

MINUTES OF A REGULAR MEETING OF THE
COMMISSIONERS OF THE

CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met for a regular session on Monday, June 26, 2017, in the offices of the City of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike, NW, in the City of Roanoke, Virginia.

I. CALL TO ORDER – ROLL CALL

Chair Karnes called the meeting to order at 3:00 p.m. and declared that a quorum was present.

PRESENT: Commissioners Burruss, Butler, Garner, Karnes, Smith, Witten

Commissioner Anguiano arrived at 3:01 p.m.

ABSENT: None

OFFICER PRESENT: Mrs. Glenda Edwards Goh, Secretary-Treasurer

ALSO PRESENT: Jackie Austin, VP of Finance/CFO; Kathy Beveridge, Interim HCV Manager; David Bustamante, VP of Housing; Debra Carter, Local Resident; Stephanie Cooperstein, Section 3 Employment Coordinator; Betsy Crow, VP of HR and Administration; John Garland, Roanoke City Council Liaison; Frederick Gusler, Director of Redevelopment and Revitalization; Crystal Hall, Community Support Services Director; Mark Loftis, Legal Counsel; Joel Shank, VP of Operations; Melissa Wills, Executive Assistant

Chair Karnes welcomed everyone to today's meeting.

II. REPORTS

1. Financial Report

Chair Karnes stated that Mrs. Austin provided a Financial Narrative along with a Financial Report.

Commissioner Garner, referring to the Finance Narrative Report, inquired about the favorable balance of \$58,000 related to tenants in the Family Self Sufficiency (FSS) program who did not complete the requirements. He asked why that is occurring and if it is significant. Mrs. Austin clarified that she did not have the exact dollar amounts, but what occurs is when residents in the FSS program do not meet the requirements for whatever reason, the money that has been escrowed goes back into the public housing program as other income rather than being paid out. Mrs. Goh explained that these funds reflect increased rent as tenants have increases in income. While they are in the FSS program and complying with all of the terms of their agreement, the increased rent amount above what they were paying when they entered the program goes into an escrow account. If they complete the program, the money in the account is theirs; however if they do not complete the program, the money goes back into the public housing program because it reflects an increase in rent. Mrs. Austin stated that it gives RRHA the ability to reuse those funds for other purposes such as operating expenses.

Commissioner Garner then inquired about the unfavorable negative balance of \$16,000 in the utility expense due to an increase in usage related to water leaks at both Lansdowne Park and Indian Rock Village. Mrs. Austin confirmed that there were water leaks. Mr. Shank clarified that there was a water leak at Bluestone Park. He

explained that sometimes a device, such as a toilet, will leak but will not get reported to maintenance. The leak is not discovered until the bill from the Water Authority is received, and the increased amount is noticed. Mr. Shank said he then contacts maintenance to go and investigate where the leak is coming from and repair it. Responding to Commissioner Garner's question about the problem being resolved, Mr. Shank confirmed that problems are addressed as they are identified.

Commissioner Garner asked about expenses being under budget \$49,000, noting that it was a good thing to have happen, and asked whether it was due to the software implementation. Mrs. Austin explained that the billing of the expenses have not caught up with the budget yet and that last year, when she was trying to determine the amount to budget for the software expenses, it was an estimate based on information that she had at the time because firm numbers had not yet been received from the procurement process. She said that she overestimated the amount to ensure that there would be enough money committed to the project and the budget would not fall short.

Commissioner Garner inquired about the implementation process of the new software system. Mrs. Goh stated that while there have been some challenges in the process, which was expected, it is moving along with a projected date for the majority of the software to be live by September 1, with the Financial modules, which includes Procurement and Grants Management, being operational by July 1. She explained that following the go live date for Finance, the Public Housing modules will go live in August, and HR and Payroll will go live in September.

Commissioner Garner then asked about the unfavorable negative balance of

\$13,000 in the General Expenses due to environmental costs incurred on lots not purchased. Mrs. Goh confirmed that these were lots that RRHA was considering purchasing and did not exercise the options, explaining that it was due in part to the fact that some of the lots were for the Choice Neighborhoods program. She explained that sometimes, after RRHA has done its due diligence, it is determined that lots are not suitable for development. She said that the early costs of the process come out of the Central Office Cost Center because the units are not a part of the Public Housing program at that point in time and are not budgeted.

Referring to page 23 of the Revenue and Expense Statements for all Public Housing sites, Commissioner Garner asked about the \$139,218.63 listed as revenue from proceeds from sale of equipment. Mrs. Austin confirmed that it was for the sale of the warehouse and that it was also listed under Villages at Lincoln.

Commissioner Garner inquired about the amounts listed on page 25 for the Villages at Lincoln report under the Reserve Used line item. Mrs. Goh explained that the Villages at Lincoln budget was developed by the Site Manager and that a large portion of the year to date amount was spent to prepare the warehouse for sale. This was not included in the operating budget since the Site Manager was not managing the warehouse, as it was not in use.

Responding to a question from Commissioner Garner about the \$150,000 that was listed as a transfer in amount at Hurt Park on page 26, Mrs. Austin explained that in a prior year, Indian Rock Village had to have some money transferred to it in order to complete projects to make it perform at the end of the year. The money is now being paid back to Hurt Park and shows as a transfer in amount. Mrs. Goh went on to

explain that RRHA is allowed to use reserves to move in between sites. Inquiring as to whether the reserves were budgeted to use in a prior year, Mrs. Austin confirmed that they were.

Commissioner Garner, referring to page one of the Housing Reports titled Occupancy Comparison, inquired about the tax credit properties and whether a report could be provided regarding the status and the standing of those properties. Mrs. Goh inquired as to what Commissioner Garner would like included in the report, and Commissioner Garner explained that he is interested as to whether the management fees are being paid. Mrs. Goh confirmed that the fees are being paid for all of the properties except Park Street Square and that RRHA is pursuing avenues to try to address financial issues at this location. She stated that a report will be prepared and provided to Commissioners. After an inquiry by Commissioner Garner regarding ownership of a tax credit property, Mrs. Goh stated that there is a right of first refusal built in at the end of the tax credit compliance period. Commissioner Witten stated that, after talking to the auditor the question was raised as to when they expired and what the plan was after they expired. Mrs. Goh stated that RRHA does not own those properties but that it might be possible for RRHA to purchase them from the limited partnership at the end of the compliance period. The earliest compliance period will come up in approximately five years. Commissioner Witten said that the conversation he had with Mr. Jump related to whether the Board was aware of when the compliance periods ended for those properties and what needed to be done before that happens. Mrs. Goh said that RRHA staff can prepare a report showing when the compliance periods end for the properties and what the terms are regarding right of

first refusal and the option to buy at the end of that period. She said that it was her understanding that the options will include a resyndication of the tax credits to do rehab work and upgrades and then set a new compliance period or to change the use of the properties to something else. She explained that she and Mr. Bustamante met with one of the attorneys recently regarding the financial struggles with Park Street Square to talk about options and that it is their understanding that the properties cannot be combined, even though financially and operationally it would be helpful to do so because they are each a relatively small number of units. She said that when there is a turnover of staff or units, it makes it difficult because money cannot be moved between the properties. Mrs. Goh stated that it is her understanding that each of them has different funds as the investor partners and any kind of merger would require the consent of all of those funds, which is unlikely to be feasible. After an inquiry by Commissioner Witten, Mrs. Goh confirmed that the last tax credit property was Hurt Park in 2008 and that the reason there have not been others to date is because finding people who meet the eligibility requirements for tax credit properties in terms of income level and credit record is very difficult. More of this type of housing is not an unmet need for housing, but subsidized housing is a clear need. She noted that it is a challenge to keep these properties occupied.

When asked by Commissioner Garner regarding the percentage of uncollected rent on tax credit properties which appears to be high, Mrs. Goh confirmed that the amount is high but stated that it is also important to note that percentages on the tax credit side are influenced more easily by small amounts because the total number of units at each property is small. Another factor is that RRHA is not allowed to use the

state tax setoff that is used in public housing to collect money that is still owed, even though the eviction process still takes the same amount of time. She explained that during the eviction process, which can take several months, the amount of unpaid rent continues to grow until RRHA can take possession of the unit and make it available to rent again.

Chair Karnes asked if there were any other comments or questions. There were none.

2. Executive Director's Report

Chair Karnes asked for the Executive Director's report.

Mrs. Goh stated staff is preparing the budgets based on estimates with areas identified for possible cuts once the actual budget funding amounts for next year are known. Reserves are being inserted where necessary to maintain operations at level funding that is not increased over the current year, and adjustments will be made once more information is received regarding actual funding amounts. She said that at this time, there is not enough information to project subsidy levels with any certainty.

Mrs. Goh informed the Board that Mr. Gusler has been appointed to serve as a Citizen Representative of the Roanoke Valley-Alleghany Regional Commission and RRHA is happy to have him serving the community in that role.

Mrs. Goh thanked Vice Chair Burruss for speaking on behalf of the Board of Commissioners at the Book Rich Environments launch event on Friday, June 23. It was a nice event with good weather and all of the children attending seemed to enjoy themselves. She said that all of the Public Housing sites distributed new books to children living at the sites. The books were donated from a publisher and made

available through the Book Rich Environments initiative. Vice Chair Burruss commended Mr. Sammy Oakey on the excellent job he did reading a book to children at the event.

Responding to a question from Commissioner Anguiano regarding the development and implementation of the non-smoking policy, Mr. Bustamante stated that feedback is being obtained regarding when residents would be available to meet with RRHA staff as their input in this process is vital in developing an approach that will meet the requirements of the non-smoking mandate. Mrs. Goh went on to say that funding has also been included in next year's budget to purchase signage that will be needed at each of the sites as well as funds needed to build shelters for smoking areas at some sites. Commissioner Anguiano commended Mr. Bustamante on the good job he did during the recent Annual Plan update public hearings addressing the fact that while RRHA is mandated and does not have much flexibility when it comes to this ruling, the staff is making efforts to tailor it in a way that is responsive to the needs and concerns of residents.

After an inquiry by Chair Karnes regarding smoking cessation programs available in the area, Mrs. Goh stated that Ms. Hall has spoken with some providers about making the programs available at the public housing sites. Ms. Hall confirmed that Carilion has been working with RRHA and has recently obtained a grant so they can provide nicotine patches for those wishing to stop smoking. Mr. Bustamante stated that they will be with RRHA at the meetings once they are scheduled.

Commissioner Butler asked Commissioner Smith if he had any feedback from residents regarding this issue. Commissioner Smith said that they are not happy

about the rule, but understand that it is a mandate by the federal government and appreciate the assistance that will be coming from RRHA and other partners. He said that there are a lot of residents who desire to quit, but that it is very difficult for them to do so, and he has already seen some people that he knows who smoke begin to cut back on the amount in preparation for this. Chair Karnes stated that the American Lung Association used to have a wonderful program for smoking cessation that he was a successful graduate of on March 23, 1982, but he didn't believe they had that program any longer.

Chair Karnes asked if there were any other comments or questions. There were none.

3. Staff Reports

Chair Karnes asked if there were any Staff reports, comments or questions. There were none.

4. Committee Reports

Chair Karnes reported that the Personnel Committee had met earlier and discussed a policy that will be coming before the Board at the next meeting.

Chair Karnes asked if there were any other Committee reports. There were none.

5. Commissioner Comments

Vice Chair Burruss acknowledged what she believed to be an extremely high occupancy rate at the properties, noting that many of the vacancies occur very unexpectedly and, to be able to get those units turned over so quickly and reoccupied is a phenomenal thing. She stated that it is clearly a very finely tuned process in

making that happen very quickly, and she wanted to commend those who are involved in making that happen.

Commissioner Garner commented that the fact that the inspection rate was one hundred percent was also remarkable. Mrs. Goh noted that the inspections were contracted out. Mr. Bustamante, in response to a comment by Commissioner Garner regarding no negative feedback received, stated that while there was some feedback, the issues had been fully resolved. Chair Karnes also thanked the staff for the job that they do.

Commissioner Witten posed a question regarding the number of vacant lots and whether the process of disposing all of them had been completed. Mrs. Goh stated that while she was unsure of the exact number, she believed there were approximately fifty of them on Cherry Hill and that RRHA and City staff have, to date, been unsuccessful in determining the best approach to disposition of those lots. She explained that most of the other lots that RRHA had were either transferred to the City or sold and that there were a few, such as the floor at the City parking garage that RRHA owns that were complicated to dispose. Commissioner asked if a report could be prepared for the Board regarding this, and Mrs. Goh confirmed that a report will be prepared.

Commissioner Smith asked Mr. Bustamante about the funds generated from the washers and dryers. Mr. Bustamante explained that, roughly, \$250-\$500 was collected from Morningside Manor and Melrose Towers and that most of the money goes right back into maintaining the equipment and for repairs. The washers and dryers are used extensively and require much repair and maintenance to keep them

functional. He went on to explain that there is the ability to buy new equipment, but that commercial machines would be needed to handle the amount of wear and tear that they are under. If this is pursued, it would be an added cost to RRHA and might also be an increase in cost for residents to use the machines. Commissioner Smith stated that, from what he is hearing, residents are incurring the added cost anyway because they have to leave the facilities to go to laundromats. He said that the feedback that he is hearing is that the residents do not mind paying the extra amount for the convenience of having the new machines onsite. He said that washers that sit for months at a time unused are not generating any money. Mr. Bustamante thanked Commissioner Smith for his input and stated that he would go back and look at the issue again. Mrs. Goh stated that when she and Mr. Bustamante talked about it, their concern was recognizing that people are on limited incomes and that if heavier duty machines were purchased with an added expense to residents, it could be a burden. She said that if it was the case that they are paying more money to go to the laundromats, it makes a difference in that consideration. Mr. Bustamante suggested that he should meet with the residents to see if they are in agreement and pursue options accordingly.

Chair Karnes asked if there were any other Commissioner comments. There were none.

6. City Council Liaison Comments or Discussion

Chair Karnes asked if there were any City Council Liaison comments or discussion.

Council Member Garland said that there were many encouraging things

happening in the neighborhood such as the book distribution during which he believed approximately 40,000 books were given away; the garden at Goodwill that benefits the Lansdowne residents; the recent job fair in the Goodwill Industries parking lot hosted by Peacemakers; the former fire station on 24th Street that is currently being occupied by Peacemakers and the work that they are doing promoting peace in the neighborhoods; the library that will be moving to the Goodwill Industries building; and the groundbreaking for Feeding America Community Solutions Center. He also encouraged Board members and any staff that were interested to attend the next Melrose-Orange Target Area (MOTA) meeting that is scheduled for July 10, which will include a briefing on the architectural study of 11th Street. He also said that the Mayor of Roanoke, Sherman Lea, spoke earlier in the day, along with a resident who was once the owner of Mrs. Choc's Lounge that will be the new Feeding America kitchen site, about all of the encouraging things that are taking place in the local area. He stated that he is looking forward to what the next couple of years have in store in terms of the revitalization in the area.

7. Residents or other community members to address the Board

Debra Carter, a resident of Melrose Towers, identified herself and stated that she wanted to express her concerns to the Board regarding the possible budget cuts proposed by the President. She said she would like to know what RRHA's contingency plan would be, especially if a major event such as the boiler incident that occurred at Melrose Towers last year would happen again.

Chair Karnes said that, while he welcomed any comments, he wanted to remind everyone that this was a proposed budget that has not yet been approved.

Council Member Garland stated that, from his understanding, HUD funds were in place for 2018 and that the earliest something would happen would be 2019.

Vice Chair Burruss stated that it is not known exactly what will be targeted so, given the massive workload of RRHA, she believed that it was premature to try and develop a contingency plan at this point. She stated that there should be time to develop those plans once more information is known. She thanked Ms. Carter for coming to today's meeting and expressing her concerns.

Mrs. Goh added that the coming couple of years may be a time for people to be appreciative of RRHA's effort to build up operating reserves because they will serve as a safety net. She stated that, in the worst case scenario, it will allow a cushion to be more thoughtful in how funding reductions are absorbed. She said that, for example, it may mean that RRHA cannot issue new vouchers, but it might also mean that no one would have to be cut from the program. For the worst case that has been proposed so far, the Section 8 money to keep people's vouchers funded is not proposed to be cut substantially. However, funds to administer the program may be reduced, which means that customer service would likely suffer, but not necessarily direct payments to landlords. Mrs. Goh stated that she agreed with Ms. Carter regarding proposed cuts to the Capital Fund being among the most concerning because, although these cuts are only a proposal at this point, there is already not enough money to meet all of the Capital Fund needs at RRHA properties. She said that funds will be used to address the highest priority needs. She stated that, although not enough specifics are known to create a formal contingency plan, areas where reductions could be absorbed are being identified during the budget development

process. Mrs. Goh encouraged Ms. Carter to share with other residents that the priority of management at RRHA is to reduce direct assistance to tenants and participants as a last resort. She said that RRHA staff hopes to be able to manage through whatever cuts are made without having anyone who relies on RRHA lose their assistance.

Commissioner Witten added that Board members are as concerned as residents are regarding this and that RRHA will likely be six months into the budget year before firm numbers are even received. He said that during his tenure on the Board, he has seen that RRHA is constantly running a tight organization based on proposed budgets and that the figures are good. He reiterated Mrs. Goh's statement that the priority for RRHA is housing and RRHA will do what is needed to make sure residents have homes.

Chair Karnes also expressed his appreciation to Ms. Carter for expressing her comments and attendance at the meeting.

Chair Karnes asked if there were any other residents or community members who would like to address the Board. There were none.

III. CONSENT AGENDA

C-1 Minutes of the Regular Meeting of the Board of Commissioners held
Monday, May 22, 2017.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of May 2017.

RECOMMENDED ACTION: File as submitted

Vice Chair Burruss introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried as introduced.

IV. REGULAR AGENDA

1. Resolution No. 3922

Mrs. Goh introduced Resolution No. 3922, requesting approval of the 2017 Annual Plan update to the 2015-2019 Agency Plan for submission to the U.S. Department of Housing and Urban Development (HUD). She explained that this is the plan that HUD requires from RRHA that addresses the Public Housing and Housing Choice Voucher (HCV) programs. She stated that the only changes to the attachments were to insert updated policies for the HCV Administrative Plan and Public Housing Admissions and Continued Occupancy Policy that the Board has approved since the draft came out. She referred Board members to their meeting materials that show highlighted changes made to the Plan itself. One was the addition of a statement of intent to apply to the Moving To Work (MTW) program once HUD makes the opportunity available. Mrs. Goh added that, in reference to the comments made earlier regarding funding, she believes the MTW program is one of the more promising avenues that RRHA has to allow a measure of flexibility to make the available funds go further. She said that while management staff is hoping that the opportunity comes sooner rather than later, if it is not included in the Annual Plan, the

Plan would need to be modified when the notice comes out which might preclude RRHA from meeting the deadline.

Mrs. Goh went on to explain that it has come to the attention of RRHA while addressing a different matter regarding property at Hurt Park, that the alleys that run behind the townhouses were not conveyed to Hurt Park, LP by RRHA when the property for development of the tax credit units was conveyed. She stated that there is a resolution on the agenda for today regarding submission of a disposition application to HUD to allow RRHA to transfer those alleys to Hurt Park, LP, but any proposed disposition of public housing property also needs to be included in the Annual Plan.

Mrs. Goh stated that the Annual Plan has been available for public comment, provided to the resident councils and a public hearing was held prior to the May Board meeting. Upon Board approval, RRHA will obtain a signature from City staff to certify that the plan is consistent with the City's Consolidated Plan for use of HUD funds, and the Plan will be submitted to HUD by the deadline of July 18.

Chair Karnes asked if there were any other comments or questions. There were none.

Commissioner Witten introduced Resolution No. 3922 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND
HOUSING AUTHORITY APPROVING THE 2017 ANNUAL PLAN UPDATE TO THE
2015-2019 AGENCY PLAN FOR SUBMISSION TO HUD

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) receives operating funds from the Department of Housing and Urban Development (HUD); and

WHEREAS, pursuant to Section 511 of the Quality Housing and Work Responsibility Act of 1998, RRHA is required to adopt an Annual and Five- Year Plan (the Plan); and

WHEREAS, the Plan is designed to provide a framework for local accountability and an easily identifiable source by which public housing residents, participants in the tenant-based assistance program, and other members of the public may locate basic public housing and tenant-based assistance program policies, rules and requirements concerning operations, programs, and services; and

WHEREAS, RRHA staff have consulted with the Joint Resident Council, Inc. and all active resident councils and have conducted community meetings at all public housing sites and with participants and landlords in Section 8 programs to gather input, which has been considered in development of the Plan; and

WHEREAS, RRHA Commissioners were provided with copies of the draft 2017 Annual Plan update to the 2015-2019 Agency Plan (2017 Annual Plan) in March 2017; and

WHEREAS, the Plan and Attachments have been updated to reflect items approved by the Board of Commissioners subsequent to publication of the draft; and

WHEREAS, RRHA gave 45 days public notice for the draft 2017 Annual Plan and made the Plan available for public review at RRHA administrative offices, public housing site management offices, the Roanoke City Municipal Building, and on the RRHA website; and

WHEREAS, the RRHA Board of Commissioners gave notice and held public hearings to receive public comments on the draft 2017 Annual Plan on May 22, 2017; and

WHEREAS, the 2017 Annual Plan meets the current regulatory and statutory requirements; and

WHEREAS, the final Plan must contain a certification by City officials that the Plan is consistent with the Consolidated Plan of the City of Roanoke; and

WHEREAS, RRHA is required to submit the 2017 Annual Plan to HUD by July 18, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the 2017 Annual Plan update to the 2015-2019 Agency Plan, in substantially the form circulated to the RRHA Board of Commissioners, is hereby approved for submission to the U.S. Department of Housing and Urban Development upon receipt of certification from City officials that the Plan is consistent with the Consolidated Plan of the City of Roanoke.

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3922 adopted as introduced.

2. Resolution No. 3923

Mr. Bustamante introduced Resolution No. 3923, requesting the Board to approve a revised Admissions and Continued Occupancy Policy (ACOP) for the Public Housing Program. He explained that these revisions were similar to the ones approved at last month's meeting regarding the HCV Administrative Plan, including changes regarding additions to a family, not allowing members who have been removed to be added to the lease again, significant changes to the repayment agreement to recapture some more funding, and incorporation of new Violence Against Women Act (VAWA) requirements from HUD.

Chair Karnes asked if there were any comments or questions. There were none.

Commissioner Smith introduced Resolution No. 3923 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING THE REVISION OF THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY FOR THE PUBLIC HOUSING PROGRAM

WHEREAS, the City of Roanoke Redevelopment and Housing Authority's (RRHA) Board of Commissioners and staff are committed to providing safe and affordable housing to eligible individuals and families, including persons with disabilities; and

WHEREAS, the United States Department and Housing and Urban Development

has authorized Public Housing Agencies (PHA) to administer a Public Housing Program, through the use of its Admissions and Continued Occupancy Policy (ACOP); and

WHEREAS, the ACOP must state the PHA's policies on matters for which the PHA has discretion to establish local policies; and

WHEREAS, a PHA is required to revise its ACOP as necessary to remain in compliance with the Department of Housing and Urban Development (HUD) regulations as set forth in 24 CFR 5, 8, 902, 903, 945, 960, 965 and 966; and

WHEREAS, the ACOP of the RRHA, was last revised and approved by the Board of Commissioners by Resolution No. 3888 on June 27, 2016; and

WHEREAS, the current ACOP of the RRHA states that RRHA will review and update the ACOP at least once a year; and

WHEREAS, RRHA staff have reviewed the ACOP and made revisions to reflect changes in regulations and RRHA operations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The Revised Admissions and Continued Occupancy Policy for Public Housing Program, in substantially the form circulated to the Board, is approved.
2. The Executive Director be and hereby is authorized and directed to make minor procedural changes as necessary between annual updates.

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3923 adopted as introduced.

3. Resolution No. 3924

Mr. Shank introduced Resolution No. 3924, requesting the Board to authorize

renewal of commercial insurance policies currently held by the Virginia Municipal League Insurance Programs. He explained that there was a \$35,000 increase in premium over the current year, primarily related to increases in the number of vehicles, operating expenditures, and employees. He said that cyber liability coverage limit was increased and that the property liability was reduced due to the sale of the warehouse. He explained that the item with the largest increase was the workers' compensation, due to the increase in employees and the fact that some of the previous claims, although small in number of claims, were large in the amount paid.

Vice Chair Burruss, referring to Mr. Shank's reference to new employees, asked if those were grant funded positions. Mrs. Goh stated that it was primarily related to a change in approach to filling temporary positions, with more of them being filled by hiring RRHA temporary employees rather than using external agency employees.

Chair Karnes asked if there were any other comments or questions. There were none.

Commissioner Butler introduced Resolution No. 3924 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE RENEWAL OF COMMERCIAL INSURANCE POLICIES CURRENTLY HELD BY THE VIRGINIA MUNICIPAL LEAGUE INSURANCE PROGRAMS

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) is required by Section 13 of the Annual Contributions Contract (ACC) with the U. S. Department of Housing and Urban Development (HUD) to procure adequate insurance for its public housing properties to protect RRHA from financial loss resulting from various hazards; and

WHEREAS, on September 27, 2007, HUD authorized non-competitive

procurement with the Virginia Municipal League (VML) Insurance Programs as provided for under 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments; and

WHEREAS, RRHA has held commercial insurance policies through the VML since 2008; and

WHEREAS, VML provided a \$35,158.00 increase in the 2017-18 renewal rate for RRHA's Automobile, Property, Excess Auto Liability, Boiler & Machinery, Crime, Worker's Compensation, General Liability, and Miscellaneous Coverage policies; and

WHEREAS, the cost of this insurance is deemed fair and reasonable, based on cost analysis completed by RRHA staff.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Executive Director is authorized to provide a Notice of Renewal for and execute necessary documents to review Automobile, Automobile Excess, Property, Crime, Boiler & Machinery, Worker's Compensation, General Liability, and Miscellaneous Coverage policies from Virginia Municipal League Insurance Programs for the term of July 1, 2017 through June 30, 2018, for a not to exceed contract amount of \$298,365.

The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3924 adopted as introduced.

4. Resolution No. 3925

Ms. Crow introduced Resolution No. 3925, requesting the Board to approve a revised Personnel Policy No. 1000, regarding Employee Grievance procedures. She stated that the primary substantive change was to clarify that, in order to constitute a qualifying complaint, a grievance must be the result of an action that causing a negative impact to an employee's job status, compensation, benefits or other legal

rights. The remainder of the changes related to updating information such as position titles and adding the statement delineating between policy and procedure for consistency with the rest of the policy manual.

Commissioner Witten asked whether access to Human Resources (HR) staff was a problem for the offsite locations. Mrs. Goh stated that all employees have access to HR forms through a shared network and, if they want to come to the HR office, they are able to leave their work site and come to the Central Office. Ms. Crow stated that employees are notified of their grievance rights when personnel actions that are grievable take place.

Chair Karnes asked if there were any other comments or questions. There were none.

Vice Chair Burruss introduced Resolution No. 3925 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING A REVISED PERSONNEL POLICY REGARDING EMPLOYEE GRIEVANCE PROCEDURES

WHEREAS, the City of Roanoke Redevelopment & Housing Authority (RRHA) has undertaken a review of its personnel policies to ensure they are relevant, meet the needs of the agency and are legally compliant; and

WHEREAS, RRHA has reviewed and is proposing revisions to Personnel Policy No. 1000 regarding Employee Grievance Procedures dated December 20, 1996, and previously revised November 1, 2013, to better reflect current requirements and practices; and

WHEREAS, the Personnel Committee of the RRHA Board of Commissioners supports and recommends approval of this revised policy.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the attached revised Personnel Policy No. 1000, Employee Grievance Procedures, is approved effective July 1, 2017.

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3925 adopted as introduced.

5. Resolution No. 3926

Mr. Gusler introduced Resolution No. 3926, requesting the Board to authorize the submission of an application to HUD for disposition of property bearing Official Tax Numbers 1210692 and 1210693 in the City of Roanoke. He said that this was related to the alleys at Hurt Park that Mrs. Goh referred to earlier in the resolution to approve the Annual Plan.

Mr. Gusler also referred to an earlier discussion regarding vacant lots and explained that the largest collection of these was the Cherry Hill properties that are off of Orange Avenue, NW, but there are also fourteen in Hurt Park. He said that RRHA had intended to use the Operating Fund Financing Program (OFFP) to develop eight of the parcels and that those parcels are currently owned by RRHA along with the two private alleys that were not transferred to Hurt Park LP at the time of the development of the tax credit project. He said there are also a couple of vacant lots on Shenandoah Avenue as well as one on Centre Avenue that were evaluated for development with the OFFP application, but it was determined that the Hurt Park properties were the best option right now.

Mrs. Goh added that the OFFP plans were scaled back until more is known

regarding operating funding levels; however, plans to build eight senior cottage units on the Hurt Park parcels using OFFP funds are proceeding.

Chair Karnes asked if there were any other comments or questions. There were none.

Commissioner Butler introduced Resolution No. 3926 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE DISPOSITION OF PROPERTY BEARING OFFICIAL TAX MAP NUMBERS 1210692 AND 1210693 IN THE CITY OF ROANOKE

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) owns Official Tax Map Numbers 1210692 and 1210693, which are both private alleys serving the Hurt Park Townhomes development; and

WHEREAS, the properties were both previously part of the Hurt Park public housing development; and

WHEREAS, RRHA intends to apply to HUD for disposition of these properties; and upon HUD approval of said disposition application, the properties will be transferred to the ownership of Hurt Park LP and maintained accordingly; and

WHEREAS, RRHA's intent of RRHA to dispose of and transfer these properties is included in the 2017 Annual Plan update to the 2015-2019 Agency Plan.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The proposal for disposition of property bearing City of Roanoke Official Tax Map Numbers 1210692 and 1210693 by transfer to Hurt Park LP is approved.
2. The Executive Director is authorized to execute documents and provide certifications and submit a disposition application for property bearing City of Roanoke Official Tax Map Numbers 1210692 and 1210693 to the U.S. Department of Housing and Urban Development requesting approval to transfer the property to the ownership of Hurt Park LP.

The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3926 adopted as introduced.

6. Resolution No. 3927

Mr. Bustamante introduced Resolution No. 3927, requesting the Board to approve a revised Chapter 8 of the Administrative Plan for the Section 8 Housing Choice Voucher program. He explained that during a review section regarding abatement of landlord payments, he discovered that the policy was incorrect. He stated that, after consulting with several of the HCV Specialists and reviewing the Code of Federal Regulations, he determined that landlords who sign a Housing Assistance Program (HAP) contract are certifying that their property meets Housing Quality Standard (HQS) inspection. If an inspector comes in and fails a unit and comes back within the required time frame and the unit fails again, the abatement starts immediately. Mr. Bustamante stated that the way the RRHA policy read was that it would start effective the first day of the following month, which means that abatement would not have really occurred immediately. He stated that the revision of the policy will encourage landlords to make repairs within allowable timelines and not wait for inspectors to tell them what needs to be fixed.

Mrs. Goh asked Mr. Bustamante about an apparent error on page 8-14 of the policy, which states that RRHA may approve an extension beyond 30 days, although Mr. Bustamante had stated that RRHA will not approve an extension beyond 30 days. Mr. Bustamante confirmed that this was an error and should state that RRHA will not

approve an extension beyond 30 days.

Responding to a question from Commissioner Garner, Mrs. Goh confirmed that RRHA has inspectors on staff who perform the HQS inspections. Commissioner Garner also asked who bore the burden of the reinspection costs. Mr. Bustamante replied that RRHA decided not to charge landlords for reinspection costs. He stated that if the abatement policy works correctly, the landlord would know that if repairs are not made correctly, the next payment would be impacted, which is clearly stated in the HAP contract. He said that the money for the reinspection costs should be covered by payment abatements.

Chair Karnes asked if there were any other comments or questions. There were none.

Commissioner Garner introduced Resolution No. 3927 and moved its adoption as introduced, with the correction to be on page 8-14 to state that RRHA will not approve extensions beyond 30 days:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY TO APPROVE A REVISED CHAPTER 8 OF THE ADMINISTRATIVE PLAN FOR THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

WHEREAS, the City of Roanoke Redevelopment and Housing Authority's (RRHA) Board of Commissioners and staff are committed to providing safe and affordable housing to eligible individuals and families, including persons with disabilities; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has authorized Public Housing Agencies (PHA) to administer a Housing Choice Voucher (HCV) program, through the use of the PHA's Administrative Plan; and

WHEREAS, the Administrative Plan must state the PHA's policies on matters for which the PHA has discretion to establish local policies; and

WHEREAS, a PHA is required to revise its Administrative Plan as necessary to

remain in compliance with the Department of Housing and Urban Development (HUD) regulations as set forth in 24 CFR 5, 8, 35, 92, 882, 887, 888, 903, 908, 982, 983, 984 and 985; and

WHEREAS, the current Administrative Plan for the RRHA Section 8 HCV Program, dated May 22, 2017, was approved by the RRHA Board of Commissioners by Resolution No. 3919; and

WHEREAS, RRHA has drafted policy revisions to Chapter 8 of the Administrative Plan for the Section 8 Housing Choice Voucher program to provide detailed procedures for rent abatement and rent increases relative to units failing Housing Quality Standards inspection.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The attached Revised Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations, is approved with a correction to be made on page 8-14 to state, "For major repairs, RRHA will not approve an extension beyond 30 days."
2. The Executive Director be and hereby is authorized and directed to make minor procedural changes as necessary between annual updates.

The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3927 adopted as introduced.

7. Resolution No. 3928

Ms. Crow introduced Resolution No. 3928, requesting the Board to authorize the restatement of the RRHA Premium Only Plan document and execution of its Adoption Agreement. She stated that the plan was originally adopted in 2011, allowing employees the benefit of paying medical related insurance premiums on a

pre-tax basis.

Chair Karnes asked if there were any other comments or questions. There were none.

Vice Chair Burruss introduced Resolution No. 3928 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING RESTATEMENT OF ITS PREMIUM ONLY PLAN DOCUMENT AND EXECUTION OF ITS ADOPTION AGREEMENT

WHEREAS, effective July 1, 2012, the City of Roanoke Redevelopment and Housing Authority (RRHA) adopted its Premium Only Plan (POP) Document and executed an Adoption Agreement in accordance with Section 125 of the Internal Revenue Code of 1986 (Section 125); and

WHEREAS, the POP Plan provides pre-tax benefits to RRHA's employees; and

WHEREAS, under Section 125, a written Plan Document must be in place and officially adopted by the RRHA; and

WHEREAS, since Total Administration Service Corporation (TASC), RRHA's third party administrator of its POP Plan, has restated the Plan Document for Plan Year July 1, 2017 – June 30, 2018, it must officially be adopted by RRHA.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Executive Director is authorized to execute the restated POP Plan Document and Adoption Agreement.

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes thereupon declared said motion carried and Resolution No. 3928 adopted as introduced.

8. Executive Session

Commissioner Anguiano moved that the Commissioners enter into Executive Session for the purpose of consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel in accordance with Virginia Code Section 2.2-3711(A)(7).

The motion was seconded by Vice Chair Burruss and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

The Board of Commissioners entered into Executive Session at 4:04 p.m.

The Board reconvened into open session at 4:20 p.m.

Vice Chair Burruss introduced a motion stating that the members of the Board of Commissioners hereby certify to the best of their knowledge that only public business matters lawfully exempted from open meeting requirements and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board in the immediately preceding Executive Session.

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

V. ADJOURNMENT

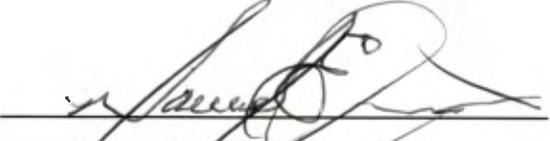
There being no further business to come before the Board, Commissioner Smith moved that the meeting be adjourned.

The motion was seconded by Commissioner Witten and upon roll call the following vote was recorded:

AYES: Commissioners Anguiano, Burruss, Butler, Garner, Karnes, Smith and Witten

NAYS: None

Chair Karnes declared the meeting adjourned at 4:20 p.m.



Daniel Karnes, Chair



Glenda Edwards Goh, Secretary-Treasurer

Streamlined Annual PHA Plan <i>(High Performer PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, and that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																										
A.1	<p> PHA Name: City of Roanoke Redevelopment and Housing Authority PHA Code: VA011 PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performer PHA Plan for Fiscal Year Beginning: (MM/YYYY): 10/2017 PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units 1,276 Number of Housing Choice Vouchers (HCVs) 2,059 Total Combined 3,335 PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission </p> <p> Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> The public may obtain copies of the 2017 Annual Plan, including all required plan elements, PHA policies, and other relevant information at each RRHA development management office, the RRHA central office, and on the RRHA website. A copy of the complete 2017 Annual Plan will be provided to the Joint Resident Council and all active Resident Councils. The public may obtain additional information regarding RRHA policies by accessing the Public Housing Admissions and Continued Occupancy Policy and the Administrative Plan for the Section 8 Housing Choice Voucher Program on the RRHA website. </p> <p> <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 20%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 10%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																	
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Lead PHA:																											

B.	Annual Plan Elements
B.1	<p>Revision of PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last Annual PHA Plan submission?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) The PHA must submit its Deconcentration Policy for Field Office Review.</p> <p>(c) If the PHA answered yes for any element, describe the revisions for each element below:</p> <p><u>Statement of Housing Needs and Strategy for Addressing Housing Needs:</u> RRHA will pursue development of a policy implementing HUD's Final Rule for Smoke-Free Public Housing. RRHA intends to engage with residents in development of a policy which will be presented for approval by RRHA's Board of Commissioners prior to HUD's implementation deadline. In order to implement new strategies for addressing housing needs, RRHA intends to apply to participate in the Moving To Work (MTW) Program when HUD provides the opportunity.</p> <p><u>Financial Resources:</u> This information has been updated to reflect financial resources for 2017.</p> <p><u>Homeownership Programs:</u> RRHA received HUD approval for a Section 32 Homeownership Program on September 30, 2015. The program has not been implemented because RRHA signed and submitted the Implementing Agreement to HUD but the document has not been returned with HUD signature. RRHA is moving forward with plans to use proceeds from homes sold in previous homeownership programs to develop additional affordable homeownership opportunities within the City of Roanoke, with a focus on the Loudon-Melrose/Shenandoah West Choice Neighborhoods Transformation Plan. The plan recommends opportunities within the neighborhood and in census tracts with low poverty and minority concentrations.</p>

B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y N

- Hope VI or Choice Neighborhoods.
 Mixed Finance Modernization or Development.
 Demolition and/or Disposition.
 Conversion of Public Housing to Tenant Based Assistance.
 Conversion of Public Housing to Project-Based Assistance under RAD.
 Project Based Vouchers.
 Units with Approved Vacancies for Modernization.
 Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.

Hope VI or Choice Neighborhoods: RRHA completed a Transformation Plan for the Loudon-Melrose/Shenandoah West neighborhood utilizing funding from a Choice Neighborhoods Planning Grant awarded to RRHA by HUD in 2012. The Plan was submitted to HUD in October 2014, and implementation of the plan is underway. As part of this Transformation Plan, the Public Housing site at Lansdowne Park will be totally redesigned and reconfigured, including mixed-income development on the site and one for one replacement of Public Housing units on and off the site. A Choice Neighborhoods Implementation Grant application was submitted to HUD in June 2016, but was not selected for award. RRHA plans to submit a future Choice Neighborhoods Implementation Grant application if the opportunity is offered by HUD. RRHA plans to use accumulated Replacement Housing Factor (RHF) funds as well as a loan financed through the Operating Fund Financing Program (OFFP) to develop new replacement public housing units associated with the implementation of Phase 1 of Loudon-Melrose/Shenandoah Choice Neighborhood Transformation Plan. RRHA plans to submit an OFFP application for HUD approval in 2017.

Demolition and/or Disposition: RRHA received disposition approval from HUD for 3401 Whiteside Street, NE [and the property was sold](#). The property is a 1.9 acre parcel with a 19,788 square foot warehouse building. The building was previously used for storage and maintenance of RRHA vehicles and equipment. The facility is no longer needed due to HUD's requirements for asset management. Proceeds of the sale will be used for the development of new public housing units. A sealed bidding process was conducted, and RRHA ~~is in the process of completing sale of the property~~ [tisclosed on the sale to the highest bidder, CLP Properties, on May 15.](#)

[RRHA intends to apply for disposition of two parcels in the former Hurt Park public housing development. The two parcels both serve as private alleys in the Hurt Park Townhomes, a low-income housing tax credit development owned by Hurt Park LP. RRHA is affiliated with Hurt Park LP and manages the townhomes. The parcels will be conveyed to Hurt Park LP upon approval of disposition by HUD.](#)

Conversion of Public Housing to Tenant Based Assistance: RRHA is evaluating potential opportunities to apply for low-income housing tax credits (LIHTC) as part of the implementation efforts of the Loudon-Melrose/Shenandoah Choice Neighborhood Transformation Plan mentioned above. A LIHTC application may be submitted to the Virginia Housing Development Authority in conjunction with an application to HUD for mixed finance development that would convert some public housing units to tenant based assistance.

Conversion of Public Housing to Project-Based Assistance under RAD: RRHA will evaluate the potential for Rental Assistance Demonstration (RAD) conversion for some public housing units, and will apply for RAD conversion if appropriate.

Project Based Vouchers: RRHA will evaluate the need for project-based vouchers to ensure availability of sufficient high quality housing to meet identified housing needs and will set aside or seek new vouchers for this purpose if needed.

Units with Approved Vacancies for Modernization: RRHA plans to use a loan financed through the Operating Fund Financing Program (OFFP) for converting public housing units for accessibility by tenants with disabilities. RRHA has submitted an OFFP application for HUD approval, and is proceeding through the review and approval process.

Other Capital Grant Programs: RRHA will apply for an Emergency Safety and Security grant from HUD to purchase additional surveillance cameras and enhanced site lighting to address safety and crime concerns at RRHA public housing properties.

B.3	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p>RRHA has made significant progress in meeting goals and objectives of the 2015-2019 Agency Plan. Currently, RRHA provides assistance to 2,004 families in the Housing Choice Voucher program; however, RRHA has a projected shortfall for 2017 and is working with HUD's Shortfall Prevention Team to implement actions that will reduce the amount of anticipated shortfall. Due to this situation, RRHA does not anticipate issuing any vouchers, including turnover vouchers, in 2017. RRHA has achieved High Performer designation in both the Public Housing and Section 8 programs. RRHA has maintained Public Housing program occupancy averaging 99%. RRHA is also currently assisting 11 participants with mortgage payments in the Housing Choice Voucher Homeownership program. RRHA is operating a successful Jobs-Plus Pilot Program, utilizing a grant from HUD, which has increased employment among work-able residents at Lansdowne Park by 10%. One member of the RRHA Board of Commissioners is a resident of public housing. RRHA also has an active Resident Advisory Board, the Joint Resident Council, Inc., which promotes active participation and involvement by residents in all aspects of RRHA's mission and operations. RRHA received a Choice Neighborhoods Planning Grant in 2012 and engaged with the community to develop a Transformation Plan for the Loudon-Melrose/Shenandoah West Neighborhood. Implementation of the Transformation Plan is underway, with multiple community partners engaging in activities to improve the neighborhood. Property performance measures are reviewed by management staff and reported to the Board of Commissioners monthly. RRHA has developed and implemented staff and board development policies that ensure training in ethics as well as progressive skill development by staff and commissioners.</p>
B.4.	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
Other Document and/or Certification Requirements.	
C.1	<p>Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan</p> <p><u>Form 50077-ST-HCV-HP</u>, <i>Certification of Compliance with PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.2	<p>Civil Rights Certification.</p> <p><u>Form 50077-ST-HCV-HP</u>, <i>Certification of Compliance with PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.3	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
C.4	<p>Certification by State or Local Officials.</p> <p><u>Form HUD 50077-SL</u>, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
D	<p>Statement of Capital Improvements. Required in all years for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>

D.1	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p> <p>See HUD Form 50075.2, submitted to HUD on 08/23/2016.</p>
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This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 16.64 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Proposed Admissions and Continued Occupancy Policy Revisions 06/26/2017

Proposed revisions to the RRHA Admissions and Continued Occupancy Plan are summarized below. Note that the summary only includes substantive revisions. Updated regulatory references are not listed. Corrections to spelling or grammar and formatting changes are not listed. All revisions are highlighted in the separate redlined document provided to Commissioners for review.

Revised Chapter	Summary of Proposed Admissions and Continued Occupancy Policy Revisions
<p>Chapter 3 Eligibility</p>	<p>Added eligibility requirements to the chapter Introduction section regarding citizenship, low-income limits, Social Security numbers, criminal background checks and tenant Selection and Suitability Criteria.</p> <p>In 3-I.J, changed the number of days that a guest can remain in public housing unit from no longer than 14 to no longer than 7 consecutive days with a total of 14 instead of 30 cumulative calendar days during a 12-month period, to address issues that have arisen due to guests overstaying in public housing units. Written approval from RRHA is required if a guest will remain longer than 14 days.</p> <p>In 3-I.K, added text regarding situations when a family is absent from the unit, but has not moved out and addresses notification requirements</p> <p>In 3-I.L, added that it is the responsibility of the family to notify RRHA if a family member will be absent from the unit. Added a paragraph to address absences due to incarceration. To address issues with repeated removal and return of household members, particularly relative to domestic violence situations, revised policy to state that RRHA will generally not approve the return of an adult family member that has been permanently removed from the family composition with the possible exception of medical hardship.</p> <p>In 3-III.D, added creation of safety hazards and timely reporting of maintenance issues to list of items considered in reviewing a family's history in screening for suitability for tenancy.</p> <p>In 3-III.E, added the requirement that the family must provide proof that an individual is residing at a different address in order to be removed from the application and outlined acceptable documentation.</p> <p>In 3-III.F, added that the family must provide proof that a perpetrator is residing at a different address for documentation relative to domestic violence situations.</p>
<p>Chapter 4 Applications, Waiting List and Tenant Selection</p>	<p>Removed New Construction Elderly Cottages from the list of RRHA site-based waiting lists because no separate waiting list is maintained for these units.</p> <p>Added statements throughout the chapter to clarify the procedure if a due date falls on a weekend or holiday.</p> <p>In 4-II.F. Purging the Waiting List, revised wording to indicate that families removed from the waiting list for not responding to a purge letter will be automatically reinstated if they request reinstatement within 90 days of the date of the purge letter.</p> <p>Updated 4-III.C. to state that if a notification letter is returned, the family will be removed from the waiting list unless a person with a disability requests a reasonable accommodation. Families who contact RRHA within 30 days of the notice will be automatically reinstated.</p> <p>Changed 4-III.D, to require that all adult family members attend the interview and sign the housing application with exceptions for adult students attending school out of state or if attendance provides a hardship.</p>
<p>Chapter 5 Occupancy Standards and Unit Offers</p>	<p>Added a statement to 5-I.C under Types of Exceptions to state that RRHA will not assign a larger bedroom size due to the additions of family members other than by birth, adoption, marriage or court-awarded custody.</p>

<p>Chapter 6 Income and Rent Determinations</p>	<p>Revised section in 6-I.K for clarification regarding requirements for demonstrating and documenting child support. Guidelines for calculating less than award amounts were added.</p> <p>Revised section and added policy to 6-II.F to include foster children under age 13 in the definition of child for childcare expense deduction.</p> <p>Changed wording in 6-III.B under Temporary Hardship to clarify that RRHA may enter into a repayment agreement.</p> <p>Added a section to 6-III.C regarding resident-paid utilities and requirements. Stated that if a resident or applicant cannot have utilities connected because of a previous owed balance to the utility company, they will not be allowed to move into a unit with resident paid utilities. It defines the payment of the utility bill as the resident's obligation and indicates that when the utility allowance exceeds the family's total tenant payment, a utility reimbursement payment will be provided for the family.</p>
<p>Chapter 7 Verification</p>	<p>Revised Requirements for Acceptable Documents in 7-I.B to indicate that verifications for the publication housing program must be dated within 60 days from the date of the interview and not exceed 120 days prior to admission and that the applicant file shall contain documentation of all verifications.</p> <p>Included an additional situation in which RRHA will verify the status of a student over 18 years of age in 7-II.E.</p> <p>Added text to 7-III.H stating that families claiming to have no annual income must verify and provide documentation as to how monthly expenses are met.</p> <p>In section 7-IV.C, added that RRHA must verify that the expense does not exceed the amount of earned income of the individual freed from work.</p>
<p>Chapter 8 Leasing and Inspections</p>	<p>In 8-I.B, added the pet policy and community service requirements to the list of orientation agenda items.</p> <p>Added statements in 8-I.D, regarding adding a family member who has previously been removed and additions to family composition.</p> <p>Changed section 8-II.B to require the head of household to attend the initial inspection and sign the inspection form. Clarified that residents who repeatedly fail annual UPCS inspections or cause excessive damage will be considered in violation of lease.</p>
<p>Chapter 9 Reexaminations</p>	<p>Added policy to 9-I.C stating that all family members and live-in aides are required to attend reexamination interviews unless it poses a hardship, in which case they must file a reasonable accommodation request. Policy also states the way notifications will be delivered, timeline for rescheduling if the family is unable to attend the given time and consequences to not appearing for the second scheduled interview.</p> <p>Added statement to 9-I.D. clarifying additions to family composition.</p> <p>Added two statements to 9-II.C. clarifying additions to family composition.</p> <p>In 9-III.B, changed the number of days before a family must request approval of a person in their house from no longer than 14 to no longer than 7 consecutive days with a total of 14 instead of 30 cumulative calendar days during a 12-month period, to address issues that have arisen due to guests overstaying in public housing units, clarified additions to family composition and re-adding a family member after they have been permanently removed.</p>
<p>Chapter 11 Community Service</p>	<p>In 11-I.E, outlined acceptable documentation showing that the noncompliant family member is no longer residing in the unit.</p>
<p>Chapter 12 Transfer Policy</p>	<p>Updated 12-I.B and policy regarding RRHA's emergency transfer plan according to Violence Against Women Act (VAWA) 2013 final rule.</p>

	Deleted text in 12-III.B to remove domestic or dating violence, sexual assault or stalking as circumstances that may require a law enforcement assessment to be verified.
Chapter 13 Lease Terminations	<p>Changed 13-III.B to indicate that RRHA may terminate a lease for serious or repeated violation of material terms and added new examples to the list of violations</p> <p>In 13-III.D, outlined acceptable documentation showing that a noncompliant family member is no longer residing in the unit and clarified exceptions to offering a family a repayment agreement.</p>
Chapter 15 Program Integrity	Changed HUD documentation reference in 15-I.B and updated amount from \$500,000 to \$750,000 or more expended by a PHA to trigger the requirement for an independent public audit.
Chapter 16 Program Administration	<p>In 16-II.A, removed all references and text pertaining to maximum rents.</p> <p>In 16-III.A and 16-III.B, clarified that RRHA may enter into repayment agreements with a family.</p> <p>In 16-III.B, the Repayment Policy was modified to clarify the general agreement guidelines including the minimum and maximum amounts owed and maximum length of time for the agreement. The minimum monthly payment amount of any agreement was changed to \$50. Late payments and when a repayment agreement is considered to be in arrears were clarified. Clarified repayment agreements involving improper payments. Added a section regarding program fraud and repayment procedures.</p> <p>Revised 16-VII.C to provide clarification and add new exhibits regarding HCV participants' rights under the VAWA. Added policy statement regarding VAWA information RRHA will provide to anyone who requests it. Modified policy to clarify what the VAWA information provided to applicants and tenants will consist of.</p> <p>Revised Exhibit 16-1 to Sample Notice of Occupancy Rights Under the Violence Against Women Act, Form HUD-5380.</p> <p>Added Exhibit 16-2: Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation Form HUD-5382.</p> <p>Added Exhibit 16-3: Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking - Housing Choice Voucher Program</p> <p>Added Exhibit 16-4: Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking HUD-5383 (p. 16-48 and 16-49)</p> <p>Changed number of Exhibit 16-5 from previous number of 16-2 due to additional exhibits.</p>

The Admissions and Continued Occupancy Policy (ACOP), Attachment #2 to Resolution No. 3923 is not included in the Minutes for June 26, 2017, meeting due to the size of the attachment.

The Admissions and Continued Occupancy Policy (ACOP) is retained in the Official Executive Office Board Meeting Files.

Policy No. 1000

EMPLOYEE GRIEVANCE PROCEDURE

I. PURPOSE

To the extent that certain employment issues cannot be resolved, the Roanoke Redevelopment and Housing Authority has established a structured method to address such concerns. The process, known as the Employee Grievance Procedure, may be initiated by the employee. The Employee Grievance Procedure is a fair method of resolving certain employee disputes that may arise between RRHA and employees who have access to the procedure.

II. SCOPE

All active regular full time and part time RRHA employees who have successfully completed their Initial Employment period at the time the event forming the basis of the dispute occurred shall be covered by and have full access to the Employee Grievance Procedure with the exception of the Executive Director.

Temporary employees employed by RRHA and individuals assigned to RRHA via a temporary services contract are not covered by the Employee Grievance Procedure.

The employee must be in active status with RRHA at the time the grievance is initiated unless the action grieved is a termination or involuntary separation, in which case the grievant may initiate the grievance within thirty (30) days of the termination or separation.

A grievance initiated by the employee prior to notice of separation from service may, at the employee's option, continue to be processed through the Employee Grievance Procedure. However, such continuance shall not affect the notice of separation.

Employee's rights to pursue grievances shall not be used to harass or otherwise impede the efficient operations of the agency.

III. DEFINITIONS

A. QUALIFYING COMPLAINT:

A grievance shall be a complaint or dispute by an employee which alleges misinterpretation or misapplication of policy or an allegation of unfair treatment that denies some legal right as relates to the RRHA policies, procedures or actions. The grievance must pertain directly and personally to the employee's own employment and should must be a result of an action causing a negative impact to an employee's job status, compensation, benefits, or other legal right.

The grievance must not have been pursued through another formal process such as the Office of Equal Employment Services.

Qualifying complaints are specifically noted below:

- a. Formal disciplinary actions include termination, disciplinary demotion, suspension and written warning;
- b. Arbitrary or capricious formal performance evaluation;
- c. RRHA's application of written personnel policies, procedures, rules and regulations;
- d. Acts of alleged retaliation as the result of utilization of or participation in a grievance under the Employee Grievance Procedure;
- e. Alleged complaints of discrimination on the basis of race, color, creed, religion, national origin, sex, age, disability or political affiliation; and
- f. Alleged acts of retaliation because of the employee's: (i) compliance with RRHA's Ethics Policy or any local, state or federal law; (ii) reporting any violation of such law to a governmental authority, (iii) seeking any change in law before the Congress of the United States or the General Assembly; (iv) reporting an incidence of fraud, abuse, or gross mismanagement; or (v) exercising any right otherwise protected by law.

B. NON-QUALIFYING COMPLAINTS:

- a. Establishment and revision of wages or salaries, position classifications or general benefits;
- b. Work activity accepted by the employee as a condition of employment or work activity which may reasonably be expected to be a part of the job content;
- c. The contents of ordinances, statutes or established personnel policies, procedures, rules and regulations;
- d. The methods, means and personnel by which work activities are to be carried out
- e. The termination, layoff, demotion or suspension from duties because of lack of work, reduction in work force or job abolition;
- f. Termination due to exhaustion of paid leave;
- g. The hiring, promotion, failure to promote, transfer, failure to transfer, assignment, failure to assign, and retention of employees;
- h. The relief of employees from duties in emergencies;
- i. Informal supervisory instructions (such as counseling memorandum, oral reprimand, manner of providing supervisory directions); and
- j. The grievance cannot challenge the same management action challenged by another grievance.

IV. POLICY:

It is the policy of the Roanoke Redevelopment and Housing Authority (RRHA) to encourage resolution of employee problems and complaints through open and free discussion of employee concerns with immediate supervisors and/or upper management levels. To the extent however, that such concerns cannot be resolved, the Employee

Grievance Procedure affords a fair method for the resolution of employment disputes which may arise between the Roanoke Redevelopment and Housing Authority and covered employees. The provisions set forth within are promulgated pursuant to Section 2.2-3000 et seq. of the Code of Virginia.

Management retains the exclusive right to manage the affairs and operations of the Roanoke Redevelopment and Housing Authority. Management shall exercise its responsibilities with the highest degree of trust. In any employment matter that management precludes from proceeding to the Employee Grievance Procedure, RRHA's response, including any appropriate remedial actions, shall be prompt, complete and fair.

The Board of Commissioners has established this policy and delegates responsibility to the Executive Director to establish or modify procedures for implementation of the policy. Current procedures are detailed below.

V. PROCEDURE

A. RIGHT TO PROCEDURE:

Any employee to whom this Procedure is applicable who believes he or she has a grievance as defined in Section D-III.A. and who desires to utilize this Procedure shall, within thirty (30) calendar days of the date the employee became knowledgeable or should have been knowledgeable of the event giving rise to the grievance, present a written grievance to the first-step respondent (Department Director)-Human Resources Department.

B. DENIAL OR ACCESS TO THE EMPLOYEE GRIEVANCE PROCEDURE OR HEARING

If a management step a respondent or Human Resources denies an employee access to the Employee Grievance Procedure or determines the action does not meet the definition of a grievable complaint as set forth in Section III, the employee may request a determination from the Executive Director as to access and qualification by making a written request to the Executive Director within five (5) working days of the denial of access.

Decisions regarding whether an employee has been denied access to the Employee Grievance Procedure and whether a grievance qualifies for a hearing shall be made by the Executive Director or his/her designee, within five (5) working days of the request. A copy of the ruling shall be sent to the grievant and the Human Resources Department.

Decisions of the Executive Director or his/her designee, may be appealed to the Circuit Court for the City of Roanoke for a hearing on the issue of whether or not a grievance qualifies for a hearing and whether an employee has access to the Employee Grievance Procedure. Proceedings for the review of the decision of the Executive Director shall be instituted by the grievant by filing a notice of appeal with the Executive Director within five (5) working days from the date of receipt of the decision.

Within five (5) working days thereafter, the Executive Director shall transmit to the Clerk of the Circuit Court for the City of Roanoke a copy of the decision of the

Executive Director, a copy of the notice of appeal, and any exhibits. A list of the evidence furnished to the Court shall also be furnished to the grievant.

C. GENERAL INSTRUCTIONS

1. Prior to the initiation of a grievance, an employee should discuss the dispute with his or her supervisor in an attempt to resolve the problem informally. Even when such discussions are ongoing; however, the written grievance must be initiated within thirty (30) calendar days of the date that the employee knew of, or should have known of, the event that formed the basis of the dispute. This thirty (30) day requirement may be extended only by a determination of "good cause" by the Executive Director.

Grievance forms are available on the HR Index located on the "P" drive or in Human Resources for the initiation of a grievance. When a written response is required it must be placed on the form. If there is not enough space on the form for a complete statement, attachments may be added.

The Roanoke Redevelopment & Housing Authority is committed to providing reasonable accommodations to individuals with disabilities in accordance with the Americans with Disabilities Act of 1990. Requests for reasonable accommodations should be submitted to the office of the Vice-President of Resident Services and Administration.

2. After a grievance is initiated, a party may ask to review documents that pertain to the grievance. Absent just cause, all documents relating to the actions grieved shall be made available, upon request from either party to the grievance, by the opposing party. The documents requested and produced pursuant to this procedure shall be limited to one hundred (100) pages absent good cause shown.
3. Documents pertaining to non-parties that are relevant to the grievance shall be produced in such a manner as to preserve the privacy of the individuals not personally involved in the grievance. A party shall not be required to create a document if the document does not exist.
4. With the exception of the hearing and court proceedings, stated time limits in the Employee Grievance Procedure may be waived by mutual agreement in writing by the grievant and the Executive Director at the relevant Resolution Step in question.
5. The employee bears the burden of establishing that the grievance was timely initiated.
6. Upon the Executive Director's finding of "good cause," all pre-qualification time limits may be extended including, but not limited to, the thirty (30) calendar day grievance initiation requirement. The use of recording devices or a Court Reporter is not permitted at Resolution Steps 1, 2, and 3 of the Employee Grievance Procedure.
7. During the Resolution Steps process, multiple grievances may be treated by the parties as a joint matter. For instance, the parties could agree to address two or more grievances at any given management step after which the Step-Respondent addresses the issues and relief raised in each of the grievances.

8. The Employee Grievance Procedure contains three elements:

i. THE RESOLUTION STEPS:

- 1) First Resolution Step (Supervisor or Department Director)
- 2) Second Resolution Step (Division Vice President or designee)
- 3) Third Resolution Step (Executive Director)

ii. QUALIFICATION FOR A HEARING

iii. THE HEARING

D. THE RESOLUTION STEPS

Performance issues including written warnings, arbitrary or capricious evaluations, and application of written personnel policies and procedure: An employee must initiate this type of grievance with the First-Step Respondent (Supervisor or Department Director).

Discrimination, retaliation, termination, demotion, suspension without pay, and other reasons resulting in loss of wages: An employee may initiate an expedited grievance for these types of issues. The First Resolution Step is by-passed with this type of filing. An expedited grievance is filed with the Second-Step Respondent, the Division Vice President.

FIRST RESOLUTION STEP ([SUPERVISOR/DEPARTMENT DIRECTOR](#))

A written grievance must be presented to the Human Resources Department or First-Step Respondent (Department Director) within thirty (30) calendar days of the date that the employee became knowledgeable or should have been knowledgeable of the event or action, giving rise to the grievance.

The written grievance should state the nature of the complaint, the facts in support of the claim, and the relief requested. Once the grievance is presented in writing, additional claims may not be added to the grievance. A meeting may be held to discuss the issues in dispute, although such a meeting is not required.

Within five (5) working days of RRHA's receipt of the written grievance, the first-step respondent must prepare and transmit a written response to the grievant. The response should address the issues, the relief requested and, if applicable, the next Resolution Step in the process.

The grievant must indicate within five (5) working days from the date of receipt* of RRHA's response of his/her intention to proceed to the Second Resolution Step or to conclude the grievance. **If RRHA's response is sent to the grievant via certified mail or USPS, the date of receipt will be considered three (3) mail delivery days from the date mailed by RRHA. If RRHA's response is hand delivered or is sent to the grievant via express carrier, the date of receipt will be recorded by the entity making the delivery.*

SECOND RESOLUTION STEP OR EXPEDITED PROCESS (DIVISION VICE PRESIDENT**)

***1) If the employee's First Resolution Step (Department Director) is a Division Vice President, or 2) If the grievance qualifies for expedited process and the*

grievant's Division Vice President is named as a party in the grievance, then the Second Resolution Step will be directed to a Vice President of another RRHA division.

The grievant and the Second-Step Respondent (Division Vice President) must agree on a meeting date within five (5) working days of RRHA's receipt of the grievant's Intent to Proceed to the Second Step. The meeting must be scheduled to occur within ten (10) working days of the receipt of Intent to Proceed.

Each party may be accompanied by an individual of choice.

The purpose of the second step meeting is fact finding. The meeting is not to be conducted as a hearing with arguments and cross-examination.

Witnesses with pertinent information directly relating to the grievance may be called to appear by either party. The grievant is required to give advance notice to RRHA of witnesses he or she intends to call. Questions may be asked to clarify points or to explore other avenues of inquiry. After providing the information, the witness must not remain in the meeting.

The parties are encouraged to present information relevant to the grievance at this meeting. While the parties may question one another regarding disputed facts and issues, the meeting should not be adversarial or treated as a hearing. The Second-Step Respondent is charged with presiding over the meeting.

The Second-Step Respondent must prepare and transmit a written response to the issues and the relief requested within five (5) working days of the meeting. The written comments should address the matters discussed in the meeting, the relief requested and, if applicable, the next step in the process.

The grievant must indicate within five (5) working days from the date of receipt*** of RRHA's response of his/her intention to proceed to the Third Resolution Step or to conclude the grievance. ****If RRHA's response is sent to the grievant via certified mail or USPS, the date of receipt will be considered three (3) mail delivery days from the date mailed by RRHA. If RRHA's response is hand delivered or is sent to the grievant via express carrier, the date of receipt will be recorded by the entity making the delivery.*

THIRD RESOLUTION STEP (EXECUTIVE DIRECTOR)

The Third-Step Respondent (Executive Director) must review the grievance record and, within five (5) working days of receipt of the grievant's Intent to Proceed to the Third Resolution Step, prepare and transmit a written response to the issues, the relief requested and next-step options.

A meeting may be held to discuss the issues still in dispute, but such a meeting is not required.

The grievant must indicate within five (5) working days from the date of receipt**** of RRHA's response of his/her request that the grievance be qualified for a hearing or to conclude the grievance. *****If RRHA's response is sent to the grievant via certified mail or USPS, the date of receipt will be considered three*

(3) mail delivery days from the date mailed by RRHA. If RRHA's response is hand delivered or is sent to the grievant via express carrier, the date of receipt will be recorded by the entity making the delivery.

E. QUALIFICATION FOR A HEARING

To proceed to a hearing, a grievance must be qualified. The Executive Director, or his or her designee, must determine and provide a written response to the grievant within five (5) working days from the date of RRHA's receipt of Notice of Hearing Request whether or not the grievance, in some or all of its parts, qualifies for a hearing and advise procedural options.

If the Executive Director determines the grievance is not qualified for a hearing, the employee may request that the Circuit Court qualify the grievance. The request must be made in writing to the Executive Director within five (5) working days of the receipt of notice that the request for a hearing was denied. Requests that the Circuit Court qualify the grievance shall be handled as set forth in Section C above.

Prior to the appointment of a Hearing Officer, the Vice President of Resident Services and Administration may consolidate qualified grievances for hearings with or without a request to do so. The Vice President of Resident Services and Administration favors consolidation unless there is a persuasive reason to process individually. After a Hearing Officer has been appointed, the Vice President of Resident Services and Administration will not accept requests for consolidation for hearings except in extraordinary circumstances.

F. THE HEARING

- a. Qualified grievances proceed to a hearing before a Hearing Officer. Within ten (10) working days of the ruling that the issue(s) in the grievance qualifies for a hearing, the Executive Director, or his or her designee, shall request that the Executive Secretary of the Supreme Court appoint a Hearing Officer from the list of administrative Hearing Officers maintained by the Executive Secretary pursuant to Section 2.2-4024 of the Code of Virginia.
- b. The hearing shall be held and a written decision issued within thirty (30) calendar days after appointment of the Hearing Officer. A hearing should last no more than one day unless the Hearing Officer determines that one day is not sufficient for a full and fair presentation of the evidence by both sides. The Hearing Officer may grant a postponement or extend the thirty (30) day period for good cause.

G. AUTHORITY OF THE HEARING OFFICER:

- a. Issue orders for witnesses;
- b. Administer oaths and affirmations;
- c. Receive and consider evidence; exclude irrelevant, immaterial, insubstantial, privileged, or repetitive proofs, rebuttals, or cross-examinations; rule upon offers of proof, and oversee a verbatim recording of the evidence;

- d. Hold a conference (in person or by telephonic means) to simplify the issues, dispose procedural matters, discuss settlement possibilities, and establish the date, time, and place of the hearing. This conference shall be limited to one (1) hour absent good cause shown;
- e. Order the parties to exchange a list of witnesses and documents; exclude irrelevant, immaterial, insubstantial, privileged, or repetitive documents. The documents requested and produced pursuant to this procedure shall be limited to one hundred (100) pages absent good cause shown;
- f. Take other actions as necessary or specified in the Employee Grievance Procedure;
- g. The Hearing Officer does not have the authority to formulate policies or procedures or to alter existing policies or procedures.

H. RULES FOR THE HEARING:

- a. The hearing must be held in the locality in which the employee is employed or in any other locality agreed to by the employee, RRHA and the Hearing Officer;
- b. A pre-hearing conference is required to be held to address procedural and evidentiary issues. The conference may be conducted in person or by telephone;
- c. The parties must appear at the hearing or request a postponement. Absent a request for a postponement, a party's failure to appear can result in an adverse decision against that party. Such adverse decision shall not be subject to appeal;
- d. RRHA shall make available for hearing any employee reasonably ordered by the Hearing Officer to appear as a witness;
- e. Opening and closing statements may be made by each party;
- f. Each party may be represented by legal counsel or a lay advocate. A lay advocate may not be an active or former employee of RRHA.
- g. In grievances involving disciplinary actions, the agency must present its evidence first and must show by a preponderance of evidence that the disciplinary action is not arbitrary or capricious in its application;
- h. In grievances not involving disciplinary actions, the employee must present his or her evidence first and must show by a preponderance of the evidence that a proper claim is present;
- i. Formal rules of evidence do not apply;
- j. Non-party witnesses are not to be present in the hearing except to give testimony and be cross-examined;
- k. Exhibits offered may be received into evidence and made part of the record;

- l. The hearing must be recorded verbatim. RRHA has the responsibility of arranging for proper recording equipment and tapes. The Hearing Officer is responsible for the recording and is to preserve the recorded tapes as part of the grievance record. Either party may receive a copy of the recording, if requested, for the cost of reproduction. A Court Reporter is not required. If a party requests a Court Reporter, that party is responsible for the costs. If a transcript is made, the other party may obtain a copy for cost;
- m. The hearing should be closed to the public;
- n. All findings of the Hearing Officer shall be based upon a "preponderance of the evidence" standard.

I. WITHDRAWAL OF THE GRIEVANCE:

If/when an employee withdraws his/her grievance prior to the issuance of a hearing decision, or when the parties agree to a settlement of the grievance, the employee must submit to the Hearing Officer a dated, signed statement clearly stating that he/she is withdrawing the grievance. Such a withdrawal statement terminates the grievance process. The Hearing Officer shall issue an Order of Dismissal.

J. THE DECISION:

- a. In hearings contesting formal discipline or discharge, if the Hearing Officer finds that the employee did engage in the behavior as described in the written notice, RRHA's discipline was consistent with law and policy, and is found not to have been arbitrary or capricious in nature, RRHA actions must be upheld and may not be mitigated, unless under the record of evidence, RRHA exceeded the limits of reasonableness.
- b. The decision of the Hearing Officer shall be supported by a preponderance of the evidence standard, and such decision shall be in writing, containing findings of fact as to the material issues in the case and the basis for those findings and be final and binding if consistent with law and policy.
- c. In granting relief the Hearing Officer should be guided, but not bound, by the relief requested in the written grievance. Appropriate relief can include reinstatement to the employee's former position or, if occupied, to an objectively similar position in terms of duties and salary, normally in the same work or organizational unit; an award of no, partial, or full back pay; and the restoration of full benefits, seniority, mitigation or reduction of the agency disciplinary action, or any combination of these remedies. Against an award of full or partial back pay, interim earnings are to be deducted.
- d. Other prospective relief cannot be ordered. Damages cannot be awarded. RRHA cannot be ordered to promote or transfer any employee or to hire an individual; however, the Hearing Officer may recommend such action.
- e. The Hearing Officer's final decision shall be effective from the latter of the date issued or the date of the conclusion of any administrative review and

judicial appeal, and must be implemented immediately thereafter unless circumstances beyond the control of the RRHA delay such implementation.

K. RETALIATION POLICY:

Employees who participate in the grievance process by virtue of filing a grievance, being a witness or RRHA representative shall not be subject to retaliation by management, co-workers, or any other persons for having participated in the process.

Persons who engage in actions of retaliation may be subject to disciplinary action, up to and including termination.

Original Approval: December 20, 1996

Revised: 11/01/2013, 07/01/2017

Chapter 8

HOUSING QUALITY STANDARDS AND RENT REASONABLENESS DETERMINATIONS [24 CFR 982 Subpart I and 24 CFR 982.507]

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits RRHA to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and RRHA's -established requirements.

All units must pass an HQS inspection prior to the approval of a lease and at least once every 24 months during the term of the contract, and at other times as needed to determine that the unit meets HQS. HUD also requires RRHA to determine that rents for units under the program are reasonable when compared to comparable unassisted units in the market.

This chapter explains HUD and RRHA requirements related to housing quality and rent reasonableness as follows:

[Part I. Physical Standards.](#) This part discusses the physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.

[Part II. The Inspection Process.](#) This part describes the types of inspections RRHA will make and the steps that will be taken when units do not meet HQS.

[Part III. Rent Reasonableness Determinations.](#) This part discusses the policies RRHA will use to make rent reasonableness determinations.

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction.

PART I: PHYSICAL STANDARDS

8.I.A. GENERAL HUD REQUIREMENTS

HUD Performance and Acceptability Standards

HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

A summary of HUD performance criteria is provided in Attachment 8-1. Additional guidance on these requirements is found in the following HUD resources:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)
- HUD Notice 2003-31, Accessibility Notice: Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Architectural Barriers Act of 1968 and the Fair Housing Act of 1988.

Tenant Preference Items

HUD requires RRHA to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, RRHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic appearance of the facilities is acceptable. Attachment 8-2 summarizes those items that are considered tenant preferences.

Modifications to Provide Accessibility

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit.

However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained.[24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31] See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

RRHA Policy

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to RRHA for review.

8.I.B. ADDITIONAL LOCAL REQUIREMENTS

RRHA may impose variations to the HQS as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choices for families. HUD approval is required for variations to the HQS. HUD approval is not required if the variations are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].

Thermal Environment [HCV GB p. 10-7]

RRHA must define a "healthy living environment" for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.

RRHA Policy

The heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between October 1 and May 1.

Clarifications of HUD Requirements

RRHA Policy

As permitted by HUD, RRHA has adopted the following specific requirements that elaborate on HUD standards.

Walls

In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced and painted.

Windows

Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.

Windows must be weather-stripped as needed to ensure a weather-tight seal. Window screens must be in good condition (applies only if screens are present). If the windows are designed to be opened, they must be operable.

Doors

All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable, have no holes, have all trim intact, and have a threshold. Double-keyed cylinder dead bolt locks are prohibited from all doors that open and exit to the exterior.

All interior doors must have no holes, have all trim intact, and be open able without the use of a key.

Floors

All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be re-secured and made level. If they cannot be leveled, they must be replaced.

All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.

All floors should have some type of base-shoe, trim, or sealing for a "finished look." Vinyl base-shoe is permitted.

Sinks

All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.

All sinks must have functioning stoppers.

Toilets

All worn or cracked toilet seats and tank lids must be replaced and toilet tank lid must fit properly.

Security

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system

Appliances

The range and oven should be clean so they do not constitute a fire hazard

Bedrooms

Bedrooms in basements or attics are not allowed unless they meet local code requirements and must have adequate ventilation and emergency exit capability.

Minimum bedroom ceiling height is 7'6" or local code, whichever is greater. Sloping ceilings may not slope to lower than five feet in the 70 square foot area.

8.I.C. LIFE THREATENING CONDITIONS [24 CFR 982.404(a); FR Notice 1/18/17]

HUD requires RRHA to define life-threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of RRHA notification.

RRHA Policy

The following are considered life-threatening conditions:

- Any condition that jeopardizes the security of the unit
- Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling
- Natural or LP gas or fuel oil leaks
 - A fuel storage vessel, fluid line, valve, or connection that supplies fuel to a HVAC unit is leaking or a strong odor is detected with potential for explosion or fire or that results in a health risk if inhaled
- Any electrical problem or condition that could result in shock or fire. Ungrounded outlets in a 2 wire electrical system not protected by GFCI will be a 30-day fail item. Replacement of an improperly operating GFCI receptacle will be a 30-day fail item.
 - A light fixture is readily accessible, is not securely mounted to the ceiling or wall, and electrical connections or wires are exposed
 - A light fixture is hanging by its wires
 - A light fixture has a missing or broken bulb, and the open socket is readily accessible to the tenant during the day-to-day use of the unit
 - A receptacle (outlet) or switch is missing or broken and electrical connections or wires are exposed
 - An open circuit breaker position is not appropriately blanked off in a panel board, main panel board, or other electrical box that contains circuit breakers or fuses
 - A cover is missing from any electrical device box, panel box, switch gear box, control panel, etc., and there are exposed electrical connections
 - Any nicks, abrasions, or fraying of the insulation that exposes conducting wire
 - Exposed bare wires or electrical connections
 - Any condition that results in openings in electrical panels or electrical control device closures
 - Water leaking or ponding near any electrical device
 - Any condition that poses a serious risk of electrocution or fire and poses an immediate life-threatening condition
- Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit.

- Utilities not in service, including no running hot water
- Conditions that present the imminent possibility of injury
- Obstacles that prevent safe entrance or exit from the unit
 - Any components that affect the function of the fire escape are missing or damaged
 - Stored items or other barriers restrict or prevent the use of the fire escape in the event of an emergency
 - The building's emergency exit is blocked or impeded, thus limiting the ability of occupants to exit in a fire or other emergency
- Absence of a functioning toilet in the unit
- Inoperable or missing smoke detectors
- Missing or inoperable carbon monoxide detector
- Missing, damaged, discharged, overcharged, or expired fire extinguisher (where required)
- Gas/oil-fired water heater or heating, ventilation, or cooling system with missing, damaged, improper, or misaligned chimney venting
 - The chimney or venting system on a fuel-fired water heater is misaligned, negatively pitched, or damaged, which may cause improper or dangerous venting or gases
 - A gas dryer vent is missing, damaged, or is visually determined to be inoperable, or the dryer exhaust is not vented to outside
 - A fuel-fired space heater is not properly vented or lacks available combustion air
 - A non-vented space heater is present
 - Safety devices on a fuel-fired space heater are missing or damaged
 - The chimney or venting system on a fuel-fired heating, ventilation, or cooling system is misaligned, negatively pitched, or damaged, which may cause improper or dangerous venting of gas
- Deteriorating paint as defined at 24 CFR 35.110 in a unit built before 1978 that is to be occupied by a family with a child under six years of age if it would prevent the family from moving into the unit

For those 24-hour failures falling on a Friday or day preceding Federal holidays the landlord is required to make the repairs within 24 hours and RRHA will accept landlord certification that the repair was made within 24 hours. This conditional acceptance is contingent upon inspection approval performed on the first business day after the initial failed inspection.

If an owner fails to correct life-threatening conditions as required by RRHA, RRHA will enforce the HQS in accordance with HUD requirements. See 8-II-G.

If a family fails to correct a family caused life-threatening condition as required by RRHA, RRHA will enforce the family obligations. See 8-II.H.

The owner will be required to repair an inoperable smoke detector unless RRHA determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.

8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain appliances owned by the family
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear that results in a breach of the HQS. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

Owner Responsibilities

The owner is responsible for all HQS violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

8-I.E. SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225; FR Notice 1/13/17]

If RRHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV-assisted unit has been identified as having an environmental intervention blood lead level, RRHA must complete a risk assessment of the dwelling unit within 15 calendar days after being notified by a public health department or other medical health care provider. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the risk assessment report from RRHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330]. If the owner does not complete the "hazard reduction" as required, the dwelling unit is in violation of HQS and RRHA will take action in accordance with Section 8-II.G.

RRHA reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in Chapter 16.

8-I-F. VIOLATION OF HQS SPACE STANDARDS [24 CFR 982.401, 24 CFR 982.403]

A dwelling unit must:

- Provide adequate space and security for the family
- Have at least one bedroom or living/sleeping room for each two persons
- A unit that does not meet these HQS space standards is defined as overcrowded.
- A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space [HCV GB p. 10-6]. A bedroom or living/sleeping room must have at least:
 - One window
 - Two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets)

If RRHA determines that a unit is overcrowded because of an increase in family size or a change in family composition, RRHA must issue the family a new voucher, and the family and RRHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, RRHA must terminate the HAP contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

8-II.A. OVERVIEW [24 CFR 982.405]

Types of Inspections

RRHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* RRHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. *Annual/Biennial Inspections.* HUD requires RRHA to inspect each unit under lease at least biennially to confirm that the unit still meets HQS. RRHA reserves its right to inspect a unit more frequently if circumstances warrant. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be re-inspected by a supervisor or other qualified individual to evaluate the work of the inspector(s) and to ensure that inspections are performed in compliance with the HQS.

Inspection of RRHA-owned Units [24 CFR 982.352(b)]

RRHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a RRHA-owned unit. A RRHA-owned unit is defined as a unit that is owned by RRHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by RRHA). The independent agency must communicate the results of each inspection to the family and RRHA. The

independent agency must be approved by HUD, and may be the unit of general local government for RRHA jurisdiction (unless RRHA is itself the unit of general local government or an agency of such government).

Inspection Costs [Notice PIH 2016-05]

RRHA may not charge the family for unit inspections or re-inspections [24 CFR 982.405(e)]. In the case of inspections of RRHA-owned units, RRHA may compensate the independent agency from ongoing administrative fee for inspections performed. RRHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR 982.352(b)].

RRHA may not charge the owner for the inspection of the unit prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. However, RRHA may charge a reasonable fee to owners for reinspections in two situations: when the owner notifies RRHA that a repair has been made but the deficiency has not been corrected, and when the time for repairs has elapsed and the deficiency has not been corrected. Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a re-inspection.

The owner may not pass the cost of a re-inspection fee to the family. Re-inspection fees must be added to RRHA's administrative fee reserves and may only be used for activities related to the provision of tenant-based assistance.

RRHA Policy

RRHA will not charge a fee for failed reinspections.

Notice and Scheduling

The family must allow RRHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

RRHA Policy

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 8:00 a.m. and 7:00 p.m. Generally inspections will be conducted on business days only. In the case of a life-threatening emergency, RRHA will give as much notice as possible, given the nature of the emergency.

RRHA reserves the right to conduct a full inspection anytime an inspector is present in an assisted unit. If new life-threatening items are discovered during the time of a re-inspection, the new items must be noted and the owner and/or tenant must be notified to correct the deficiencies.

Attendance at Inspections by Owner and Family

RRHA Policy

When a family occupies the unit at the time of inspection an adult family member must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, RRHA will inspect the unit in the presence of the owner or owner's representative. The presence of a family representative is permitted, but is not required.

8-II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Initial Inspections [FR Notice 1/18/17]

RRHA may, but is not required to, approve assisted tenancy and start HAP if the unit fails HQS inspection, but only if the deficiencies identified are non-life-threatening. Further, RRHA may, but is not required to, authorize occupancy if a unit passed an alternative inspection in the last 24 months.

RRHA Policy

The unit must pass HQS inspection on or before the effective date of the HAP contract.

RRHA will not rely on alternative inspections and will conduct and HQS inspection for each unit prior to executing a HAP contract with the owner.

Timing of Initial Inspections

HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

RRHA Policy

RRHA will complete the initial inspection, determine whether the unit satisfies HQS, notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

Inspection Results and Re-inspections

RRHA Policy

If any HQS violations are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by RRHA for good cause. RRHA will re-inspect the unit within 5 business days of the date the owner notifies RRHA that the required corrections have been made.

If a unit constructed prior to 1978 fails inspection due to chipped, peeling, or flaking paint and the unit is occupied by any child under age 6, the timeframe for correction of the deficiency will be 30 days. If requested, RRHA will make reasonable efforts to assist the family with locating immediate alternative temporary living accommodations. If the deficiency is not corrected upon re-inspection within 30 days, the family will be authorized to move. This only applies to participants during annual and/or special inspections.

If the time period for correcting the deficiencies (or any RRHA -approved extension) has elapsed, or the unit fails HQS at the time of the re-inspection, RRHA will notify the

owner and the family that the unit has been rejected and that the family must search for another unit. RRHA may agree to conduct a second re-inspection, for good cause, at the request of the family and owner.

Following a failed re-inspection, the family may submit a new Request for Tenancy Approval after the owner has made repairs, if they have been unable to locate another suitable unit.

Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

RRHA Policy

If utility service is not available for testing at the time of the initial inspection, RRHA will not conduct an initial inspection of a unit until the utilities are connected.

Appliances [Form HUD-52580]

RRHA Policy

If the family is responsible for supplying the stove and/or refrigerator, RRHA will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. RRHA will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working. A confirmatory inspection will be scheduled within 10 days of the HAP contract approval.

8-II.C. ANNUAL/BIENNIAL HQS INSPECTIONS [24 CFR 982.405 and 982.406; Notice PIH 2016-05]

RRHA Policy

RRHA conducts an inspection in accordance with Housing Quality Standards at least biennially as required by regulations. In general this occurs 60 to 120 days prior to the anniversary date of the last annual/biennial inspection. Special inspections may be scheduled between anniversary dates.

RRHA will not rely on alternative inspection standards.

Scheduling the Inspection

RRHA Policy

If an adult family member cannot be present on the scheduled date, the family should request that RRHA reschedule the inspection. RRHA and family will agree on a new inspection date that generally should take place within 5 business days of the originally-scheduled date. RRHA may schedule an inspection more than 5 business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, RRHA will automatically schedule a second inspection. If the family misses two scheduled inspections without RRHA approval, RRHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.D. SPECIAL INSPECTIONS [24 CFR 982.405(g)]

If a participant or government official reports a life-threatening condition which the owner would be required to repair within 24 hours, RRHA must inspect the unit within 24 hours of notification. If the reported condition is not life-threatening, RRHA must inspect the unit within 15 days of notification.

RRHA Policy

During a special inspection, RRHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled, RRHA may elect to conduct a full annual inspection.

8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b), HCV GB p. 10-32]

HUD requires a RRHA supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

8-II.F. INSPECTION RESULTS AND RE-INSPECTIONS FOR UNITS UNDER HAP CONTRACT

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies HQS failures, RRHA will determine (1) whether or not the failure is a life threatening condition and (2) whether the family or owner is responsible.

RRHA Policy

When life-threatening conditions are identified, RRHA will immediately notify both parties by telephone, facsimile, or email. The notice will specify who is responsible for correcting the violation. The corrective actions must be taken within 24 hours of RRHA's notice.

When failures that are not life threatening are identified, RRHA will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. Generally not more than 30 days will be allowed for the correction.

The notice of inspection results will inform the owner that if life-threatening conditions are not corrected within 24 hours, and non-life threatening conditions are not corrected within the specified time frame (or any RRHA-approved extension), the owner's HAP will be abated in accordance with RRHA Policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any RRHA -approved extension, if applicable)

the family's assistance will be terminated in accordance with RRHA Policy (see Chapter 12).

Extensions

For conditions that are life-threatening, RRHA cannot grant an extension to the 24-hour corrective action period. For conditions that are not life-threatening, RRHA may grant an exception to the required time frames for correcting the violation, if RRHA determines that an extension is appropriate [24 CFR 982.404].

RRHA Policy

Extensions will be granted in cases where RRHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

- A repair cannot be completed because required parts or services are not available.
- A repair cannot be completed because of weather conditions.
- A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case by case basis, but will not exceed 60 days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days, once the weather conditions have subsided.

Re-inspections

RRHA Policy

RRHA will conduct a re-inspection immediately following the end of the corrective period, or any RRHA approved extension. For conditions that are not life-threatening, RRHA may accept verification from the owner that the required corrections have been made. Such verification must be provided to RRHA by the landlord in writing evidenced by a photo and must be delivered either by certified mail or email by the end of the corrective action period. If a photo evidencing the repair(s) is not included or cannot be provided the unit will be scheduled for a re-inspection.

If the deficiencies have not been corrected by the time of the re-inspection, RRHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with RRHA policies. If RRHA is unable to gain entry to the unit in order to conduct the scheduled re-inspection, RRHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with HQS, RRHA must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by RRHA, HUD requires RRHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of HQS failures that are the family's responsibility.

RRHA Policy

~~RRHA will make all HAP abatements effective the first of the month following the expiration of RRHA specified correction period (including any extension). RRHA will inspect abated units within 5 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.~~

When it has been determined that a unit on the program fails to meet HQS, and the owner is responsible for completing the necessary repair(s) in the time period specified by the RRHA, the assistance payment to the owner will be abated.

A Notice of Abatement will be sent to the owner stating that the abatement will be effective from the day after the date of the failed inspection. The RRHA will determine the deadline for completing deficiencies, depending on the nature of the repair(s) needed.

The RRHA will determine the time period for which abated units should be inspected, depending on the owner's notification that the work has been completed.

Upon notification that the required work is completed, the RRHA will advise both owners and tenants of the reinspection date. If the owner makes repairs during the abatement period, payment will resume on the day the unit passes inspection.

No retroactive payments will be made to the owner for the period of time the rent was abated and the unit did not comply with HQS. The notice of abatement states that the tenant is not responsible for the RRHA's portion of rent that is abated.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

Time Standards for Repairs

Emergency items which endanger the family's health or safety must be corrected by the owner within 24 hours of notification.

For non-emergency items, repairs must be made within 30 days.

For major repairs, the RRHA may will not approve an extension beyond 30 days.

HAP Contract Termination

RRHA must decide how long any abatement period will continue before the HAP contract will be terminated. RRHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. RRHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

RRHA Policy

The maximum length of time that a HAP may be abated is 90 days. However, if the owner completes corrections and notifies RRHA before the termination date of the HAP contract, RRHA may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by RRHA is 30 days.

Rent Increases

Rent increases to an owner must not be approved if the unit fails inspection and deficiencies have not been corrected.

8-II.H. ENFORCING FAMILY COMPLIANCE WITH HQS [24 CFR 982.404(b)]

Families are responsible for correcting any HQS violations listed in paragraph 8-I.D. If the family fails to correct a violation within the period allowed by RRHA (and any extensions), RRHA will terminate the family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair. The owner's rent will not be abated for items which are the family's responsibility.

PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

Except in the case of certain LIHTC- and HOME- assisted units, no HAP contract can be approved until RRHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

RRHA-owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a RRHA-owned unit, RRHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A RRHA-owned unit is defined as a unit that is owned by RRHA that

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administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by RRHA). The independent agency must communicate the results of the rent reasonableness determination to the family and RRHA. The independent agency must be approved by HUD, and may be the unit of general local government for RRHA jurisdiction (unless RRHA is itself the unit of general local government or an agency of such government).

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-initiated Rent Determinations

RRHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. RRHA (or independent agency in the case of RRHA-owned units) will assist the family with the negotiations upon request. At initial occupancy RRHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

RRHA Policy

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, RRHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises RRHA will consider unit size and length of tenancy in the other units.

RRHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified in writing if the requested increase cannot be approved.

All rents adjustments will be effective the first of the month following 60 days after RRHA's receipt of the owner's request or on the date specified by the owner, whichever is later.

RRHA - and HUD-Initiated Rent Reasonableness Determinations

HUD requires RRHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 10 percent decrease in the fair market rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct RRHA to make a determination at any other time. RRHA may decide that a new determination of rent reasonableness is needed at any time.

RRHA Policy

In addition to the instances described above, RRHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) RRHA determines that the initial rent reasonableness determination was in error or (2) RRHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

LIHTC- and HOME-Assisted Units [24 CFR 982.507(c)]

For units receiving low-income housing tax credits (LIHTCs) or units assisted under HUD's HOME Investment Partnerships (HOME) Program, a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

For LIHTCs, if the rent requested by the owner does exceed the LIHTC rents for non-voucher families, RRHA must perform a rent comparability study in accordance with program regulations. In such cases, the rent shall not exceed the lesser of: (1) the reasonable rent as determined from the rent comparability study; or (2) the payment standard established by RRHA for the unit size involved.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires RRHA to take into consideration the factors listed below when determining rent comparability. RRHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit.

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made.
- Amenities, services, and utilities included in the rent

Units that Must Not be Used as Comparable

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

Note: Notice PIH 2011-46, issued August 17, 2011, provides further guidance on the issue of what constitutes an assisted unit.

Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units.

By accepting RRHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give RRHA information regarding rents charged for other units on the premises.

8-III.D. RRHA RENT REASONABLENESS METHODOLOGY

How Market Data is Collected

RRHA Policy

RRHA will collect and maintain data on market rents in RRHA's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis.

How Rents are Determined

RRHA Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. RRHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. Because units may be similar, but not exactly like the unit proposed for HCV assistance, RRHA may make adjustments to the range of prices to account for these differences.

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference – not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rental units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents of \$500/month but new tenants receive the first month's rent free, the actual rent for the unit would be calculated as follows: $\$500 \times 11 \text{ months} = \$5500 / 12 \text{ months} = \text{actual monthly rent of } \488 .

RRHA will notify the owner of the rent RRHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. RRHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of RRHA's request for information or the owner's request to submit information.

EXHIBIT 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Sanitary Facilities

The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

Food Preparation and Refuse Disposal

The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

Space and Security

The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

Thermal Environment

The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Illumination and Electricity

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

Structure and Materials

The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.

Interior Air Quality

The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one open able window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.

Water Supply

The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

Lead-Based Paint

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed
- Provide all prospective families with "Protect Your Family from Lead in Your Home"
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by RRHA
- Notify tenants each time such an activity is performed
- Conduct all work in accordance with HUD safe practices
- As part of ongoing maintenance, ask each family to report deteriorated paint

For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by RRHA). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities.

See HCV GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.

Access

Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.

Site and Neighborhood

The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.

Sanitary Condition

The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

Smoke Detectors

Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 or successor standards).

Hazards and Health/Safety

The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.

EXHIBIT 8-2: SUMMARY OF TENANT PREFERENCE AREAS RELATED TO HOUSING QUALITY

Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics.

- *Sanitary Facilities.* The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; the location of the sanitary facilities within the unit; and the adequacy of the water heater.
- *Food Preparation and Refuse Disposal.* The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.
- *Space and Security.* The family may determine the adequacy of room sizes and room locations. The family is also responsible for deciding the acceptability of the type of door and window locks.
- *Energy conservation items.* The family may determine whether the amount of insulation, presence of absence of storm doors and windows and other energy conservation items are acceptable.
- *Illumination and Electricity.* The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable or if the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.
- *Structure and Materials.* Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.
- *Indoor Air.* Families may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet the family's needs. However, if screens are present they must be in good condition.
- *Sanitary Conditions.* The family determines whether the sanitary conditions in the unit, including minor infestations, are acceptable.
- *Neighborhood conditions.* Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.

Families have no discretion with respect to lead-based paint standards and smoke detectors.



Plan Document



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Article II: Purpose

- 2.01 **Creation and Title.** The Employer adopts this Cafeteria Plan as indicated by the Employer signature in Article XI - 11.01, and creates this Cafeteria Plan under the terms and conditions set forth in this Plan Document as well as through the Enrollment Communications that are expressly incorporated by reference into this Plan Document and described in Article XI - 11.06.
- 2.02 **Effective Date.** The original Effective Date of this Cafeteria Plan and the Effective Date of this Plan Document are identified on the Plan Schedule, see Article XI.
- 2.03 **Purpose.** The Plan allows Participants to elect between cash Compensation or certain nontaxable Qualified Benefits Plans maintained by the Employer as identified on the Plan Schedule, see Article XI. The Employer intends that this Plan qualify as a Cafeteria Plan under Section 125 of the Internal Revenue Code. Notwithstanding any term in this Plan Document, if any term is found to be in conflict with federal or state law, the term will automatically be amended to comply with the federal or state law.

Article III: Definitions

- 3.01 **Change in Status Event.** A Change in Status Event allows a Participant to revoke or change his/her pre-tax election during the Plan Year, and outside of the scheduled open Enrollment period. The Employer allows all of the Change in Status Events published by the IRS for this type of Plan under 26 CFR 1.125-4, as amended. A Participant who becomes eligible under the Health Insurance Portability & Accountability Act of 1996 ("HIPAA") for coverage under an accident or health benefit offered by the Employer will be allowed to make a consistent election, or election change under this Plan.
- 3.02 **Code.** The Internal Revenue Code of 1986, as amended from time to time.
- 3.03 **Compensation.** All the earned income, salary, wages and other earnings paid by the Employer to a Participant during a Plan Year, including any amounts contributed by the Employer pursuant to a salary reduction agreement which are not includable in gross income under Sections 125, 402(g)(3), 402(h), 403(b) or 457(b) of the Internal Revenue Code.
- 3.04 **Dependent.** For the purpose of the tax advantages available under this Plan, a Dependent is an individual who is a dependent of a Participant within the meaning of Section 152(a) of the Internal Revenue Code, and any child of the Participant to whom IRS Rev. Proc. 2008-48 applies (regarding certain children of divorced or separated parents who receive more than half of their support for the calendar year from one or both parents and are in the custody of one or both parents for more than half of the calendar year). For the purposes of the tax advantages available under Qualified Benefit Plans that provide accident and health benefits as defined under Sections 105 and 106 of the Code, a Dependent is determined without regard to Subsections (b)(1), (b)(2), and (d)(1)(B) thereof and includes any child (as defined in Code § 152(f)(1)) of the Participant who at the end of the taxable year has not attained age 27.
- 3.05 **Effective Date.** The date specified in the Plan Schedule, see Article XI, on which the Plan was first effective, and the date that this Plan Document is in effect.

- 3.06 **Eligible Employee.** An Employee who is eligible to participate in the one or more Qualified Benefits Plans sponsored by the Employer, limited to Employees as defined below who meet the additional requirements in the Plan Schedule, see Article XI, and not including the following:
- (a) Employees who are Non-Resident Aliens (within the meaning of Section 7701(b)(1)(B) of the Internal Revenue Code) who are deriving no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employer which constitutes income from sources within the United States (within the meaning of Section 861(a)(3) of the Code); and,
- (b) Employees who are self-employed individuals (as described in Section 401(c) of the Internal Revenue Code) including sole proprietors, partners in a partnership, or more than 2% owners of subchapter "S" Corporations. This exclusion applies to the Spouse, children, parents, and grandparents under the Code Section 318 attribution rules.
- An Eligible Employee will also meet any additional conditions and terms as defined in the Enrollment Communication.
- If an Employee is not eligible to participate in this Plan and allowed to participate under any Qualified Benefits Plan, then the Employee cost will be paid with taxable income, and the Compensation will not be reduced by the Employer.
- 3.07 **Employee.** An Employee is a person who is currently or hereafter employed by the Employer, or by any other Employer aggregated under Sections 414(b), (c), (m), (n), or (o) of the Internal Revenue Code and the regulations thereunder, including a leased Employee subject to Section 414(n) of the Code.
- 3.08 **Employer.** The Employer adopting this Plan under Article XI, and any affiliate or subsidiary that, with the consent of the Employer becomes an Employer, by adopting the Plan, or any successor business organization that assumes the obligations of the Employer.
- 3.09 **Enrollment Communication.** The Employer will provide a written Enrollment Communication at open Enrollment and during the Plan Year for midyear enrollees. The Enrollment Communication will provide the specific process for Enrollment in the Qualified Benefits Plans. The Enrollment Communication is expressly incorporated by reference into this Plan Document. Enrolling in a Qualified Benefits Plan will automatically enroll you in the Medical or Medical-Related Premium Plan. There is no separate Enrollment form for the Medical or Medical-Related Premium Plan.
- 3.10 **Participant.** Any person who has been or is an Eligible Employee and who qualifies to participate and enrolls in a Qualified Benefits Plan.
- 3.11 **Plan Year.** Commencing on the first day of the Plan Year and each anniversary thereof, except that the first Plan Year may include a period of fewer than twelve (12) consecutive months. The Plan Year is identified on the Plan Schedule, see Article XI.
- 3.12 **Qualified Benefits Plan.** Employer-sponsored plans that are allowed tax advantages under this Plan pursuant to Section 125(f) of the Internal Revenue Code.
- 3.13 **Spouse.** An individual who is legally married to a Participant but is not separated from a Participant or under a decree of legal separation.

Article IV: Administration

- 4.01 **Employer's Duties.** In addition to any rights, duties or powers specified in this Plan Document, the Employer will have the following rights, duties, and powers:
- (a) to interpret the Plan, to determine the amount, manner and time for payment of any benefits under the Plan, and to construe or remedy any ambiguities, inconsistencies or omissions under the Plan;
 - (b) to adopt and apply any rules or procedures to ensure the orderly and efficient administration of the Plan, and from time to time, amend or supplement such rules and regulations;
 - (c) to determine the rights of any Participant, Spouse, or Dependent to benefits under the Qualified Benefit Plans;
 - (d) to develop appellate and review procedures for any Participant, Spouse, or Dependent denied benefits under the Plan;
 - (e) to maintain records it may require in connection with the proper administration of the Plan;
 - (f) to employ any agents, attorneys, accountants or other parties (who may also be employed by the Employer) and to allocate or delegate to them such powers or duties as is necessary to assist in the proper and efficient administration of the Plan, provided that such allocation or delegation and the acceptance thereof is in writing;
 - (g) to correct any defect, supply any omission, or reconcile any inconsistency in the Plan in such a manner and to such extent as it shall be deemed expedient to administer the Plan;
 - (h) to amend or terminate this Plan.
- 4.02 **Information to be Provided to the Employer.** The Employer, or any of its agents, will collect employment records of Participants under the Plan. These records will include, but will not be limited to, any information regarding period of employment, leaves of absence, salary history, termination of employment, or any other information the Employer may need for the proper administration of the Plan. A Participant will furnish the Employer the data the Employer reasonably requests to ensure the proper and efficient administration of the Plan, with documentation for items such as proof of relationship as needed.
- 4.03 **Interpreting Plan Terms.** Any interpretation of any provision of this Plan made in good faith by the Employer as to the terms of this Plan is final and will be binding upon the parties.
- 4.04 **Misstatements.** Any misstatement or other mistake of fact will be corrected as soon as reasonably possible upon notification to the Employer and any adjustment or correction attributable to such misstatement or mistake of fact will be made by the Employer as he considers equitable and practicable.
- 4.05 **Review Procedures.** An Employee or his/her authorized representative can appeal a decision made to deny Enrollment in a Qualified Benefits Plan or a decision to disallow an election change by sending a written request for an appeal to the Employer within 60 days of the decision to deny Enrollment or an election change. The appeal will be performed in a manner that does not afford deference to the initial determination and will be conducted by the Employer or designee. A Participant can request, free of charge, reasonable access to, and copies of, all documents and records relevant to the decision. Benefit appeals for denied claims are addressed in the Qualified Benefits Plan descriptions provided by the Employer.
- 4.06 **Rules Apply Uniformly.** The Employer will perform assigned duties in a reasonable manner and on a nondiscriminatory basis, and will apply uniform rules to all Participants similarly situated under the Plan.

- 4.07 **Facility of Payment.** Whenever a Participant who is entitled to receive a benefit under this Plan is under legal disability or is incapacitated to be unable to manage his/her financial affairs, the Employer may make payments to the Participant's legal representative, relative, or for the benefit of such Participant in such manner as the Employer considers advisable. Any such payment of a benefit in accordance with the provisions of this document shall be a complete discharge of any liability for the making of such payment under the provisions of this Plan.
- 4.08 **Information to be Furnished.** Participants shall provide the Employer with such information and evidence, and shall sign such documents, as may be requested reasonably from time to time for the purpose of administering the Plan.
- 4.09 **Medical Child Support Orders.** The Employer will adhere to the terms of any judgment, decree, or court order (including a court's approval of a domestic relations settlement agreement) which complies with federal or applicable state law. The Employer will comply with the administrative requirements described under 29 USC Sec. 1169 relating to Qualified Medical Child Support Orders (QMCSO), including any federal regulations or state laws relating to the same. On the date coverage is provided as directed by a QMCSO the Employee-parent will become eligible to participate in this Plan in order to pay his/her share of the cost of the coverage on a pre-tax basis.

Article V: Eligibility and Participation

- 5.01 **Eligibility Requirements.** Each Employee who enrolls in a Qualified Benefits Plan must be eligible to participate in this Plan to receive the tax advantages made available under this Plan. The eligibility for this Plan is set forth in the Plan Schedule, see Article XI.
- 5.02 **Current Employees at the time of Plan inception.** At the time of Plan adoption, all non-excluded Employees who meet the eligibility requirements may participate.
- 5.03 **New Employees.** New Employees engaged for employment after the Plan adoption, who meet the eligibility requirements, may participate in the Plan the next following entry date as indicated in the Plan Schedule, see Article XI.
- 5.04 **Re-employment of Former Employees.** Unless the Employer provides differently in the Enrollment Communications, the treatment of re-employed former Employees shall be as follows. A Participant whose employment terminates and is subsequently re-employed within 30 days of his/her separation of service and within the same Plan Year will immediately rejoin the Plan with the same Benefit elections. Should the Participant return within 30 days of his/her separation of service during the following Plan Year, the Participant will be allowed to change elections through the Plan Enrollment process. A Participant whose employment terminates and who is subsequently re-employed with more than 30 days separation of service will need to re-satisfy Plan eligibility requirements to rejoin the Plan. Any unused reimbursement Benefits Account balance prior to the initial separation of service date will be forfeited.
- 5.05 **Becoming a Participant.** To become a Participant, an Eligible Employee shall enroll in a Qualified Benefits Plan by any application, agreements, or process as may be required by the Employer at the time of Enrollment. The Enrollment Communication provided by the Employer at the time of Enrollment will define the process for becoming a Participant. By completing the Enrollment process, the Employee shall be deemed for all purposes to have agreed to participate and to conform to the Plan requirements. An Employee, electing to participate in the Plan, is choosing to participate for the entire

Plan Year. The annualized sum of salary reduction benefit elections shall constitute a current obligation of the Employee to the Employer. Such obligation may be revoked or changed only when the Employee has experienced and documents a Change in Status Event, when the request is consistent with the event, and notice is provided to the Plan within 30 days.

5.06 **Notification to Employees.** The Employer will communicate (in writing) to all Participants the terms and conditions of this Plan through administrative communications at the time of Enrollment and as needed during the Plan Year. These communications are expressly incorporated by reference into this Plan Document.

5.07 **Termination of Participation.** A Participant will automatically cease to be a Participant on the earliest of the following dates:

- (a) the date on which this Plan or any Qualified Benefits Plan is terminated by the Employer;
- (b) the end of the Plan Year, unless the Participant enrolls in a Qualified Benefits Plan for the next Plan Year;
- (c) the date on which the Participant fails to pay any required premium (including payment by salary reduction);
- (d) when the Participant's employment with Plan Sponsor is terminated this Plan will terminate on the earlier of the day of the termination or the day using the rule stated in the SPD, whether termination is initiated by the Participant or the Plan Sponsor, however the Participant's election can continue to be used for one or more of the Qualified Benefit Plans for the specified period of time communicated in the SPD. Participation under each Qualified Benefit Plan is described in the materials provided by the Employer; see Article XI Section 11.6 for a list of plans and literature available from the Employer.

5.08 **Family Medical Leave Act.** The Family & Medical Leave Act of 1993 (29 U.S.C. 2611) as amended, is referred to as FMLA. FMLA Leave will not be available to Employees for Plan Years in which the Employer has 50

or fewer Employees as counted in that Act. For Plan Years in which the Employer has more than 50 Employees, the Employer is required to make FMLA Leave available to Eligible Employees under circumstances that are prescribed by applicable federal law, including a period in which an Employee is off due to the FMLA shall be treated in accordance with the rules for a layoff or a leave of absence and provided to the extent required by the FMLA (e.g., the Employer will continue to pay its share of the contribution to the extent the Participant opts to continue coverage). If the Employer is subject to the FMLA, a Participant may revoke or continue an election through the Plan upon commencement of the FMLA Leave, whether such leave is paid or unpaid. This provision applies in addition to any other right to revoke and reelect benefits under the Plan. Upon return from FMLA Leave, a Participant may be reinstated to all pre-leave elections.

5.09 **Uniformed Services Employment & Reemployment Rights Act (USERRA).** The Employer shall permit Participants to continue benefits elections as required under the Uniformed Services Employment & Reemployment Rights Act and shall provide such reinstatement rights as required by such law.

5.10 **Layoff, Leave of Absences, and Sabbaticals.** Continuation under the Plan may occur in one of the following ways:

- (a) In the case of a planned layoff, an Employee may be able to pre-fund a Qualified Benefits Plan through the end of the planned leave or the end of the Plan Year.
- (b) During the period which the Employee is off and receiving a salary, the pre-tax deductions may continue. If the Employee is not receiving a salary, he/she may continue to fund his/her election with after-tax dollars while on leave. (Payment schedule to be agreed upon between the Employer and Employee prior to the commencement of the leave.)

Article VI: Elections

- 6.01 **Available Benefits.** The Qualified Benefits Plans offered under this Plan are listed on the Plan Schedule; see Article XI. The option for an Employee to make after-tax contributions for certain Qualified Benefits Plans will be communicated by the Employer at the time of Enrollment.
- 6.02 **Election Maximum Amounts.** Each Participant shall elect any combination of the benefits made available. No Participant may choose available benefits costing more than the maximum amount, if any, as indicated in the Qualified Benefits Plan. The maximum election amounts will be included in the Enrollment Communication and the literature available for each Qualified Benefits Plan.
- 6.03 **Failure to Elect.** A Participant failing to complete the Enrollment process on or before the specified due date for the Plan Year, or a midyear enrollee during the Plan Year, shall be deemed to have elected to receive his full Compensation in cash. The Employer will communicate any applicable Enrollment deadlines in writing at the time of Enrollment.
- 6.04 **Effective Periods for Elections.** The election must be made by each Participant prior to the commencement of each Plan Year, and shall be irrevocable except as provided for in a Change in Status Event that would allow an election change. Participants may not carry over any unused contributions or available benefits from one Plan Year to a subsequent Plan Year unless the Plan Schedule indicates that the Plan has incorporated the Grace Period or the Plan document includes a limited Carryover for the Medical-Related Expense Reimbursement Benefit Plan. Further, Participants may not use any contributions from one Plan Year to purchase any available benefits that will be provided in a subsequent Plan Year.
- 6.05 **Change in Status Events.** No Participant in the Plan will be allowed to alter or discontinue the Participant's benefits elections during a Plan Year except when due to and consistent with a Change in Status Event. These Status Events include the Change in Status Events described in Notice 2014-55 that allow a Participant to revoke his/her election of coverage under the group health plan to enroll in Exchange coverage. Enrollment requests must be made within 30 days of the Change in Status Event and be consistent with the event. Notwithstanding, an Employee can make a prospective change to a Health Savings Account (HSA) election under this Plan during the Plan Year without having a Change in Status Event.
- A Change in Status Event allows a Participant to change his/her contribution election during the Plan Year, and outside of the scheduled open Enrollment period. The Employer has elected to allow all of the Change in Status Events published by the IRS for this type of plan. An unpermitted election change will cause the elected benefit to be included in a Participant's gross income and can disqualify the Plan from tax preferred status.
- Upon the occurrence of a Change in Status Event, the Participant will notify the Employer within 30 days and complete the forms provided by the Employer. The Employer can require additional documentation for evidence of the event. The new election will be effective prospectively and will apply only to those benefits accruing to the Participant, the Participant's Spouse, or the Participant's Dependents after the effective date of the election change. With respect to an election change under the special Enrollment period provisions of HIPAA, "timely submitted" will mean submitted no later than the last day of such special Enrollment period.

6.06 **Non-Discrimination.** The Plan is not intended to discriminate in favor of highly compensated individuals or key Employees as to eligibility to participate or contributions and benefits as required by the Code. The Employer may exclude or limit certain highly compensated individuals from participation in the Plan, in the Employer's

judgment, such actions serve to assure that the Plan does not violate applicable nondiscrimination rules. The Employer can make necessary adjustments to Employee contributions during the Plan Year to assure that the Plan passes the required discrimination tests.

Article VII: Contributions

7.01 **Employer Contributions.** The Employer will contribute out of its general assets the amounts necessary to meet its obligations under the Plan. Unless the Employer provides differently in the Enrollment Communication or separate Plan Documents for the various Qualified Benefits Plans, there are no segregated funds established to collect or maintain the contributions. Contributions to the Plan for any Plan Year will be limited to the amounts necessary to pay for the Qualified Benefits Plans elected by the Participants.

The Employer may provide additional contributions in the way of cash or spending credits that can be used for any Qualified Benefits Plan, or used in a limited manner as defined by the Employer. The Employer may make defined contributions to specific Qualified Benefit Plans. The Enrollment Communications will include the amount of any Employer contribution, the rules defining how the Employer contributions can be used by the Participants, and any limitations on the use of Employer contributions. Employer contributions will continue to be provided while on approved FMLA Leave to the same extent provided to an Employee actively at work.

7.02 **Employee Salary Reductions.** The Participant shall agree to reduce his/her Compensation from the Employer by such amounts as are necessary to provide for those Qualified Benefits Plans which the Participant has elected. "Employee" salary reduction amounts are "Employer" contributions for purposes of Internal Revenue Code Section 125 and its applicable regulations. No Participant shall have, by virtue of the Plan, any interest in any specific asset or

assets of the Employer. A Participant has only an unsecured contractual right to receive the benefits defined and limited by the Qualified Benefits Plans.

7.03 **Administrative Fees.** The Employer may charge the Employee reasonable cafeteria plan administrative fees. If any administrative fees are required, the Enrollment Communication will include the amount of the administrative fee and whether it is withheld from the Employee's salary reduction.

7.04 **Increases or Decreases in Premium.** The Employer reserves the right to increase the Participant's share of any Premiums and decrease the Employer's share by a like amount. The Employer will notify Participants prior to raising the Participant's obligations. If the premium or required contribution for any Qualified Benefits Plan increases or decreases during the Plan Year, a Participant's contributions will increase or decrease automatically in an amount sufficient to pay for such increase or decrease. However, in the case of an increase in premium, if a similar benefit is offered under the Plan at the time of said increase, the Participant may select such similar benefit rather than pay the increase.

The Employer reserves the right to reduce the Participant's share of any Premiums and increase the Employer's share by a like amount. The duration of this "Premium Holiday" is at the Employer's discretion and will be communicated by the Employer. As this is considered to be temporary, Participants are not considered to have incurred a Change in Status should the Employer invoke this option.

Article VIII: Records and Reports

- 8.01 **Responsibility.** The Employer shall exercise authority and responsibility to comply with the Plan relating to Participant records, balances, and benefits payable under this Plan. The Employer also shall be responsible for all Plan reporting and disclosure requirements.
- 8.02 **Examination of Records.** The Employer will make each Participant's records under the Plan available for his/her examination at reasonable times and during normal business hours.

Article IX: Plan Termination

- 9.01 **Plan Termination.** The Plan or any portion of the Plan shall be subject to termination at any time by the Employer, provided however, that such termination shall not affect any right or claim arising under the Plan prior to termination. Any unclaimed funds shall become payable as the Employer may direct. Such direction may include, but not be limited to a continuation of the Plan in order to pay balances in accordance with elected benefits.
- 9.02 **Rights to Terminate.** In accordance with the procedures set forth in this section, the Employer may terminate the Plan at any time. In the event of a dissolution, merger consolidation, or reorganization of the Employer, the Plan shall terminate unless the Plan is adopted and continued by a successor to the Employer in accordance with the resolution of its Board of Directors.

Article X: Plan Construction

- 10.01 **Taxation.** The Employer intends that this Plan be in compliance with Section 125 of the Internal Revenue Code, and therefore, the Employer may deduct the amount paid for the benefits provided from federal income and employment taxes. This Plan has not been submitted to the Internal Revenue Service, and there is no assurance that the intended tax benefit under this Plan will be realized. Neither the Employer nor its designated representatives makes any commitment or guarantee that any amounts elected or paid for the benefit of a Participant will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Any Participant, by accepting a benefit under this Plan, agrees to be liable for any tax penalties and interest which may be imposed by the Internal Revenue Service with respect to these benefits.

- 10.02 **Adoption by Related Organizations.** Upon the approval of the Employer, this Plan may be adopted by any organization in affiliation with the Employer. For the purpose of this Plan affiliated organizations are described in Section 414(b), (c) or (m) of the Internal Revenue Code. The adopting organizations shall execute and deliver to the Employer a supplemental agreement providing for the adoption of this Plan and such other documents as the Employer deems necessary or desirable. The provisions of this Plan shall be applicable to such organization to the extent provided in the supplemental agreement.
- 10.03 **Uniform Exercise of Powers.** In the exercise of any of its powers, duties and discretion under this Plan, and within the scope of its authority, and in all of its acts, decisions, and determinations hereunder, the Employer shall at all times act in good faith and in a non-discriminatory manner and shall follow a consistent policy on comparable issues. All Employer actions and determinations shall be duly recorded. All such records, together with such other documents as may be necessary for the administration of this Plan, shall be preserved. Decisions regarding any Employer-disputed questions relative to the rights of a Participant hereunder and upon all matters within the scope of its authority shall be final and binding on all parties in interest.
- 10.04 **Construction.** No provision of this Plan shall be construed to conflict with any Treasury Department, Department of Labor, or Internal Revenue Service Regulation, Ruling, Release, or Proposed Regulation or other order which affect, or could affect, the terms of the Plan. This Plan will be in compliance with any changes related to the Internal Revenue Code. This 125 Plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA); however the Qualified Benefits Plans offered by the Employer can be subject to ERISA. Refer to the Qualified Benefits Plan for details.
- 10.05 **Entire Document.** This document, including any appendices or supplements thereto, shall constitute the entire and complete document, and as such shall govern the rights, liabilities and obligations of the Plan, except as the Plan may be modified.
- 10.06 **Severability.** In the event any provisions of this document shall be held illegal or invalid for any reason by law or a court of competent jurisdiction, said illegality or invalidity shall not affect the remaining provisions included herein either initially, or beyond the date said provisions are first held to be illegal or invalid, provided the basic purposes hereof can be affected through the remaining valid and legal provisions.
- 10.07 **Benefits Provided through Third Parties.** In the case of any benefit provided through a third party, such as an insurance company, pursuant to a contract or policy with such third party, if any conflict or inconsistency exists between the description of benefits contained in this Plan and such contract or policy, then the terms of such contract or policy shall control.
- 10.08 **Rights Against the Employer.** Neither the establishment of the Plan, nor any modification thereof, nor any distribution hereunder, shall be construed as giving to any Participant or any person whomsoever any legal or equitable rights against the Employer, its shareholders, directors, or officers, as such, or as giving any person the right to be retained in the employ of the Employer.
- 10.09 **Successor-Businesses.** Unless this Plan be sooner terminated, a successor to the business of the Employer, by whatever form or manner resulting, may continue this Plan by appropriate supplemental agreement.

Article XI Plan Adoption and Schedule

11.01 **Employer Adoption.** By signing this Plan Document, the Employer identified below represents that it has formally adopted this Cafeteria Plan.

Employer: _____

By: _____

Printed: _____

Title: _____

11.02 **Plan Year.** The Plan Year is from

_____, 20 ____ to

_____, 20 ____.

There is a short Plan Year beginning

_____, 20 ____ and ending

_____, 20 ____.

(If left blank, there is no short Plan Year.)

11.03 **Effective Date.** This Cafeteria Plan was

originally effective on _____,

20 ____.

This Cafeteria Plan has been created or restated by this Plan Document

effective _____, 20 ____.

11.04 **Eligible Employee.** An Employee who meets the definition of an Eligible Employee, 3.06, and the requirements in this part 11.04, can enroll in this Plan by completing the process outlined in the Enrollment Communications.

An Eligible Employee must be regularly scheduled to work _____ hours per week in order to enroll in this Plan. Part-time Employees working fewer hours are not Eligible Employees.

Description of Excluded Employees

Union. Employees who are included in the unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives, provided benefits were the subject of good faith bargaining and two percent or less of the Employees of the Employer who are covered pursuant to that agreement are professionals (as defined in Treasury regulation Section 1.410(b)-9). For this purpose, the term "Employee Representatives" does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer.

- ___ Excluded
- ___ Eligible
- ___ Not applicable

Seasonal Employees regularly working less than

___ months within a year.

- ___ Excluded
- ___ Eligible
- ___ Not applicable

Employees under ___ years of age.

- ___ Excluded
- ___ Eligible
- ___ Not applicable

11.05 **Commencement of Participation.** An Eligible Employee can enroll in this Plan at the annual open Enrollment period or upon completion of the employment requirement identified below:

- ___ No wait, on the date of hire
- ___ 30 days after the date of hire
- ___ 60 days after the date of hire
- ___ 90 days after the date of hire
- ___ First of the month after the date of hire
- ___ First of the month after 30 days of continuous employment
- ___ First of the month after 60 days of continuous employment
- ___ Other _____

11.06 Qualified Benefits Plans. The Plan Documents and Summary Plan Descriptions identified in the chart below are expressly incorporated by reference into this Plan Document and provide specific description of each of the benefits available through the plan, including the periods during which the benefits are provided (the periods of coverage if different from the Plan Year for this Plan), and the Plan's rules governing participation.

The following Plans are offered under this Cafeteria Plan:

Check if offered under this Plan:	Qualified Benefits Plans	Available Plan Documents or Summary Plan Description (SPD)
_____	Medical or Medical-Related Premium for a group health plan. (This can include an imbedded or standalone dental/vision plan.)	A Medical or Medical-Related Premium SPD will be provided by the Employer within 90 days of Enrollment and upon request.
_____	Health Savings Account (HSA)*	Details will be provided in the Enrollment Communication.
_____	Non-Employer-Sponsored Premium Account Plan for individual health plans (NESP).	See Appendix A.
_____	Medical or Medical-Related Expense Reimbursement Benefit (Health FSA).	See Appendix B. A Medical or Medical-Related Expense Reimbursement Benefit SPD will be provided by the Employer within 90 days of Enrollment and upon request.
_____	Non-Excepted Medical or Medical-Related Expense Reimbursement Benefit (Health FSA)	See Appendix D. A non-excepted Medical or Medical-Related Expense Reimbursement Benefit SPD will be provided by the Employer within 90 days of enrollment and upon request.
_____	Dependent Care Benefit.	See Appendix C.
_____	Supplemental Insurance (Voluntary Indemnity Plans).	Details will be provided in the Enrollment Communication.
_____	Disability Insurance Premium (Employee Only) - Pre-taxing Employee contributions will make benefits paid taxable compensation.	Details will be provided in the Enrollment Communication.
_____	Voluntary/Group Term Life Insurance **	Details will be provided in the Enrollment Communication.

NOTES

* A Participant is required to make an election before the start of the Plan Year, or before the first day of his/her coverage, showing the amount contributed to an HSA tax free under this Plan. A Participant will be able to change his/her HSA election for any month in the Plan Year regardless of whether the Employee can show a Change in Status Event.

** The cost of excess coverage as determined in Table I, published by the IRS, will be imputed income. Excess coverage is any amount over a \$50,000 benefit.

COBRAToday COBRA Administration
DirectPay Health Reimbursement Arrangements (HRA)
FlexSystem Flexible Spending Accounts (FSA)
ERISAEdge ERISA Compliance
FMLAMatters FMLA Administration
Form 5500 Preparation
Funded HRA
GiveBack
HIPAA Compliance
Health Savings Accounts (HSA)
Medicare Part D
Non-Discrimination Testing
PayPath Payroll Services
PCORI