family may not enroll in hardship insurance once the lease agreement has been executed. *For example, a family qualifies for \$1,181 monthly or \$14,172 yearly in rental assistance. The family chooses to set aside 10% of the subsidy for hardship insurance. The family will receive \$1,062.90 directly in monthly subsidy, and \$118.10 monthly will be put into an escrow account or money market account on their behalf as a hardship contingency. The grant letter will still state the family receives \$14,172.*

The WCHA will set the circumstances that constitute a hardship and the procedures in which the family must follow to access the hardship insurance funds. If the family does not use those funds and the family remains on the DRA program, the funds will be rolled over into the next year's subsidy. If the family leaves the DRA program for self-sufficiency, to participate in another WCHA program, or for any other reason, the family will forfeit the hardship insurance funds.

18. **Hardship Insurance Policy:** Below are the hardship insurance policy and claim procedures.

#### Coverage

1. The family has experienced a decrease in income because of changed circumstances including,

- a. Involuntary loss or reduction of employment
  - b. Death in the family
  - c. Involuntary reduction in or loss of earnings or other assistance
2. The family has experienced an increase in expenses because of changed circumstances, for
- a. Medical costs that exceed 25% or more of the family's current expense
  - b. Childcare costs that exceed 25% or more of the family's current expense
  - c. Involuntary loss of transportation, such as a serious car accident
  - d. Education enrollment
  - e. Such other situations and factors determined by the WCHA to be appropriate.

### **Coverage Determination**

The family will receive the entire sum of the hardship insurance election.

*For example, a family qualifies for \$1,181 monthly or \$14,172 yearly in rental assistance. The family chooses to set aside 10% of the subsidy for hardship insurance. The family will receive \$1,062.90 directly in monthly subsidy, and \$118.10 monthly will be put into an escrow account or money market account on their behalf as a hardship contingency. The head of household is downsized from his/her job and files a hardship insurance claim. The WCHA approves the claim and awards the family \$1,417.20 ( $\$118.10 \times 12 = \$1,417.20$ ).*

### **Claims**

Families must submit a hardship insurance claim along with supporting documentation. There is no restriction on the number of claims a family may submit, however, only one (1) approved claim can be redeemed during a lease period.

*For example, the first claim submitted may not meet the eligibility criteria; however, the second claim may meet the eligibility criteria.*

### **Filing an Insurance Claim**

The family must fill out a hardship insurance claim form and submit the appropriate documentation. The WCHA will investigate and determine if the claim is valid.

If the claim is valid, the WCHA will, (1) send the family an approval letter, and (2) issue funds.

If the claim is not valid, the WCHA will send the family a denial letter.

### **Grievance Procedure**

If a family's hardship claim request is denied, the family is permitted to go before the Hearing Officer for a second review.

### **Hardship Forfeiture**

If a family elects hardship insurance, does not use those funds during the lease period, and remains on the DRA program, the hardship funds will be rolled over into the next year's subsidy. If the family elects hardship insurance, does not submit a claim during the lease period, and leaves the DRA program for self-sufficiency, to participate in another WCHA program, the DRA contract is terminated, or for any other reason, the family will forfeit the hardship insurance funds.

*For example, a family qualifies for \$1,181 monthly or \$14,172 yearly in rental assistance. The family chooses to set aside 10% of the subsidy for hardship insurance. The family will receive \$1,062.90 directly in monthly subsidy, and \$118.10 monthly or \$1,417.20 yearly will be put into an escrow account or money market account on their behalf as a hardship contingency. The family does not use its hardship insurance and remains on the DRA program for another year. The family's new grant letter will state the family receives \$15,589.20 ( $\$14,172 + \$1,417.20 = \$15,589.20$ )*

### **Family Notification**

The WCHA will notify families of its Hardship Insurance Policy through its Administrative Plan, at intake, and at recertification.

### **Record Keeping**

The WCHA will keep clear records for hardship insurance claims and determinations for three (3) years. These records are available for public review and inspection at the WCHA's principal office during normal business hours and supplied to HUD if requested.

19. **Multiple Assistance:** Families may use all or none of the additional assistance and hardship insurance offered through the DRA program, and there are no associated penalties with accepting or denying them.
20. **Units Owned by Family Members:** Families may not rent units owned by other family members. The family must sign an affidavit attesting to this requirement.
21. **Searching Timeframe:** The family will have 30 days to find a unit and execute a lease agreement. If the family does not find a unit within 30 days, the WCHA will provide the family with another 30 days to find a unit. If the family does not find a unit within a total of 60 days, the family will be put back onto the DRA waiting list.
22. **Housing Standards:** Units must meet NSPIRE/HQS standards. Participants must conduct initial and annual NSPIRE/HQS inspections and must provide (via hardcopy, upload, or email) the results to the WCHA prior to executing or renewing the lease. *As a part of the Good Neighbor Program, the WCHA will prepare and provide families with NSPIRE/HQS standards and teach them how to conduct inspections.*
23. **Executed Lease Agreement:** The family must provide the executed lease agreement to the WCHA via hardcopy, upload, or email.
24. **Lease Term:** Families will execute a lease for a period of one (1) year. During the lease term, the family will reside in the contract unit with assistance under the DRA program.
25. **Occupancy Requirements:** The contract unit may only be used for residence by the WCHA-approved household members. The unit must be the family's only residence. Members of the household may engage in legal profit-making activities incidental to primary use of the unit for residence by members of the family. The family may not sublease or let the unit. The family may not assign the lease or transfer the unit.
26. **Abatement:** The WCHA will abate DRA for non-compliance up to termination of assistance and legal proceedings.
27. **Eviction:** The family must notify the WCHA immediately if the family is facing eviction. The WCHA is not financially responsible for the eviction of the family. Additionally, the WCHA is not responsible for providing additional DRA benefits to prevent families from impending eviction. Eviction automatically nullifies the DRA contract, and the family is responsible for repaying the WCHA any DRA monies not used towards rent.
28. **Recertification:**
  - a. The family must recertify annually to maintain their DRA benefits.
  - b. The family must take an abbreviated Good Neighbor Program refresher course prior to recertification.
  - c. The family must sign a new DRA contract at recertification.

### Early Termination of the DRA Contract

Either the WCHA or DRA families may terminate the DRA contract before its expiration or for breach of contract after a good faith cure is exhausted. Such disputes are resolved through binding arbitration to control lawsuits and legal fees. Below is a list of circumstances, albeit not exhaustive, which may trigger early contract termination. If early contract termination is due to the family, any monies in breach of the contract must be paid back to the WCHA.

1. By mutual written consent of the parties.
2. For material breach or default by either of the parties, provided that the defaulting party shall have thirty (30) days in which to cure such material breach or default. If such material breach or default is incapable of cure within thirty days, then the defaulting party shall not be in default hereunder if it shall have commenced such cure within the thirty (30) day cure period. If, upon the expiration of such thirty (30) day cure period, as the case may be, the default remains uncured, the non-defaulting party may, at its option, issue a notice of termination to the defaulting party which shall take effect no earlier than thirty (30) days after the date of such notice.
3. If the WCHA discovers and can provide reasonable proof of fraud or embezzlement, the WCHA may terminate the DRA contract immediately with no prior written notice required.
4. If any dissolution of the WCHA occurs or any petition by or against the WCHA for an adjudication as a bankrupt or insolvent, or for its reorganization, or for the appointment of a receiver or trustee of the WCHA's projects, or any reorganization proceedings under any chapter of the federal bankruptcy code is filed or any assignment by the WCHA for the benefit of creditors, or the taking of any projects of the WCHA by any governmental officer or agency, then the WCHA may terminate the DRA contract immediately.
5. If the WCHA is required to terminate the DRA contract pursuant to the terms of any financing arrangement or any of the federal DRA program requirements, then the WCHA may terminate the DRA contract immediately or with such notice as may be specifically provided for in connection with such termination requirement.

### Good Neighbor Program

The traditional HCV briefing will be replaced by a required two-week long Good Neighbor Program, which teaches families how to live in a subsidized-market rate world.

<b>Good Neighbor Program</b>	
<b>Topic</b>	<b>Courses</b>
<b>Detailed Review of the DRA Program</b>	How the DRA program works, family and WCHA/WHA responsibilities, family requirements, DRA disbursements
<b>Renting (5 sections)</b>	Application & screening process, rental agreements vs. lease, the walk-through, understanding self-worth, tenant-landlord responsibilities. NSPIRE/HQS standards, evictions, moving, neighborhood security, landlord integrity, unit free of lead-based paint, tenant remedies, security deposits, beyond normal wear and tear, utilities
<b>Finances (5 sections)</b>	Credit scores, debt to income ratio, bills, rent, other associated cost for renters
<b>Inside &amp; Outside of the Home (9 sections)</b>	Cleaning and upkeep, basic maintenance, insects and rodents, lawncare, trash day, pets, kids, parking, normal wear and tear
<b>Neighborhood Relationships (5 sections)</b>	Being a good neighbor, teaching children how to respect others, having guest, talking to neighbors, understanding police protocols if called to the property
<b>Connecting Resources</b>	Connect participants to community-based resources, provide participants with general knowledge on Illinois Housing Laws and what it means to be a renter, tenant/landlord law, provide participants with skills in facilitating tough conversations, teach participants how to deal with discrimination, potential landlord misappropriation of

	rental funds, what to do if the landlord sells property or enters into foreclosure, etc., VAWA
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**DRA Housing Search and Leasing**

Once the family completes the Good Neighbor program, the family will have 30 days to find a unit and execute a lease agreement. The family must provide the WCHA a copy of the executed lease agreement. If the family does not find a unit within 30 days, the WCHA will provide the family with another 30 days to find a unit. If the family does not find a unit within a total of 60 days, the family will be put back onto the DRA waiting list, and the WCHA will choose another family from the waiting list for the DRA program.

**DRA Financial Statements**

The WCHA will provide monthly DRA financial statements for each DRA family, so they may account for and reconcile their DRA transactions and view their monthly balances.

**DRA Interims**

Since the DRA subsidy is based on bedroom size qualifications and not income levels, DRA families will not be entitled to interims based on changes in household income or composition; however DRA families must notify the WCHA of changes to household composition.

**Annual DRA Recertification**

Every family must recertify annually to maintain their DRA benefits. Adherence to the prior year’s DRA contract will be examined, and the family must take an abbreviated Good Neighbor Program refresher course. For families who continue on the DRA program, the family will be required to sign a new DRA contract for the next year.

**Administration of The Good Neighbor Program**

The Winnebago Homes Association (WHA) will administer and be the face of the DRA program. The idea is to limit the WCHA’s public involvement in the DRA pilot program but be very involved in every aspect behind the scenes. As the non-profit entity for the WCHA, the WHA is the perfect vehicle for the DRA pilot. The relationship dynamic between the WCHA and the WHA will allow both entities to continue working closely together to ensure the integrity of the DRA program.

The Good Neighbor Program will be marketed as a program that is committed to bringing responsible neighbors into the local community by assisting “transitional” families (families that fall in the middle income range) with reaching autonomy through ongoing education and financial assistance. The program will be marketed as a means to help families that have enough income to not be considered extremely low-income and yet do not have enough income to be truly equipped for market rate living as a good neighbor. The DRA program, as the Good Neighbor Program, will provide tangible solutions that will strengthen communities.

**About the Winnebago Homes Association**

Created in 1951, the WHA is an instrumentality of the WCHA, that is certified by the IRS as a 501 (c) 3 for affordable housing. WHA has, to date, completed new construction and renovation of \$190 million in affordable housing programs, serving as a developer of affordable housing and management and services of housing to include programs such as Low Income Housing Tax Credit, Public Housing, Permanent Supportive Housing, Project-Based Section 8, Tenant-Based Section 8, Rental Assistance Demonstration, and state funded voucher programs. The WHA is the logical choice to administer the DRA, as it is a separate entity that is guided by affordable housing programs and policies and already has the trained personnel in place.

**How a Family Gets DRA through the Good Neighbor Program**

The WHA receives referrals from the WCHA for the Good Neighbor Program. Interested families will register for the WCHA’s waiting list, if and when it opens.

**DRA Requirements Summary**

Below is a table outlining facets of the HCV program that have been preserved, eliminated, and are new/different from the DRA program.

Preserved	Eliminated	New/Different
Family Composition	Request for Tenancy Approval	DRA Contract
Bedroom Size Assistance	HAP Contract	Work Requirement
Locale Restrictions	Rental Housing Types Restriction	Good Neighbor Program
Provide Lease Agreement to PHA	Rent Reasonableness	Rental Receipt
Forbid Renting Units Owned by Family	Rent Burden	Rental Application Fee Assistance
Annual Recertifications	Utility Allowance	Security Deposit Assistance
Housing Search & Leasing Parameters	Portability	Hardship Insurance
	Interims	Housing Standards
		Financial Statements

### DRA Program Evaluation

The WCHA has not contacted any non-profit or research organizations to evaluate the DRA pilot program. The WCHA is open to collaborating with such institutions; however, if it is unable to connect with them, the WCHA is committed to providing comprehensive findings which can be shared with HUD, the MTW PHA community, the IRS, and any other interested party. The evaluation methods will be created in conjunction with the implementation. *Below is a sample of initial evaluation questions that may be utilized.*

#### DRA Notification, Briefings, and Waitlist

1. How many DRA total information letters did the WCHA mail to public housing residents and families on the waitlist? How many were from public housing? How many were from the waitlist?
2. How many DRA briefings did the WCHA conduct?
3. How many families in total attended the DRA briefings? By DRA briefing? How many were from public housing? How many were from the waitlist?
4. How many families signed up to be on the DRA waitlist? How many were from public housing? How many were from the waitlist?
5. How many families in total did the WCHA pull for the inaugural DRA program? How many were from public housing? How many were from the waitlist?
6. From the families pulled for the inaugural DRA program, how many families applied? How many were from public housing? How many were from the waitlist?
7. From the families pulled from the DRA waitlist and applied, how many families qualified for the DRA program? How many were from public housing? How many were from the waitlist?
8. From the families pulled from the DRA waitlist and applied, how many families were NOT qualified for the DRA program? How many were from public housing? How many were from the waitlist?
9. List the public comments, questions, and concerns at DRA briefings. What was the WCHA's response to each of these.
10. Craft and have families take a survey on the DRA program before starting the program.

#### DRA Participants

1. How many qualified families were chosen to participate in the inaugural DRA program? How many were from public housing? How many were from the waitlist?
2. Were there public housing families chosen for the inaugural DRA program that were not able to participate due to not being current in their housing requirements? If so, how many families?
3. Were there families from the waitlist chosen for the inaugural DRA program that were not able to participate due to not being able to terminate an existing lease without penalty? If so, how many families?
4. Provide the DRA information for each family
  - a. Demographics
  - b. Number of household members
  - c. Total number of household members working

- d. Income total for eligibility
  - e. Total numbers of working hours by working household members
  - f. Number of bedrooms in which the household qualifies
  - g. Rental assistance monthly subsidy (payment standard)
  - h. Rental assistance yearly subsidy
  - i. Elect Rental Application Fee Assistance (Y/N) Prior to OR After finding a unit?
  - j. Elect Rental Deposit Assistance (Y/N) Prior to OR After finding a unit?
  - k. Elect Hardship Insurance (Y/N) Prior to OR After finding a unit?
  - l. Possesses existing checking account (Y/N)
  - m. Number of days to find a suitable unit and execute a lease
5. How many families, chosen for the inaugural DRA program, had a checking account prior to their acceptance into the DRA program? How many were from public housing? How many were from the waitlist?
  6. Did the WCHA have to help families obtain a checking account? If yes, how many families? How many were from public housing? How many were from the waitlist? Did the WCHA use community partners to accomplish this task? If yes, name the partner and the services they provided. If no, how did the WCHA accomplish this task internally?
  7. What was the average time, in days, for families to find a suitable unit and execute a lease after they signed the DRA contract?
  8. Were any families not able to find a suitable unit and execute a lease within the specified time listed in the DRA contract? If yes, how many families? How many were from public housing? How many were from the waitlist?
  9. How much money did the WCHA initially budget for the inaugural DRA program?
  10. What was the total monetary amount of DRA subsidy provided to families by the WCHA? What was the average amount of subsidy provided?
  11. What was the average rent on leases executed by DRA families?
  12. How much of a rent burden did families take? Was the DRA subsidy enough to pay the entire monthly rent or did families have to contribute to the rent? If yes, what was the average contribution.
  13. Did any families encounter issues with their landlords? If yes, what were they and how were they resolved?

### **Good Neighbor Program (GNP)**

1. How many families said the GNP was beneficial?
2. Did families suggest additional trainings they would like that were not included in the original scope of the GNP?
3. Craft and have families take a survey on the GNP specifically after graduation.

### **Rental Application Fee Assistance**

1. How many families opted for rental application fee assistance? How many were from public housing? How many were from the waitlist?
2. How many rental application fee assistance elections were made PRIOR TO finding a suitable unit? How many rental application fee assistance elections were made AFTER finding a suitable unit?
3. What was the combined monetary total of rental application fee assistance requested from DRA participants? Total from public housing families? Total from families on the waitlist?

### **Rental Deposit Assistance**

1. How many families opted for rental deposit assistance? How many were from public housing? How many were from the waitlist?

2. How many rental deposit assistance elections were made PRIOR TO finding a suitable unit? How many rental deposit assistance elections were made AFTER finding a suitable unit?
3. What was the combined monetary total of rental deposit requested from DRA participants? Total from public housing families? Total from families on the waitlist?

### **Hardship Insurance**

1. How many families opted for hardship insurance? How many were from public housing? How many were from the waitlist?
2. How many hardship insurance elections were made PRIOR TO finding a suitable unit? How many hardship insurance elections were made AFTER finding a suitable unit?
3. What was the average percentage of hardship insurance requested from DRA participants? Average from public housing families? Average from families on the waitlist?
4. Based on the qualified rental assistance and the hardship percentage requested, what was the total amount of hardship insurance funds put into escrow or a money market account by the WCHA?
5. How many hardship insurance claims did the WCHA receive? How many were from public housing? How many were from the waitlist?
6. How many hardship insurance claims were approved? How many were from public housing? How many were from the waitlist?
7. How many were denied? How many were from public housing? How many were from the waitlist?
8. What was the total amount of hardship insurance disbursed to claimants?
9. How many families with hardship insurance, did not make a claim, and continued on the DRA program had their hardship insurance roll-over into the next year's subsidy? What was that total monetary amount?
10. How many families with hardship insurance, did not make a claim, and did NOT continue on the DRA program had their hardship insurance forfeited? What was that total monetary amount?

### **DRA Contract Adherence**

1. Did any families fail to provide an executed lease within the specified time listed in the DRA contract? If yes, how many families? How many were from public housing? How many were from the waitlist? What were the consequences?
2. Did any families fail to provide rental receipts within the specified time listed in the DRA contract? If yes, how many times did it occur over the past year? How many families by each month? How many were from public housing? How many were from the waitlist? What were the consequences?
3. Were any DRA contracts terminated during the inaugural season? If so, how many? How many were from public housing? How many were from the waitlist? What were the reasons? How did the WCHA handle each case?
4. Did any families fail to provide HQS/NSPIRE inspections within the specified time listed in the DRA contract? If yes, how many families? How many were from public housing? How many were from the waitlist? What were the consequences?
5. Were the monthly financial statements provided by the WCHA helpful for families in their fiscal management?
6. Did any families face eviction? If yes, provide details.

### **Exiting the DRA Program**

1. Craft and have families take a survey on the DRA program after leaving the program.

### **IRS**

1. What was the IRS' response to the WCHA DRA pilot study?



### **Ending the DRA Pilot Program**

The WCHA sees the DRA program as a viable replacement for the HCV program and is eager to test this theory. The WCHA understands that as a pilot program, the DRA may end. If so, a contingency plan must be put into place to provide continued housing for DRA families. The WCHA, idealistically, hopes DRA families will graduate from the program prior to the DRA pilot ending. The thoughtful intention behind the Good Neighbor Program, in combination with the DRA, is to not only provide cash assistance, but also to prepare families for self-sufficiency. The WCHA understands that other alternatives must be provided, if and, when the DRA pilot ends and families have not graduated from subsidized housing.

DRA families pulled from the waiting list will remain on the waiting list, and DRA families pulled from public housing will be placed back onto the waiting list. The WCHA cannot guarantee that each family will receive a voucher after the DRA program ends, so the WCHA will apply the voucher reinstatement policy to DRA families. If the voucher program has a loss of funding or sequestration and a regular voucher holders loses their assistance, the WCHA creates a preference point for families that may have to lose their voucher during government shut-downs or funding cuts: PHA Policy 1 Point – The PHA will offer a preference to any family that has been terminated from a HCV program due to insufficient program funding. This solution does not pledge continued housing, and as such, other viable solutions will be sought to ensure DRA families remain housed if the DRA pilot program should end.

#### **5. MTW Statutory Objectives**

Cost effectiveness  
Self-sufficiency  
Housing choice

#### **6. Cost implications**

Increased expenditures

#### **7. Policy by household status/family types/sites**

The MTW activity applies only to a subset or subsets of assisted households

#### **8. Household Status**

New admissions and currently assisted households

#### **9. Family Types**

The MTW activity applies only to selected family types: Non-elderly, non-disabled families

#### **10. Location**

This activity applies to families selected for the DRA program

#### **11. Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

#### **12. Does this MTW activity require a hardship policy?**

Yes

#### **13. Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

No

#### **14. Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

No

#### **15. How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?**

N/A

**16. Does the MTW activity require an impact analysis?**

Yes

**17. Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities.**

No

**18. Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

**19. Please provide an explanation as to why the activity was discontinued or will be discontinued.**

N/A

## IMPACT ANALYSIS

**1. Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution)**

The DRA program eliminates most of the traditional steps required to house families under the HCV program. This results in being able to house families sooner and a reduction in the WCHA's administrative burden. Overall, the DRA program will save the WCHA a considerable amount of money in the short and long run.

**2. Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs)**

The WCHA anticipates that housing costs for families will remain the same. Under the traditional HCV program, a portion of the rent is subsidized by the WCHA based on the family's income. Under the DRA program, the family will receive the entire payment standard, based on their qualified bedroom size, as subsidy. Allowing families to contribute more or less of their own income toward rent in conjunction with a larger subsidy will expand housing options for them.

**3. Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

Families that participate in the DRA program are pulled from the waitlist. Every family presented with the DRA opportunity may not be interested; therefore, the WCHA does not anticipate a significant change in the waitlist. If the DRA program proves to be successful, the WCHA anticipates a significant increase in the number of families on the waitlist upon its opening.

**4. Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

Since the DRA program is a demonstration program, the WCHA is aware and concerned about the termination rate of families if the program does not continue. Sufficient preparation is the key to thwarting a loss of assistance. Accordingly, the WCHA has implemented the Good Neighbor Program with the intention of helping families achieve self-sufficiency prior to the end of the DRA program. The WCHA is open to finding other ways to ensure families remain housed during and after the conclusion of the DRA program.

**5. Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

The WCHA does not anticipate any change to the current occupancy level in public housing or utilization rate in the HCV program.

**6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

*MTW Statutory Objective - Cost Effectiveness*

This waiver will decrease the traditional administrative costs associated with processing admissions, inspections, annual and interim recertifications, etc.

*MTW Statutory Objective – Self Sufficiency*

This waiver will provide incentives for families to work and become self-sufficient without traditional PHA oversight.

*MTW Statutory Objective – Housing Choice*

This waiver allows families to find housing anywhere within the WCHA's jurisdiction increasing the chances of being housed quicker due to more housing options. Families are no longer reliant on finding units with landlords that participate or are willing to participate in the HCV program.

**7. Impact on the agency's ability to meet the MTW statutory requirements**

This waiver will enable WCHA to meet all three statutory objectives of Cost Effectiveness, Self-Sufficiency, and Housing Choice.

- 8. Impact on the rate of hardship requests and the number granted and denied as a result of this activity**  
Traditional hardship requests have been eliminated from the DRA program. In its place, the WCHA has instituted “Hardship Insurance,” which can be elected by the family to be used in times of difficulty. Families with hardship claims must follow DRA Hardship procedures.
  
- 9. Across the other factors above, the impact on protected classes (and any associated disparate impact)**  
Participation in this activity is based on income qualifications, in which protected class is not a factor, and there is no anticipated impact on protected classes.

## D. Safe Harbor Waivers

### D.1 Safe Harbor Waivers seeking HUD Approval:

The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I. For each Safe Harbor Waiver request, a document that includes the following information must be provided: (a) the name and number of the MTW Waiver and associated activity for which the MTW agency is seeking to expand the safe harbor, (b) the specific safe harbor and its implementing regulation, (c) the proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver, (d) a description of the local issue and why such an expansion is needed to implement the MTW activity, (e) an impact analysis, (f) a description of the hardship policy for the MTW activity, if applicable, and (g) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?

No

## E. Agency-Specific Waivers

### E.1 Agency-Specific Waivers for HUD Approval:

The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.

For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?

Yes

### E.2 Agency-Specific Waiver(s) for which HUD Approval has been Received:

For each previously approved Agency-Specific Waiver(s), a set of questions will populate. Does the MTW agency have any approved Agency-Specific Waivers?

No

## F. Public Housing Operating Subsidy Grant Reporting

**F.1** Please provide the public housing Operating Subsidy grant information in the table below for Operating Subsidy grants appropriated in each Federal Fiscal Year the PHA is designated an MTW PHA.

Federal Fiscal Year (FFY)	Total Operating Subsidy Authorized Amount	How Much PHA Disbursed by the 9/30 Reporting Period	Remaining Not Yet Disbursed	Deadline
2023	\$560,169	\$560,169	\$0	12/31/2023
2024	\$622,297	\$622,297	\$0	12/31/2024
2025	TBD	TBD	\$0	12/31/2025
2026	TBD	TBD	\$0	12/31/2026

## G. MTW Statutory Requirements

### G.1 75% Very Low Income – Local, Non-Traditional.

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA’s most recently completed Fiscal Year for its Local, Non- Traditional program households.

Income Level	Number of Local, Non-Traditional Households Admitted in the Fiscal Year*
80%-50% Area Median Income	0
49%-30% Area Median Income	0
Below 30% Area Median Income	0
<b>Total Local, Non-Traditional Households</b>	<b>0</b>

\*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS- PIC or other HUD system.

### G.2 Establishing Reasonable Rent Policy

**Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?**

Yes. The WCHA will eliminate utility reimbursements and implement a standard utility allowance.

### G.3 Substantially the Same (STS) – Local, Non-Traditional

**Please provide the total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.**

0 unit months

**Please provide the total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.**

0 unit months

**How many units, developed under the local, non-traditional housing development activity, were available for occupancy during the prior full calendar year (by bedroom size)?**

Please include only those units that serve households at or below 80% of AMI in the table provided.

PROPERTY NAME/ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
	0	0	0	0	0	0	0		0	0		

\* User will select one of the following from the “Population Type” dropdown box: General, Elderly, Disabled, Elderly/Disabled, Other

If the “Population Type” of is Other is selected, please state the Property Name/Address and describe the population type. [Text box]

\*\* The federal accessibility standard under HUD’s Section 504 regulation is the Uniform Federal Accessibility Standards (UFAS) for purposes of Section 504 compliance. HUD recipients may alternatively use the 2010 ADA Standards for Accessible Design under Title II of the ADA, except for certain specific identified provisions, as detailed in HUD’s Notice on “Instructions for use of alternative accessibility standard,” published in the Federal Register on May 23, 2014 (“Deeming Notice”) for purposes of Section 504 compliance, <https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf>. This would also include adaptable units as defined by HUD’s Section 504 regulation (See 24 CFR § 8.3 and § 8.22).

#### G.4 Comparable Mix (by Family Size) – Local, Non-Traditional

In order to demonstrate that the MTW statutory requirement of “maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration” is being achieved, the MTW agency will provide information for its most recently completed Fiscal Year in the following table. Local, non-traditional family size data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	0
2 Person	0
3 Person	0
4 Person	0
5 Person	0
6+ Person	0
<b>Totals</b>	<b>0</b>

#### G.5 Housing Quality Standards

Certification is included in MTW Certifications of Compliance for HCV and local, non-traditional program. The public housing program is monitored through physical inspections performed by the Real Estate Assessment Center (REAC).

## H. Public Comments

**H.1 Please provide copy of all comments received by the public, Resident Advisory Board, and tenant associations.**

Attached

**Please attach a narrative describing the MTW agency's analysis of the comments and any decisions made based on these comments.**

Attached

If applicable, was an additional public hearing held for an Agency-Specific Waiver and/or Safe Harbor waiver?

Yes

No

N/A

**If yes, please attach the comments received along with the MTW agency's description of how comments were considered.**

Attached

## I. Evaluations

**I.1** Please list any ongoing and completed evaluations of the MTW agency's MTW policies, that the PHA is aware of, including the information requested in the table below. In the box "title and short description," please write the title of the evaluation and a brief description of the focus of the evaluation.

**Does the PHA have an agency-sponsored evaluation?**

No

**Table I.1 – Evaluation of MTW Policies**

Title and short description	Evaluator name and contact information	Time period	Reports available

## J. MTW Certifications of Compliance

**J.1** The MTW agency must execute the MTW Certifications of Compliance form and submit as part of the MTW Supplement submission to HUD. Certification is provided below.



## APPENDICES

Activity Organizer								
Activity #	MTW Waiver	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy	FY Intro	FY Approved
<b>1. Tenant Rent Policies</b>								
1	i. & j. Alternative Utility Allowance (PH & HCV)	X	X	X			2024	2025
<b>2. Payment Standards and Rent Reasonableness</b>								
2	a. Payment Standards – Small Area Fair Market Rents (HCV)	X	X	X	X	X	2022	2023
3	b. Payment Standards - Fair Market Rents (HCV)	X	X	X	X	X	2022	2023
<b>17. Local, Non-Traditional Activities</b>								
4	a. Rental Subsidy Programs	X	X	X			2022	2023
5	b. Service Provision	X	X	X			2022	2023
<b>Agency Specific Waiver</b>								
6	Direct Rental Assistance	X			X	X	2026	Pending

## Hardship Policy

The WCHA has established a hardship policy to evaluate individual circumstances to address hardship exemption requests.

### Applicable Family Situations

Qualifying hardships include the following:

3. The family has experienced a decrease in income because of changed circumstances including,
  - a. Involuntary loss or reduction of employment
  - b. Death in the family
  - c. Involuntary reduction in or loss of earnings or other assistance
4. The family has experienced an increase in expenses because of changed circumstances, for
  - a. Medical costs that exceed 25% or more of the family's current expense
  - b. Childcare costs that exceed 25% or more of the family's current expense
  - c. Involuntary loss of transportation, such as a serious car accident
  - d. Education
  - e. Similar items
  - f. Such other situations and factors determined by the WCHA to be appropriate.

### Process for Agency Review and Determination

When a client requests a hardship exemption from an MTW activity, the WCHA will take the following actions:

1. Suspend the MTW activity beginning the next month after the request until the agency has determined if the request is warranted.
2. Determine whether a hardship exists within a reasonable time after the family request and whether it is temporary or long term.
3. The WCHA will not evict the family during the 90-day period beginning the month following the family's request for a hardship exemption.
4. If it is determined that a financial or other hardship exists and is **TEMPORARY**, the WCHA will continue providing an exemption from the MTW activity at a reasonable level for up to 90 days. After that time, the WCHA will reinstate the MTW activity from the beginning of the suspension. The WCHA will offer the family a reasonable repayment agreement, on terms and conditions established by the WCHA for the amount of back rent owed by the family.
5. If it is determined that a financial or other hardship exists and is **LONG-TERM**, the WCHA will continue providing an exemption from the MTW activity at a reasonable level for a specified duration determined by the WCHA. After that time, the WCHA will reinstate the MTW activity from the beginning of the suspension. The WCHA will offer the family a reasonable repayment agreement on terms and conditions established by the WCHA for the amount of back rent owed by the family.
6. If it is determined that a financial or other hardship request did not meet hardship standards, the client must resume the MTW activity and collect any retroactive rent, if applicable, through a reasonable repayment agreement.

### Resident and Participant Notification

The WCHA will notify families of its Hardship Policy through its Administrative Plan, at intake, at recertification, and when a family is to be terminated due to an MTW activity.

### Grievance Procedure

If a family's hardship request is denied, the family is permitted to go before the Hearing Officer for a second review.

### Reasonable Accommodations

The WCHA will address persons with handicaps requesting a reasonable accommodation under 24 CFR part 8 through the WCHA's Reasonable Accommodations Policy and procedures.

### Record Keeping

The WCHA will keep clear records for hardship requests and determinations for three (3) years. These records are available for public review and inspection at the WCHA's principal office during normal business hours and supplied to HUD if requested.

# Experimental Housing Allowance Program (EHAP) Study Findings

housing shortage is thereby placed upon a select group of landlords.<sup>197</sup>

As we enter a new decade, we are faced with the dilemma of resolving this inequitable situation while providing affordable, decent, safe, and sanitary housing for low- and moderate-income tenants. Both the interest of the landlord in his right to income from his property and the equally important right of the tenant to security in his home must be recognized. Expansion of rent and good cause eviction controls<sup>198</sup> on a statewide basis is a viable solution provided that a landlord's right to a fair return on his investment is assured. Development of a long-term solution to the housing dilemma must also include expansion in the areas of public housing and relocation subsidies.

#### IV. PUBLIC HOUSING: THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

Passage of the Federal Housing Act of 1937<sup>199</sup> committed this country to the goal of providing decent, safe, and sanitary dwellings for low-income families.<sup>200</sup> Throughout the years, Congress has considered and enacted various housing programs that have sought to improve the quality and increase the supply of low- and moderate-income housing.<sup>201</sup> A major component of the federal housing effort

197. For an informative discussion of the pros and cons of rent control, see BRENNER & FRANKLIN, *supra* note 151.

198. California and Florida have enacted good cause eviction statutes that protect tenants of mobile home parks. *See* CAL. CIVIL CODE §§ 798.55-.86 (Deering Supp. 1981); FLA. STAT. ANN. § 83.759 (West Supp. 1980).

199. Act of Sept. 1, 1937, ch. 896, 50 Stat. 88.

200. The national policy of the federal government as applied to public housing is to promote:

the general welfare of the Nation by employing its funds and credit . . . to assist the several states and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary [sic] housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.

*Id.* § 1.

201. *See* Housing and Rent Act of 1949, ch. 41, 63 Stat. 18; Housing Act of 1950, ch. 94, 64 Stat. 48; Housing Act of 1954, ch. 649, 68 Stat. 590; Housing Act of 1961; Pub. L. No. 87-70, 75 Stat. 149; Housing and Urban Development Act of 1964, Pub. L. No. 88-560, 78 Stat. 769; Housing and Urban Development Act of 1965, Pub. L. No. 89-117 79 Stat. 451. *See also* Catz, *Historical and Political Background of Federal*

consists of public housing programs. These programs use government subsidies to encourage rehabilitation of existing substandard structures or construction of new units. Once these dwellings become fit for habitation, they are allocated to low-income families selected from a pool of eligible applicants.<sup>202</sup>

The advisability of tying housing subsidies to individual structures, as opposed to directly aiding the families in need, has been debated for years.<sup>203</sup> Advocates for direct consumer subsidies, sometimes called "rent certificates" or "housing allowances," stress the simplicity of administering direct subsidies and argue that such a program would enhance housing opportunities for the poor.<sup>204</sup> These positive attributes of the housing allowance concept were seriously discussed prior to passage of the Housing Act of 1937,<sup>205</sup> during the Taft Sub-

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*Public Housing Programs*, 50 NOTRE DAME LAW. 25 (1973); Mulvhill, *Problems in the Management of Public Housing*, 35 TEMP. L.Q. 163 (1962); Risenfeld & Eastlund, *Public Aid to Housing and Land Development*, 34 MINN. L. REV. 610 (1950).

202. The present-day operation of the Housing Act is illustrative of the traditional method for allocating housing. Under the terms of the conventional public housing program:

income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Secretary. The rental for any dwelling unit shall not exceed one-fourth of the family's income as defined by the Secretary. . . . At least 20 per centum of the dwelling units in any project placed under annual contributions contracts . . . shall be occupied by very low-income families.

42 U.S.C. § 1437(a) (1976).

The § 8 program, *id.* § 1437f, has many similarities to a housing allowance approach. Under this program, a local housing authority enters into an annual contributions contract (ACC) with HUD, that allocates a specified subsidy to the local housing authority on an annual basis. *Id.* § 1437f(b). The local agency then invites low-income households to apply for Certificates of Family Participation. When a family has established its eligibility and is issued a certificate, it can enter the private rental market and locate a landlord who is willing to participate in the program by renting a unit at or below the established Fair Market Rent. 24 C.F.R. § 882.103 (1980). After the signing of a lease, the local housing authority and landlord enter into a Housing Assistance Payments Contract, under which the housing authority promises to pay the difference between the family's rental obligation and the agreed rent for the unit. 42 U.S.C. § 1437f(f) (1976). The institution of the § 8 program has been called "a very small drop in the large bucket of housing deprivation in the United States." Whitman, *Federal Housing Assistance for the Poor: Old Problems and New Directions*, 9 URB. LAW 1, 57 (1977).

203. See notes 205-07 and accompanying text *infra*.

204. See, e.g., F. DELEEUW, *THE HOUSING ALLOWANCE APPROACH* (UI No. 10020, 1971); Mattox, *Rent Allowances*, 28 J. HOUS. 482 (1971); Solomon & Fenton, *The Nation's First Experience with Housing Allowances: The Kansas City Demonstration*, 50 LAND ECON. 213, 215 (1974).

205. See generally *Amendments to the National Housing Act: Hearing on H.R. 8520*

committee hearings on post-war housing policy in 1944,<sup>206</sup> and during the congressional deliberations on the Housing Act of 1949.<sup>207</sup> In each instance the idea was rejected.

In 1965, Congress enacted the rent supplement program<sup>208</sup> that provided income-related subsidies to residents of privately-owned housing units. Although the subsidies remained linked to the dwelling, the rent supplement program resembled a housing allowance in that it relied upon the private market to supply low- and moderate-income housing.<sup>209</sup>

In the same year, Congress enacted the section 23 leased housing program.<sup>210</sup> This program had even greater similarities to a housing allowance. Local housing authorities leased "modest but adequate" privately-owned housing, that was then sublet to eligible applicants.<sup>211</sup> The difference between the cost of the rent and a formula determination of what the family could afford comprised the government subsidy.<sup>212</sup>

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*Before the House Comm. on Banking and Currency, 74th Cong., 1st & 2d Sess. (1937). See also Amendments to the National Housing Act: Hearing on S. 3055 Before the Senate Committee on Banking and Currency, 75th Cong., 1st & 2d Sess. (1937).*

206. *See generally Hearings of the Special Committee on Postwar Economic Policy and Planning before the Senate Subcomm. on Housing and Urban Development, 79th Cong., 1st Sess. (1944-1945).*

207. *See generally The Housing Act of 1949: Hearings on H.R. 4009 before the House Comm. on Banking and Currency, 81st Cong., 1st Sess. (1949).*

208. The program was created by § 101 of the Housing and Urban Development Act of 1965, Pub. L. No. 89-117, 79 Stat. 451 (codified at 12 U.S.C. § 1701(s) (1976)).

209. Due to early opposition to the program and its general lack of funding, the rent supplement program was never extensively used. *See Beckham, The Experimental Housing Allowance Program, 30 J. Hous. 12, 13 (1973).*

210. Section 23 of the Housing and Urban Development Act of 1965, Pub. L. No. 89-117, 79 Stat. 455 (1965).

211. *Id.* § 23(a)(1).

212. The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations . . . shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kind of families.

*Id.* § 23(e). This formula of the § 23 program prevented its participants from letting "luxury" apartments and then partially paying the rent with government subsidies. Compare this early approach with the current rent ceiling of the § 8 program:

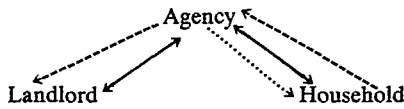
The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary . . . for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this section. . . .

The section 23 program differed from a housing allowance program in that the subsidy was directly attached to the dwelling. Additionally, the housing authority handled landlord-tenant negotiations.<sup>213</sup> The primary advantage of this program was its abil-

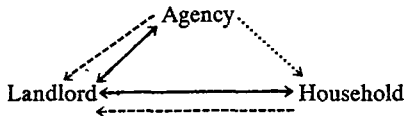
42 U.S.C. § 1437f(c)(1) (1976).

A conventional housing allowance program would not have a ceiling of this sort. While at some point, the mathematics of a housing allowance would preclude the participation of a household renting a high-priced apartment, *see* note 233 *infra*, the opportunity to choose housing from within a reasonable price range gives the housing allowance approach added attractiveness over the § 8 program. *See* P. ZAIS, J. GOEDERT, & J. TRUTKO, *MODIFYING SECTION 8: IMPLICATIONS FROM EXPERIMENTS WITH HOUSING ALLOWANCES 5-28* (1979) [hereinafter cited as *MODIFYING SECTION 8*].

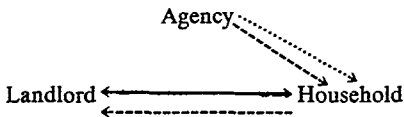
213. The diagrams below describe the legal relationships of the landlord, household, and housing authority in the § 23 and § 8 programs, the housing allowance program (EHAP), and the private market.



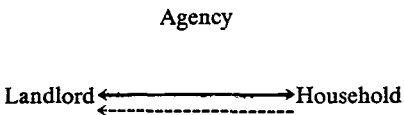
Section 8 Existing Housing Program



Housing Allowance (EHAP)



Private Market





ity to utilize the existing housing supply in a broad range of neighborhoods.

In 1968, the President's Committee on Urban Housing (the Kaiser Committee)<sup>214</sup> acknowledged that the housing allowance concept provided an efficient method of adjusting the supply of housing to meet the needs of low-income households. Noting the theoretical problems of such a program, the Kaiser Committee nevertheless recommended the implementation of a housing allowance program on an experimental basis.<sup>215</sup>

Congress responded with the enactment of the Experimental Housing Allowance Program (EHAP),<sup>216</sup> a research program designed to test the feasibility of a housing allowance program on a national scale. For decades, the housing allowance debate had divided along purely partisan lines.<sup>217</sup> The sole objective of EHAP was to provide

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See MODIFYING SECTION 8, *supra* note 214, at 39.

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**Key**

- Contract  
 ----- Payment  
 ..... Eligibility Certification
- 

214. President Johnson assigned the committee the task of finding "a way to harness the productive power of America . . . to provide the basic necessities of a decent home and healthy surroundings for every American family. . . ." REPORT OF THE PRESIDENT'S COMMITTEE ON URBAN HOUSING: A DECENT HOME I (1968).

215. The committee was reluctant to recommend a full-scale program because of its fears of housing inflation and because there was an immediate need for new construction that was best met by project subsidies. *Id.* at 71.

216. Sections 501 and 504 of the Housing and Urban Development Act of 1970 Public Law 91-609 (codified at 12 U.S.C. § 1701z-3 (a-g) (1976)), authorized implementation of the EHAP.

Prior to Congressional action, the Model City Agencies conducted housing allowance experiments on a very limited scale in Kansas City, Missouri and Wilmington, Delaware. For a review of the Kansas City experience, see Kushner & Keating, *The Kansas City Housing Allowance Experience: Subsidies for the Real Estate Industry and Palliatives for the Poor*, 7 URB. LAW. 239 (1975) [hereinafter cited as Kushner & Keating]; Mattox, *Rent Allowances*, 28 J. HOUS. 482 (1971); Solomon & Fenton, *The Nation's First Experience with Housing Allowances: The Kansas City Demonstration*, 50 LAND ECON. 213 (1974).

217. Since most of the discussion prior to the EHAP was purely conjectural, the analysis often reveals little more than the political biases of the authors. See, e.g., Hartman & Keating, *The Housing Allowance Delusion*, 44 SOC. POLICY 31 (1974) [hereinafter cited as Hartman & Keating]. For a review of the usual assumptions that proved to be incorrect, see U.S. DEP'T OF HOUSING AND URBAN DEVELOPMENT, A

empirical facts to either support or refute alleged advantages and objections.

The data collected from EHAP has recently become available.<sup>218</sup> This section will review the results and analyze the implications for public housing. Typical objections to the housing allowance concept will first be reviewed in order to put the analysis in proper perspective.

### A. *The Criticism*

Proponents of the housing allowance strategy argue that by increasing the purchasing power and, thereby, the economic leverage of the poor, landlords would be induced to build more standard housing. Advocates also argue that allowing participants their choice of housing will avoid public controversy over the location of subsidized projects and optimize consumer satisfaction.<sup>219</sup> Criticism of the housing allowance approach falls into three specific categories.

#### 1. Rent Inflation

Critics claim that a housing allowance program ignores the fact that many urban areas have a shortage of decent, modestly priced housing. They argue that since housing supply is inelastic on a short term basis, the increased demand occasioned by an allowance subsidy may lead to rent inflation. As a result, a housing allowance program could have a devastating effect on households not quite poor enough to meet the income guidelines. Thus, some housing experts believe that housing allowances will benefit landlords far more than low-income families.<sup>220</sup>

#### 2. Perpetuation of Slum Housing

Opponents argue that in addition to inflating rents, a housing allowance program could promote the marketability of substandard

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SUMMARY REPORT OF THE CURRENT FINDINGS OF THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM 7-8 (1978).

218. U.S. DEP'T OF HOUSING AND URBAN DEVELOPMENT, EXPERIMENTAL HOUSING ALLOWANCE PROGRAM: A 1979 REPORT OF FINDINGS [hereinafter cited as 1979 REPORT].

219. *See, e.g.*, REPORT OF THE PRESIDENT'S COMMITTEE ON URBAN HOUSING: A DECENT HOME 71 (1968).

220. *See, e.g.*, Hartman & Keating, *supra* note 217, at 40; DeLeeuw & Ekanem, *The Supply of Rental Housing*, 61 AM. ECON. REV. 806, 817 (1971).

housing. When a seller's market prevails, landlords may attempt to capture the additional consumer income by making only minimal repairs. The additional allowance income would also encourage landlords to keep low quality dwellings on the market, that otherwise might have been abandoned and demolished.<sup>221</sup>

Some experts also believe that a housing allowance program would accelerate the deterioration of urban neighborhoods. The theory suggests that housing allowance recipients will provide ready buyers for houses in "soft" markets, or neighborhoods showing the first signs of blight. Thus, an influx of housing allowance purchasers would be likely to encourage blockbusting and white flight. In sum, a housing allowance program may lead to the disruption of urban housing markets.<sup>222</sup>

### 3. Market Imperfections

The housing allowance concept assumes that by supplementing housing income, participants will have the economic leverage to demand better quality housing and be able to select from a larger variety of housing. These goals of consumer autonomy are undercut in localities where either the landlord legally dominates the landlord-tenant relationship, or pervasive housing discrimination exists. If, for example, a black household is denied access to a white housing market, landlords are effectively shielded from competition and the household's choices are correspondingly limited. Under these conditions, a housing allowance program would fail to ameliorate the market imperfections of housing discrimination and tenant abuse.<sup>223</sup>

#### B. *The Experiment*

Congress intended to resolve these economic doubts through EHAP.<sup>224</sup> The Department of Housing and Urban Development (HUD) divided the experiment into three projects, each designed to isolate specific economic factors.

The Demand Experiment was conducted over a three year period in the Pittsburgh and Phoenix metropolitan areas.<sup>225</sup> This project

221. See generally Kushner & Keating, *supra* note 216, at 243-345.

222. See, e.g., *id.* at 245-253.

223. See, e.g., Hartman & Keating, *supra* note 217, at 36.

224. 12 U.S.C. § 1701z-3(a)-(g) (1976).

225. HUD surveyed approximately 50,000 families from which it selected a repre-

sought to measure consumer response to housing allowances. More specifically, it measured the rates of participation among eligible households and attempted to categorize successful participants. It also provided data on the effects allowance subsidies have on participant mobility and calculated the portion of allowance payments used for housing.<sup>226</sup>

HUD obtained statistics by comparing the types of housing chosen by families on a constrained payment plan with the housing chosen by families on an unconstrained plan. Families on a constrained payment plan were required to locate dwellings meeting minimum housing code standards while those on the unconstrained plan could rent or buy housing of any quality.<sup>227</sup> A major premise of EHAP was that no household should receive allowance payments unless it resided in a dwelling meeting EHAP standards.<sup>228</sup> The Demand Ex-

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sentative group of participants. Between the two sites, approximately 2,400 families eventually received some form of a housing allowance. 1979 REPORT, *supra* note 218, at 4.

226. *Id.* at 33-50.

227. The EHAP housing standard is very much like a conventional housing code: each dwelling is required to have certain amenities such as adequate plumbing, kitchen facilities, light, and electrical outlets before it can pass inspection. 1979 REPORT, *supra* note 218, at 103-05. Unfortunately, the criteria for the housing standard varied slightly from project to project. It was not thought, however, that the discrepancy adversely affected the EHAP results. See J. VELENZA, PROGRAM HOUSING STANDARDS IN THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM: ANALYZING DIFFERENCES IN THE DEMAND AND SUPPLY EXPERIMENTS 5-10 (1977).

228. Perhaps the primary objective of a housing allowance program is that, through private consumer selection, housing will be obtained that is of higher quality than the consumer's previous nonsubsidized dwelling. Clearly, if the allowance payment were not conditioned upon the household living in a minimum quality dwelling, the program would in practical terms be little more than an income or welfare supplement program. Welfare supplement programs have been especially problematical in theory and application. See, e.g., D. MOYNIHAN, THE POLITICS OF A GUARANTEED INCOME: THE NIXON ADMINISTRATION AND THE FAMILY ASSISTANCE PLAN (1973).

A housing allowance program need not inexorably be constrained. Great Britain has instituted an allowance program that provides payments for families residing in dwellings of any quality. See generally J. TRUTKO, O. HETZEL, & A. YATES, A COMPARISON OF THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM AND GREAT BRITAIN'S RENT ALLOWANCE PROGRAM (1978).

A persuasive argument can be made, however, that a minimum housing standard should apply irrespective of the family's personal preferences. The theory suggests that since a standard dwelling has negative external effects on its neighboring structures and would therefore drive down the real estate values of a neighborhood, a federal housing allowance program could impose certain obligations on participants to prevent neighborhood blight. See Whitman, *Federal Housing Assistance for the Poor: Old Problems and New Directions*, 9 URB. LAW. 1, 38 (1977). Thus, although

periment was situated in Pittsburgh and Phoenix in order to provide comparable data from an older, slowly growing Eastern city with that of a new, rapidly expanding Southwestern city.

The Supply Experiment, conducted in Brown County, Wisconsin and St. Joseph County, Indiana accumulated data on many of the same issues. The mechanics of the program, however, differed in important ways. This experiment marked the first instance in the history of public housing that enrollment was open to all eligible families, including renters and homeowners.<sup>229</sup> The allowance payment equalled the difference between the cost of modest, standard housing and twenty-five percent of the family's preallowance income.<sup>230</sup> The payments were constrained<sup>231</sup> and cancelled if the

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consumer preference is the hallmark of an allowance program, that personal choice should not be allowed to be exercised at the expense of nonparticipating households.

229. 1979 REPORT, *supra* note 218, at 5. Of course, in the conventional public housing program, nearly everyone is allowed to apply. Only a select few, however, qualify for assistance. See note 202 and accompanying text *supra*. In the Supply Experiment, every household which located or repaired a structure in order to meet the housing standard automatically received an allowance.

230. Two payment formulas were used. The allowance subsidy which is based upon the difference between rent paid and one-fourth of the household's income seems generally favored by housing analysts. This formula, known as the "housing gap formula," is calculated to provide an allowance equal to the difference between the market rent for an adequate unit of appropriate size and percentage of the household's income. The formula is as follows:

$$P = C^* - bY,$$

Where:

- P = Allowance payment
- C\* = Estimate of market rent of adequate housing
- b = The rate at which the allowance is reduced as income increased (usually 25% in EHAP)
- Y = Program-defined income

1979 REPORT, *supra* note 218, at 85.

The Demand Experiment tested the application of the "percentage of rent formula." This formula calculates the allowance amount as a fraction of the rent paid by an eligible household. Though an upper limit on the rent may be set, the formula encourages households to locate modestly priced housing since their own housing expenditures will increase in proportion to the increase in total rent. The percentage of rent formula gives the household greater independence in choosing housing but may, in the long run, be a more expensive subsidy than the housing gap formula. The percentage of rent allowance is computed as follows:

units fell below the program's quality standards. Brown County, Wisconsin was selected because it is representative of a relatively tight housing market in a growing urban center with a small minority population. St. Joseph County, Indiana represents a declining central city with a large minority population surrounded by white suburbs.<sup>232</sup>

The Administrative Agency Experiment gathered information regarding the cost of administering and delivering housing allowances. Disbursed at eight locations throughout the country,<sup>233</sup> agencies experimented with different methods of selecting participants, inspecting units, subsidizing families, and providing other services related to a housing allowance program.<sup>234</sup> The Administrative Agency Experiment primarily tested the hypothesis that a housing allowance project should be less costly to operate than conventional public housing.

### C. *The Results*

The results of EHAP are quite startling. They reveal that a national housing allowance program would have a negligible impact on housing and rental prices.<sup>235</sup> Furthermore, racial discrimination in housing was not a major obstacle to successful operation of the program.<sup>236</sup> EHAP data also indicates that participants generally in-

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$$P = aR \text{ for } R \leq C^*/a;$$

$$P = C^* \text{ for } R \geq C^*/a$$

Where:

P = Allowance payment  
 R = Rent paid by household  
 a = Percentage of rent paid by government  
 C\* = Maximum payment allowed

*Id.*

231. See note 227 and accompanying text *supra*.

232. 1979 REPORT, *supra* note 218, at 5-6.

233. The projects were located at: Salem, Oregon; Springfield, Massachusetts; Peoria, Illinois; San Bernardino, California; Bismarck, North Dakota; Jacksonville, Florida; Durham, North Carolina; and Tulsa, Oklahoma. *Id.* at 62.

234. *Id.* at 62-75.

235. *Id.* at 55-61.

236. *Id.* at 47, 49. According to the participants surveyed, racial discrimination in housing ranked behind discrimination against children, the participant's source of income, and marital status. Whereas over a third of the households did report some

creased their spending on housing. This allowed them to obtain better quality housing or to move to safer, more sanitary neighborhoods.<sup>237</sup>

Each positive aspect of EHAP, however, is countered by a negative trade-off. Many eligible participants would not or could not successfully meet nonfinancial EHAP requirements.<sup>238</sup> Many participants responded to the requirement that they locate minimum standard housing or rehabilitate their existing dwelling by dropping out of the program.<sup>239</sup> Thus, housing demand remained largely unaffected and rent inflation did not occur. Additionally, although housing discrimination may not have been widely reported, the results of EHAP indicate that a housing allowance will do almost nothing to promote racial or economic integration.<sup>240</sup>

The allowance payments did induce families to spend more on housing, but the increase was not in proportion to the subsidy received. For many participants, the allowance payments were simply viewed as a general income supplement.<sup>241</sup> An income supplement of this variety would cost approximately \$7.4 billion per year if instituted nationwide.<sup>242</sup>

HUD officials forecast that while approximately twenty percent of the country's households are income-eligible for a housing allowance program, only fifty percent of eligible renters and thirty percent of eligible homeowners would participate.<sup>243</sup> This is because many participants are either unwilling or unable to locate housing that meets program standards.

There are several reasons why a substantial number of EHAP applicants failed to locate adequate housing. First, many applicants were satisfied with their existing dwellings and neighborhood. Many

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type of housing discrimination, the fact that the allowance program allowed the families to seek housing elsewhere mitigated these practices.

237. *Id.* at 35-40.

238. *Id.* at 23-32.

239. Nearly a third of the households not meeting the housing quality requirement did not even bother to search. *Id.* at 46.

240. *Id.* at 47.

241. *Id.* at 38.

242. *Id.* at 75. This sum is comparable to that spent for public housing programs. In 1976, \$7.5 billion was spent to provide public housing. See *Department of Housing and Urban Development Budget Outlays*, [1976] 3 Hous. & Dev. Rep. (BNA) 841.

243. 1979 REPORT, *supra* note 218, at 23.

felt that the allowance payments did not provide sufficient compensation to justify sacrificing proximity to schools, work, relatives, and friends.<sup>244</sup> Others cited bureaucratic red tape, the minimal amount of money offered, and a reluctance to take money from the government as reasons for dropping out of the program.<sup>245</sup>

Perhaps the most significant factor that kept participation down was the EHAP requirement that a participant's dwelling meet a minimum housing standard.<sup>246</sup> This requirement resulted in a breakdown of applicants into two classes: those already living in acceptable housing who immediately qualified for the allowance, and those living in unacceptable housing who had to repair or relocate in order to qualify. Statistics show that families living in low standard housing were most likely to fail the program.<sup>247</sup>

Mobility of the applicants also had a direct bearing on their successful participation in the program. Renters participated at higher rates than homeowners.<sup>248</sup> Younger groups participated at higher

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244. In the metropolitan areas of Pittsburgh and Phoenix, over 72% were satisfied with both their unit and neighborhood. *Id.* at 46.

245. *Id.*

246. After analyzing the EHAP results, HUD officials concluded that tying household requirements to allowance payments caused a 20-26% decrease in renters' participation. *Id.* at 23. While this analysis underlies the theme of the HUD report, it should be contrasted with the results of the housing allowance program conducted in Great Britain.

In 1972, the British Parliament passed the Housing Finance Act that established a Rent Allowance Program for low-income private rental tenants. The Rent Allowance Program and EHAP operate similarly. The programs differ, however, in that in Great Britain participants are not required to reside in apartments meeting a minimum housing standard. Despite the lenient requirements of the Rent Allowance Program, only 40-50% of the eligible households participate in the program. This rate of participation closely tracks the figures of the EHAP. *See* note 243 and accompanying text *supra*. Moreover, the reasons given for nonparticipation—lack of program awareness, perceptions of ineligibility, program stigma—are identical in both programs once the housing standard requirement is excluded from the analysis. *See* J. TRUTKO, O. HETZEL, & A. YATES, A COMPARISON OF THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM AND GREAT BRITAIN'S RENT ALLOWANCE PROGRAM vii-xii (1978).

Since EHAP shows that most eligible participants will refuse to locate adequate housing, and the British experience further discloses that participation will not increase when there is no housing requirement whatsoever, severe doubts must be raised as to whether a federal program can be devised that will receive enough popular support to provide "decent, safe, and sanitary" dwellings for the citizens of the nation. 1979 REPORT, *supra* note 218, at 8-9.

247. *Id.*

248. *Id.* at 21.



rates than the elderly,<sup>249</sup> and people living in the Southwest (who seem to have a greater propensity to move) fared better than Northeasterners.<sup>250</sup>

The results of EHAP disclose that the social market effects resulting from a housing allowance program should be minimal. The number of participants who moved was approximately equal to the number who could have been expected to move had they not received allowance payments.<sup>251</sup> Those families who did move tended to follow the racial and ethnic demographic patterns of the open market.<sup>252</sup>

The housing allowance program did not have a noticeable economic impact. For example, it did not persuade landlords and developers to engage in major rehabilitation or new construction.<sup>253</sup> EHAP, therefore, suggests that a housing allowance program would have little effect on the absolute number of decent housing units available in a market. It would seem, however, that an allowance program should significantly improve overall housing quality.

EHAP documented a number of instances where the allowance induced renters and homeowners to make minor repairs on their dwellings.<sup>254</sup> Most dwellings had only one or two defects and were often repaired by the occupants themselves with low out-of-pocket expense. HUD analysts note that housing improvements need not be expensive to significantly improve the welfare of inhabitants.<sup>255</sup>

By explicitly earmarking allowance payments for home improvements, it appears that the recipient will allocate a portion of the allowance for those expenses.<sup>256</sup> In a majority of the cases, however, most of the allowance was not spent on rehabilitation of the structure.<sup>257</sup> This should not be surprising in view of the fact that the average rent burden of an EHAP household was about forty percent

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249. *Id.* at 18-21.

250. *Id.* Regional differences in household mobility were documented in the MICHIGAN PANEL SURVEY OF INCOME DYNAMICS (SID) (1974), reproduced in 1979 REPORT, *supra* note 218, at 43.

251. *Id.* at 44.

252. *Id.* at 50.

253. *Id.* at 61.

254. *Id.* at 58.

255. *Id.* at 61.

256. *Id.* at 34.

257. *Id.* at 39.

of income and many rents exceeded the fifty percent mark.<sup>258</sup> Undeniably, the housing allowance payment was viewed by its recipients as a rental subsidy.<sup>259</sup>

#### D. Conclusion

If the housing allowance approach is to be taken seriously, it is important to realistically portray its benefits and burdens. EHAP clearly demonstrates that a housing allowance optimizes consumer choice and independence while minimizing governmental interference in the private market.

A restrictive view must be taken, however, as to the possible broader social goals of a housing allowance program. An allowance program will not serve to readjust the imbalance of economic and legal power between landlords and tenants. Nor will it ameliorate the existing racial segregation in cities. Nevertheless, these conclusions should not obliterate the fact that a housing allowance program would improve the living conditions of its participants and create new housing opportunities. An allowance program would effectuate these goals by placing a premium on self-reliance rather than on the usual governmental intermediation.

A look at the primary constituency of a housing allowance program—young, economically mobile homeowners living in the “open” housing markets of the Midwest and West—indicates that the housing allowance debate will once again divide along partisan lines. It would seem, though, that the housing allowance approach offers opportunities to those families who have not heretofore fit the public housing mold. If the concept were proposed as a supplement to, rather than a replacement for, conventional public housing programs, then it could well become a politically and economically feasible public housing strategy.

#### V. GOVERNMENTAL RELOCATION ASSISTANCE PROGRAMS

Owning property in the inner city has once again become attractive to middle- and upper-income persons. Close proximity to downtown activities, minimal fuel costs, and the desire to live in a traditional neighborhood setting have enticed the affluent to purchase homes in

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258. *Id.*

259. *Id.* at 38-39.

# Direct Rental Assistance Sample Contract

**Direct Rental Assistance (DRA) Contract  
Local, Non-Traditional Assistance  
Direct Rental Assistance Program**

**Winnebago County Housing Authority**  
3617 Delaware St, Rockford, IL 61102

**Privacy Notice.** The Department of Housing and Urban Development (HUD) is authorized to collect the information on this form by 24 CFR § 982.451. The information is used to provide local, non-traditional assistance under the Direct Rental Assistance program in the form of direct rental assistance payments. The Personally Identifiable Information (PII) data collected on this form are not stored or retrieved within a system of record.

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**Instructions for use of the DRA Contract**

This form of Direct Rental Assistance Contract (DRA contract) is used to provide subsidized Local, Non-Traditional assistance under the Direct Rental Assistance Program (Local, Non-Traditional Program) of the U.S. Department of Housing and Urban Development (HUD).

The local DRA program is administered by a public housing agency (PHA). The DRA contract is an agreement between the PHA and an participant family. The DRA contract has five parts:

Part A Contract information (fill-ins) See section by section instructions.

Part B Body of contract

Part C Rental application fee assistance addendum

Part D Security deposit assistance addendum

Part E Hardship insurance addendum

Part F Final subsidy calculation worksheet addendum

**Use of this form**

To prepare the DRA contract, the PHA must fill in all information in Part A of the contract.

**How to fill in Part A**

Section by Section Instructions

**Section 2: Participant Family**

Enter full name of DRA participant family.

**Section 3: Household Members**

Enter full names of all PHA-approved household members.

**Section 4: Bedroom Room Qualification**

Enter the number of bedrooms the participant family qualifies for.

**Section 5: Direct Rental Assistance**

Enter the applicable yearly and monthly direct rental assistance amount (payment standard) the participant family qualifies for before any additional assistance.

**Section 6: Direct Rental Assistance Term**

Enter first date and last date of direct term assistance term.

**Section 7: Good Neighbor Program**

Enter the date the participant family began and graduated from the Good Neighbor Program.

**Section 8: Contract Unit**

Enter the complete address where the lease has been executed.

**Section 9: Executed Lease Term**

Enter first date and last date of initial lease term. The initial lease term must be for one year.

**Section 10: Checking Account Information**

Enter the checking account information where the direct rental assistance payments will be deposited.

**Direct Rental Assistance Contract (DRA Contract)**  
**Local, Non-Traditional Assistance**  
**Direct Rental Assistance Program**

**Winnebago County Housing Authority**  
3617 Delaware St, Rockford, IL 61102

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**Part A of the DRA Contract: Contract Information**

(To prepare the contract, fill out all contract information in Part A.)

**1. Contents of Contract**

This DRA contract has five parts:

- Part A: Contract Information
- Part B: Body of Contract
- Part C: Rental Application Fee Assistance Addendum
- Part D: Security Deposit Assistance Addendum
- Part E: Hardship Insurance Addendum
- Part F: Final Subsidy Calculation Worksheet Addendum

**2. Participant Family**

Head: \_\_\_\_\_

Spouse/Co-Head: \_\_\_\_\_

**3. Household**

The following persons may reside in the unit. Other persons may not be added to the household without prior written approval of the owner and the PHA.

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_
- 6. \_\_\_\_\_
- 7. \_\_\_\_\_
- 8. \_\_\_\_\_

**4. Bedroom Room Qualification**

Bedrooms \_\_\_\_\_

**5. Direct Rental Assistance**

Yearly: \$ \_\_\_\_\_

Monthly: \$ \_\_\_\_\_

**6. Direct Assistance Rental Term**

The initial DRA term begins on (mm/dd/yyyy): \_\_\_\_\_

The initial DRA term ends on (mm/dd/yyyy): \_\_\_\_\_

7. **Good Neighbor Program**

The participant family began the GNP on (mm/dd/yyyy): \_\_\_\_\_

The participant family graduated from the GNP on (mm/dd/yyyy): \_\_\_\_\_

8. **Contract Unit** *Should be filled once the lease agreement has been signed and returned to the PHA.*

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

9. **Executed Lease Term** *Should be filled once the lease agreement has been signed and returned to the PHA.*

The initial executed lease term begins on (mm/dd/yyyy): \_\_\_\_\_

The initial executed lease term ends on (mm/dd/yyyy): \_\_\_\_\_

10. **Checking Account Information**

Financial Institution: \_\_\_\_\_

Name on Account: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

**Signatures**

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. § 287, 1001, 1010, 1012; U.S.C. § 3729, 3802).

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**Winnebago County Housing Authority**

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Signature

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Print or Type Name and Title of Signatory

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Date  
(mm/dd/yyyy)

**DRA Participant Family**

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Participant Head of Household Print or Type Name

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Participant Co-Head or Spouse Print or Type Name

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Signature

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Signature

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Date (mm/dd/yyyy)

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Date (mm/dd/yyyy)

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**Part B of DRA Contract: Body of Contract**

**1. Purpose**

- a. This is a Direct Rental Assistance (DRA) contract between the Winnebago County Housing Authority and/or its administrator (PHA) and the participant family.
- b. The DRA contract only applies to the participant family and the contracted unit specified in Part A of the DRA contract.
- c. During the DRA contract term, the PHA will pay Direct Rental Assistance directly to the participant family in accordance with the DRA contract.
- d. The participant family will reside in the contract unit with assistance under the Direct Rental Assistance program. The DRA, by the PHA, assists the participant family to lease the contract unit from a private owner not affiliated with the PHA.

**2. Term of DRA Contract**

The term of the contract begins when the participant family graduates from the Good Neighbor Program and terminates on the last day of the lease where the last DRA payment has been issued.

**3. Eligibility and Acceptance**

As evidence of the DRA contract, the participant family has been chosen to apply to the DRA program, has met the eligible criteria according to the DRA program, and has been accepted to participate in the DRA program.

**4. Work Requirement**

The Head and/or Co-head of the participant family must work a minimum of 40 hours a week, either collectively if both members are working, or separately, if only one member is working.

**5. Household Composition**

The composition of the participant family must be approved by the PHA. The participant family must promptly inform the PHA of the birth, adoption, or court-awarded custody of a child.

**6. Good Neighbor Program Requirement**

- a. The participant family (Head and Co-Head) must attend the Good Neighbor Program prior to receiving DRA.
- b. Once the participant family graduates from the Good Neighbor program, the family will receive the initial DRA and begin the process of looking for a new home.

**7. Check Account Requirement**

- a. The participant family must have and maintain a checking account throughout the duration of the DRA program.
- b. If the participant family does not have a current checking account, the family must open one prior to the completion of the Good Neighbor Program.

- c. The participant family must provide their checking account information and a cancelled check to the PHA prior to receiving the initial DRA.

**8. Good Neighbor Program**

- a. The participant family agrees to participate and graduate from the Good Neighbor Program.
- b. The Good Neighbor Program outlines the DRA program and teaches families how to live in a subsidized-market rate world.

**9. Direct Rental Assistance**

- a. The rental assistance (subsidy in the form of a grant) received by the participant family will be determined using 100% of the monthly applicable payment standard at the time of admissions and recertification, based on the bedroom size in which the participant family qualifies multiplied times 12 to cover the entire rental period of the lease.
- b. The participant family will receive a grant letter from the PHA noting the entire rental assistance as documentation to support the DRA subsidy as additional income for rental applications.
- c. As a grant, the participant family will not receive a 1099 from the PHA and will not be taxed by the IRS.
- d. The DRA subsidy will be disbursed on a monthly basis. The initial DRA disbursement will occur once the participant family has graduated the Good Neighbor Program. Subsequent DRA disbursements will be deposited in the family's checking account prior to or on the 28<sup>th</sup> of the month for the following month's rental assistance.
- e. The monthly DRA funds received must be paid only to the owner listed on the executed lease agreement.

**10. DRA Financial Statements**

The PHA will provide monthly DRA financial statements for each participant family. These statements are issued with the intent of transparency allowing for account reconciliation, DRA transactions, and monthly balances.

**11. DRA Rental Receipt Requirement**

- a. On a monthly basis, the participant family must provide a receipt (via hardcopy, upload, or email), via bank transfer receipt, cashed check receipt, money order receipt, or online banking application receipt of the rental payment sent to the owner to the PHA, by the 10th day of the month.
- b. The receipt must list the responsible party, listed on the lease, as the receiver. The receipt cannot be a handwritten note, and it must be traceable.
- c. The participant family must adhere to the monthly receipt requirement on order to receive the next month's DRA disbursement.



## 12. Bedroom Size

The contract unit must have the minimum bedroom size in which the participant family qualifies. The participant family may rent a unit that has more bedrooms than the family qualifies without penalty.

## 13. Occupancy Requirements

- a. The contract unit may only be used for residence by the PHA-approved household members.
- b. The unit must be the family's only residence.
- c. Members of the household may engage in legal profit-making activities incidental to primary use of the unit for residence by members of the family.
- d. The family may not sublease or let the unit.
- e. The family may not assign the lease or transfer the unit.

## 14. Searching Timeframe

- a. The participant family will have 30 days to find a unit and execute a lease agreement.
- b. If the participant family does not find a unit within 30 days, the PHA will provide the family with another 30 days to find a unit.
- c. If the participant family does not find a unit within a total of 60 days, the family will be put back onto the DRA waiting list.

## 15. Housing Types, Locale, & Portability

- a. The participant family may live in any type of housing.
- b. The participant family must live inside of the PHA's jurisdiction.
- c. The participant family may not port to another city or state.

## 16. Units Owned by Family Members

The participant family may not rent units owned by other family members.

## 17. Rent Reasonableness & Burden

The participant family is responsible for determining their own rent reasonableness and rent burden.

## 18. Lease of Contract Unit

- a. The participant family has leased the contract unit with a private owner for occupancy by the participant family with assistance under the DRA program.
- b. The PHA has approved leasing of the unit in accordance with requirements of the DRA program.
- c. The participant family certifies that:
  - (1) The participant family and the private owner have entered into a lease of the contract unit.
  - (2) The lease is in a standard form that is used in the locality by the owner and that is generally used for other unassisted tenants in the premises.
  - (3) The lease is consistent with State and local law.
- d. The owner is responsible for screening the family's behavior or suitability for tenancy. The PHA is not responsible for such screening. The PHA has no liability or responsibility to the owner or other persons for the family's behavior or the family's conduct in tenancy.

## 19. Inspection

- a. The participant family must conduct an initial inspection of the contract unit prior to lease execution ensure the unit is in accordance with HQS/NSPIRE. The contract unit must pass inspection. The participant family must provide a copy of the inspection to the PHA.
- b. The participant family must conduct an annual inspection of the contract unit at recertification prior to renewing a lease to ensure the unit is in accordance with HQS/NSPIRE. The contract unit must pass inspection. The participant family must provide a copy of the inspection to the PHA.
- c. The PHA shall not make any DRA payments if the contract unit does not meet HQS/NSPIRE or if the participant family fails to provide the PHA with a copy of initial or annual HQS/NSPIRE inspection that has received a passing grade.
- d. The PHA may perform an HQS/NSPIRE inspection on the contract unit as deemed necessary.

## 20. Utilities

The participant family is responsible for paying the utilities as outlined in the lease of the contract unit. The participant family will not receive an utility allowance from the PHA.

## 21. Executed Lease Agreement

The family must provide the executed lease agreement to the PHA via hardcopy, upload, or email.

## 22. Lease Term

The participant family will execute a lease for a period of one (1) year. During the lease term, the participant family must reside in the contract unit with assistance under the DRA program.

## 23. Rental Application Fee Assistance

The PHA provides the opportunity for the participant family to have rental application fee assistance. Rental application fee assistance is outlined in Part C of the DRA contract addendum.

## 24. Security Deposit Assistance

The PHA provides the opportunity for the participant family to have security deposit assistance. Security deposit assistance is outlined in Part D of the DRA contract addendum.

## 25. Hardship Insurance

The PHA provides the opportunity for the participant family to have hardship insurance. Hardship insurance is outlined in Part E of the DRA contract addendum.

## 26. Multiple Assistance

The participant family may use all or none of the additional assistance and hardship insurance offered through the DRA program. There are no associated penalties with accepting or denying them.

**27. Abatement**

The PHA will abate DRA for non-compliance up to termination of assistance and legal proceedings.

**28. Eviction**

- a. The participant family must notify the PHA immediately if the participant family is facing eviction.
- b. The PHA is not financially responsible for the eviction of the family.
- c. The PHA is not responsible for providing additional DRA benefits to prevent families from impending eviction.
- d. Eviction automatically nullifies the DRA contract, and the family is responsible for repaying the PHA any DRA monies not used towards rent.

**29. Interims**

The DRA subsidy is based on bedroom size qualifications and not income levels. The participant family is not entitled to interims based on changes in household income or composition. The participant family must notify the PHA of changes to household composition.

**30. Recertification**

- a. The participant family must recertify annually to maintain DRA benefits.
  - (1) The PHA will determine the participant family’s eligibility based on income qualifications.
  - (2) The PHA will examine the participant family’s adherence to the prior year’s DRA contract.
- b. The family must take an abbreviated Good Neighbor Program refresher course prior to recertification.
- c. The family must sign a new DRA contract at recertification.

**31. Early Termination of the DRA Contract**

The PHA or the participant family may terminate the DRA contract before its expiration or for breach of contract after a good faith cure is exhausted. Such disputes are resolved through binding arbitration to control lawsuits and legal fees. Below is a list of circumstances, albeit not exhaustive, which may trigger early contract termination. If early contract termination is due to the family, any monies in breach of the contract must be paid back to the PHA.

- a. By mutual written consent of the parties.
- b. For material breach or default by either of the parties, provided that the defaulting party shall have thirty (30) days in which to cure such material breach or default. If such material breach or default is incapable of cure within thirty days, then the defaulting party shall not be in default hereunder if it shall have commenced such cure within the thirty (30) day cure period. If, upon the expiration of such thirty (30) day cure period, as the case may be, the default remains uncured, the non-defaulting party may, at its option, issue a notice of termination to the defaulting party which shall take effect no earlier than thirty (30) days after the date of such notice.
- c. If the PHA discovers and can provide reasonable proof of fraud or embezzlement, the PHA may terminate the DRA contract immediately with no prior written notice

required.

- d. If any dissolution of the PHA occurs or any petition by or against the PHA for an adjudication as a bankrupt or insolvent, or for its reorganization, or for the appointment of a receiver or trustee of the PHA’s projects, or any reorganization proceedings under any chapter of the federal bankruptcy code is filed or any assignment by the PHA for the benefit of creditors, or the taking of any projects of the PHA by any governmental officer or agency, then the PHA may terminate the DRA contract immediately.
- e. If the PHA is required to terminate the DRA contract pursuant to the terms of any financing arrangement or any of the federal DRA program requirements, then the PHA may terminate the DRA contract immediately or with such notice as may be specifically provided for in connection with such termination requirement.

**32. Program Evaluation**

The participant family agrees to participate in the evaluation of the DRA program and to furnish any information needed to make a proper assessment of the program.

**Winnebago County Housing Authority**

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Signature

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Print or Type Name and Title of Signatory

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Date  
(mm/dd/yyyy)

**DRA Participant Family**

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Participant Head of Household Print or Type Name

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Participant Co-Head or Spouse Print or Type Name

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Signature

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Signature

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Date (mm/dd/yyyy)

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Date (mm/dd/yyyy)

**Direct Rental Assistance Contract (DRA Contract)  
Local, Non-Traditional Assistance  
Direct Rental Assistance Program**

**Winnebago County Housing Authority**  
3617 Delaware St, Rockford, IL 61102

**Part C of DRA Contract: Rental Application Fee Assistance Addendum**

**Rental Application Fee Assistance**

- a. The PHA provides rental application fee assistance for DRA participant families if the participant family chooses.
- b. Rental application fee assistance is deducted from the total rental subsidy as a lump sum.
- c. There is no prescribed limit to the amount of rental applications in which a participant family may apply. As such, the participant family may request a specific amount to assist with those fees.
- d. The participant family must execute rental application fee assistance prior to OR after finding a suitable unit. The participant family may not enroll in rental application fee assistance once the lease agreement has been executed
- e. There is no penalty for not enrolling in rental application fee assistance.

**PART I**

The participant family **ELECTS** Rental Application Fee Assistance \_\_\_\_\_

The participant family **DOES NOT ELECT** Rental Application Fee Assistance \_\_\_\_\_

**PART II - If the participant family ELECTS Rental Application Fee Assistance**

Election Date \_\_\_\_\_

Yearly Subsidy \$ \_\_\_\_\_

Rental Application Fee Assistance Amount Elected \$ \_\_\_\_\_

**Yearly Subsidy after Rental Application Fee Assistance ONLY\*** \$ \_\_\_\_\_

*\*This amount does not reflect other rental assistance elected by the participant family and deducted from the yearly subsidy.*

**Winnebago County Housing Authority**

Signature	Print or Type Name and Title of Signatory	Date (mm/dd/yyyy)
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**DRA Participant Family**

Participant Head of Household Print or Type Name	Participant Co-Head or Spouse Print or Type Name
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Signature	Signature
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Date (mm/dd/yyyy)	Date (mm/dd/yyyy)
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**Part D of DRA Contract: Security Deposit Assistance Addendum**

**Security Deposit Assistance**

- a. The PHA provides security deposit assistance for DRA participant families if the participant family chooses.
- b. Security deposit assistance is deducted from the total rental subsidy as a lump sum.
- c. There is no prescribed limit. As such, the participant family may request a specific amount to assist with the security deposit.
- d. The participant family must execute security deposit assistance prior to OR after finding a suitable unit. The participant family may not enroll in security deposit assistance once the lease agreement has been executed.
- e. There is no penalty for not enrolling in security deposit assistance.

**PART I**

The participant family **ELECTS** Security Deposit Assistance \_\_\_\_\_

The participant family **DOES NOT ELECT** Security Deposit Assistance \_\_\_\_\_

**PART II - If the participant family ELECTS Security Deposit Assistance**

Election Date \_\_\_\_\_

Yearly Subsidy \$ \_\_\_\_\_

Security Deposit Assistance Amount Elected \$ \_\_\_\_\_

**Yearly Subsidy after Security Deposit Assistance ONLY\*** \$ \_\_\_\_\_

*\*This amount does not reflect other rental assistance elected by the participant family and deducted from the yearly subsidy.*

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**Winnebago County Housing Authority**

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Signature _____	Print or Type Name and Title of Signatory _____	Date (mm/dd/yyyy) _____
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**DRA Participant Family**

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Participant Head of Household Print or Type Name _____	Participant Co-Head or Spouse Print or Type Name _____
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Signature _____	Signature _____
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Date (mm/dd/yyyy) _____	Date (mm/dd/yyyy) _____
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**Part E of DRA Contract: Hardship Insurance Addendum**

**1. Hardship Insurance**

- a. The PHA provides the opportunity for DRA participant families to have hardship insurance, if the participant family chooses.
- b. The participant family may elect up to 25% of the applicable yearly subsidy BEFORE any additional assistance is deducted as hardship insurance.
- c. Hardship insurance is deducted from the total rental subsidy and is set aside as a contingency, by the PHA.
- d. The participant family must execute hardship insurance prior to OR after finding a suitable unit. The participant family may not enroll in hardship insurance once the lease agreement has been executed.
- e. There is no penalty for not enrolling in hardship insurance.

**2. Hardship Insurance Policy**

**a. Coverage**

1. The family has experienced a decrease in income because of changed circumstances including,
  - a. Involuntary loss or reduction of employment
  - b. Death in the family
  - c. Involuntary reduction in or loss of earnings or other assistance
2. The family has experienced an increase in expenses because of changed circumstances, for
  - a. Medical costs that exceed 25% or more of the family's current expense
  - b. Childcare costs that exceed 25% or more of the family's current expense
  - c. Involuntary loss of transportation, such as a serious car accident
  - d. Education enrollment
  - e. Such other situations and factors determined by the PHA to be appropriate.

**b. Coverage Determination**

The family will receive the entire sum of the hardship insurance election.

**c. Claims**

Families must submit a hardship insurance claim along with supporting documentation. There is no restriction on the number of claims a family may submit, however, only one (1) approved claim can be redeemed during a lease period.

**d. Filing an Insurance Claim**

The family must fill out a hardship insurance claim form and submit the appropriate documentation. The PHA will investigate and determine if the claim is valid.

- (1) If the claim is valid, the PHA will, (1) send the family an approval letter, and (2) issue funds.
- (2) If the claim is not valid, the PHA will send the family a denial letter.

**e. Grievance Procedure**

If a family's hardship claim request is denied, the family is permitted to go before the Hearing Officer for a second review.

**f. Hardship Forfeiture**

If a family elects hardship insurance, does not use those funds during the lease period, and remains on the DRA program, the hardship funds will be rolled over into the next year's subsidy. If the family elects hardship insurance, does not submit a claim during the lease period, and leaves the DRA program for self-sufficiency, to participate in another PHA program, the DRA contract is terminated, or for any other reason, the family will forfeit the hardship insurance funds.

**g. Family Notification**

The PHA will notify families of its Hardship Insurance Policy through its Administrative Plan, at intake, and at recertification.

**h. Record Keeping**

The PHA will keep clear records for hardship insurance claims and determinations for three (3) years. These records are available for public review and inspection at the PHA's principal office during normal business hours and supplied to HUD if requested.

**PART I**

The participant family **ELECTS** Hardship Insurance \_\_\_\_\_

The participant family **DOES NOT ELECT** Hardship Insurance \_\_\_\_\_

**PART II - If the participant family ELECTS Hardship Insurance**

Election Date \_\_\_\_\_

Yearly Subsidy \$ \_\_\_\_\_

Hardship Insurance Percentage Elected % \_\_\_\_\_

Hardship Insurance Amount Elected \$ \_\_\_\_\_

**Yearly Subsidy after Hardship Insurance ONLY\*** \$ \_\_\_\_\_

*\*This amount does not reflect other rental assistance elected by the participant family and deducted from the yearly subsidy.*

**Winnebago County Housing Authority**

Signature	Print or Type Name and Title of Signatory	Date (mm/dd/yyyy)
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**DRA Participant Family**

Participant Head of Household Print or Type Name	Participant Co-Head or Spouse Print or Type Name
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Signature	Signature
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Date (mm/dd/yyyy)	Date (mm/dd/yyyy)
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**Part F of DRA Contract: Final Subsidy Calculation Worksheet Addendum**

**Final Subsidy**

1. The participant family will receive the entire yearly subsidy over a period of 12 months. If the participant family elects hardship insurance, the participant family may not receive the entire subsidy over a period of 12 months.
2. If the participant family elects rental application fee and/or security deposit assistance, the participant family will receive the elected amounts as a lump sum once the election has been made.
3. On a monthly basis, the participant family will receive the monthly subsidy after all assistance amount.
4. If hardship insurance is elected, hardship funds will only be disbursed if the participant family experiences a hardship, files a claim, and the claim is approved by the PHA.

A. Yearly Subsidy		\$	
B. Rental Application Fee Assistance Amount Elected		\$	
C. Security Deposit Assistance Amount Elected		\$	
D. Hardship Insurance Amount Elected	D = A x % elected	\$	
<b>E. Yearly Subsidy after ALL ASSISTANCE</b>	<b>E = A - (B+C+D)</b>	<b>\$</b>	
<b>F. Monthly Subsidy after ALL ASSISTANCE</b>	<b>F = E / 12</b>	<b>\$</b>	

**Winnebago County Housing Authority**

Signature	Print or Type Name and Title of Signatory	Date (mm/dd/yyyy)
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**DRA Participant Family**

Participant Head of Household Print or Type Name	Participant Co-Head or Spouse Print or Type Name
Signature	Signature
Date (mm/dd/yyyy)	Date (mm/dd/yyyy)