

Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

A. PHA Goal: Increase customer satisfaction and quality of customer service provided to Section 8 Applicants and Participants:

Objective: Create a send out a customer satisfaction survey to be given to both tenants and Landlords to determine areas of strengths and weaknesses.

- Analyze to determine areas of strength, weaknesses and opportunities.
- Develop strategies for training of managers and staff to improve on areas of weakness.

B. PHA Goal: Increase communication and information exchange between tenants, landlords, the general public and the Kauai County Housing Agency.

Objective: Develop new ways to communicate with tenants, landlords and the general public.

- Create a quarterly newsletter relating to the HCV Section 8 program to be sent out via email and regular mail that concerns issues relating to the Section 8 program that tenants and landlords should be aware of. Do a question section allowing tenants to ask questions pertaining to the program.
- Work with IT to develop a Section8 HCV Page specifically for tenants and landlords of the Section8 program allowing them to obtain information regarding policies, procedures and the ability to download forms for changes and reporting. Additional information for prospective Landlords to find out information about the program and its benefits should also be available.
- Re-vamp the family briefing to include additional advice to tenants on how to present themselves to landlords.
- Review Ready-To-Rent program currently in place on the Big Island for possible implementation if funds are available. Possibly team up with KEO to provide classes/instructor training.
- Develop email list of clients and landlords to communicate more efficiently.

C. PHA Goal: Increase assisted housing choices.

Objectives:

- Conduct outreach efforts to potential voucher landlords.
- Provide Section 8 tenants with additional information relating to the portability feature of the voucher in case of unavailability of units in the subject jurisdiction.
- Increase Section 8 Voucher Homeownership program awareness.

D. PHA Goal: Increase lease-up to 95-99% of budget utilization.

Objective: Continue call-ups until goal of 95-99% utilization is reached without going over budgetary allowance.

- Section 8 Management to develop a system for closer tracking of the budget, port-in costs and administrative fee expenses.
- Section 8 Management to attend Financial Management training by Nan McKay to better understand the budgeting aspect of the Section8 program.
- Closer communication with the Housing Accounting department and VMS tracking data to ensure that we are utilizing funding appropriately.

E. PHA Goal - Promote FSS Self-Sufficiency program participation for assisted households.

Objective: To increase the number of percentage of employed persons in assisted families:

- Utilize family briefings and appointments to encourage participation in the FSS program.
- Train caseworkers to appropriately describe the FSS program to encourage additional participation. Encourage the form fill out at time of reexamination appointment.
- Ensure FSS participation in all appointments and briefings.

F. PHA Goal - Ensure equal opportunity in housing for all Americans.

Objectives:

- Undertake affirmative measures to ensure access for to assisted housing regardless of race, color, religion, national original, sex, familial status, and disability.
- Implement LEP program for applicants and tenants of the Section 8 program
- Build relationships with community organizations to promote fair housing.
- Ongoing training to continue educating staff.
- Continue efforts to educate and provide information relating to fair housing (family briefings, fair housing officer, etc.)
- Continue participation in Fair Housing Seminars, Homeless Prevention activities.

G. PHA Goal: Evaluate the current administration of the Section 8 program

Objectives:

- Ongoing monitoring of current structure of workload across the Section 8 program to ensure efficient caseload management and workload equality.
- Provide rapid response changes to the ever changing nature of the program and program funding.
- Improve technology, ongoing training of the facets of the software we are currently underutilizing. Look into possible upgrade to the current software system to the Housing Pro which has additional management tracking capabilities and scanning capabilities

H. PHA Goal: Increase case reviews in Quality Control Plan.

Objective: Increase of caseworker file reviews to ensure accuracy of files submitted and consistency among caseworkers with regard to income calculations

I. PHA Goal: Increase resident participation in Resident Advisory Board

Objective: Evaluate current Resident Advisory Board items to increase awareness and participation by Section 8 participants on the Resident Advisory Board.

	<p>PHA Plan Update</p> <p>(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:</p> <ul style="list-style-type: none"> • Eligibility, Selection and Admissions Policies • Section 8 Homeownership Administrative Rules • Income & Subsidy Determinations • HQS and Rent Reasonableness <p>(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.</p> <p>Kauai County Housing Agency 4444 Rice Street, Suite 330 Lihue, HI 96766</p>
7.0	Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>N/A</i>
8.0	Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable. Not applicable
8.1	Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> , form HUD-50075.1, for each current and open CFP grant and CFFP financing. Not applicable
8.2	Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i> , form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan. Not Applicable
8.3	Capital Fund Financing Program (CFFP). <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements. Not applicable
9.0	Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. See Exhibit A

Strategy for Addressing Housing Needs. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.**

1) Need - Shortage of Affordable housing for all eligible populations

Strategy 1: Maximize the number of affordable units available to the PHA within its current resources by:

- Employ policies in the Section 8 program that will be more "landlord" friendly to increase landlord participation in the program. This includes streamlining the lease up process to a maximum 2 day turnaround on lease up paperwork (assuming all paperwork is turned in by both the tenant and the landlord). This also includes better customer service and actions by all Section 8 employees.
- Maximize lease ups by encouraging additional participation by landlords which may not be familiar with the program. This can be achieved by educating Landlords via community presentations to realtors and other various organizations, the annual Fair Housing seminar for landlords, going to community events around the island and posting information pertaining to the program via the County Website.
- Continue to hold tenants responsible for serious violation of lease rules by terminating participation due to these types of events. Ensure that the Landlord knows that there are consequences for Section 8 participants if a serious lease violation occurs.

Strategy 2: Maximize the Number of affordable units available to the PHA within its current resources by:

- Maintain or increase of Section 8 lease-up rates by increasing and/or monitoring payment standards to ensure that they are current to increase landlord participation.
- Maintain or increase Section 8 lease-up by effectively screening Section 8 applicants to increase owner acceptance of the program.

9.1

2) Need - Specific Family Types: Families at or below the 30% of median income

Strategy 1: Exceed HUD federal targeting requirements for families at or below the 30% of AMI in Section 8 program.

- Continue to call up only Extremely Low income tenants off the waiting list.

3) Need - Specific Family Types: Races or ethnicities with disproportionate housing needs:

Strategy 1: Conduct activities to affirmatively further fair housing

- Counsel Section 8 tenants as to location of units outside of areas of poverty or minority concentration and assist them in locating those units.
- Market the Section 8 program to owners outside the areas of poverty/minority concentration.

Reasons for selecting Strategies:

Funding & Staffing constraints

Evidence of Housing needs as demonstrated in the Consolidated Plan and other information available to the PHA.

Influence of the economy on PHA programs

Influence of the Housing Market on PHA Programs

Community priorities regarding housing assistance.

The Housing Agency will continue to participate in the Consolidated Plan process to coordinate ideas and to reach mutual goals to benefit eligible families.

The Housing Agency currently participates in the Kauai Community Alliance Program to end homelessness on Kauai and works closely with our Community Social Service workers to attempt to assist the hard to house in finding housing and completion of somewhat cumbersome paperwork involved in leasing a unit.

The Housing Agency was also recently granted a large Neighborhood Block Grant which will be used to purchase distressed properties. In addition, the Agency continues to monitor available Stimulus Package grants.

10.0

Additional Information. Describe the following, as well as any additional information HUD has requested.

(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan.

- Expand the supply of assisted housing:
 - Leverage private or other public funds to create additional housing opportunities: KCHA has recently completed the final 2 phases of Kalepa Village adding an additional 80 units to the affordable rental pool. For additional projects and project status, please see Exhibit B. In addition, the Housing Agency completed a land acquisition for a self-help project that provided homes for 41 homebuyers. Currently, the KCHA is doing feasibility studies for several pieces of land to develop additional affordable housing projects.
 - Increase homeownership opportunities for first-time homebuyer through homebuyer loan programs, self-help housing, homebuyer education and the Section 8 Homeownership Program: Currently, the Housing Agency has assisted 37 clients through their home buyer loan program and Section 8 has utilized 5 Homeownership vouchers.
- Improve the quality of assisted Housing
 - Improve Voucher Management Score – Our recent SEMAP score was rated 85 a standard performer but the score has risen steadily in the past years.
 - Increase Customer Satisfaction – We have streamlined processes and regularly re-write forms to keep up with the ever changing regulatory environment and economic climate. Regular customer service training is provided for front office staff. We continue to do home visits for elderly and/or disable clients that request them.
 - Concentrate on efforts to improve specific management functions – A Quality Control plan has been put into place and we are monitoring to ensure consistency and compliance among caseworkers. Staff meetings are now held on a bi-weekly basis and communication between staff and management has improved/
- Increase assisted housing choices
 - Provide voucher mobility counseling. A “Family Handbook” has been created and handed out to all new and existing applicants/participants in the Section 8 program. Within this book is a section on Portability options available to them. In addition, the DVD that is shown to new applicants includes a portion on the voucher ‘portability’ options available.
 - Conduct Outreach to potential Landlords: Section 8 management participates in doing community presentations to interested community members that are interested in the HUD Section 8 program. In addition, a comprehensive Landlord Manual has been created and handed out to all potential landlords interested in the program.
- Promote self-sufficiency and asset development of assisted households.
 - Increase the number and percentage of employed persons in assisted families. The agency continues to operate an FSS program and encourage participants to participate. The FSS Coordinator attends Family Briefings to promote the FSS program. Caseworkers also describe the program and encourage participants to participate. Additionally, each family is given the FSS brochure and application at each annual reexamination appointment.
 - Provide or attract supportive services to improve assistance recipients’ employability. KCHA works actively with and has maintained relationships with many community providers of supportive services.
 - Provide or attracted supportive services to increase independence for the elderly or families with disabilities. KCHA continues to work closely with the Office of Elderly Affairs, the Legal Aid Society of Hawaii and the County ADA coordinator to ensure that tenants are provided with adequate treatment and care.
- Ensure Equal Opportunity in Housing for all Americans:
 - Undertake affirmative measures to ensure access to assisted housing regardless of the race, color, religion, national origin, sex, familial status and disability. The KCHA currently houses the Kauai Fair Housing Officer. She does a presentation at each family briefing that relates to fair housing rights and is available to all participants for counseling should they feel discriminated against in any way. In addition, she conducts community fair housing seminars which are attended by staff and the public and includes professionals from HUD and the Legal Aid Society. Fair Housing posters are placed at the front window and Discrimination applications are given to each participant at Reexamination.
 - Undertake affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion, national origin, sex, familial status and disability. KCHA has implemented new policies and procedures relating to reasonable accommodation/modification requests. In addition, all discrimination complaints are immediately passed to the Fair Housing officer for follow up. Ongoing training and workshops are offered for all staff relating to disabilities and mandatory attendance is required.

10.0

(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification"

In accordance with 24 CFR903.7©(2) which requires Public Housing Authorities to identify the basic criteria the agency will use to determine a substantial deviation from its 5-Year Plan and significant amendments or modifications to the 5-Year Plan and Annual Plan, the following definitions are used:

Substantial Deviation: A substantial change in the goals identified in the Five Year Plan. Deleting or changing a goal to the point that it no longer similar in substance to the original goal would be considered a "substantial" deviation.

Significant Amendment/Modification: Adding or eliminating major strategies listed in the PHA Plan including changes in policies governing eligibility, selection or admissions and rent determination.

11.0 Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights)
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only)
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only)
- (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only)
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only)
- (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.
- (g) Challenged Elements
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only)
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only)

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 5-Year and Annual PHA Plans. 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 and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 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

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. 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 its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, and; 5) the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: (1) Any programs relating to services and amenities provided or offered to assisted families; (2) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; (3) How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (Note: applies to only public housing).
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.**
1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: (1) A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: 1) A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or

that the public housing agency plans to voluntarily convert; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year, until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. (Note: Standard and Troubled PHAs complete annually).

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.

**Financial Resources:
Planned Sources and Uses**

Sources	Planned \$	Planned Uses
1. Federal Grants (FY 2008 grants)		
a) Public Housing Operating Fund		
b) Public Housing Capital Fund		
c) HOPE VI Revitalization		
d) HOPE VI Demolition		
e) Annual Contributions for Section 8 Tenant-Based Assistance	\$6,300,000	
f) Public Housing Drug Elimination Program (including any Technical Assistance funds)		
g) Resident Opportunity and Self-Sufficiency Grants		
h) Community Development Block Grant	\$793,056	Community Development
i) HOME	\$989,345	Develop Affordable Housing
Other Federal Grants (list below)		
Family Self-Sufficiency Program	\$126,959	Staff, Equip Training
Neighborhood Stabilization	\$4,745,800	Foreclosure/land acquisitions
2. Prior Year Federal Grants (unobligated funds only) (list below)		
3. Public Housing Dwelling Rental Income		
4. Other income (list below)		
Administrative Fees (Section 8)	\$699,000	Staff, Equip, Training
Administrative Fee (Home)	\$85,000	Staff Training
Administrative Fee (CDBG)	183,718	Staff, Equip, Training
Administrative Fee (NSP)	253,972	Staff, Training
4. Non-federal sources (list below)		
Total resources	\$14,176,849.60	

**PHA Certifications of Compliance with the PHA Plans and Related Regulations:
Board Resolution to Accompany the PHA 5-Year and Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ~~XX~~ 5-Year and/or ~~XX~~ Annual PHA Plan for the PHA fiscal year beginning 7/1/09 hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
 - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

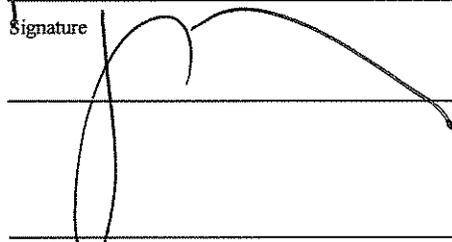
Kauai County Housing Agency
PHA Name

HI005
PHA Number/HA Code

xx 5-Year PHA Plan for Fiscal Years 20 09 - 20 14

xx Annual PHA Plan for Fiscal Years 20 09 - 20 10

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

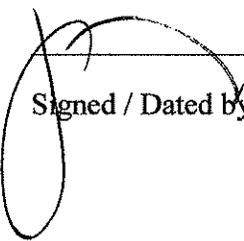
Name of Authorized Official Bernard P. Carvalho, Jr.	Title Mayor, County of Kauai
Signature 	Date 6/05/09

**Certification by State or Local
Official of PHA Plans Consistency
with the Consolidated Plan**

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/2011**

**Certification by State or Local Official of PHA Plans Consistency with the
Consolidated Plan**

I, Bernard Carvalho, Mayor of the County of Kauai certify that the Five Year and Annual PHA Plan of the Kauai County Housing Agency is consistent with the Consolidated Plan of the Kauai County Housing Agency prepared pursuant to 24 CFR Part 91.


6/05/09
Signed / Dated by Appropriate State or Local Official

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Administrative Assistant



KAUAI COUNTY HOUSING AGENCY
Piikoi Building 4444 Rice Street Suite 330
Lihue Hawaii 96766

Eugene K. Jimenez
Housing Director

Kenneth N. Rainforth
Executive Assistant

CIVIL RIGHTS CERTIFICATION

Kauai County Housing Agency complies with all applicable laws and regulations. Certification thereof is contained in the *form HUD-50077 PHA Certification of Compliance with the PHA Plans and Related Regulations.*



CHAPTER 17
ADMINISTRATIVE PLAN OF THE
FAMILY SELF SUFFICIENCY PROGRAM (FSS)

A. PURPOSE

The purpose of the Family Self-Sufficiency (FSS) program is to enable families receiving Section 8 assistance to achieve economic independence and self-sufficiency.

OBJECTIVE

The objective of the FSS program is to reduce the dependency of low-income families on welfare assistance and on section 8 housing assistance or any Federal, State, or local rent or home ownership subsidies. Under the FSS program, low-income families are provided opportunities for education, job training, counseling, and other forms of social service assistance, while living in assisted housing, so that they may obtain the education, employment, and business and social skills necessary to achieve self-sufficiency.

B. DEFINITIONS (relates to Chapter 17 - FSS Administrative Plan only)

Adjusted Income. Annual income, less allowable HUD deductions.

Annual Income. The anticipated total annual income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with the regulations.

Contract of Participation. A contract in a form approved by HUD, entered into between a participating family and the KCHA that sets forth the terms and conditions governing participation in the FSS program.

Earned Income. Income or earnings included in annual income from wages, tips, salaries, other employee compensation, and self-employment. Earned income does not include any pension or annuity, transfer payments, any cash or in-kind benefits, or funds deposited in or accrued interest on the FSS escrow account established by the KCHA on behalf of a participating family.

Effective date of Contract of Participation. The first day of the month following the month in which the FSS family and the KCHA entered into the contract of participation.

Eligible families. Current section 8 rental certificate or rental voucher program participants.

Enrollment. The date that the FSS family entered into the contract of participation with the KCHA.

Family Self-Sufficiency program or FSS program. The program established by the KCHA to promote self-sufficiency among participating families, including the provision of supportive services to these families, as authorized by section 23 of the U.S. Housing Act of 1937.

FSS Escrow Account. The escrow account authorized by section 23 of the U.S. Housing Act of 1937, and as provided by volume 24 CAR part 984, §984.305.

FSS Credit. The amount credited by the KCHA to the participating family's FSS account.

FSS Family or Participating Family. A family that receives assistance under the rental certificate or rental voucher programs, and that elects to participate in the FSS program, and whose designated head of the family has signed the contract of participation.

FSS related service programs. Any program, publicly or privately sponsored, that offers the kinds of supportive services described in the definition of "supportive services" as described in this section.

FSS slots. The total number of rental vouchers that comprise the minimum size of the KCHA's section 8 FSS program.

Head of FSS family. The adult member of the FSS family who is the head of the household for purposes of determining income eligibility and rent.

HUD. The department of Housing and Urban Development.

Individual training and services plan. A written plan that is prepared for the head of the FSS family, and each adult member of the FSS family who elects to participate in the FSS program, by the KCHA in consultation with the family member, and which sets forth:

- 1) The supportive services to be provided to the family member;
- 2) The activities to be completed by that family member; and
- 3) The agreed upon completion dates for the services and activities. Each individual training and services plan must be signed by the KCHA and the participating family member, and is attached to, and incorporated as part of the contract of participation.

JOBS program. The Job Opportunities and Basic Skills program authorized under part F of title IV of the Social Security Act (42 U.S.A. 402(a)(19)).

JTPA. The Job Training Partnership Act (29 U.S.A. 1579(a)).

KCHA. The Kauai County Housing Agency.

Low Income Family. A family whose income does not exceed 80% of the median income for the area as determined by HUD with adjustments for smaller or larger families, except that HUD may establish income limits higher or lower than 80% on the basis of its findings that such variations are necessary because of the prevailing levels of construction costs or unusually high or low incomes.

Minor. A member of the family household (excluding foster children) other than the family head or spouse who is under 18 years of age.

Monthly Adjusted Income. One twelfth of the adjusted Annual Income.

Program Coordinating Committee or PCC. The PCC must consist of representatives of the KCHA, and of residents assisted under the section 8 rental certificates or rental voucher program. The PCC should also include representatives of the unit of local government served by the KCHA, local agencies responsible for carrying out JOBS training programs, or programs under the JTPA, and other organizations, such as other State, local or tribal welfare and employment agencies, public and private education or training institutions, child care providers, nonprofit service providers, private business, and any other public and private service providers with resources to assist the FSS program.

Public Assistance. Welfare or other payments to families or individuals based on need, which are made under programs, funded, separately or jointly by Federal, state, or local governments. Public Housing Agency or PHA. Any state, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of housing for low-income families.

Self-Sufficiency. When a FSS family is no longer receiving section 8 assistance, or any Federal, State, or local rent or home ownership subsidies or welfare assistance. Achievement of self-sufficiency, although an FSS program objective, is not a condition for receipt of the FSS account funds.

Supportive Services. Those appropriate services that the KCHA will attempt to make available, or cause to be made available to an FSS family under a contract of participation, and may include: *child-care, transportation, education, employment, personal welfare, household skills and management, counseling, money management* and other services that the KCHA may determine to be appropriate in assisting FSS families to achieve economic independence and self-sufficiency.

Unit Size. Refers to the number of bedrooms in a dwelling unit.

Very Low Income Family. A lower income family whose annual income does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 50% of the median income for the area on the basis of its finding that such variations are necessary because of unusually high or low family incomes. This is the income limit for the Certificate and Voucher programs.

Welfare Assistance. Income assistance from Federal, or State welfare programs, and includes assistance provided under the *Aid to Families with Dependent Children (AFDC) program; Supplemental Security Income (SSI)* that is subject to an income eligibility test; *Medicaid, Food Stamps, General Assistance*, or other assistance provided under a Federal or State program directed to meeting general living expenses, such as food, health care, child-care, but does not include housing expenses (e.g. rent, mortgage or utilities payments) and does not include transitional welfare assistance (e.g. Medicaid) for JOBS participants.

C. RECRUITMENT AND SELECTION OF PARTICIPANTS

1. Recruitment and Outreach Efforts

All potential participants will be notified by use of such means as letters, flyers, radio announcements and articles in newspapers. All Section 8 participants will be notified by mail. The notification shall include a summarized description of the FSS program, its purpose, benefits and eligibility requirements. Additionally, FSS counselors and Section 8 Housing Assistance Workers will actively recruit and inform clients of the availability of the FSS program.

2. Basis for Participant Selection

- a. Candidates must be Section 8 Program participants at the time selection is made.
- b. Initially, candidates will be randomly selected using a "lottery" system to establish a wait list while ensuring that there will be no discrimination with regard to race, color, religion, sex, handicap, familial status or national origin. Subsequent selection of candidates will be done on a first come first served basis.

3. Targeted Selections

A selection preference will be given to families who have one or more members enrolled in or on the waiting list of JOBS (Job Opportunities and Basic Skills), JTPA (Job Training Partnership Act), the YWCA's Ho'omaka program, and other FSS related programs. This selection preference will be limited to fifty percent (50%) of the total FSS slots available. This selection preference will only be used

in the initial "lottery" selection. There will be no selection preferences once selection is done on a first come first served basis.

4. Non-Selection for Participation

A family may be skipped (not selected for participation in FSS) if "key" services are unavailable. "Key" services are described as services that are integral to the family's ability to achieve self-sufficiency.

D. CONTRACTS OF PARTICIPATION

Each family that is selected to participate in the FSS program must enter into a contract of participation with the Kauai County Housing Agency. The contract of participation must be signed by the head of the FSS family.

1. Form and Content of Contract

The contract of participation, which incorporates the individual training and services plan(s), shall be in the form prescribed by HUD, and shall set forth the principal terms and conditions governing participation in the FSS program, including the rights and responsibilities of the FSS family and of the Kauai County Housing Agency (KCHA), the services to be provided to, and the activities to be completed by, the head of the FSS family and each adult member of the family who elects to participate in the program.

2. Interim Goals

The individual training and services plan, incorporated in the contract of participation, shall establish specific interim and final goals by which the KCHA and the family, may measure the family's progress toward fulfilling its obligations under the contract of participation and becoming self-sufficient.

For each participating FSS family that is a recipient of welfare assistance, the KCHA must establish as an interim goal that the family become independent from welfare assistance and remain independent from welfare assistance at least one year before the expiration of the term of the contract of participation, including any extension thereof.

3. Compliance With Lease Terms

The contract of participation shall provide that one of the obligations of the FSS family is to comply with the terms and conditions of the Section 8-assisted lease.

4. Employment Obligation

The head of the FSS family shall be required under the contract of participation to

seek and maintain suitable employment during the term of the contract and any extension thereof. Although other members of the FSS family may seek and maintain employment during the term of the contract, only the head of the FSS family is required to seek and maintain suitable employment.

The obligation to seek employment means that the head of the FSS family applies for employment, attends job interviews, and otherwise follows through on employment opportunities.

A determination of suitable employment shall be made by the KCHA based on the skills, education, and job training of the individual that has been designated the head of the FSS family, and based on the available job opportunities within the jurisdiction served by the KCHA.

5. Consequences of noncompliance with the contract of participation

The contracts of participation shall specify that if the FSS family fails to comply, without good cause, with any term or condition of the contract of participation or any provision of these rules which includes compliance with the public housing lease or the Section 8-assisted lease, the KCHA may:

- a. Withhold the supportive services;
- b. Terminate the family's participation in the FSS program.

6. Contract Term

The contract of participation shall provide that each FSS family will be required to fulfill those obligations to which the participating family has committed itself under the contract of participation no later than 5 years after the effective date of the contract.

7. Contract Extension

The KCHA may, in writing, extend the term of the contract of participation for a period not to exceed two years. The FSS family must request, in writing, for an extension of the contract. The KCHA may grant such extension if it finds that good cause exists for granting the extension. The family's written request for an extension must include a description of the need for the extension. As used in this paragraph, "good cause" means circumstances beyond the control of the FSS family, as determined by the KCHA, such as a serious illness or involuntary loss of employment. Extension of the contract of participation will entitle the FSS family to continue to have amounts credited to the family's FSS account.

8. Unavailability of Supportive Services

If a social service agency fails to deliver the supportive services pledged under an FSS family member's individual training and services plan, the KCHA shall make a good faith effort to obtain these services from another agency.

If the KCHA is unable to obtain the services from another agency, the KCHA shall reassess the family member's needs, and determine whether other available services

would achieve the same purpose. If other available services would not achieve the same purpose, the KCHA shall determine whether the unavailable services are integral to the FSS family's advancement or progress toward self-sufficiency.

If the unavailable services are determined not to be integral to the FSS family's advancement toward self-sufficiency, the KCHA shall revise the individual training and services plan to delete these services, and modify the contract of participation to remove any obligation on the part of the FSS family to accept the unavailable services.

If the unavailable services are determined to be integral to the FSS family's advancement toward self-sufficiency, the KCHA shall declare the contract of participation null and void.

9. Modification of the Contract

The KCHA and the FSS family may mutually agree to modify the contract of participation. The contract of participation may be modified in writing with respect to the individual training and services plans, the contract term in accordance with section (8) above, and designation of head of the family.

10. Completion of the Contract

The contract of participation is considered to be completed, and a family's participation in the FSS program is considered to be concluded when one of the following occurs:

- a. The FSS family has fulfilled all of its obligations under the contract of participation on or before the expiration of the contract term, including any extension thereof; or,
- b. 30 percent of the monthly adjusted income of the FSS family equals or exceeds the published existing housing fair market rent for the size of the unit for which the FSS family qualifies based on the KCHA's occupancy standards. The contract of participation will be considered completed and

the family's participation in the FSS program concluded on this basis even though the contract term, including any extension thereof, has not expired, and the family members who have individual training and services plans have not completed all the activities set forth in their plans.

11. Termination of the Contract

The contract of participation is automatically terminated if the family's Section 8 assistance is terminated in accordance with HUD requirements. The contract of participation may be terminated before the expiration of the contract term, and any extension thereof, by:

- a. Mutual consent of the parties;
- b. The failure of the FSS family to meet its obligations under the contract of participation without good cause, including in the Section 8 FSS program the failure to comply with the contract requirements because the family has moved outside the jurisdiction of the KCHA;
- c. The family's withdrawal from the FSS program;
- d. Such other act as is deemed inconsistent with the purpose of the FSS program; or
- e. Operation of law.

E. FSS ESCROW ACCOUNT

The KCHA will establish an FSS escrow account for the family. A portion of the increases in the family's rent because of increases in earned income will be credited to the FSS escrow account in accordance with HUD requirements.

The family's annual income, earned income, and family rent (TTP) will be recorded when the family begins the FSS program. These amounts will be used to determine the amount credited to the family's FSS escrow account because of future increases in earned income.

The KCHA will invest the FSS escrow account funds in HUD-approved investments.

The KCHA will give the family a report on the amounts in the family's FSS escrow account at least once a year.

If the family is participating in the section 8 program and moves outside the KCHA's jurisdiction under Section 8 portability procedures, the KCHA may transfer the balance

of the family's FSS escrow account to another Housing Agency.

1. Withdrawal of Funds from FSS Escrow Account

The KCHA will pay the head of the family the amount in the family's FSS escrow account, less any amount owed to the KCHA when:

- a. the KCHA determines that the family has completed this contract, and,
- b. at the time of contract completion, the head of the family provides written certification to the KCHA that no member of the family is receiving welfare assistance. Welfare assistance means income assistance from Federal or State welfare programs including AFDC, SSI that is subject to an income eligibility test, Medicaid, Food Stamps, and General Assistance. Welfare assistance does not include transitional Medicaid or child care for JOBS participants or SSI payments to guardians of disabled children.

If the head of the family leaves the assisted unit, the remaining family members may, after consulting the KCHA, name another family member to receive the FSS escrow account funds.

The KCHA may permit the family to withdraw funds from the FSS escrow account before completion of the contract if the family has completed specific interim goals, designated by the KCHA, and needs some of the FSS escrow account funds to complete the contract (example: to pay for school costs).

2. Forfeiture of FSS Escrow Account

Amounts in the FSS account shall be forfeited upon occurrence of the following:

- a. The contract of participation is terminated as provided in Section D part 8 of this document, or Section D part 9 of this document; or,
- b. The contract of participation is completed by the family, as provided in Section D part 10 of this document, but the FSS family is receiving welfare assistance at the time of expiration of the contract of participation, including any extension thereof.

F. EQUAL OPPORTUNITY REQUIREMENTS

Participation in these programs require compliance with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendment Act of 1988, Executive Order 11063 and all rules, regulations, and requirements issued pursuant thereto.

G. SEVERABILITY

If any rule, section, sentence, clause or phrase of the rules and regulations of its application to any person or circumstances or property is held to be unconstitutional or invalid, the remaining portions of these rules and regulations of the application of these rules and regulations to other persons or circumstances or property shall not be affected. The Agency hereby declares that it would have adopted these rules and regulations, and each and every rule, section, sentence, clause, or phrase thereof, irrespective of the fact that any one or more other rules, sections sentences, clauses, or phrases is declared unconstitutional or invalid.

Chapter 3

ELIGIBILITY

INTRODUCTION

The PHA is responsible for ensuring that every individual and family admitted to the HCV program meets all program eligibility requirements. This includes any individual approved to join the family after the family has been admitted to the program. The family must provide any information needed by the PHA to confirm eligibility and determine the level of the family's assistance.

To be eligible for the HCV program:

- The applicant family must:
 - Qualify as a family as defined by HUD and the PHA.
 - Have income at or below HUD-specified income limits.
 - Qualify on the basis of citizenship or the eligible immigrant status of family members.
 - Provide social security number information for family members as required.
 - Consent to the PHA's collection and use of family information as provided for in PHA-provided consent forms.
- The PHA must determine that the current or past behavior of household members does not include activities that are prohibited by HUD or the PHA.

This chapter contains three parts:

Part I: Definitions of Family and Household Members. This part contains HUD and PHA definitions of family and household members and explains initial and ongoing eligibility issues related to these members.

Part II: Basic Eligibility Criteria. This part discusses income eligibility, and rules regarding citizenship, social security numbers, and family consent.

Part III: Denial of Assistance. This part covers factors related to an applicant's past or current conduct (e.g. criminal activity) that can cause the PHA to deny assistance.

PART I: DEFINITIONS OF FAMILY AND HOUSEHOLD MEMBERS

3-I.A. OVERVIEW

Some eligibility criteria and program rules vary depending upon the composition of the family requesting assistance. In addition, some requirements apply to the family as a whole and others apply to individual persons who will live in the assisted unit. This part provides information that is needed to correctly identify family and household members, and to apply HUD's eligibility rules.

3-I.B. FAMILY AND HOUSEHOLD [24 CFR 982.201(c), HUD-50058 IB, p. 13]

The terms *family* and *household* have different meanings in the HCV program.

Family

To be eligible for assistance, an applicant must qualify as a family. A family may be a single person or a group of persons. *Family* as defined by HUD includes a family with a child or children, two or more elderly or disabled persons living together, one or more elderly or disabled persons living with one or more live-in aides, or a single person. A single person family may be an elderly person, a displaced person, a disabled person, or any other single person. The PHA has the discretion to determine if any other group of persons qualifies as a family.

PHA Policy

A family also includes two or more individuals who are not related by blood, marriage, adoption, or other operation of law but who either can demonstrate that they have lived together previously or certify that each individual's income and other resources will be available to meet the needs of the family.

Each family must identify the individuals to be included in the family at the time of application, and must update this information if the family's composition changes.

Household

Household is a broader term that includes additional people who, with the PHA's permission, live in an assisted unit, such as live-in aides, foster children, and foster adults.

3-I.C. FAMILY BREAK-UP AND REMAINING MEMBER OF TENANT FAMILY

- **Family Break-up [24 CFR 982.315]**

The PHA has discretion to determine which members of an assisted family continue to receive assistance if the family breaks up. However, if a court determines the disposition of property between members of the assisted family in a divorce or separation decree, the PHA is bound by the court's determination of which family members continue to receive assistance.

PHA Policy

When a family on the waiting list breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may make a new application with a new application date if the waiting list is open.

If a family breaks up into two otherwise eligible families while receiving assistance, only one of the new families will continue to be assisted.

In the absence of a judicial decision, or an agreement among the original family members, the PHA will determine which family retains their placement on the waiting list, or will continue to receive assistance taking into consideration the following factors: (1) the interest of any minor children, including custody arrangements, (2) the interest of any ill, elderly, or disabled family members, (3) any possible risks to family members as a result of domestic violence or criminal activity, and (4) the recommendations of social service professionals.

- **Remaining Member of a Tenant Family [24 CFR 5.403]**

The HUD definition of family includes the *remaining member of a tenant family*, which is a member of an assisted family who remains in the unit when other members of the family have left the unit. Household members such as live-in aides, foster children, and foster adults do not qualify as remaining members of a family.

If dependents are the only “remaining members of a tenant family” and there is no family member able to assume the responsibilities of the head of household, see Chapter 6, Section 6-I.B, for the policy on “Caretakers for a Child.”

3-I.D. HEAD OF HOUSEHOLD [24 CFR 5.504(b)]

Head of household means the adult member of the family who is considered the head for purposes of determining income eligibility and rent. The head of household is responsible for ensuring that the family fulfills all of its responsibilities under the program, alone or in conjunction with a cohead or spouse.

PHA Policy

The family may designate any qualified family member as the head of household.

The head of household must have the legal capacity to enter into a lease under state and local law. A minor who is emancipated under state law may be designated as head of household.

3-I.E. SPOUSE, COHEAD, AND OTHER ADULT

A family may have a spouse or cohead, but not both [HUD-50058 IB, p. 13].

Spouse means the marriage partner of the head of household.

PHA Policy

A *marriage partner* includes the partner in a "common law" marriage as defined in state law. The term "spouse" does not apply to friends, roommates, or significant others who are not marriage partners. A minor who is emancipated under state law may be designated as a spouse.

A *cohead* is an individual in the household who is equally responsible with the head of household for ensuring that the family fulfills all of its responsibilities under the program, but who is not a spouse. A family can have only one cohead.

PHA Policy

Minors who are emancipated under state law may be designated as a cohead.

Other adult means a family member, other than the head, spouse, or cohead, who is 18 years of age or older. Foster adults and live-in aides are not considered other adults.

3-I.F. DEPENDENT [24 CFR 5.603]

A *dependent* is a family member who is under 18 years of age or a person of any age who is a person with a disability or a full-time student, except that the following persons can never be dependents: the head of household, spouse, cohead, foster children/adults and live-in aides. Identifying each dependent in the family is important because each dependent qualifies the family for a deduction from annual income as described in Chapter 6.

Joint Custody of Dependents

PHA Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they live with the applicant or participant family 50 percent or more of the time.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the PHA will make the determination based on available documents such as court orders, or an IRS return showing which family has most recently claimed the child for income tax purposes.

3-I.G. FULL-TIME STUDENT [24 CFR 5.603, HCV GB p. 5-29]

A *full-time student* (FTS) is a person who is attending school or vocational training on a full-time basis. The time commitment or subject load that is needed to be full-time is defined by the educational institution.

Identifying each FTS is important because: (1) each family member that is an FTS, other than the head, spouse, or cohead, qualifies the family for a dependent deduction, and (2) the income of such an FTS is treated differently from the income of other family members.

3-I.H. ELDERLY AND NEAR-ELDERLY PERSONS, AND ELDERLY FAMILY [24 CFR 5.100 and 5.403]

Elderly Persons

An *elderly person* is a person who is at least 62 years of age.

Near-Elderly Persons

A *near-elderly person* is a person who is at least 50 years of age but below the age of 62.

Elderly Family

An *elderly family* is one in which the head, spouse, cohead, or sole member is an elderly person. Identifying elderly families is important because these families qualify for special deductions from income as described in Chapter 6.

3-LI. PERSONS WITH DISABILITIES AND DISABLED FAMILY [24 CFR 5.403]

Persons with Disabilities

Under the HCV program, special rules apply to persons with disabilities and to any family whose head, spouse, or cohead is a person with disabilities. The technical definitions of individual with handicaps and persons with disabilities are provided in Exhibit 3-1 at the end of this chapter. These definitions are used for a number of purposes including ensuring that persons with disabilities are not discriminated against based upon disability.

As discussed in Chapter 2, the PHA must make all aspects of the HCV program accessible to persons with disabilities and consider reasonable accommodations requested based upon a person's disability.

Disabled Family

A *disabled family* is one in which the head, spouse, or cohead is a person with disabilities. Identifying disabled families is important because these families qualify for special deductions from income as described in Chapter 6.

Even though persons with drug or alcohol dependencies are considered persons with disabilities for the purpose of non-discrimination, this does not prevent the PHA from denying assistance for reasons related to alcohol and drug abuse following policies found in Part III of this chapter, or from terminating assistance following the policies in Chapter 12.

3-LJ. GUESTS [24 CFR 5.100]

A *guest* is a person temporarily staying in the unit with the consent of a member of the household who has express or implied authority to so consent.

PHA Policy

A guest can remain in the assisted unit no longer than 30 days during any 12-month period.

Children who are subject to a joint custody arrangement or for whom a family has visitation privileges, that are not included as a family member because they live outside of the assisted household more than 50 percent of the time, are not subject to the time limitations of guests as described above.

A family may request an exception to this policy for valid reasons (e.g., care of a relative recovering from a medical procedure is expected to last 40 consecutive days). An exception will not be made unless the family can identify and provide documentation of the residence to which the guest will return.

3.I.K. FOSTER CHILDREN AND FOSTER ADULTS

Foster adults are usually persons with disabilities, unrelated to the tenant family, who are unable to live alone [24 CFR 5.609].

The term *foster child* is not specifically defined by the regulations.

Foster children and foster adults that are living with an applicant or assisted family are considered household members but not family members. The income of foster children/adults is not counted in family annual income, and foster children/adults do not qualify for a dependent deduction [24 CFR 5.603 and HUD-50058 IB, p. 13].

PHA Policy

A *foster child* is a child that is in the legal guardianship or custody of a state, county, or private adoption or foster care agency, yet is cared for by foster parents in their own homes, under some kind of short-term or long-term foster care arrangement with the custodial agency.

A foster child or foster adult may be allowed to reside in the unit if their presence would not result in a violation of HQS space standards according to 24 CFR 982.401.

Children that are temporarily absent from the home as a result of placement in foster care are discussed in Section 3-I.L.

3-I.L. ABSENT FAMILY MEMBERS

Individuals may be absent from the family, either temporarily or permanently, for a variety of reasons including educational activities, placement in foster care, employment, illness, incarceration, and court order.

Definitions of Temporarily and Permanently Absent

PHA Policy

Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed below.

Absent Students

PHA Policy

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the PHA indicating that the student has established a separate household or the family declares that the student has established a separate household.

Absences Due to Placement in Foster Care [24 CFR 5.403]

Children temporarily absent from the home as a result of placement in foster care are considered members of the family.

PHA Policy

If a child has been placed in foster care, the PHA will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

Absent Head, Spouse, or Cohead

PHA Policy

An employed head, spouse, or cohead absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.

Family Members Permanently Confined for Medical Reasons [HCV GB, p. 5-22]

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB, p. 5-22].

PHA Policy

The PHA will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.

Return of Permanently Absent Family Members

PHA Policy

The family must request PHA approval for the return of any adult family members that the PHA has determined to be permanently absent. The individual is subject to the eligibility and screening requirements discussed elsewhere in this chapter.

3-I.M. LIVE-IN AIDE

Live-in aide means a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who: (1) is determined to be essential to the care and well-being of the persons, (2) is not obligated for the support of the persons, and (3) would not be living in the unit except to provide the necessary supportive services [24 CFR 5.403].

The PHA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR 8, to make the program accessible to and usable by the family member with disabilities.

A live-in aide is a member of the household, not the family, and the income of the aide is not considered in income calculations [24 CFR 5.609(b)]. Relatives may be approved as live-in aides if they meet all of the criteria defining a live-in aide. However, a relative who serves as a live-in aide is not considered a family member and would not be considered a remaining member of a tenant family.

PHA Policy

A family's request for a live-in aide must be made in writing. Written verification will be required from a licensed medical professional that the live-in aide is essential for the care and well-being of the elderly, near-elderly, or disabled family member.

In addition, the family will be required to submit a certification stating that the live-in aide is (1) not obligated for the support of the person(s) needing the care, and (2) would not be living in the unit except to provide the necessary supportive services. In addition, the live-in aide will be required to execute a consent for release of criminal records and will be subject to a criminal background check.

The PHA will not approve a particular person as a live-in aide, and may withdraw such approval if [24 CFR 982.316(b)]:

The person commits or has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;

The person commits or has committed drug-related criminal activity or violent criminal activity; or

The person currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

Within 10 business days of receiving a request for a live-in aide, including all required documentation related to the request, the PHA will notify the family of its decision in writing.

If a live-in aide is approved by the PHA, the family must provide the PHA with written approval from their Landlord allowing them to add the live-in aide to the lease agreement prior to the live-in aide moving into the subsidized unit.

PART II: BASIC ELIGIBILITY CRITERIA

3-II.A. INCOME ELIGIBILITY AND TARGETING

Income Limits

HUD is required by law to set income limits that determine the eligibility of applicants for HUD's assisted housing programs, including the housing choice voucher program. The income limits are published annually and are based on HUD estimates of median family income in a particular area or county, with adjustments for family size.

Types of Low-Income Families [24 CFR 5.603(b)]

Low-income family. A family whose annual income does not exceed 80 percent of the median income for the area, adjusted for family size.

Very low-income family. A family whose annual income does not exceed 50 percent of the median income for the area, adjusted for family size.

Extremely low-income family. A family whose annual income does not exceed 30 percent of the median income for the area, adjusted for family size.

HUD may establish income ceilings higher or lower than 30, 50, or 80 percent of the median income for an area if HUD finds that such variations are necessary because of unusually high or low family incomes.

Using Income Limits for Eligibility [24 CFR 982.201]

Income limits are used for eligibility only at admission. Eligibility is established by comparing a family's annual income with HUD's published income limits. To be income-eligible, a family must be one of the following:

- A *very low-income* family
- A *low-income* family that has been "continuously assisted" under the 1937 Housing Act. A family is considered to be continuously assisted if the family is already receiving assistance under any 1937 Housing Act program at the time the family is admitted to the HCV program [24 CFR 982.4]

PHA Policy

The PHA will consider a family to be continuously assisted if the family was leasing a unit under any 1937 Housing Act program at the time they were issued a voucher by the PHA.

A low-income family that qualifies for voucher assistance as a non-purchasing household living in HOPE 1 (public housing homeownership), HOPE 2 (multifamily housing homeownership) developments, or other HUD-assisted multifamily homeownership programs covered by 24 CFR 248.173

A low-income or moderate-income family that is displaced as a result of the prepayment of a mortgage or voluntary termination of a mortgage insurance contract on eligible low-income housing as defined in 24 CFR 248.101

HUD permits the PHA to establish additional categories of low-income families that may be determined eligible. The additional categories must be consistent with the PHA plan and the consolidated plans for local governments within the PHA's jurisdiction.

PHA Policy

The PHA has not established any additional categories of eligible low-income families.

Using Income Limits for Targeting [24 CFR 982.201]

At least 75 percent of the families admitted to the PHA's program during a PHA fiscal year must be extremely low-income families. HUD may approve exceptions to this requirement if the PHA demonstrates that it has made all required efforts, but has been unable to attract an adequate number of qualified extremely low-income families.

Families continuously assisted under the 1937 Housing Act and families living in eligible low-income housing that are displaced as a result of prepayment of a mortgage or voluntary termination of a mortgage insurance contract are not subject to the 75 percent restriction.

3-II.B. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5, Subpart E]

Housing assistance is available only to individuals who are U.S. citizens, U.S. nationals (herein referred to as citizens and nationals), or noncitizens that have eligible immigration status. At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for any level of assistance.

All applicant families must be notified of the requirement to submit evidence of their citizenship status when they apply. Where feasible, and in accordance with the PHA's Limited English Proficiency Plan, the notice must be in a language that is understood by the individual if the individual is not proficient in English.

Declaration [24 CFR 5.508]

HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible noncitizen, except those members who elect not to contend that they have eligible immigration status. Those who elect not to contend their status are considered to be ineligible noncitizens. For citizens, nationals and eligible noncitizens the declaration must be signed personally by the head, spouse, cohead, and any other family member 18 or older, and by a parent or guardian for minors. The family must identify in writing any family members who elect not to contend their immigration status (see Ineligible Noncitizens below). No declaration is required for live-in aides, foster children, or foster adults.

U.S. Citizens and Nationals

In general, citizens and nationals are required to submit only a signed declaration that claims their status. However, HUD regulations permit the PHA to request additional documentation of their status, such as a passport.

PHA Policy

Family members who declare citizenship or national status will not be required to provide additional documentation unless the PHA receives information indicating that an individual's declaration may not be accurate.

Eligible Noncitizens

In addition to providing a signed declaration, those declaring eligible noncitizen status must sign a verification consent form and cooperate with PHA efforts to verify their immigration status as described in Chapter 7. The documentation required for establishing eligible noncitizen status varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, the person's age, and the date on which the family began receiving HUD-funded assistance.

Lawful residents of the Marshall Islands, the Federated States of Micronesia, and Palau, together known as the Freely Associated States, or FAS, are eligible for housing assistance under section 141 of the Compacts of Free Association between the U.S. Government and the Governments of the FAS [Public Law 106-504].

Ineligible Noncitizens

Those noncitizens who do not wish to contend their immigration status are required to have their names listed on a noncontending family members listing, signed by the head, spouse, or cohead (regardless of citizenship status), indicating their ineligible immigration status. The PHA is not required to verify a family member's ineligible status and is not required to report an individual's unlawful presence in the U.S. to the United States Citizenship and Immigration Services (USCIS).

Providing housing assistance to noncitizen students is prohibited [24 CFR 5.522]. This prohibition extends to the noncitizen spouse of a noncitizen student as well as to minor children who accompany or follow to join the noncitizen student. Such prohibition does not extend to the citizen spouse of a noncitizen student or to the children of the citizen spouse and noncitizen student. Such a family is eligible for prorated assistance as a mixed family.

Mixed Families

A family is eligible for assistance as long as at least one member is a citizen, national, or eligible noncitizen. Families that include eligible and ineligible individuals are considered *mixed families*. Such families will be given notice that their assistance will be prorated, and that they may request a hearing if they contest this determination. See Chapter 6 for a discussion of how rents are prorated, and Chapter 16 for a discussion of informal hearing procedures.

Ineligible Families [24 CFR 5.514(d), (e), and (f)]

A PHA may elect to provide assistance to a family before the verification of the eligibility of the individual or one family member [24 CFR 5.512(b)]. Otherwise, no individual or family may be assisted prior to the affirmative establishment by the PHA that the individual or at least one family member is eligible. Verification of eligibility for this purpose occurs when the individual or family members have submitted documentation to the PHA in accordance with program requirements [24 CFR 5.512(a)].

PHA Policy

The PHA will not provide assistance to a family before the verification of at least one family member.

When a PHA determines that an applicant family does not include any citizens, nationals, or eligible noncitizens, following the verification process, the family will be sent a written notice within 10 business days of the determination.

The notice will explain the reasons for the denial of assistance, that the family may be eligible for proration of assistance, and will advise the family of its right to request an appeal to the United States Citizenship and Immigration Services (USCIS), or to request an informal hearing with the PHA. The informal hearing with the PHA may be requested in lieu of the USCIS appeal, or at the conclusion of the USCIS appeal process. The notice must also inform the applicant family that assistance may not be delayed until the conclusion of the USCIS appeal process, but that it may be delayed pending the completion of the informal hearing process.

Informal hearing procedures are contained in Chapter 16.

Timeframe for Determination of Citizenship Status [24 CFR 5.508(g)]

For new occupants joining the assisted family, the PHA must verify status at the first interim or regular reexamination following the person's occupancy, whichever comes first.

If an individual qualifies for a time extension for the submission of required documents, the PHA must grant such an extension for no more than 30 days [24 CFR 5.508(h)].

Each family member is required to submit evidence of eligible status only one time during continuous occupancy.

PHA Policy

The PHA will verify the status of applicants at the time other eligibility factors are determined.

3-II.C. SOCIAL SECURITY NUMBERS [24 CFR 5.216 and 5.218]

For every family member age 6 or older the family must provide documentation of a valid Social Security Number (SSN) or a certification stating that no SSN has been issued. If a family member who is required to execute a certification is less than 18 years old, the certification must be executed by the individual's parent or guardian [24 CFR 5.216(j)]. Assistance cannot be provided to a family until all SSN documentation requirements are met. A detailed discussion of acceptable documentation is provided in Chapter 7.

If a new member who is at least six years of age is added to the family, the new member's SSN documentation must be submitted at the family's next interim or regular reexamination, whichever comes first. If any member of the family who is at least six years of age obtains a previously undisclosed SSN, or has been assigned a new SSN, the documentation must be submitted at the family's next regularly scheduled reexamination.

The PHA must deny assistance to an applicant family if they do not meet the SSN disclosure, documentation and verification, and certification requirements contained in 24 CFR 5.216.

3-II.D. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.230, HCV GB, p. 5-13]

HUD requires each adult family member, and the head of household, spouse, or cohead, regardless of age, to sign form HUD-9886, Authorization for the Release of Information/Privacy Act Notice, and other consent forms as needed to collect information relevant to the family's eligibility and level of assistance. Chapter 7 provides detailed information concerning the consent forms and verification requirements.

The PHA must deny admission to the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information in accordance with 24 CFR 5, Subparts B and F [24 CFR 982.552(b)(3)].

3-III.E. STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER EDUCATION [24 CFR 5.612 and FR Notice 4/10/06]

Section 327 of Public Law 109-115 and the implementing regulation at 24 CFR 5.612 established new restrictions on the eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, and does not have a dependent child, the student's eligibility must be examined along with the income eligibility of the student's parents. In these cases, both the student and the student's parents must be income eligible for the student to receive HCV assistance. If, however, a student in these circumstances is determined independent from his/her parents in accordance with PHA policy, the income of the student's parents will not be considered in determining the student's eligibility.

The new law does not apply to students who reside with parents who are applying to receive HCV assistance. It is limited to students who are seeking assistance on their own, separately from their parents.

Definitions

In determining whether and how the new eligibility restrictions apply to a student, the PHA will rely on the following definitions [FR 4/10/06, p. 18148].

Dependent Child

In the context of the student eligibility restrictions, *dependent child* means a dependent child of a student enrolled in an institution of higher education. The dependent child must also meet the definition of *dependent* in 24 CFR 5.603, which states that the dependent must be a member of the assisted family, other than the head of household or spouse, who is under 18 years of age, is a person with a disability, or is a full-time student. Foster children and foster adults are not considered dependents.

Independent Student

PHA Policy

The PHA will consider a student “independent” from his or her parents and the parents’ income will not be considered when determining the student’s eligibility if the following four criteria are all met:

The individual is of legal contract age under state law.

The individual has established a household separate from his/her parents for at least one year prior to application for occupancy or the individual meets the U.S. Department of Education’s definition of independent student.

To be considered an *independent student* according to the Department of Education, a student must meet one or more of the following criteria:

Be at least 24 years old by December 31 of the award year for which aid is sought

Be an orphan or a ward of the court through the age of 18

Be a veteran of the U.S. Armed Forces

Have one or more legal dependents other than a spouse (for example, dependent children or an elderly dependent parent)

Be a graduate or professional student

Be married

The individual was not claimed as a dependent by his/her parents pursuant to IRS regulations, as demonstrated on the parents’ most recent tax forms.

The individual provides a certification of the amount of financial assistance that will be provided by his/her parents. This certification must be signed by the individual providing the support and must be submitted even if no assistance is being provided.

The PHA will verify that a student meets the above criteria in accordance with the policies in Section 7-II.E.

Institution of Higher Education

The PHA will use the statutory definition under section 102 of the Higher Education Act of 1965 to determine whether a student is attending an *institution of higher education* (see Exhibit 3-2).

Parents

PHA Policy

For purposes of student eligibility restrictions, the definition of *parents* includes biological or adoptive parents, stepparents (as long as they are currently married to the biological or adoptive parent), and guardians (e.g., grandparents, aunt/uncle, godparents, etc).

Veteran

PHA Policy

A *veteran* is a person who served in the active military, naval, or air service and who was discharged or released from such service under conditions other than dishonorable.

Determining Student Eligibility

If a student is applying for assistance on his/her own, apart from his/her parents, the PHA must determine whether the student is subject to the eligibility restrictions contained in 24 CFR 5.612. If the student is subject to those restrictions, the PHA must ensure that: (1) the student is individually eligible for the program, (2) either the student is independent from his/her parents or the student's parents are income eligible for the program, and (3) the "family" with which the student is applying is collectively eligible for the program.

PHA Policy

For any student who is subject to the 5.612 restrictions, the PHA will:

Follow its usual policies in determining whether the student individually and the student's "family" collectively are eligible for the program

Determine whether the student is independent from his/her parents in accordance with the definition of *independent student* in this section

Follow the policies below, if applicable, in determining whether the student's parents are income eligible for the program

If the PHA determines that the student, the student's parents (if applicable), or the student's "family" is not eligible, the PHA will send a notice of denial in accordance with the policies in Section 3-III.F, and the applicant family will have the right to request an informal review in accordance with the policies in Section 16-III.B.

Determining Parental Income Eligibility

PHA Policy

For any student who is subject to the 5.612 restrictions and who does not satisfy the definition of *independent student* in this section, the PHA will determine the income eligibility of the student's parents as follows:

If the student's parents are married and living together, the PHA will obtain a joint income declaration and certification of joint income from the parents.

If the student's parent is widowed or single, the PHA will obtain an income declaration and certification of income from that parent.

If the student's parents are divorced or separated, the PHA will obtain an income declaration and certification of income from each parent.

If the student has been living with one of his/her parents and has not had contact with or does not know where to contact his/her other parent, the PHA will require the student to submit a certification under penalty of perjury describing the circumstances and stating that the student does not receive financial assistance from the other parent. The PHA will then obtain an income declaration and certification of income from the parent with whom the student has been living or had contact.

In determining the income eligibility of the student's parents, the PHA will use the income limits for the jurisdiction in which the parents live.

3-III.B. MANDATORY DENIAL OF ASSISTANCE [24 CFR 982.553(a)]

HUD requires the PHA to deny assistance in the following cases:

- Any member of the household has been evicted from federally-assisted housing in the last 3 years for drug-related criminal activity. HUD permits, but does not require, the PHA to admit an otherwise-eligible family if the household member has completed a PHA-approved drug rehabilitation program or the circumstances which led to eviction no longer exist (e.g., the person involved in the criminal activity no longer lives in the household).

PHA Policy

The PHA will admit an otherwise-eligible family who was evicted from federally-assisted housing within the past 3 years for drug-related criminal activity, if the PHA is able to verify that the household member who engaged in the criminal activity has completed a supervised drug rehabilitation program approved by the PHA, or the person who committed the crime, is no longer living in the household.

- The PHA determines that any household member is currently engaged in the use of illegal drugs.

PHA Policy

Currently engaged in is defined as any use of illegal drugs during the previous six months. The PHA has reasonable cause to believe that any household member's current use or pattern of use of illegal drugs, or current abuse or pattern of abuse of alcohol, may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

PHA Policy

In determining reasonable cause, the PHA will consider all credible evidence, including but not limited to, any record of convictions, arrests, or evictions of household members related to the use of illegal drugs or the abuse of alcohol. A conviction will be given more weight than an arrest. The PHA will also consider evidence from treatment providers or community-based organizations providing services to household members.

- If any household member has ever been convicted of drug-related criminal activity for the production or manufacture of methamphetamine in any location, not just federally assisted housing, the family will be denied assistance.
- Any household member is subject to a lifetime registration requirement under a state sex offender registration program

PART III: DENIAL OF ASSISTANCE

3-III.A. OVERVIEW

A family that does not meet the eligibility criteria discussed in Parts I and II, must be denied assistance.

In addition, HUD requires or permits the PHA to deny assistance based on certain types of current or past behaviors of family members.

Forms of Denial [24 CFR 982.552(a)(2); HCV GB, p. 5-35]

Denial of assistance includes any of the following:

- Not placing the family's name on the waiting list,
- Denying or withdrawing a voucher,
- Not approving a request for tenancy or refusing to enter into a HAP contract, or
- Refusing to process a request for or to provide assistance under portability procedures.

Prohibited Reasons for Denial of Assistance [24 CFR 982.202(b), Pub.L. 109-162]

HUD rules prohibit denial of assistance to the program based on any of the following criteria:

- Age, disability, race, color, religion, sex, or national origin. (See Chapter 2 for additional information about fair housing and equal opportunity requirements.)
- Where a family lives prior to admission to the program
- Where the family will live with assistance under the program. Although eligibility is not affected by where the family will live, there may be restrictions on the family's ability to move outside the PHA's jurisdiction (See Chapter 10, Portability.)
- Whether members of the family are unwed parents, recipients of public assistance, or children born out of wedlock
- Whether the family includes children
- Whether a family decides to participate in a family self-sufficiency program
- Whether or not a qualified applicant has been a victim of domestic violence, dating violence or stalking.

3-III.C. OTHER PERMITTED REASONS FOR DENIAL OF ASSISTANCE

HUD permits, but does not require, the PHA to deny assistance for the reasons discussed in this section.

Criminal Activity [24 CFR 982.553]

HUD permits, but does not require, the PHA to deny assistance if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before the family would receive assistance, certain types of criminal activity.

PHA Policy

If any household member is currently engaged in, or has engaged in any of the following criminal activities, within the past five years, the family will be denied assistance.

Drug-related criminal activity, defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug [24 CFR 5.100].

Violent criminal activity, defined by HUD as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage [24 CFR 5.100].

Criminal activity that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or

Criminal activity that may threaten the health or safety of property owners and management staff, and persons performing contract administration functions or other responsibilities on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor, or agent).

Immediate vicinity means within a two hundred yard radius of the premises.

Evidence of such criminal activity includes, but is not limited to:

- Any conviction for drug-related or violent criminal activity within the past 5 years.

- Any arrests for drug-related or violent criminal activity within the past 5 years.

- Any record of eviction from public or privately-owned housing as a result of criminal activity within the past 5 years.

- A conviction for drug-related or violent criminal activity will be given more weight than an arrest for such activity.

- Any felony conviction in the past 5 year period.

In making its decision to deny assistance, the PHA will consider the factors discussed in Section 3-III.E. Upon consideration of such factors, the PHA may, on a case-by-case basis, decide not to deny assistance.

Previous Behavior in Assisted Housing [24 CFR 982.552(c)]

HUD authorizes the PHA to deny assistance based on the family's previous behavior in assisted housing:

PHA Policy

The PHA **will not** deny assistance to an otherwise eligible family because the family previously failed to meet its obligations under the Family Self-Sufficiency (FSS) program or the Welfare to Work voucher program.

The PHA **will deny** assistance to an applicant family if:

The family does not provide information that the PHA or HUD determines is necessary in the administration of the program.

The family does not provide complete and true information to the PHA.

Any family member has been evicted from federally-assisted housing in the last five years.

Any PHA has ever terminated assistance under the program for cause for any member of the family for up to five years after the termination date, at PHA discretion.

Any family member has committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.

The family owes rent or other amounts to any PHA in connection with the HCV, Certificate, Moderate Rehabilitation or public housing programs, unless the family repays the full amount of the debt prior to being selected from the waiting list.

If the family has not reimbursed any PHA for amounts the PHA paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease, unless the family repays the full amount of the debt prior to being selected from the waiting list.

The family has breached the terms of a repayment agreement entered into with the PHA, unless the family repays the full amount of the debt covered in the repayment agreement prior to being selected from the waiting list.

A family member has engaged in or threatened violent or abusive behavior toward PHA personnel.

Abusive or violent behavior towards PHA personnel includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.

Threatening refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

In making its decision to deny assistance, the PHA will consider the factors discussed in Section 3-III.E. Upon consideration of such factors, the PHA may, on a case-by-case basis, decide not to deny assistance.

3-III.D. SCREENING

Screening for Eligibility

PHAs are authorized to obtain criminal conviction records from law enforcement agencies to screen applicants for admission to the HCV program. This authority assists the PHA in complying with HUD requirements and PHA policies to deny assistance to applicants who are engaging in or have engaged in certain criminal activities. In order to obtain access to the records the PHA must require every applicant family to submit a consent form signed by each adult household member [24 CFR 5.903].

PHA Policy

The PHA will perform a criminal background check through local law enforcement. If an applicant has applied from another state, the PHA will request a fingerprint card(s) for all adults and will request information from the National Crime Information center (NCIC).

If the results of the criminal background check indicate that there may be past criminal activity, but the results are inconclusive, the PHA will request a fingerprint card and will request information from the National Crime Information center (NCIC).

PHAs are required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [24 CFR 982.553(a)(2)(i)].

If the PHA proposes to deny assistance based on a criminal record or on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the applicant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to a denial of admission. [24 CFR 5.903(f) and 5.905(d)].

Screening for Suitability as a Tenant [24 CFR 982.307]

The PHA has no liability or responsibility to the owner for the family's behavior or suitability for tenancy. The PHA may opt to conduct additional screening to determine whether an applicant is likely to be a suitable tenant.

PHA Policy

The PHA will not conduct additional screening to determine an applicant family's suitability for tenancy.

The owner is responsible for screening and selection of the family to occupy the owner's unit. The PHA must inform the owner that screening and selection for tenancy is the responsibility of the owner. An owner may consider a family's history with respect to factors such as: payment of rent and utilities, caring for a unit and premises, respecting the rights of other residents to the peaceful enjoyment of their housing, criminal activity that is a threat to the health, safety or property of others, and compliance with other essential conditions of tenancy.

HUD requires the PHA to provide prospective owners with the family's current and prior address (as shown in PHA records) and the name and address (if known) of the owner at the family's current and prior addresses. HUD permits the PHA to provide owners with additional information, as long as families are notified that the information will be provided, and the same type of information is provided to all owners.

PHA Policy

The PHA will inform owners of their responsibility to screen prospective tenants, and will provide owners with the required known name and address information, at the time of the initial HQS inspection or before. The PHA will not provide any additional information to the owner, such as tenancy history, criminal history, etc.

3-III.E. CRITERIA FOR DECIDING TO DENY ASSISTANCE

Evidence [24 CFR 982.553(c)]

PHA Policy

The PHA will use the concept of the preponderance of the evidence as the standard for making all admission decisions.

Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not.

Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

Consideration of Circumstances [24 CFR 982.552(c)(2)]

HUD authorizes the PHA to consider all relevant circumstances when deciding whether to deny assistance based on a family's past history except in the situations for which denial of assistance is mandated (see Section 3-III.B).

PHA Policy

The PHA will consider the following factors prior to making its decision:

The seriousness of the case, especially with respect to how it would affect other residents

The effects that denial of assistance may have on other members of the family who were not involved in the action or failure

The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities, or (as discussed further in section 3-III.G) a victim of domestic violence, dating violence or stalking.

The length of time since the violation occurred, the family's recent history and the likelihood of favorable conduct in the future

In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully

The PHA will require the applicant to submit evidence of the household member's current participation in or successful completion of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.

Removal of a Family Member's Name from the Application [24 CFR 982.552(c)(2)(ii)]

HUD permits PHAs to impose as a condition of admission, a requirement that family members who participated in or were culpable for an action or failure to act which results in the denial of assistance, to not reside in the unit.

PHA Policy

As a condition of receiving assistance, a family may agree to remove the culpable family member from the application. In such instances, the head of household must certify that the family member will not be permitted to visit or to stay as a guest in the assisted unit.

After admission to the program, the family must present evidence of the former family member's current address upon PHA request.

Reasonable Accommodation [24 CFR 982.552(c)(2)(iv)]

If the family includes a person with disabilities, the PHA's decision concerning denial of admission is subject to consideration of reasonable accommodation in accordance with 24 CFR Part 8.

PHA Policy

If the family indicates that the behavior of a family member with a disability is the reason for the proposed denial of assistance, the PHA will determine whether the behavior is related to the disability. If so, upon the family's request, the PHA will determine whether alternative measures are appropriate as a reasonable accommodation. The PHA will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed denial of assistance. See Chapter 2 for a discussion of reasonable accommodation.

3-III.F. NOTICE OF ELIGIBILITY OR DENIAL

If the family is eligible for assistance, the PHA will notify the family when it extends the invitation to attend the voucher briefing appointment, as discussed in Chapter 5.

If the PHA determines that a family is not eligible for the program for any reason, the family must be notified promptly. The notice must describe: (1) the reasons for which assistance has been denied, (2) the family's right to an informal review, and (3) the process for obtaining the informal review [24 CFR 982.554 (a)]. See Chapter 16, for informal review policies and procedures.

PHA Policy

The family will be notified of a decision to deny assistance in writing within 10 business days of the determination.

If a PHA uses a criminal record or sex offender registration information obtained under 24 CFR 5, Subpart J, as the basis of a denial, a copy of the record must precede the notice to deny, with an opportunity for the applicant to dispute the accuracy and relevance of the information before the PHA can move to deny the application. In addition, a copy of the record must be provided to the subject of the record [24 CFR 5.903(f) and 5.905(d)]. The PHA must give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process in accordance with program requirements [24 CFR 982.553(d)].

PHA Policy

If based on a criminal record or sex offender registration information, an applicant family appears to be ineligible the PHA will notify the family in writing of the proposed denial and provide a copy of the record to the applicant and to the subject of the record. The family will be given 10 business days to dispute the accuracy and relevance of the information in writing. If the family does not contact the PHA to dispute the information in writing within that 10-day period, the PHA will proceed with issuing the notice of denial of admission. A family that does not exercise their right to dispute the accuracy of the information prior to issuance of the official denial letter will still be given the opportunity to do so as part of the informal review process.

Notice requirements related to denying assistance to noncitizens are contained in Section 3-II.B.

Notice policies related to denying admission to applicants who may be victims of domestic violence, dating violence, or stalking are contained in Section 3-III.G.

3-III.G. PROHIBITION AGAINST DENIAL OF ASSISTANCE TO VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, AND STALKING [Pub.L. 109-162]

The Violence Against Women Reauthorization Act of 2005 (VAWA) prohibits denial of admission to an otherwise qualified applicant on the basis that the applicant is or has been a victim of domestic violence, dating violence, or stalking. Specifically, Section 606(1) of VAWA adds the following provision to Section 8 of the U.S. Housing Act of 1937, which lists contract provisions and requirements for the housing choice voucher program:

- That an applicant or participant is or has been a victim of domestic violence, dating violence, or stalking is not an appropriate reason for denial of program assistance or for denial of admission, if the applicant otherwise qualifies for assistance or admission.

Definitions

As used in VAWA:

- The term **domestic violence** includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.
- The term ***dating violence*** means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - The length of the relationship
 - The type of relationship
 - The frequency of interaction between the persons involved in the relationship
- The term ***stalking*** means:
 - To follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or
 - To place under surveillance with the intent to kill, injure, harass, or intimidate another person; and
 - In the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (1) that person, (2) a member of the immediate family of that person, or (3) the spouse or intimate partner of that person.

- The term *immediate family member* means, with respect to a person:
 - A spouse, parent, brother or sister, or child of that person, or an individual to whom that person stands in the position or place of a parent; or
 - Any other person living in the household of that person and related to that person by blood and marriage.

Notification and Victim Documentation

PHA Policy

The PHA acknowledges that a victim of domestic violence, dating violence, or stalking may have an unfavorable history that would warrant denial under the PHA's policies. Therefore, if the PHA makes a determination to deny admission to an applicant family, the PHA will include in its notice of denial a statement of the protection against denial provided by VAWA and will offer the applicant the opportunity to provide documentation affirming that the cause of the unfavorable history is that a member of the applicant family is or has been a victim of domestic violence, dating violence, or stalking.

The documentation must include two elements:

A signed statement by the victim that provides the name of the perpetrator and certifies that the incidents in question are bona fide incidents of actual or threatened domestic violence, dating violence, or stalking, and

One of the following:

A police or court record documenting the actual or threatened abuse, or

A statement signed by an employee, agent, or volunteer of a victim service provider; an attorney; a medical professional; or another knowledgeable professional from whom the victim has sought assistance in addressing the actual or threatened abuse. The professional must attest under penalty of perjury that the incidents in question are bona fide incidents of abuse, and the victim must sign or attest to the statement.

The applicant must submit the required documentation with her or his request for an informal review (see section 16-III.D) or must request an extension in writing at that time. If the applicant so requests, the PHA will grant an extension of 10 business days, and will postpone scheduling the applicant's informal review until after it has received the documentation or the extension period has elapsed. If after reviewing the documentation provided by the applicant the PHA determines the family is eligible for assistance, no informal review will be scheduled and the PHA will proceed with admission of the applicant family.

Perpetrator Removal or Documentation of Rehabilitation

PHA Policy

In cases where an applicant family includes the perpetrator as well as the victim of domestic violence, dating violence, or stalking, the PHA will proceed as above but will require, in addition, either (a) that the perpetrator be removed from the applicant household and not reside in the assisted housing unit or (b) that the family provide documentation that the perpetrator has successfully completed, or is successfully undergoing, rehabilitation or treatment.

If the family elects the second option, the documentation must be signed by an employee or agent of a domestic violence service provider or by a medical or other knowledgeable professional from whom the perpetrator has sought or is receiving assistance in addressing the abuse. The signer must attest under penalty of perjury to his or her belief that the rehabilitation was successfully completed or is progressing successfully. The victim and perpetrator must also sign or attest to the documentation. This additional documentation must be submitted within the same time frame as the documentation required above from the victim.

PHA Confidentiality Requirements

All information provided to the PHA regarding domestic violence, dating violence, or stalking, including the fact that an individual is a victim of such violence or stalking, must be retained in confidence and may neither be entered into any shared database nor provided to any related entity, except to the extent that the disclosure (a) is requested or consented to by the individual in writing, (b) is required for use in an eviction proceeding, or (c) is otherwise required by applicable law.

EXHIBIT 3-1: DETAILED DEFINITIONS RELATED TO DISABILITIES

Person with Disabilities [24 CFR 5.403]

The term *person with disabilities* means a person who has any of the following types of conditions:

- Has a disability, as defined in 42 U.S.C. Section 423(d)(1)(A), which reads:

Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; *or*

In the case of an individual who has attained the age of 55 and is blind (within the meaning of “blindness” as defined in section 416(i)(1) of this title), inability by reason of such blindness to engage in substantial gainful activity, requiring skills or ability comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.

- Has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act of 2000 [42 U.S.C.15002(8)], which defines developmental disability in functional terms as follows:

(A) In General

The term “developmental disability” means a severe, chronic disability of an individual that:

- (i) is attributable to a mental or physical impairment or combination of mental and physical impairments;
- (ii) is manifested before the individual attains age 22;
- (iii) is likely to continue indefinitely;
- (iv) results in substantial functional limitations in 3 or more of the following areas of major life activity: (I) Self-care, (II) Receptive and expressive language, (III) Learning, (IV) Mobility, (V) Self-direction, (VI) Capacity for independent living, (VII) Economic self-sufficiency; and
- (v) reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

(B) Infants and Young Children

An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting 3 or more of the criteria described in clauses (i) through (v) of subparagraph (A) if the individual, without services and supports, has a high probability of meeting those criteria later in life.

- Has a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently, and is of such a nature that the ability to live independently could be improved by more suitable housing conditions.

People with the acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for AIDS are not excluded from this definition.

A person whose disability is based solely on any drug or alcohol dependence does not qualify as a person with disabilities for the purposes of this program.

For purposes of reasonable accommodation and program accessibility for persons with disabilities, the term person with disabilities refers to an individual with handicaps.

Individual with Handicaps [24 CFR 8.3]

Individual with handicaps means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment. The term does not include any individual who is an alcoholic or drug abuser whose current use of alcohol or drugs prevents the individual from participating in the program or activity in question, or whose participation, by reason of such current alcohol or drug abuse, would constitute a direct threat to property or the safety of others. As used in this definition, the phrase:

(1) Physical or mental impairment includes:

- (a) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or
- (b) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term physical or mental impairment includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction and alcoholism.

(2) *Major life activities* means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(3) Has a record of such an impairment means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(4) *Is regarded as having an impairment* means:

- (a) Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by a recipient as constituting such a limitation;
- (b) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of others toward such impairment; or
- (c) Has none of the impairments defined in paragraph (1) of this section but is treated by a recipient as having such an impairment.

EXHIBIT 3-2: DEFINITION OF INSTITUTION OF HIGHER EDUCATION
[20 U.S.C. 1001 and 1002]

Eligibility of Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Supplementary Guidance; Notice [Federal Register, April 10, 2006]

Institution of Higher Education shall have the meaning given this term in the Higher Education Act of 1965 in 20 U.S.C. 1001 and 1002.

Definition of "Institution of Higher Education" From 20 U.S.C. 1001

- (a) Institution of higher education. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term "institution of higher education" means an educational institution in any State that
- (1) Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;
 - (2) Is legally authorized within such State to provide a program of education beyond secondary education;
 - (3) Provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree;
 - (4) Is a public or other nonprofit institution; and
 - (5) Is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.
- (b) Additional institutions included. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term "institution of higher education" also includes—
- (1) Any school that provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of paragraphs (1), (2), (4), and (5) of subsection (a) of this section; and
 - (2) A public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1) of this section, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.
- (c) List of accrediting agencies. For purposes of this section and section 1002 of this title, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part G of subchapter IV of this chapter, to be reliable authority as to the quality of the education or training offered.

Definition of "Institution of Higher Education" From 20 U.S.C. 1002

- (a) Definition of institution of higher education for purposes of student assistance programs
- (1) Inclusion of additional institutions. Subject to paragraphs (2) through (4) of this subsection, the term "institution of higher education" for purposes of subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 includes, in addition to the institutions covered by the definition in section 1001 of this title—
- (A) A proprietary institution of higher education (as defined in subsection (b) of this section);
- (B) A postsecondary vocational institution (as defined in subsection (c) of this section); and
- (C) Only for the purposes of part B of subchapter IV of this chapter, an institution outside the United States that is comparable to an institution of higher education as defined in section 1001 of this title and that has been approved by the Secretary for the purpose of part B of subchapter IV of this chapter.
- (2) Institutions outside the United States
- (A) In general. For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 1001 of this title (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 1001 (a)(4) of this title). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of subchapter IV of this chapter unless—
- (i) In the case of a graduate medical school located outside the United States—
- (I)(aa) At least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 1091(a)(5) of this title in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; and
- (bb) At least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; or
- (II) The institution has a clinical training program that was approved by a State as of January 1, 1992; or

- (ii) In the case of a veterinary school located outside the United States that does not meet the requirements of section 1001(a)(4) of this title, the institution's students complete their clinical training at an approved veterinary school located in the United States.

(B) Advisory panel

- (i) In general. For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish an advisory panel of medical experts that shall—

- (I) Evaluate the standards of accreditation applied to applicant foreign medical schools; and

- (II) Determine the comparability of those standards to standards for accreditation applied to United States medical schools.

- (ii) Special rule if the accreditation standards described in clause (i) are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 1001 of this title.

(C) Failure to release information. The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) shall render such institution ineligible for the purpose of part B of subchapter IV of this chapter.

(D) Special rule. If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

(3) Limitations based on course of study or enrollment. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

- (A) Offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 2471 (4)(C) of this title;

- (B) Enrolls 50 percent or more of the institution's students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

- (C) Has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2-or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary diploma, respectively; or
 - (D) Has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2-or 4-year program of instruction (or both) for which the institution awards a bachelor's degree or an associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.
- (4) Limitations based on management. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—
- (A) The institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution's management or policies) that files for bankruptcy under chapter 11 of title 11 between July 1, 1998, and December 1, 1998; or
 - (B) The institution, the institution's owner, or the institution's chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, or has been judicially determined to have committed fraud involving funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.
- (5) Certification. The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part G of subchapter IV of this chapter.
- (6) Loss of eligibility. An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 as a result of an action pursuant to part G of subchapter IV of this chapter.

(b) Proprietary institution of higher education

(1) Principal criteria. For the purpose of this section, the term “proprietary institution of higher education” means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(B) Meets the requirements of paragraphs (1) and (2) of section 1001 (a) of this title;

(C) Does not meet the requirement of paragraph (4) of section 1001 (a) of this title;

(D) Is accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part G of subchapter IV of this chapter;

(E) Has been in existence for at least 2 years; and

(F) Has at least 10 percent of the school’s revenues from sources that are not derived from funds provided under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, as determined in accordance with regulations prescribed by the Secretary.

(2) Additional institutions. The term “proprietary institution of higher education” also includes a proprietary educational institution in any State that, in lieu of the requirement in paragraph (1) of section 1001 (a) of this title, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(c) Postsecondary vocational institution.

(1) Principal criteria. For the purpose of this section, the term “postsecondary vocational institution” means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(B) Meets the requirements of paragraphs (1), (2), (4), and (5) of section 1001 (a) of this title; and

(C) Has been in existence for at least 2 years.

(2) Additional institutions. The term “postsecondary vocational institution” also includes an educational institution in any State that, in lieu of the requirement in paragraph (1) of section 1001 (a) of this title, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

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Chapter 4

APPLICATIONS, WAITING LIST AND TENANT SELECTION

INTRODUCTION

When a family wishes to receive Section 8 HCV assistance, the family must submit an application that provides the PHA with the information needed to determine the family's eligibility. HUD requires the PHA to place all families that apply for assistance on a waiting list. When HCV assistance becomes available, the PHA must select families from the waiting list in accordance with HUD requirements and PHA policies as stated in the administrative plan and the annual plan.

The PHA is required to adopt a clear approach to accepting applications, placing families on the waiting list, selecting families from the waiting list and must follow this approach consistently. The actual order in which families are selected from the waiting list can be affected if a family has certain characteristics designated by HUD or the PHA to receive preferential treatment. Funding earmarked exclusively for families with particular characteristics may also alter the order in which families are served.

HUD regulations require that all families have an equal opportunity to apply for and receive housing assistance, and that the PHA affirmatively further fair housing goals in the administration of the program [24 CFR 982.53, HCV GB p. 4-1]. Adherence to the selection policies described in this chapter ensures that the PHA will be in compliance with all relevant fair housing requirements, as described in Chapter 2.

This chapter describes HUD and PHA policies for taking applications, managing the waiting list and selecting families for HCV assistance. The policies outlined in this chapter are organized into three sections, as follows:

Part I: The Application Process. This part provides an overview of the application process, and discusses how applicants can obtain and submit applications. It also specifies how the PHA will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how the PHA's waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for assistance. It also discusses the process the PHA will use to keep the waiting list current.

Part III: Selection for HCV Assistance. This part describes the policies that guide the PHA in selecting families for HCV assistance as such assistance becomes available. It also specifies how in-person interviews will be used to ensure that the PHA has the information needed to make a final eligibility determination.

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PART I: THE APPLICATION PROCESS

4-I.A. OVERVIEW

This part describes the policies that guide the PHA's efforts to distribute and accept applications, and to make preliminary determinations of applicant family eligibility that affect placement of the family on the waiting list. This part also describes the PHA's obligation to ensure the accessibility of the application process to elderly persons, people with disabilities, and people with limited English proficiency (LEP).

4-I.B. APPLYING FOR ASSISTANCE [HCV GB, pp. 4-11 – 4-16]

Any family that wishes to receive HCV assistance must apply for admission to the program. HUD permits the PHA to determine the format and content of HCV applications, as well how such applications will be made available to interested families and how applications will be accepted by the PHA.

PHA Policy

Depending upon the length of time that applicants may need to wait to receive assistance, the PHA may use a one- or two-step application process.

A one-step process will be used when it is expected that a family will be selected from the waiting list within 60 days of the date of application. At application, the family must provide all of the information necessary to establish family eligibility and level of assistance.

A two-step process will be used when it is expected that a family will not be selected from the waiting list for at least 60 days from the date of application. Under the two-step application process, the PHA initially will require families to provide only the information needed to make an initial assessment of the family's eligibility, and to determine the family's placement on the waiting list. The family will be required to provide all of the information necessary to establish family eligibility and level of assistance when the family is selected from the waiting list.

Families may obtain application forms from the PHA's office during normal business hours. Families may also request – by telephone, mail, email or fax – that a form be sent to the family via first class mail.

Completed applications must be returned to the PHA by mail, fax, email or submitted in person during normal business hours. If an application is returned by fax or email, an original via regular mail must be received by the agency with original signatures within sixty (60) days of the date of receipt of the fax or emailed version. Failure of the applicant to follow up with original application will result in removal from the waitlist. Applications must be complete in order to be accepted by the PHA for processing. If an application is incomplete, the PHA will notify the family of the additional information required.

4-I.C. ACCESSIBILITY OF THE APPLICATION PROCESS

Elderly and Disabled Populations [24 CFR 8 and HCV GB, pp. 4-11 – 4-13]

The PHA must take a variety of steps to ensure that the application process is accessible to those people who might have difficulty complying with the normal, standard PHA application process. This could include people with disabilities, certain elderly individuals, as well as persons with limited English proficiency (LEP). The PHA must provide reasonable accommodation to the needs of individuals with disabilities. The application-taking facility and the application process must be fully accessible, or the PHA must provide an alternate approach that provides full access to the application process. Chapter 2 provides a full discussion of the PHA's policies related to providing reasonable accommodations for people with disabilities.

Limited English Proficiency

PHAs are required to take reasonable steps to ensure meaningful access to their programs and activities by persons with limited English proficiency [24 CFR 1]. Chapter 2 provides a full discussion on the PHA's policies related to ensuring access to people with limited English proficiency (LEP).

4-I.D. PLACEMENT ON THE WAITING LIST

The PHA must review each complete application received and make a preliminary assessment of the family's eligibility. The PHA must accept applications from families for whom the list is open unless there is good cause for not accepting the application (such as denial of assistance) for the grounds stated in the regulations [24 CFR 982.206(b)(2)]. Where the family is determined to be ineligible, the PHA must notify the family in writing [24 CFR 982.201(f)]. Where the family is not determined to be ineligible, the family will be placed on a waiting list of applicants.

No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list [24 CFR 982.202(c)].

Ineligible for Placement on the Waiting List

PHA Policy

If the PHA can determine from the information provided that a family is ineligible, the family will not be placed on the waiting list. Where a family is determined to be ineligible, the PHA will send written notification of the ineligibility determination within 10 business days of the determination of ineligibility. The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review and explain the process for doing so (see Chapter 16).

Eligible for Placement on the Waiting List

PHA Policy

The PHA will send written notification of the preliminary eligibility determination within 10 business days of the determination of eligibility.

Placement on the waiting list does not indicate that the family is, in fact, eligible for assistance. A final determination of eligibility will be made when the family is selected from the waiting list.

Applicants will be placed on the waiting list according to preference(s) if any for which they qualify, and the date and time their complete application is received by the PHA.

PART II: MANAGING THE WAITING LIST

4-II.A. OVERVIEW

The PHA must have policies regarding various aspects of organizing and managing the waiting list of applicant families. This includes opening the list to new applicants, closing the list to new applicants, notifying the public of waiting list openings and closings, updating waiting list information, purging the list of families that are no longer interested in or eligible for assistance, as well as conducting outreach to ensure a sufficient number of applicants.

In addition, HUD imposes requirements on how a PHA may structure its waiting list and how families must be treated if they apply for assistance from a PHA that administers more than one assisted housing program.

4-II.B. ORGANIZATION OF THE WAITING LIST [24 CFR 982.204 and 205]

The PHA's HCV waiting list must be organized in such a manner to allow the PHA to accurately identify and select families for assistance in the proper order, according to the admissions policies described in this plan.

The waiting list must contain the following information for each applicant listed:

- Applicant name;
- Family unit size;
- Date and time of application;
- Qualification for any local preference;
- Racial or ethnic designation of the head of household.

HUD requires the PHA to maintain a single waiting list for the HCV program unless it serves more than one county or municipality. Such PHAs are permitted, but not required, to maintain a separate waiting list for each county or municipality served.

PHA Policy

The PHA will maintain a single waiting list for the HCV program.

HUD directs that a family that applies for assistance from the HCV program must be offered the opportunity to be placed on the waiting list for any public housing, project-based voucher or moderate rehabilitation program the PHA operates if 1) the other programs' waiting lists are open, and 2) the family is qualified for the other programs.

HUD permits, but does not require, that PHAs maintain a single merged waiting list for their public housing, Section 8, and other subsidized housing programs.

A family's decision to apply for, receive, or refuse other housing assistance must not affect the family's placement on the HCV waiting list, or any preferences for which the family may qualify.

PHA Policy

The PHA will not merge the HCV waiting list with the waiting list for any other program the PHA operates.

4-II.C. OPENING AND CLOSING THE WAITING LIST [24 CFR 982.206]

Closing the Waiting List

A PHA is permitted to close the waiting list if it has an adequate pool of families to use its available HCV assistance. Alternatively, the PHA may elect to continue to accept applications only from certain categories of families that meet particular preferences or funding criteria.

PHA Policy

The PHA may close the waiting list when the estimated waiting period for housing assistance for applicants on the list reaches 36 months for the most current applicants. Where the PHA has particular preferences or funding criteria that require a specific category of family, the PHA may elect to continue to accept applications from these applicants while closing the waiting list to others.

Reopening the Waiting List

If the waiting list has been closed, it cannot be reopened until the PHA publishes a notice in local newspapers of general circulation, minority media, and other suitable media outlets. The notice must comply with HUD fair housing requirements and must specify who may apply, and where and when applications will be received.

PHA Policy

The PHA will announce the reopening of the waiting list at least 10 business days prior to the date applications will first be accepted. If the list is only being reopened for certain categories of families, this information will be contained in the notice.

The PHA will give public notice by publishing the relevant information in suitable media outlets including, but not limited to:

The local Newspaper and local Radio Stations.

4-II.D. FAMILY OUTREACH [HCV GB, pp. 4-2 to 4-4]

The PHA must conduct outreach as necessary to ensure that the PHA has a sufficient number of applicants on the waiting list to use the HCV resources it has been allotted.

Because HUD requires the PHA to serve a specified percentage of extremely low income families (see Chapter 4, Part III), the PHA may need to conduct special outreach to ensure that an adequate number of such families apply for assistance [HCV GB, p. 4-20 to 4-21].

PHA outreach efforts must comply with fair housing requirements. This includes:

- Analyzing the housing market area and the populations currently being served to identify underserved populations
- Ensuring that outreach efforts are targeted to media outlets that reach eligible populations that are underrepresented in the program
- Avoiding outreach efforts that prefer or exclude people who are members of a protected class

PHA outreach efforts must be designed to inform qualified families about the availability of assistance under the program. These efforts may include, as needed, any of the following activities:

- Submitting press releases to local newspapers, including minority newspapers
- Developing informational materials and flyers to distribute to other agencies
- Providing application forms to other public and private agencies that serve the low income population
- Developing partnerships with other organizations that serve similar populations, including agencies that provide services for persons with disabilities

PHA Policy

The PHA will monitor the characteristics of the population being served and the characteristics of the population as a whole in the PHA's jurisdiction. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are being underserved.

4-II.E. REPORTING CHANGES IN FAMILY CIRCUMSTANCES

PHA Policy

While the family is on the waiting list, the family must immediately inform the PHA of changes in contact information, including current residence, mailing address, and phone number. The changes must be submitted in writing.

4-II.F. UPDATING THE WAITING LIST [24 CFR 982.204]

HUD requires the PHA to establish policies to use when removing applicant names from the waiting list.

Purging the Waiting List

The decision to withdraw an applicant family that includes a person with disabilities from the waiting list is subject to reasonable accommodation. If the applicant did not respond to a PHA request for information or updates because of the family member's disability, the PHA must reinstate the applicant family to their former position on the waiting list [24 CFR 982.204(c)(2)].

PHA Policy

The waiting list will be updated annually to ensure that all applicants and applicant information is current and timely.

To update the waiting list, the PHA will send an update request via first class mail to each family on the waiting list to determine whether the family continues to be interested in, and to qualify for, the program. This update request will be sent to the last address that the PHA has on record for the family. The update request will provide a deadline by which the family must respond and will state that failure to respond will result in the applicant's name being removed from the waiting list.

The family's response must be in writing and may be delivered in person, by fax, email or by mail. Responses must be received by the PHA by the deadline date stated on the PHA letter. If an applicant chooses to respond via mail, the envelope must be postmarked by the deadline date stated on the PHA letter.

If the family fails to respond within the timeframe allotted, the family will be removed from the waiting list without further notice.

If the notice is returned by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice.

If a family is removed from the waiting list for failure to respond, the Section 8 Manager may reinstate the family if she determines the lack of response was due to PHA error.

Removal from the Waiting List

PHA Policy

If at any time an applicant family is on the waiting list, the PHA determines that the family is not eligible for assistance (see Chapter 3), the family will be removed from the waiting list.

If a family is removed from the waiting list because the PHA has determined the family is not eligible for assistance, a notice will be sent to the family's address of record. The notice will state the reasons the family was removed from the waiting list and will inform the family how to request an informal review regarding the PHA's decision (see Chapter 16) [24 CFR 982.201(f)].

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PART III: SELECTION FOR HCV ASSISTANCE

4-III.A. OVERVIEW

As vouchers become available, families on the waiting list must be selected for assistance in accordance with the policies described in this part.

The order in which families receive assistance from the waiting list depends on the selection method chosen by the PHA and is impacted in part by any selection preferences that the family qualifies for. The source of HCV funding also may affect the order in which families are selected from the waiting list.

The PHA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the PHA's selection policies [24 CFR 982.204(b) and 982.207(e)].

4-III.B. SELECTION AND HCV FUNDING SOURCES

Special Admissions [24 CFR 982.203]

HUD may award funding for specifically-named families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 projects). In these cases, the PHA may admit families that are not on the waiting list, or without considering the family's position on the waiting list. The PHA must maintain records showing that such families were admitted with special program funding.

Targeted Funding [24 CFR 982.204(e)]

HUD may award a PHA funding for a specified category of families on the waiting list. The PHA must use this funding only to assist the families within the specified category. Within this category of families, the order in which such families are assisted is determined according to the policies provided in Section 4-III.C.

PHA Policy

The PHA does not currently administer any type of targeted funding.

Regular HCV Funding

Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in Section 4-III.C.

4-III.C. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

PHA Policy

The PHA will offer a preference to any family that has been terminated from its HCV program due to insufficient program funding.

The PHA will offer priority to those who live and work in the County of Kauai.

Income Targeting Requirement [24 CFR 982.201(b)(2)]

HUD requires that extremely low-income (ELI) families make up at least 75% of the families admitted to the HCV program during the PHA's fiscal year. ELI families are those with annual incomes at or below 30% of the area median income. To ensure this requirement is met, a PHA may skip non-ELI families on the waiting list in order to select an ELI family.

Low income families admitted to the program that are "continuously assisted" under the 1937 Housing Act [24 CFR 982.4(b)], as well as low-income or moderate-income families admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [24 CFR 982.201(b)(2)(v)].

PHA Policy

The PHA will monitor progress in meeting the ELI requirement throughout the fiscal year. Extremely low-income families will be selected ahead of other eligible families on an as-needed basis to ensure the income targeting requirement is met.

Order of Selection

The PHA system of preferences may select families either according to the date and time of application, or by a random selection process [24 CFR 982.207(c)]. When selecting families from the waiting list PHAs are required to use targeted funding to assist only those families who meet the specified criteria, and PHAs are not permitted to skip down the waiting list to a family that it can afford to subsidize when there are not sufficient funds to subsidize the family at the top of the waiting list [24 CFR 982.204(d) and (e)].

PHA Policy

Families will be selected from the waiting list based on selection preference(s) for which they qualify, and in accordance with the PHA's hierarchy of preferences, if applicable. Within each preference category, families will be selected on a first-come, first-served basis according to the date and time their complete application is received by the PHA.

4-III.D. NOTIFICATION OF SELECTION

When a family has been selected from the waiting list, the PHA must notify the family.

PHA Policy

The PHA will notify the family by first class mail when it is selected from the waiting list. The notice will inform the family of the following:

Required documents and information

Timeline for return of the required documents

If the family does not supply the required documents by the timeframe stated in the first letter, the PHA will send a Final Notice with a new deadline date. Applicants who fail to supply the required documents within the specified timeframe without PHA approval will be denied assistance based on the family's failure to supply information needed to determine initial eligibility. A notice of denial will be issued in accordance with policies contained in Chapter 3.

If a notification letter is returned to the PHA with no forwarding address, the family will be removed from the waiting list. A notice of denial (see Chapter 3) will be sent to the family's address of record.

Only when all required documents are submitted, an interview is scheduled with the family. The date, time, and location of the interview, what family member(s) are required to attend the interview and any procedures for rescheduling the interview are included in the notice.

4-III.E. THE APPLICATION INTERVIEW

HUD recommends that the PHA obtain the information and documentation needed to make an eligibility determination through a private interview [HCV GB, pg. 4-16]. Being invited to attend an interview does not constitute admission to the program.

Reasonable accommodation must be made for persons with disabilities who are unable to attend an interview due to their disability.

PHA Policy

Families selected from the waiting list are required to participate in an in-person eligibility interview.

The head of household and the spouse/cohead will be required to attend the interview together. Verification of information pertaining to adult members of the household not present at the interview will not begin until signed release forms are returned to the PHA.

The interview will be conducted only if the head of household or spouse/cohead has provided appropriate documentation of legal identity. (Chapter 7 provides a discussion of proper documentation of legal identity).

The family must provide the information necessary to establish the family's eligibility and determine the appropriate level of assistance, as well as completing required forms, providing required signatures, and submitting required documentation. If any materials

are missing, the PHA will provide the family with a written list of items that must be submitted.

Any required documents or information that the family is unable to provide at the interview must be provided within 10 business days of the interview (Chapter 7 provides details about longer submission deadlines for particular items). If the family is unable to obtain the information or materials within the required time frame, the family may request an extension. If the required documents and information are not provided within the required time frame (plus any extensions), the family will be sent a notice of denial (See Chapter 3).

An advocate, interpreter, or other assistant may assist the family with the application and the interview process.

Interviews will be conducted in English. For limited English proficient (LEP) applicants, the PHA will provide translation services in accordance with the PHA's LEP plan, if any.

If the family is unable to attend a scheduled interview, the family should contact the PHA at least 24 hours in advance of the interview to schedule a new appointment. In all circumstances, if a family does not attend a scheduled interview, the PHA will send another notification letter with a new interview appointment time. Applicants who fail to attend two scheduled interviews without PHA approval will be denied assistance based on the family's failure to supply information needed to determine eligibility. A notice of denial will be issued in accordance with policies contained in Chapter 3.

4-III.F. COMPLETING THE APPLICATION PROCESS

The PHA must verify all information provided by the family (see Chapter 7). Based on verified information, the PHA must make a final determination of eligibility (see Chapter 3) and must confirm that the family qualified for any special admission, targeted admission, or selection preference that affected the order in which the family was selected from the waiting list.

PHA Policy

If the PHA determines that the family is ineligible, the PHA will send written notification of the ineligibility determination within 10 business days of the determination. The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review (Chapter 16).

If a family fails to qualify for any criteria that affected the order in which it was selected from the waiting list (e.g. extremely low-income), the family will be returned to its original position on the waiting list. The PHA will notify the family in writing that it has been returned to the waiting list, and will specify the reasons for it.

If the PHA determines that the family is eligible to receive assistance, the PHA will invite the family to attend a briefing in accordance with the policies in Chapter 5.

**Financial Resources:
Planned Sources and Uses**

Sources	Planned \$	Planned Uses
1. Federal Grants (FY 2008 grants)		
a) Public Housing Operating Fund		
b) Public Housing Capital Fund		
c) HOPE VI Revitalization		
d) HOPE VI Demolition		
e) Annual Contributions for Section 8 Tenant-Based Assistance	\$6,300,000	
f) Public Housing Drug Elimination Program (including any Technical Assistance funds)		
g) Resident Opportunity and Self-Sufficiency Grants		
h) Community Development Block Grant	\$793,056	Community Development
i) HOME	\$989,345	Develop Affordable Housing
Other Federal Grants (list below)		
Family Self-Sufficiency Program	\$126,959	Staff, Equip Training
Neighborhood Stabilization	\$4,745,800	Foreclosure/land acquisitions
2. Prior Year Federal Grants (unobligated funds only) (list below)		
3. Public Housing Dwelling Rental Income		
4. Other income (list below)		
Administrative Fees (Section 8)	\$699,000	Staff, Equip, Training
Administrative Fee (Home)	\$85,000	Staff Training
Administrative Fee (CDBG)	183,718	Staff, Equip, Training
Administrative Fee (NSP)	253,972	Staff, Training
4. Non-federal sources (list below)		
Total resources	\$14,176,849.60	

COUNTY OF KAUA'I, HAWAII

SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2008

December 8, 2008

To the Chair and Members of
the County Council of Kaua'i, Hawai'i
Lihu'e, Kaua'i, Hawai'i

We have completed our audit of the basic financial statements of the County of Kaua'i, Hawai'i (the County), as of and for the year ended June 30, 2008. Our report containing our opinion on those basic financial statements is included in the County's Comprehensive Annual Financial Report. We transmit herewith our reports on internal control and compliance with applicable laws and regulations in accordance with the Single Audit Act of 1984, as amended, and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Objectives and Scope of Examination

The primary objective of our audit was to form an opinion as to whether the above mentioned financial statements present fairly the financial position of the County as of June 30, 2008 and the results of its operations for the year then ended.

Our audit was made in accordance with the specifications as outlined in the Request for Proposals for Professional Financial Auditing Services for Fiscal Years 2008-2010.

The scope of the audit was as follows:

1. Conduct a financial audit of the County to provide a basis to report on the fair presentation of the County's basic financial statements.
2. Provide an "in-relation-to" report on the combining and individual non-major fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.
3. Provide an "in-relation-to" report on the schedule of expenditures of federal awards based on the auditing procedures applied during the audit of the basic financial statements. The schedule of expenditures of federal awards and related report, as well as the reports on the internal controls and compliance were not included in the Comprehensive Annual Financial Report, but were issued separately.

Our audit was performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984, as amended, and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

We have also reviewed and updated the findings and other weaknesses identified in the County's financial statement audit for the fiscal year ended June 30, 2007.

Organization of Report

This Single Audit Report includes the following:

- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- Report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133
- Schedule of expenditures of federal awards
- Schedule of findings and questioned costs
- Summary schedule of prior audit findings

The basic financial statements and related notes, along with other financial information of the County, as of and for the year ended June 30, 2008, and our opinion as to the fairness of the presentation of those statements are included in a separate report dated December 8, 2008. We have also included our comments on matters relating to the County's internal control and operations in a separate report also dated December 8, 2008.

We would like to take this opportunity to thank the staff of the County for their courteous cooperation and assistance during our audit.

R. C. Holsinger Associates, P. C.

Honolulu, Hawai'i

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chair and Members of
the County Council of Kaua'i, Hawai'i
Lihu'e, Kaua'i, Hawai'i

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, Hawai'i (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

To the Chair and Members of
the County Council of Kaua'i, Hawai'i
Lihu'e, Kaua'i, Hawai'i

Compliance

We have audited the compliance of the County of Kaua'i, Hawai'i (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in items 08-02 through 08-04 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding reporting that are applicable to the Federal Transit Administration Program, eligibility that are applicable to its Section 8 Housing Choice Voucher Program, and suspension and debarment that are applicable to its Community Development Block Grant Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.



Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-02 through 08-04 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 08-02 through 08-04 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the County Council of Kaua'i, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

R C Holsinger Associates, P.C.

Honolulu, Hawai'i
December 8, 2008

COUNTY OF KAUAI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through State Department of Land and Natural Resources						
Cooperative Fire Assistance:						
Volunteer Fire Assistance		VFA006	\$ 40,000	\$ 3,610	\$ 40,000	\$ -
Volunteer Fire Assistance (F07VFA)		06-DG-11052012-173	40,000	10,417	40,000	-
Total Cooperative Fire Assistance	10.664		80,000	14,027	80,000	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			80,000	14,027	80,000	-
U.S. DEPARTMENT OF COMMERCE						
Passed Through Office of State Planning						
Coastal Zone Management Program Administration Grants						
Coastal Zone Management:						
Fiscal year 2004		HCZM04	215,075	20	209,075	6,000
Fiscal year 2006		HCZM06	290,344	12,487	290,344	-
Fiscal year 2007		Z07001	308,951	43,486	308,951	-
Fiscal year 2008		Z08001	285,155	285,148	285,148	7
Total Coastal Zone Management	11.419		1,099,525	341,141	1,093,518	6,007
Fishbowl Training - EDA Special Project Funding	11.300	D08011	480,000	902	902	479,098
TOTAL U.S. DEPARTMENT OF COMMERCE			1,579,525	342,043	1,094,420	485,105
U.S. DEPARTMENT OF ENERGY						
Passed Through State Department of Business, Economic Development and Tourism						
Energy Extension Service:						
Energy Ext Service 2003		EES003	69,793	(559)	69,793	-
Energy Ext Service 2005		EES005	69,825	154	69,805	20
Energy Ext Service 2006		EES006	69,825	7,219	69,269	556
EEXT Plan/Adm. FY 2007		D07059	57,269	2,647	57,264	5
EES Administration 2008		D08059	65,769	63,517	63,517	2,252
EES Renew/Energy Eff.		D08057	5,000	5,000	5,000	-
EES Recycle Re-use		D08055	1,500	1,500	1,500	-
Niihau Photovoltaic		PHOTOV	25,000	2,336	22,624	2,376
Niihau Photovoltaic System		PHOTO6	150,000	89,010	150,000	-
Total Energy Extension Service	81.041		513,981	170,824	508,772	5,209
Rebuild America Training, FY 2001	81.119	REBU01	29,906	1,439	27,818	2,088
TOTAL U.S. DEPARTMENT OF ENERGY			543,887	172,263	536,590	7,297
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Direct Programs						
Surveys, Studies, Investigations and Special Purpose Grants:						
Bottle bill program (solid waste mgt. assist. grants)	66.808	BOTTLE	3,965	4	3,965	-
Brownfield Assessment (CERCLA)	66.818	BF-96913101-0	199,999	3,190	199,999	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			203,964	3,194	203,964	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed Through State Executive Office on Aging						
Special Programs for the Aging-Title III, Part C:						
HP3D 2008		E08007	7,601	241	241	7,360
C2 KEO 2008		E08006	76,723	62,758	62,758	13,965
SLP Area 2007		E07012	53,245	53,245	53,245	-
C1 KEO 2007-Area		E07011	113,197	36,827	39,911	73,286
HP3D07		E07003	7,799	6,577	6,577	1,222
CONG 2007		E07002	45,928	12,054	3,713	42,215
Home Delivered Nutrition Services, Fiscal year 2006		HOME06	146,817	12,671	146,817	-
Home Delivered Nutrition Services, Fiscal year 2007		E07008	75,082	58,433	74,774	308
C1 KEO 2008		E08004	116,937	33,133	33,133	83,804
Total Title III, Part C	93.045		643,329	275,939	421,169	222,160

COUNTY OF KAUAI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)						
Special Programs for the Aging-Title III, Part B						
Grants for Supportive Services:						
I&R Area 2009 Salary		E09001	\$ 107,325	\$ 22,832	\$ 22,832	\$ 84,493
C1 Area 2008		E08005	45,675	45,675	45,675	-
SCSEP7		E07005	22,448	126	22,448	-
Area 2007		E07001	159,603	17,302	159,603	-
I&R 2008		E08001	70,000	26,853	70,000	-
Area 2008		E08003	<u>104,984</u>	<u>51,755</u>	<u>51,755</u>	<u>53,229</u>
Total Title III, Part B	93.044		510,035	164,543	372,313	137,722
Special Programs for the Aging-Title III, Part E						
FCG Support Group		E07015	13,050	9,800	9,800	3,250
FCG Group train CARE		E07014	7,210	3,785	3,785	3,425
FCG Day Care		E06001	20,000	103	20,000	-
Caregiver FY 2006		E06003	28,535	757	5,798	22,737
FCG Legal		E06002	15,015	15,015	15,015	-
FCG Day Care		E06004	20,000	5,441	5,441	14,559
Care 2007		E07004	15,384	14,986	14,986	398
FCG Counseling		E07013	9,400	4,136	4,136	5,264
FCG Info. Serv.		E07016	10,050	5,000	5,000	5,050
OUTREACH 2008		E08002	37,144	37,143	37,143	1
3E 2009 Care Elderly		E09008	40,276	9,684	9,684	30,592
CARE AREA & RESPITE		E08008	<u>53,701</u>	<u>7,436</u>	<u>7,436</u>	<u>46,265</u>
Total Title III, Part E	93.130		269,765	113,286	138,224	131,541
Special Programs for the Aging-Title III, Part D						
Enhance Fitness 2007		E07006	53,190	26,145	40,902	12,288
Enhance Fitness 2008		E08011	54,173	21,317	21,317	32,856
Health Promotion, Fiscal year 2006		HP3D06	<u>9,579</u>	<u>7,178</u>	<u>9,278</u>	<u>301</u>
Total Title III, Part D	93.043		116,942	54,640	71,497	45,445
Administration on Aging - Special Programs for the Aging:						
Title IV and Title II Discretionary Projects:						
Enhance Fitness 2008	93.048	E09011	74,000	400	400	73,600
Administration and Aging - Nutrition Service Incentive Program:						
Food Distribution:						
NSIP08		E08009	45,984	19,460	19,460	26,524
NSIP 2007		E07009	39,196	13,569	39,196	-
USDA, Fiscal Year 2006 (Formerly CFDA 10.550)		USDA 06	<u>39,539</u>	<u>16,064</u>	<u>39,539</u>	<u>-</u>
Total Food Distribution	93.053		124,719	49,093	98,195	26,524
Passed through Office of State Attorney General						
Child Support Enforcement: Title IV, Part D						
Child Support Enf FY 07		S07001	276,805	51,902	236,357	40,448
Child Support Enf FY 08		S08001	114,058	(547)	210	113,848
Child Support Enf FY 86-88		A70088	<u>556,967</u>	<u>10,275</u>	<u>451,033</u>	<u>105,934</u>
Total Title IV, Part D	93.563		947,830	61,630	687,600	260,230
Federal Office of Rural Health Policy -						
Pass through Department of Health						
Emergency Medical Services System	93.259	DEFIBR(410)	<u>62,000</u>	<u>16,001</u>	<u>62,000</u>	<u>-</u>
Rural Access to Emergency Devices Grant						
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,748,620	735,532	1,851,398	897,222
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed Through State Department of Business, Economic Development and Tourism						
Home Investment Partnerships Program, Title II						
Fiscal year 1999		HIPA99	963,000	(141)	794,848	168,152
Fiscal year 2002		HIPA02	972,400	141	638,460	333,940
Fiscal year 2003		HIPA03	1,547,034	(226,741)	1,169,864	377,170
Fiscal year 2004		HIPA04	1,069,380	150,902	571,151	498,229
Fiscal year 2005		HIPA05	1,006,556	(135,272)	503,960	502,596
Fiscal year 2006		HIPA06	996,172	159,551	159,551	836,621
Program Income		HIPAXX	<u>3,341,868</u>	<u>641,680</u>	<u>2,863,544</u>	<u>478,324</u>
Total Home Investment Partnerships Program, Title II (Note 1-2)	14.239		9,896,410	590,120	6,701,378	3,195,032

Note (1): Adjustments made involving program income for HIPA and CDBG programs resulting in credit (reduction in expenses).

Note (2): Adjustment made to move expense to correct funding year.

COUNTY OF KAUAI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)						
Direct Programs						
Lower Income Housing Assistance Program						
Section 8-Housing Choice Vouchers	14.871	PHA-HI-005	\$ 6,434,652	\$ 6,434,652	\$ 6,434,652	\$ -
Community Development Block Grants						
State's Program and Non-entitlement Grants in Hawai'i						
Fiscal year 2002		CDBG02	924,000	394	924,000	-
Fiscal year 2003		CDBG03	900,000	5,961	895,088	4,912
Fiscal year 2005		CDBG05	892,821	62,177	713,673	179,148
Fiscal year 2006		CDBG06	806,848	501,740	800,888	5,960
Fiscal year 2007		CDBG07	812,305	433,062	433,062	379,243
Disaster Program Income		CDBGDX	1,723,480	923,865	923,865	799,615
Program Income		CDBGXX	<u>1,351,577</u>	<u>257,700</u>	<u>1,095,373</u>	<u>256,204</u>
Total State's Program and Non-entitlement Grants in Hawai'i (Formerly CFDA 14.219 Small Cities Program)	14.228		7,411,031	2,184,899	5,785,949	1,625,082
Special Projects Grant, EDI-SP	14.246	TECH04	<u>497,030</u>	<u>119</u>	<u>456,576</u>	<u>40,474</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			24,239,143	9,209,790	19,378,555	4,860,588
U.S. DEPARTMENT OF JUSTICE						
Passed through Office of State Attorney General:						
Crime Victims Assistance Grants						
Victims of Crime, Fiscal year 2006		A07021	186,841	114,983	128,109	58,732
VOCA VA Plan		O4VA.3	<u>209,191</u>	<u>806</u>	<u>209,191</u>	<u>-</u>
Total Crime Victims Assistance Grants	16.575		396,032	115,789	337,300	58,732
Byrne Formula Grant Program						
Statewide Narcotics Task Force, Fiscal year 2007		P08005	16,000	1,326	1,326	14,674
Statewide Narcotics Task Force, Fiscal year 2006		SNTF06	24,000	14,508	24,000	-
Statewide Marijuana Task Force, Fiscal year 2007		P08004	26,396	12,977	12,977	13,419
Statewide Marijuana Task Force, Fiscal year 2006		MAR106	33,000	3,388	33,000	-
US DOJ/DEA DCE/SP Program 2007		P07001	192,000	118,458	192,000	-
US DOJ/DEA DCE/SP Program 2008		P08001	151,000	63,361	63,361	87,639
High Intensity Drug Traffic, Fiscal year 2005		HIDTA.5	70,410	16,094	39,352	31,058
High Intensity Drug Traffic, Fiscal year 2007		P07003	47,210	42,712	42,712	4,498
High Intensity Drug Traffic, Fiscal year 2008		P08003	<u>45,794</u>	<u>14,130</u>	<u>14,130</u>	<u>31,664</u>
Total Byrne Formula Grants	16.579		605,810	286,954	422,858	182,952
Edward Byrne Memorial Grants-State and Local Law Enforcement						
Stop Violence Against Women, fiscal year 2007		A07005	46,823	19,361	46,186	637
Strangulation Training		P08031	20,797	14,289	14,289	6,508
Byrne Jag PGM, FY05 DVPU05		DVPU05	45,600	5,391	42,859	2,741
Byrne Jag PGM, FY05 PCPU05		PCPU05	104,000	16,102	104,000	-
Byrne Jag PGM, FY08 PCPU		A08004	31,788	28,935	28,935	2,853
Byrne Jag PGM, FY08 DVPU		A08006	47,085	28,050	28,050	19,035
Byrne Jag PGM, PCPU - Special 01/08 - 12/08		A08009	118,000	50,881	50,881	67,119
Byrne Jag PGM, DVPU - Special 02/08 - 12/08		A08008	52,892	22,343	22,343	30,549
Byrne Jag PGM, Supplemental DVPU		A08005	<u>18,052</u>	<u>16,615</u>	<u>16,615</u>	<u>1,437</u>
Total Stop Violence Against Women Grants	16.588		485,037	201,967	354,158	130,819
JAG 2007 Subpoena Services		A08001	<u>44,074</u>	<u>795</u>	<u>795</u>	<u>43,279</u>
Total JAG Special Projects	16.738		44,074	795	795	43,279
Pass through State Office of Health and Human Services						
Teen Court Hale Opiu	16.540	A07004	120,000	66,107	97,422	22,578
Passed through State Office of Health and Human Services						
Youth Accountability Incentive Block Grant:						
Juv Accountability Block Grant		A08007	10,678	10,678	10,678	-
Youth Program, Title V, Fiscal Year 2007		A07001	<u>11,706</u>	<u>(343)</u>	<u>9,888</u>	<u>1,818</u>
Total Juv Accountability OJJDP Grants	16.523		22,384	10,335	20,566	1,818
Community Oriented Policing Services-						
Education and prevention:						
COPS Police Activity League	16.710	COPP.AL	32,982	3,146	24,966	8,016
Title V Delinquency Prevention Program OJJDP:						
Passed through Office of Youth Services - State of Hawai'i:						
Big Brothers and Sisters Title V Program	16.548	M07002	60,000	45,000	45,000	15,000

COUNTY OF KAUAI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF JUSTICE (Continued)						
Drug enforcement:						
Passed through Hawaii Community Foundation						
HCF KPD Crystal Meth 2008		P08002	\$ 250,000	\$ 116,210	\$ 116,210	\$ 133,790
COPS Crystal Meth		HCFOCA	50,000	10	50,000	-
Parks and Rec Year Two HCF meth grant		R08001	60,000	932	932	59,068
HCF, Drug Response Plan Year One		HCFMAY	81,000	(46,442)	80,998	2
HCF, Drug Response Plan Year Two		H07004	90,000	75,935	75,935	14,065
HCF, Drug prosecution		A07002	78,500	23,250	78,500	-
Total COPS, Drug enforcement	16.711		609,500	169,895	402,575	206,925
Green box RMS Interface/Records Management	16.000	P07028	71,481	28,592	28,592	42,889
TOTAL U.S. DEPARTMENT OF JUSTICE			2,447,300	928,580	1,734,232	713,068
U.S. DEPARTMENT OF LABOR						
Passed through State Department of Labor and Industrial Relations						
Reed Act Agreement Reed-06K						
Total Reed Act	17.803	D07070	1,258,994	335,843	340,560	918,434
Workforce Investment Act:						
Adult Program-Local area funds, Title I, FY2006		WIAAP6	197,245	23,500	185,338	11,907
Adult Program-Local area funds, Title I, FY2007		D07050	172,472	649	165,537	6,935
Adult Program-Local area funds, Title I, FY2008		D08050	139,702	126,390	126,419	13,283
Total Adult Program	17.258		509,419	150,539	477,294	32,125
Dislocated Workers, FY2006		WIADW6	78,720	7,100	78,225	495
Dislocated Workers, FY2007		D07051	64,001	4,231	55,204	8,797
Dislocated Workers, FY2008		D08051	128,138	95,353	95,363	32,775
Total Dislocated Workers	17.260		270,859	106,684	228,792	42,067
Youth Program 2008 (In)		D08060	39,922	35,187	35,187	4,735
Youth Program 2008 (Out)		D08061	82,994	74,195	74,195	8,799
Total Youth Activities	17.259		122,916	109,382	109,382	13,534
Administrative, FY 2008		D08049	43,416	27,448	27,448	15,968
Administrative, FY 2007		D07049	43,134	5,964	27,575	15,559
Total Administrative	**		86,550	33,412	55,023	31,527
Total Workforce Investment Act			989,744	400,017	870,491	119,253
TOTAL U.S. DEPARTMENT OF LABOR			2,248,738	735,860	1,211,051	1,037,687
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through State Department of Transportation:						
Public Transportation for Nonurbanized-						
Federal Transit Administration, Section 5311						
FTA BUS HI18x023		FTA023	301,881	92,232	269,573	32,308
FTA BUS HI18x024		FTA024	320,654	3,998	320,653	1
FTA HI18x025 CPS 2008		T08001	488,131	484,064	484,064	4,067
Total Public Transportation, Section 5311	20.509		1,110,666	580,294	1,074,290	36,376
Federal Transit Capital Investment Grant						
Federal Transit Administration, Section 5309:						
HI-03-0039		FTA039	1,457,667	568,239	583,455	874,212
HI-04-0003		T07001	1,485,000	67,638	67,638	1,417,362
FTA Section 5309 Facilities	20.500		2,942,667	635,877	651,093	2,291,574
Capital Assistance Program for Elderly Persons and Persons with Disabilities						
Federal Transit Administration, Section 5310:						
FTA 30 & 31 Buses	20.513	FT3031	119,905	119,905	119,905	-
Highways Planning and Construction (Federal-Aid Highway Program)						
Bridge Replacement-Of system:						
Omao/Puuopae/Kilauea Bridge (BR0700(32))		OMAO (410)	13,078,824	3,072,923	3,747,768	9,331,056
Bridge Insp-Variou		NB1533 (410)	88,000	76,008	79,830	8,170
Statewide Transportation Improvement Program:						
Ahukini to Lydgate bikepath		AHULYD (410)	625,000	34,331	420,845	204,155
Kapaa-Kauai Bikepath		STP048 (410)	13,210,000	1,505,902	12,465,786	744,214
Lydgate-Kapaa Bikepath		LYDKAP (410)	2,339,074	389,129	1,450,636	888,438
ADA Curb Ramps (CMAQ-0700(52))		CMAQ52 (410)	2,809,476	1,897	688,571	2,120,905
A la Kinoiki Road		ALAKIN (410)	1,845,187	1,423	1,865,112	(19,925)
FHWA Emergency Evacuation Road		GPSG15 (410)	327,403	200,000	200,000	127,403
Kuna Bay-Anahola Bikepath (CMAW-0700(56))		KUN4BA (410)	390,000	8,083	69,346	320,654
Nawiliwili/Ahukini Bikepath		NAWAHU (410)	500,001	125,418	219,031	280,970
Total Highways Planning and Construction	20.205		35,212,965	5,415,114	21,206,925	14,006,040

COUNTY OF KAUAI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF TRANSPORTATION (Continued)						
State and Community Highway Safety						
DOT Safe Communities - Prosecutors Office		A07006	\$ 5,812	\$ 5,812	\$ 5,812	\$ -
Seatbelt Enforcement, fiscal year 2007		P07011	50,000	629	28,116	21,884
Speed Education Mayor's Office		SPDED6	3,996	2,000	3,995	1
Roadblock funds 2008/2009		P08013	11,000	4,800	4,800	6,200
KPD Roadblock PGM 2007		P07010	48,000	9,513	47,871	129
KPD Roadblock PGM 2008		P08010	46,000	29,529	29,529	16,471
KPD Seatbelt program 2008		P08011	31,170	14,471	14,471	16,699
Speed Enforcement 2007		P07012	31,010	9,102	18,361	12,649
Speed Enforcement 2008		P08012	40,075	12,773	12,773	27,302
KPD Traffic Services		P07013	8,180	2,114	2,114	6,066
KPD School Zone Speed Enforcement		P07014	10,500	9,627	9,627	873
Traffic Data 2008		P08009	51,200	4,683	4,683	46,517
Traffic Data 2007 TR07-03 (06-K-01)		P07009	48,820	3,920	5,288	43,532
DOT SA08-0804 - K-01 - Prosecutors		A08010	4,100	1,486	1,486	2,614
Total State and Community Highway Safety	20.600		<u>389,863</u>	<u>110,459</u>	<u>188,926</u>	<u>200,937</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			39,776,066	6,861,649	23,241,139	16,534,927
CORPORATION FOR NATIONAL SERVICE						
Direct Program						
Retired Senior Volunteer Program (RSVP):						
Title II, Part A, Older Americans:						
Volunteer Program						
RSVP-Calendar year, 2008		E08012	76,271	60,163	60,163	16,108
RSVP-Calendar year, 2007		E07007	<u>77,627</u>	<u>45,818</u>	<u>77,627</u>	<u>-</u>
TOTAL CORPORATION FOR NATIONAL SERVICE			94.002	153,898	105,981	137,790
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)						
Assistance to Fire Fighters Grant Program						
AFG-Wellness 2005	97.044	F05001	183,241	142,522	158,550	24,691
Passed Through State Department of Defense:						
Civil Defense-State and Local Emergency -						
Hazard Mitigation grant program:						
Chizens corp PGM	97.053	HSGCCP	25,000	6,542	24,961	39
HSCCP 2005	97.053	HSCCP5	26,312	2,807	2,807	23,505
Kauai's County Mitigation Strategy	97.039	MITIGA	45,500	988	45,500	-
FEMA 1743-Dr-Hi Flood Dec 2007	97.036	C08001	1,253	37	37	1,216
FEMA Disaster 1640 Dr Hi	97.036	X07006	<u>1,419,163</u>	<u>(19,725)</u>	<u>939,937</u>	<u>479,226</u>
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			1,700,469	133,171	1,171,792	528,677
U.S. DEPARTMENT OF TREASURY						
Passed Through State Department of Education						
School Resource Officer Program-Project Outreach						
Gang Resistance Education and Training FY 2007	21.053	P07020	42,499	12,009	20,679	21,820
Criminal Assets Forfeiture	21.000	CAFJUS	<u>37,747</u>	<u>5,081</u>	<u>37,742</u>	<u>5</u>
TOTAL U.S. DEPARTMENT OF TREASURY			80,246	17,090	58,421	21,825
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed Through State Department of Defense						
Homeland Security, Part I	97.067	CBRNE3	599,400	54,810	581,780	17,620
Homeland Security, Part II	97.067	SHSGP3	2,250,000	42,893	1,936,766	313,234
Homeland Security 2005	97.067	SHSGP5	1,381,742	408,544	980,965	400,777
State Homeland Security	97.004	HSGSTA	1,960,060	957,442	1,627,482	332,578
Homeland Security Grant	97.004	C06100	832,000	12,852	22,990	809,010
Law Enforcement Terrorism Prevention Program	97.074	LETTP5	301,471	892	294,827	6,644
Homeland Emergency Management	97.004	HEMPG5	34,933	34,933	34,933	-
Critical Infrastructure GIS	97.017	X08001	206,250	41,756	41,756	164,494
Wind Design Code Project	97.017	WINDDC	<u>135,000</u>	<u>39,950</u>	<u>45,000</u>	<u>90,000</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>7,700,856</u>	<u>1,594,072</u>	<u>5,566,499</u>	<u>2,134,357</u>
TOTAL ALL FEDERAL PROGRAMS			<u>\$ 83,502,712</u>	<u>\$ 20,853,251</u>	<u>\$ 56,265,851</u>	<u>\$ 27,236,861</u>

COUNTY OF KAUAI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Labor		
Workforce Investment Act Youth Activities	17.259	\$ 112,525
Workforce Investment Act Adult Program	17.258	116,784
Workforce Investment Act Dislocated Workers	17.260	<u>110,432</u>
Total U.S. Department of Labor		339,741
U.S. Department of Housing and Urban Development		
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawai'i	14.228	240,630
U.S. Department of Health and Human Services		
Special Programs for the Aging, Title III, Part B, Grants for Supporting Services	93.044	105,000
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	185,312
Special Programs for the Aging, Title III, Part D	93.043	13,756
Special Programs for the Aging, Title III, Part E	93.130	<u>77,420</u>
Total U.S. Department of Health and Human Services		<u>381,488</u>
Grand Total		<u>\$ 961,859</u>

COUNTY OF KAUAI
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2008

3. Loans Outstanding

The County had the following loan balances outstanding at June 30, 2008. These loan programs are also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

<u>Cluster/Program Title Outstanding</u>	<u>CFDA Number</u>	<u>Amount</u>
Home Investment Partnership Program	14.239	\$ 85,020
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawai'i	14.228	833,550
Community Development Block Grants/Disaster	14.228	<u>923,864</u>
Grand Total		<u>\$ 1,842,434</u>

COUNTY OF KAUA'I
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified: ___yes ✓___no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___yes ✓___none reported
- Noncompliance material to financial statements noted ✓___yes ___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ✓___yes ___no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___yes ✓___none reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ✓___yes ___no

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
14.871	Department of Housing and Urban Development Section 8 Housing Choice Vouchers
14.228	Community Development Block Grants/State's Program and Non-entitlement Grants in Hawai'i
14.239	Home Investment Partnership Program
	Department of Homeland Security
97.067	Homeland Security Grant Program
97.074	Law Enforcement Terrorism Prevention
97.004	State Homeland Security Grant Program
	Department of Transportation
20.500	Federal Transit Capital Investment Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs? \$625,598

Auditee qualified as low-risk auditee? ___yes ✓___no

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section II - Financial Statement Findings

Finding No.: 08-01

Grants Management

Similar to the prior year finding 07-09, during our audit, similar issues were identified related to the County's grants programs. Of the eighteen projects selected in the current year, we identified several exceptions in the following areas:

- 1) Failure to post cash receipts to the correct grant (one program)
- 2) Failure to file for reimbursement in a timely manner (two programs)
- 3) Failure to monitor the grant expenditures not to exceed total appropriation (one program)

The primary reason for the errors above was the failure to communicate effectively with grant administrators overall grants management in a timely manner. It was also noted that not all grant administrators reconcile their data to the general ledger. Failure to properly track grant activities can impair planning and budgeting decisions due to the inaccuracy of information on available funds. In addition, the County is non-compliant with reporting requirements for two federal grants.

Recommendation:

We recommend the County evaluate the results of corrective action taken in the prior year to strengthen its control over grant management and identify items for follow-up.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section III - Federal Award Findings and Questioned Costs

Finding No.: 08-02

CFDA No.: 20.500 and 20.509

Programs: Federal Transit Capital Investment Grant and
Formula Grants For Other Than Urbanized Areas

Federal Agency: U.S. Department of Transportation

Award Periods: July 1, 2005 - June 30, 2008

Questioned Costs: None

Quarterly Progress and Expenditure Reports

In accordance with the grant contracts maintained by the County of Kaua'i Transportation Agency under the above referenced federal funding, the County is required to submit a Quarterly Progress and Expenditure Report within 30 days after the end of the fiscal quarter. We examined the quarterly reports relating to five projects in which the County incurred costs under the above referenced programs. We noted that sixteen reports relating to four projects were not submitted on a timely basis.

Recommendation

We recommend management design and implement a system that identifies the required filing dates, the individual responsible for report preparation, and the actual date of submission.

Finding No.: 08-03

CFDA No.: 14.228

Program: Community Development Block Grant/State's Program and
Non-entitlement Grants in Hawai'i

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Questioned Costs: None

Suspension and Debarment

During our audit, we noted the County does not verify whether the subrecipient entities or its principals are suspended or debarred.

HUD Rule 2 CFR 2424 and OMB Circular A-133 prohibits recipient of federal funds to make subawards to subrecipient entities that are suspended or debarred or whose principals are suspended or debarred. The recipient must verify that the subrecipient entity is not suspended or debarred or otherwise excluded. This verification can be accomplished by examining the Excluded Parties List System (EPLS) maintained by U.S. General Service Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Recommendation

We recommend management design and implement procedures to ensure the subrecipient entities and its principals are in compliance with the Suspension and Debarment requirement.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding No.: 08-04

CFDA No.: 14.871

Program: Section 8 - Housing Choice Voucher Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Question Costs: None

Eligibility

Similar to prior year finding 07-13, the County is required to gather information on income, family size and housing conditions for both new and continuing participants on an annual basis. Based on the information gathered, County caseworkers assess whether or not applicants are eligible to participate in the program based on Federal and County eligibility guidelines. During our testing, we noted that certain controls of the County that monitor eligibility were ineffective which led to the following:

- 1) For two participants, it was noted that head of household's signature was missing from authorized Third Party Verification.
- 2) For six participants, it was noted that required documents were included in file but not checked off the Document Checklist.
- 3) For four participants, it was noted that the date of the original Housing Assistance Payment (HAP) contract which contract amendment referred to did not agree to the date of the original contract.
- 4) For seven participants, it was noted that picture ID of household members could not be located.
- 5) For one participant, it was noted that the Rent Reasonableness Checklist could not be located.
- 6) For five participants, it was noted that date of birth per copy of birth certificate did not agree to that on Form 50058.
- 7) For one participant, it was noted that the participant failed to provide a copy of the Hawai'i General Excise Tax Return Statement to support self-employment income as required.
- 8) For one participant, it was noted the HAP payment was calculated incorrectly.
- 9) For one participant, it was noted that the family member's full-time student status was not substantiated properly.
- 10) For two participants, it was noted that copies of social security card and birth certificate could not be located.
- 11) For five participants, it was noted that Enterprise Income Verification could not be located.
- 12) For one participant, it was noted that no written approval of live-in aide being added to the household could be located.
- 13) For one participant, it was noted that anticipated income was calculated incorrectly.
- 14) For one participant, it was noted that annual housing inspection checklist could not be located.

Recommendation

We recommend that the management evaluate the results of quality control program as described in its prior year corrective plan to strengthen its controls over eligibility, identify areas requiring additional attention and ultimately reduce the number of errors.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings

Finding No.: 07-01

Section 8 Fund Balance Reconciliation

During the audit of the County's compliance with cash management requirements relative to its Housing Choice Voucher Program, it was noted the accounting records failed to accurately account for excess funds restricted for housing assistance payments (see Finding 07-12). A communication (PIH 2006-3) was received from HUD detailing the appropriate treatment of the excess funds restricted for housing assistance payments. Management reviewed the communication and based on their review, recorded an adjustment to restate the beginning fund balance in the Section 8 Fund for approximately \$367,000 and an adjustment in the amount of \$97,000 to write-off amounts due to HUD for activity prior to January 1, 2005 in the current year. It was determined during the audit that management's adjustments were incorrect. Accordingly, an adjustment in the amount of \$367,000 was proposed to reverse management's restatement which management recorded. In addition, an adjustment was proposed to record the write-off of \$97,000 as an adjustment to beginning fund balance, however, management elected not to record the proposed adjustment.

Management Response

The communication from HUD (PIH 2006-03) introduced a complete change in the way that Public Housing Agency (PHA)'s report year end financial information to HUD. PHA's must now report financial data electronically and in accordance with Generally Accepted Accounting Principles. This communication provided for the creation of a PHA's undesignated fund balance account for any budget authority provided the PHA in CY 2005 that exceeds actual program expenses for the same period. The requirements of this communication were unique and a one time change to the financial statements.

The \$97,000 write-off was recorded during the year as a revenue adjustment and not as an adjustment to beginning fund balance. The other adjustment for restatement of the fund balance was recorded as recommended by the auditors.

Management will review communications from HUD in a timely manner and determine if adjustments to the accounting records are needed and consult with HUD if necessary.

Status

We inquired with the Executive on Kaua'i County Housing Agency (KCHA) regarding the status of the corrective action plan and were informed that the plan had been placed in operation and corresponding adjustments had been recorded in the prior year. The finding is no longer applicable.

COUNTY OF KAUAI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Finding No.: 07-02

Preparation of the Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires the total of all federal awards expended to be reported on the Schedule of Expenditures of Federal Awards (SEFA). During the audit, it was noted that \$837,674 of federal program expenditures that were recorded in the Housing and Community Development Revolving Fund (HCDRF) but were omitted from the SEFA. The expenditures were made from revolved funds which management understood to be funds that were not subject to further federal reporting requirements. It was determined that revolved funds are subject to continued federal requirements and expenditures of revolved funds should be reported on the SEFA. In addition, approximately \$411,000 of costs was identified which were incurred during fiscal year 2007 but paid and recognized as expenditures in fiscal year 2008. The amounts should have been accrued during fiscal year 2007. Accordingly an adjustment was proposed to record these costs in 2007. Upon identification of the items above, the SEFA was properly adjusted.

Management Response

KCHA's program managers and fiscal staff reported the noted \$837,674 as expenditures utilizing CDBG program income in HUD's IDIS reporting system. The \$837,674 was subsequently recorded in the Schedule of Expenditures of Federal Awards for fiscal year 2007. Future recording of program income and expenditures will be included in the County's financial report and SEFA for loans with continued federal requirements.

The Finance department identified the \$410,813 as expenditures incurred for fiscal year 2007. The entry to record the expenditure accrual was made and consequently recorded as fiscal year 2007 business costs as recommended by the auditors. The Finance department also noted that the amount was paid in October 2008, 4 months after the year-end date. The \$410,813 was also reported in the SEFA schedule which agrees with the CAFR.

Management will forward final Single Audit Report along with the Corrective Action Plan and CAFR to HUD and appropriate federal agencies.

Status

We inquired with the Accounting Systems Administrator regarding the status of corrective action plan and were informed that the federal expenditures made from HCDRF fund are being tracked appropriately and are reported on the SEFA properly. We noted that this is consistent with our review of records during fieldwork. The finding has been resolved.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Finding No.: 07-03

Accounting for Federally Funded Loan Programs

The omission of expenditures from the SEFA, identified at Finding 07-02, prompted a change in the accounting for the County's federally funded loan programs. Previously all loan activity was reported in the HCDRF. As a result of Finding 07-02, management elected to transfer all federal grant loan activity subject to continuing federal requirements from the HCDRF to the Federal Grants Fund. The transfer required management to post various entries between the HCDRF and Federal Grants Fund. These entries included a restatement of beginning fund balance in the HCDRF. During the review of management's analysis and the related journal entries recorded, it was noted that the initial analysis performed by management was incorrect and resulted in an overstatement to beginning fund balance in the HCDRF of approximately \$4 million. It was further noted that management's analysis and the related entries did not reflect the required transfer of accrued interest which amounted to approximately \$407,000. As a result, adjustments were proposed to correct these errors.

Management Response

The change in the accounting of program income from HCDRF/211 to Fed Grant Fund/250 was implemented by management to more easily identify SEFA expenditures utilizing federal grant funds and program income with federal report requirements. Due to the recommendation of the auditors, management recognized the need to reclassify loans that have continuing federal requirements to the federal grants fund. The reclassification of the loans resulted in the restatement of \$4,042,340 fund balance in HCDRF fund. Also a \$407,000 accrual adjustment for GAP loans interest earned was recorded in fiscal year 2007. Management will prepare a complete and thorough analysis prior to recording of journal entries.

Status

We inquired with the Accounting Systems Administrator regarding the status of the corrective action plan and were informed that the plan had been placed in operation and corresponding adjustments had been recorded in the prior year. We reviewed the analysis and supported schedules during fieldwork. The finding is no longer applicable.

Finding No.: 07-04

Accounting for Business-Type CIP

During the audit, it was noted that portions of the construction costs for capital assets relating to business-type activities recorded in the proprietary funds are financed through governmental activities in various capital projects funds. In prior years, the related portions of capital costs were improperly capitalized under governmental activities.

The *Codification of Governmental Accounting and Financial Reporting Standards* issued by GASB Section 1400.114 Reporting Capital Assets specifically prohibits the capitalization of costs related to activities in the proprietary funds under governmental activities. As a result, the correction of this error resulted in a prior period restatement of \$2,490,565 and required fiscal year 2007 adjustments of \$1,025,742 to be recorded to transfer this activity.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Management Response

The Finance department has made the accounting adjustment to comply with GASB Section 1400.114 as of June 30, 2007. To comply with GASB 1400.114, the financial report will reflect the capitalization of cost from sources other than Sewer Revolving Funds. All accounting adjustments, including the prior period restatement, have been made to reflect the recommendations.

For budgetary purposes the expenditure is also recorded in the fund financial to track the available appropriated funds used to build the proprietary capital asset using governmental fund resources.

Status

Based on the results of the current year audit, finding has been resolved.

Finding No.: 07-05

Capitalization of Costs

For one project, it was noted that upon completion, \$757,239 of previously capitalized costs were identified by management as repair and maintenance costs and were charged off as fiscal year 2007 expenditures. Repair and maintenance costs should be identified and expensed as incurred. As a result, an adjustment was proposed in the amount of \$757,239 to restate the beginning net assets of the Sewer Enterprise Fund.

Management Response

Classification of ongoing projects as Capital or Maintenance during the inception of the project is the current adopted policy. However, the analysis for some projects requires an ongoing evaluation of the scope of work involved for contractual changes. (i.e., a typical Capital project may involve some contractual change order work that should be classified as Maintenance work and should be classified accordingly.) The repair and maintenance cost of \$757,239 was re-classed as operating and accordingly removed from the construction-in-progress schedule. Future classification of capital cost will be identified with a work order and job order code, as a new process to track construction-in-progress. It will be the responsibility of the departments to identify capital cost and properly code it in the financial system.

Status

Based on the results of the current year audit, finding has been resolved.

Finding No.: 07-06

Completeness of Project Records

During the audit it was noted that project records improperly excluded \$616,200 of prior year expenses that should have been capitalized. Accordingly, an adjustment of \$616,200 was proposed to restate prior period balances. In addition, during the search for unrecorded liabilities, \$513,516 of construction costs were identified that were incurred during fiscal year 2007 but paid and recognized as expenditures in fiscal year 2008. The amounts should have been accrued during fiscal year 2007. Accordingly, an adjustment was proposed to record these costs in 2007.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Management Response

\$410,813 in construction costs was accrued in fiscal year 2007 as recommended. Because of the late notice of the billings, the other \$102,703 was not accrued. Billing from contractors sometimes arrives for payment 4 months after fiscal year end and cannot be accrued because of the timelines set for finishing the CAFR. The Finance Director will be taking a proactive approach by requesting in writing that our contractors timely bill the County for work done in June and prior to avoid future accrual adjustments.

The \$616,200 statement was done to account for prior year expenses.

Status

Based on construction costs reviewed during our audit, we noted the Finance Department properly accrued costs at June 30, 2008. Also, the requests for reimbursement prepared by the County and submitted to the appropriate funding agency included all accrued costs known at the time of the submission deadline. The finding has been resolved.

Finding No.: 07-07

Reconciliation of Project Records

Construction projects are generally financed by several funding sources. To facilitate the tracking and reporting of construction projects, the County implemented a project-tracking module to its accounting system. During the audit, eleven construction projects were test and five were identified as reporting expenditure amounts that did not agree to the general ledger records. We also noted that for projects that are sourced from funds that do not have established project tracking, no reconciliation is performed to agree construction expenditures incurred to the general ledger.

Management Response

Refer to management response to finding 07-05 for the new processes to record capital cost. The capital cost will be reconciled and recorded in the general ledger with the work order and job order number coding. To account for capital cost already incurred in the construction-in-progress schedule, the Finance department has retroactively labeled the ongoing projects with the cost to date amounts and attaching the new job coding to identify each construction in progress projects.

Status

During our audit, we noted the County had implemented the system described above in their Management Response. We noted no exceptions during our testing of existing construction projects. The finding has been resolved.

Finding No.: 07-08

Preparation of Government-Wide Financial Statements

As part of the preparation of the government-wide financial statements, reconciliations must be performed to convert the fund financial statements from a modified accrual basis of accounting to a full accrual basis of accounting. During the audit of the reconciliations, discrepancies in certain reconciling items were noted. Failure to properly reconcile amounts could lead to a misstatement.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Management Response

As part of the preparation of the government-wide financial statements, the Finance Department has designed a spreadsheet to link the fund financial statements to the worksheet of the government-wide financial statements. Any changes to the fund financial statement will be recognized and appropriately adjusted in the preparation of the government-wide financial statements. Properly linking the government-wide financial worksheet will also help in the required schedule to reconcile fund financials to government-wide financials.

Status

The Finance Department's linked spreadsheet for June 2008 appropriately linked the fund financial statements to the government-wide financial statements and provided the necessary detail of the adjustments. The finding has been resolved.

Finding No.: 07-09

Grant Management

Similar to prior year Finding 06-04, during the audit, similar issues were identified related to the County's grant programs. Of the 18 projects selected in the current year, we identified five exceptions in the following areas:

- 1) Failure to properly close the grant (one exception)
- 2) Failure to post expenditures to the correct grant (two exceptions)
- 3) Failure to file for reimbursement in a timely manner (two exceptions)

The two instances where management failed to file for reimbursement in a timely manner relate to the Department of Transportation Formula Grants for Other than Urbanized Areas grant program, CFDA 20.509. Received through the State of Hawai'i, the grant agreements between the County and State require the submission of quarterly reports which also serve as the reimbursement request. During 2007 the County did not file any of the quarterly reports; however the County incurred expenditures eligible for reimbursement. As such, the County is non-compliant with reporting requirements for the two grants.

Management Response

The following actions have been taken per Grant Program Manager:

- 1) Filled Grant Program Manager and Accounting Analyst Positions – vacant for two or more years.
- 2) Grant Program Manager and Accounting System Analyst met with each department's grants administrator (coordinator) and provided on site training on how to process required reports in order to reconcile department's grants records to the general ledger. Also discussed procedures for closing grants and posting expenditures properly to grant accounts. Up to March 2008, a total of 97 grant project accounts have been closed.
- 3) Identification of grants and accounting personnel in each department as designated by the Department Head as the lead for the Monthly Detailed Budget Report.
- 4) Produced a list of grants currently open by department and provided the list the departments in order to certify that the department is in compliance of their grant conditions, which included required reports (fiscal and project).

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

- 5) Developed spreadsheet of all Federal Grants to increase internal controls of the grant funds. Focus of spreadsheet will be to identify variances with expenses vs. revenue.
- 6) Development of further internal controls for the grant program will include policies and procedures to cover all the areas of grant making for the County - expected completion date of December 2008 is being set for the Grant Management Policies and Procedures.
- 7) Request for reimbursements for current expenses will be monitored using federal grant spreadsheet and Monthly Detailed Budget Reports to identify projects with excessive expense activity and limited revenue activity.
- 8) First reconciliation was completed then required reports were submitted for the reimbursement request form the State Department of Transportation Formula Grant for Other than Urbanized Areas.

Status

As noted at Finding 08-01, similar errors were identified during the current year audit; this finding is still applicable.

Finding No.: 07-10

CFDA No.: 97.067, 97.074, 97.053, 97.004

Program: Homeland Security Grant Program

Federal Agency: Department of Homeland Security

Award Period: July 1, 2006 - June 30, 2007

Questioned Costs: None

Reporting

The Memorandums of Agreement in place between the County and State requires the submission of quarterly financial reports by the fifth day of the month following the ending of each quarter. Based on the audit of program records, it was noted that the County failed to submit reports for all four quarters. Based on discussions with program management, reporting requirements were inadvertently overlooked as reporting requirements were not communicated to the new grant staff person.

Management response

Subsequent reports have been submitted in accordance with the Memorandum of Agreement and the recommendations of the auditor.

Status

Based on the results of the current year audit, finding has been resolved.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Finding No.: 07-11

CFDA No.: 14.871

Program: Section 8 - Housing Choice Voucher Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2006 - June 30, 2007

Questioned Costs: None

HUD Income Targeting

Similar to prior year Finding 06-06, the County is required to meet certain HUD Income Targeting Requirements with regard to new admissions to its Housing Choice Voucher Program. HUD Income Targeting Requirements requires at least 75% of new admissions to be in the extremely low income range and 25% very low income range. Based on the results of 2007 program admissions, only 64% of new admissions fell into the extremely low income range.

Based on discussions with a representative of the Honolulu HUD Office, the Kaua'i County Housing Authority should utilize the data and controls to monitor compliance with income targeting requirements. While a one-time violation would not lead to any immediate sanctions, continued violations could jeopardize program funding displaying a divergence from program objectives.

Management Response

HUD regulations require that 75% of all new admissions to the Section 8 program be families whose incomes are at or below the Extremely Low Income (ELI) limit as defined by HUD (less than 30% of the area's median income).

The KCHA has tried to mitigate this problem in fiscal year 2008 by making every other pull from the waitlist only families claiming to be ELI. To date, 70% of families admitted to the program for FY 2007-2008 were admitted at the ELI level. Additionally, every waitlist pull from now until the end of current fiscal year will be from ELI list only. If KCHA find on June 30, 2008 that they have not achieved the goal of 75%, they will apply to HUD a waiver from this requirement.

KCHA continues to have problems achieving this goal partly because of the difficulty in obtaining accurate information concerning a family's income from the time the family enters the waitlist to the time of actual income eligibility determination (1-2 years). Another area of concern is the fact that at the current time the entire waitlist indicates that only 68% of the families would qualify at the ELI level.

Status

During our audit, we noted that only 62% of new admission fell into the extremely low income range. KCHA filed a waiver from eligibility and income targeting requirements with HUD on June 19, 2008 and the waiver is pending. The finding is no longer applicable.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Finding No.: 07-12

CFDA No.: 14.871

Program: Section 8 - Housing Choice Voucher Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Questioned Costs: None

Cash Management

As noted under Finding 07-01, during the audit, it was noted that the County failed to maintain an accurate accounting of excess funding received that was restricted for housing assistance payments. Based on discussions with program management, the County failed to implement in a timely manner a 2005 communication from HUD regarding the allocation of excess funding received in prior years.

This issue was identified by the County and under analysis during the time of the audit fieldwork. The analysis was completed prior to the end of the audit fieldwork; however it was subject to an audit adjustment.

Management Response

See Finding 07-01.

Status

We inquired with Executive on Housing regarding the status of the corrective action plan and were informed that the plan had been placed in operation and corresponding adjustments had been recorded in prior year. The finding is no longer applicable.

Finding No.: 07-13

CFDA No.: 14.871

Program: Section 8 - Housing Choice Voucher Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2006 - June 30, 2007

Questioned Costs: \$5,137

Eligibility

Similar to prior year finding 06-07, the County is required to gather information on income, family size and housing conditions for both new and continuing participants on an annual basis. Based on the information gathered, County caseworkers assess whether or not applicants are eligible to participate in the program based on Federal and County eligibility guidelines. During the audit, it was noted that certain controls of the County that monitor eligibility were ineffective which led to the following:

- 1) For fourteen participants, required documents were included in file but not checked off the Document Checklist.
- 2) For two participants, monthly medical allowance per HUD 50058 differed from the third party verification.
- 3) For one participant, HUD 50058 did not include anticipated income for savings assets.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

- 4) For one participant, authorized Third Party Verification could not be located.
- 5) For two participants, Rent Reasonableness Checklist could not be located.
- 6) For one participant, participant reports of monthly self-employment income were not notarized as required.
- 7) For one participant, EIV verification for social security differed from HUD 50058.
- 8) For two participants, average bank balance from the third party bank verification was not used.
- 9) For two participants, any document to support a family member's full-time student status could not be located.
- 10) For two participants, copies of social security cards could not be located.
- 11) For two participants, assets on HUD 50058 did not agree to the third party bank verification.
- 12) For four participants, incorrect utility allowance was entered into Form 50058.
- 13) For four participants, incorrect payment standard was entered into Form 50058.
- 14) For two participants, date of birth per copy of birth certificate did not agree to Form 50058.
- 15) For one participant, Rent Reasonableness Checklist did not consider range and refrigerator as required per the lease agreement.
- 16) For one participant, participant failed to provide a copy of the Hawai'i General Excise Tax Return Statement to support self-employment income as required.
- 17) For one participant, Child Support/Alimony Certification form was not notarized as required.
- 18) For one participant, participant failed to provide a copy of the 2005 Federal Income Tax Return to support self-employment income as required.

Management Response

The KCHA is required to gather information on income, family size and housing conditions for both new and continuing participants on an annual basis and make eligibility determinations.

The housing agency has implemented its new quality control (QC) plan effective July 1, 2007. The QC plan does ongoing audit review of approximately 50% of all Annual Reexaminations. Annual Reexaminations are a review of all tenant documents while Interim Annual Reexamination only deal with any specific change in circumstance, such as income, change in family size, etc. during the Annual Reexamination period. Fifty percent (50%) of all New Admissions are also audited for accuracy. Software used for the internal quality control audits consists of comprehensive software manufactured by Nan McKay, leading experts in HUD regulations and requirements. Management is also tracking errors by case-worker, type and frequency and meets with case-workers to discuss and improve on areas of possible weakness.

Beyond the audits, by the end of the fiscal year, all Caseworkers, Management and some support staff will have attended and completed the Nan McKay Housing Choice Voucher Specialist one-week intensive training course. Ongoing training will be implemented as needed.

Status

As noted at Finding 08-04, similar instances of non-compliance were identified during the current year audit. Accordingly, the finding is still applicable.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Finding No.: 07-14

CFDA No.: 14.239

Program: Home Investment Partnership Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Questioned Costs: \$963,500

Allowable Costs/Activities Allowed

During review of the records for one project, it was noted funds were disbursed on an expired promissory note that was not properly executed under the County Charter. It was further noted that the mortgage agreement that serves as the security to the promissory note was also not properly executed.

Under the County Charter, all written contracts to which the County is a party shall be approved by the County Attorney as to form and legality. Also prior to execution, contracts involving financial obligations of the County shall also be approved by the Director of Finance as to the availability of funds in the amounts and for the purposes set forth therein. Neither the promissory note nor the mortgage was signed by the County Attorney or Director of Finance.

Funding of the promissory note was made through three disbursements, all of which were subsequent to the expiration date of the promissory note, thus it is noted that County's controls over the disbursement process failed to identify the discrepancy and stop the disbursement.

Based on discussions with program management, it was noted that the execution of the documents is in line with industry practices which have been followed by the County for several years. It was further noted that note and mortgage are identified in a separate subrecipient agreement that is properly executed. It was also noted that the promissory note was subsequently amended and the amendment was properly executed under the terms of the County Charter, thereby ratifying the original promissory note.

Based on the discussion with the County Attorney, it was recognized that the failure to properly execute the note pursuant to the County Charter and the disbursement of funds on the expired note (prior to the amendment) decreases the County's chances of a successful defense on any recourse to the funds disbursed.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Management Response

Due to lengthy delays experienced by Self-Help Housing Corporation of Hawai'i (SHHCH) in financing, design, and construction of the Puhi Self-Help Subdivision, the expiration date on the promissory notes was overlooked. Funds were disbursed subsequent to the expiration date, but the default provision in the promissory note preserved County's rights for repayment of funds, had it been necessary to exercise such rights, The SHHCH promissory note was adequately secured by a recorded mortgage lien. Additionally, a written agreement between SHHCH and County signed prior to the promissory note and real property mortgage contained enforcement provisions in the event of SHHCH default, including recapture of HOME fund.

KCHA will utilize a "red flag" feature in its Cursor Control loan software currently used by fiscal staff to issue preprogrammed alerts for significant dates in rehabilitation, homebuyer, and community development loans processed by this Agency. KCHA will revisit the question of proper signatures relating to loan documents (e.g. promissory notes and mortgages) and requirements under Section 19.18 of the County Charter for written contracts.

Status

Based on the results of the current year audit, the finding regarding County's controls over the disbursement process has been resolved.

Finding No.: 07-15

CFDA No.: 14.239

Program: Home Investment Partnership Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Questioned Costs: \$150,400

Period of Availability

During the review of current year program expenditures, it was noted that expenditures were charged to a grant beyond the period of availability stated in the grant agreement between the State and County.

Based on discussions with program management in administration of this program, the County usually accumulates several years of grant awards to fund a large project. It was also noted that higher than usual program income has also slowed the County's ability to expend grant funding. Program budgeting in future years include more aggressive program income projections to ensure expenditure of grant funding in full prior to the expiration of the funds.

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Although the expenditure was approved and reimbursed by the State, there is a potential risk that the County may have to absorb such costs in the event the expenditure is disallowed by the State.

Management Response

The Home stature requires that at least 15 percent of each HOME allocation be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization. The County's set aside is approximately \$150,000 annually and requires accumulation of several years of grant award to fund a project. The Hawai'i Housing Finance and Development Corporation (HHFDC) subgrants HOME allocations to the County, pursuant to a State Recipient Agreement.

Per KEO's Emergency Shelter and Transitional Housing Project, individual requests (called "program descriptions") were submitted to HHFDC to commit FY 2002, 2003, 2004, 2005 and 2006 HOME funds. Program descriptions sent to HHFDC referenced commitment of prior years' fund accumulation. Fiscal year 2006 HOME funds were committed by State Recipient Agreement on June 18, 2006. KCHA's initial HOME disbursement was April 30, 2007. HHFDC approved the HOME accumulation for KEO's Emergency Shelter and Transitional Housing Project. HHFDC also received quarterly reports summarizing the status of project implementation and at no time did HHFDC notify the County that the questioned cost was at risk to expire or lapse for lack of action.

In carrying out future multi-year HOME funded activities, KCHA will monitor and review State Recipient Agreement expenditure dates more regularly. If necessary, KCHA will send written notice to HHFDC seeking time extension to the expenditure date specified in the State Recipient Agreement.

Status

Based on the results of the current year audit, the finding has been resolved.

Finding No.: 07-16

CFDA No.: 14.239

Program: Home Investment Partnership Program

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Period: July 1, 2007 - June 30, 2008

Questioned Costs: None

COUNTY OF KAUA'I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Section IV - Summary Schedule of Prior Audit Findings (Continued)

Program Income

HUD Common Rule 24 CFR 85 and OMB Circular A-110 require recipients of federal funds to use program income to the extent that it is available to cover expenditures prior to requesting federal cash draws. During the audit, it was noted that the County failed to utilize program income on hand prior to requesting additional federal cash draws.

Based on discussions with program management, the requirement to utilize available program income was not clearly communicated to the program accountant.

Management Response

The County's program income is reported periodically to HHFDC so that program income is utilized to cover expenditures prior to requesting additional federal cash draws from the U.S. Treasury. HHFDC accounts for the County's program income to fund vouchers submitted by Housing Agency's fiscal staff. HHFDC had not established administrative guidelines as to frequency of program income reporting.

In discussion with HHFDC staff, an administrative guideline (best practice) has been established for County to submit quarterly program income reports to HHFDC. The Housing Agency will submit quarterly program income reports.

Status

Based on the results of the current year audit, quarterly program income reports had been submitted to HHFDC for current fiscal year. The finding has been resolved.

PART III: INFORMAL REVIEWS AND HEARINGS

16-III.A. OVERVIEW

When the PHA makes a decision that has a negative impact on a family, the family is often entitled to appeal the decision. For applicants, the appeal takes the form of an informal review; for participants, or for applicants denied admission because of citizenship issues, the appeal takes the form of an informal hearing.

PHAs are required to include in their administrative plans, informal review procedures for applicants, and informal hearing procedures for participants [24 CFR 982.54(d)(12) and (13)].

16-III.B. INFORMAL REVIEWS

Informal reviews are provided for program applicants. An applicant is someone who has applied for admission to the program, but is not yet a participant in the program. Informal reviews are intended to provide a “minimum hearing requirement” [24 CFR 982.554], and need not be as elaborate as the informal hearing requirements. (Federal Register Volume 60, No. 127, p 36490).

Decisions Subject to Informal Review

The PHA must give an applicant the opportunity for an informal review of a decision denying assistance [24 CFR 982.554(a)]. Denial of assistance may include any or all of the following [24 CFR 982.552(a)(2)]:

- Denying listing on the PHA waiting list
- Denying or withdrawing a voucher
- Refusing to enter into a HAP contract or approve a lease
- Refusing to process or provide assistance under portability procedures
- Denial of assistance based on an unfavorable history that may be the result of domestic violence, dating violence or stalking. (See Section 3-III.G.)

Informal reviews are *not* required for the following reasons [24 CFR 982.554(c)]:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- A determination of the family unit size under the PHA subsidy standards
- A PHA determination not to grant approval of the tenancy
- A PHA determination that the unit is not in compliance with the HQS
- A PHA determination that the unit is not in accordance with the HQS due to family size or composition

PHA Policy

The PHA will only offer an informal review to applicants for whom assistance is being denied. Denial of assistance includes: denying listing on the PHA waiting list; denying or withdrawing a voucher; refusing to enter into a HAP contract or approve a lease; refusing to process or provide assistance under portability procedures.

Notice to the Applicant [24 CFR 982.554(a)]

The PHA must give an applicant prompt notice of a decision denying assistance. The notice must contain a brief statement of the reasons for the PHA decision, and must also state that the applicant may request an informal review of the decision. The notice must describe how to obtain the informal review.

Scheduling an Informal Review

PHA Policy

A request for an informal review must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the letter sent to the applicant relating to the PHA's denial of assistance.

Except as provided in Section 3-III.G, the PHA must schedule and send written notice of the informal review within 10 business days of the family's request.

Informal Review Procedures [24 CFR 982.554(b)]

PHA Policy

The informal review must be conducted by a person other than the one who made or approved the decision under review, or a subordinate of this person.

The applicant must be provided an opportunity to present written or oral objections to the decision of the PHA.

The person conducting the review will make a recommendation to the PHA, but the PHA is responsible for making the final decision as to whether assistance should be granted or denied.

Informal Review Decision [24 CFR 982.554(b)]

The PHA must notify the applicant of the PHA's final decision, including a brief statement of the reasons for the final decision.

PHA Policy

In rendering a decision, the PHA will evaluate the following matters:

Whether or not the grounds for denial were stated factually in the Notice.

The validity of grounds for denial of assistance. If the grounds for denial are not specified in the regulations, then the decision to deny assistance will be overturned.

The validity of the evidence. The PHA will evaluate whether the facts presented prove the grounds for denial of assistance. If the facts prove that there are grounds for denial, and the denial is required by HUD, the PHA will uphold the decision to deny assistance.

If the facts prove the grounds for denial, and the denial is discretionary, the PHA will consider the recommendation of the person conducting the informal review in making the final decision whether to deny assistance.

The PHA will notify the applicant of the final decision, including a statement explaining the reason(s) for the decision. The notice will be mailed within 10 business days of the informal review, to the applicant and his or her representative, if any, along with proof of mailing.

If the decision to deny is overturned as a result of the informal review, processing for admission will resume.

If the family fails to appear for their informal review, the denial of admission will stand and the family will be so notified.

16-III.C. INFORMAL HEARINGS FOR PARTICIPANTS [24 CFR 982.555, Pub.L. 109-162]

PHAs must offer an informal hearing for certain PHA determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to the PHA's HCV program and is currently assisted in the program. The purpose of the informal hearing is to consider whether the PHA's decisions related to the family's circumstances are in accordance with the law, HUD regulations and PHA policies.

The PHA is not permitted to terminate a family's assistance until the time allowed for the family to request an informal hearing has elapsed, and any requested hearing has been completed. Termination of assistance for a participant may include any or all of the following:

- Refusing to enter into a HAP contract or approve a lease
- Terminating housing assistance payments under an outstanding HAP contract
- Refusing to process or provide assistance under portability procedures

Decisions Subject to Informal Hearing

Circumstances for which the PHA must give a participant family an opportunity for an informal hearing are as follows:

- A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment
- A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the PHA utility allowance schedule
- A determination of the family unit size under the PHA's subsidy standards
- A determination that a certificate program family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the PHA's subsidy standards, or the PHA determination to deny the family's request for exception from the standards
- A determination to terminate assistance for a participant family because of the family's actions or failure to act
- A determination to terminate assistance because the participant has been absent from the assisted unit for longer than the maximum period permitted under PHA policy and HUD rules
- A determination to terminate a family's Family Self Sufficiency contract, withhold supportive services, or propose forfeiture of the family's escrow account [24 CFR 984.303(i)]
- A determination to deny admission based on an unfavorable history that may be the result of domestic violence, dating violence, or stalking.

Circumstances for which an informal hearing is not required are as follows:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- Establishment of the PHA schedule of utility allowances for families in the program
- A PHA determination not to approve an extension or suspension of a voucher term
- A PHA determination not to approve a unit or tenancy
- A PHA determination that a unit selected by the applicant is not in compliance with the HQS
- A PHA determination that the unit is not in accordance with HQS because of family size
- A determination by the PHA to exercise or not to exercise any right or remedy against an owner under a HAP contract

PHA Policy

The PHA will only offer participants the opportunity for an informal hearing when required to by the regulations.

Informal Hearing Procedures

Notice to the Family [24 CFR 982.555(c)]

When the PHA makes a decision that is subject to informal hearing procedures, the PHA must inform the family of its right to an informal hearing at the same time that it informs the family of the decision.

For decisions related to the family's annual or adjusted income, the determination of the appropriate utility allowance, and the determination of the family unit size, the PHA must notify the family that they may ask for an explanation of the basis of the determination, and that if they do not agree with the decision, they may request an informal hearing on the decision.

For decisions related to the termination of the family's assistance, or the denial of a family's request for an exception to the PHA's subsidy standards, the notice must contain a brief statement of the reasons for the decision, a statement that if the family does not agree with the decision, the family may request an informal hearing on the decision, and a statement of the deadline for the family to request an informal hearing.

PHA Policy

In cases where the PHA makes a decision for which an informal hearing must be offered, the notice to the family will include all of the following:

The proposed action or decision of the PHA.

A brief statement of the reasons for the decision including the regulatory reference.

The date the proposed action will take place.

A statement of the family's right to an explanation of the basis for the PHA's decision.

A statement that if the family does not agree with the decision the family may request an informal hearing of the decision.

A deadline for the family to request the informal hearing.

To whom the hearing request should be addressed.

A copy of the PHA's hearing procedures.

Scheduling an Informal Hearing [24 CFR 982.555(d)]

When an informal hearing is required, the PHA must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

PHA Policy

A request for an informal hearing must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the PHA's notice to terminate assistance.

The PHA must schedule and send written notice of the informal hearing to the family within 10 business days of receipt of the family's request.

The family may request to reschedule a hearing for good cause, or if it is needed as a reasonable accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date. At its discretion, the PHA may request documentation of the "good cause" prior to rescheduling the hearing.

If the family does not appear at the scheduled time, and was unable to reschedule the hearing in advance due to the nature of the conflict, the family must contact the PHA within 24 hours of the scheduled hearing date, excluding weekends and holidays. The PHA will reschedule the hearing only if the family can show good cause for the failure to appear, or if it is needed as a reasonable accommodation for a person with disabilities.

Pre-Hearing Right to Discovery [24 CFR 982.555(e)]

Participants and the PHA are permitted pre-hearing discovery rights. The family must be given the opportunity to examine before the hearing any PHA documents that are directly relevant to the hearing. The family must be allowed to copy any such documents at their own expense. If the PHA does not make the document available for examination on request of the family, the PHA may not rely on the document at the hearing.

The PHA hearing procedures may provide that the PHA must be given the opportunity to examine at the PHA offices before the hearing, any family documents that are directly relevant to the hearing. The PHA must be allowed to copy any such document at the PHA's expense. If the family does not make the document available for examination on request of the PHA, the family may not rely on the document at the hearing.

For the purpose of informal hearings, *documents* include records and regulations.

PHA Policy

The family will be allowed to copy any documents related to the hearing at a cost normally charged per agency policy. The family must request discovery of PHA documents no later than 12:00 p.m. on the business day prior to the scheduled hearing date

The PHA must be given an opportunity to examine at the PHA offices before the hearing any family documents that are directly relevant to the hearing. Whenever a participant requests an informal hearing, the PHA will automatically mail a letter to the participant requesting a copy of all documents that the participant intends to present or utilize at the hearing. The participant must make the documents available no later than 12:00 pm on the business day prior to the scheduled hearing date.

Participant's Right to Bring Counsel [24 CFR 982.555(e)(3)]

At its own expense, the family may be represented by a lawyer or other representative at the informal hearing.

Informal Hearing Officer [24 CFR 982.555(e)(4)]

Informal hearings will be conducted by a person or persons approved by the PHA, other than the person who made or approved the decision or a subordinate of the person who made or approved the decision.

PHA Policy

The PHA has designated the following to serve as hearing officers:

- Gary Mackler, Kauai County Housing Agency – Development Division
- Jo Shimamoto, Kauai County Housing Agency – Development Division
- Naomi Sugihara, Office of Elderly Affairs
- Fay Rapozo, Kauai County Housing Agency – Development Division

Attendance at the Informal Hearing

PHA Policy

Hearings may be attended by a hearing officer and the following applicable persons:

A PHA representative(s), PHA counsel and any witnesses for the PHA

The participant and any witnesses for the participant

The participant's counsel or other representative

Any other person approved by the PHA as a reasonable accommodation for a person with a disability

Conduct at Hearings

The person who conducts the hearing may regulate the conduct of the hearing in accordance with the PHA's hearing procedures [24 CFR 982.555(4)(ii)].

PHA Policy

The hearing officer is responsible to manage the order of business and to ensure that hearings are conducted in a professional and businesslike manner. Attendees are expected to comply with all hearing procedures established by the hearing officer and guidelines for conduct. Any person demonstrating disruptive, abusive or otherwise inappropriate behavior will be excused from the hearing at the discretion of the hearing officer.

Evidence [24 CFR 982.555(e)(5)]

The PHA and the family must be given the opportunity to present evidence and question any witnesses. In general, all evidence is admissible at an informal hearing. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

PHA Policy

Any evidence to be considered by the hearing officer must be presented at the time of the hearing. There are four categories of evidence.

Oral evidence: the testimony of witnesses

Documentary evidence: a writing which is relevant to the case, for example, a letter written to the PHA. Writings include all forms of recorded communication or representation, including letters, words, pictures, sounds, videotapes or symbols or combinations thereof.

Demonstrative evidence: Evidence created specifically for the hearing and presented as an illustrative aid to assist the hearing officer, such as a model, a chart or other diagram.

Real evidence: A tangible item relating directly to the case.

Hearsay Evidence is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter. Even though evidence, including hearsay, is generally admissible, hearsay evidence alone cannot be used as the sole basis for the hearing officer's decision.

If either the PHA or the family fail to comply with the discovery requirements described above, the hearing officer will refuse to admit such evidence.

Other than the failure of a party to comply with discovery, the hearing officer has the authority to overrule any objections to evidence.

Hearing Officer's Decision [24 CFR 982.555(e)(6)]

The person who conducts the hearing must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family must be based on a preponderance of evidence presented at the hearing. A copy of the hearing must be furnished promptly to the family.

PHA Policy

In rendering a decision, the hearing officer will consider the following matters:

PHA Notice to the Family: The hearing officer will determine if the reasons for the PHA's decision are factually stated in the Notice.

Discovery: The hearing officer will determine if the PHA and the family were given the opportunity to examine any relevant documents in accordance with PHA policy.

PHA Evidence to Support the PHA Decision: The evidence consists of the facts presented. Evidence is not conclusion and it is not argument. The hearing officer will evaluate the facts to determine if they support the PHA's conclusion.

Validity of Grounds for Termination of Assistance (when applicable): The hearing officer will determine if the termination of assistance is for one of the grounds specified in the HUD regulations and PHA policies. If the grounds for termination are not specified in the regulations or in compliance with PHA policies, then the decision of the PHA will be overturned.

The hearing officer will issue a written decision to the family and the PHA no later than 10 business days after the hearing. The report will contain the following information:

Hearing information:

Name of the participant;

Date, time and place of the hearing;

Name of the hearing officer;

Name of the PHA representative; and

Name of family representative (if any).

Background: A brief, impartial statement of the reason for the hearing.

Summary of the Evidence: The hearing officer will summarize the testimony of each witness and identify any documents that a witness produced in support of his/her testimony and that are admitted into evidence.

Findings of Fact: The hearing officer will include all findings of fact, based on a preponderance of the evidence. *Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

Conclusions: The hearing officer will render a conclusion derived from the facts that were found to be true by a preponderance of the evidence. The conclusion will result in a determination of whether these facts uphold the PHA's decision.

Order: The hearing report will include a statement of whether the PHA's decision is upheld or overturned. If it is overturned, the hearing officer will instruct the PHA to change the decision in accordance with the hearing officer's determination. In the case of termination of assistance, the hearing officer will instruct the PHA to restore the participant's program status.

Procedures for Rehearing or Further Hearing

PHA Policy

The hearing officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date, before reaching a decision. If the family misses an appointment or deadline ordered by the hearing officer, the action of the PHA will take effect and another hearing will not be granted.

In addition, within 10 business days after the date the hearing officer's report is mailed to the PHA and the participant, the PHA or the participant may request a rehearing or a further hearing. Such request must be made in writing and postmarked or hand-delivered to the hearing officer and to the other party within the 10 business day period. The request must demonstrate cause, supported by specific references to the hearing officer's report, why the request should be granted.

A rehearing or a further hearing may be requested for the purpose of rectifying any obvious mistake of law made during the hearing or any obvious injustice not known at the time of the hearing.

It shall be within the sole discretion of the PHA to grant or deny the request for further hearing or rehearing. A further hearing may be limited to written submissions by the parties, in the manner specified by the hearing officer.

PHA Notice of Final Decision [24 CFR 982.555(f)]

The PHA is not bound by the decision of the hearing officer for matters in which the PHA is not required to provide an opportunity for a hearing, decisions that exceed the authority of the hearing officer, decisions that conflict with or contradict HUD regulations, requirements, or are otherwise contrary to Federal, State or local laws.

If the PHA determines it is not bound by the hearing officer's decision in accordance with HUD regulations, the PHA must promptly notify the family of the determination and the reason for the determination.

PHA Policy

The PHA will mail a "Notice of Final Decision" including the hearing officer's report, to the participant and their representative. This Notice will be sent by first-class mail, postage pre-paid with an affidavit of mailing enclosed. The participant will be mailed the original "Notice of Final Decision" and a copy of the proof of mailing. A copy of the "Notice of Final Decision" along with the original proof mailing will be maintained in the PHA's file.

16-III.D. HEARING AND APPEAL PROVISIONS FOR NON-CITIZENS [24 CFR 5.514]

Denial or termination of assistance based on immigration status is subject to special hearing and notice rules. Applicants who are denied assistance due to immigration status are entitled to an informal hearing, not an informal review.

Assistance to a family may not be delayed, denied, or terminated on the basis of immigration status at any time prior to a decision under the United States Citizenship and Immigration Services (USCIS) appeal process. Assistance to a family may not be terminated or denied while the PHA hearing is pending, but assistance to an applicant may be delayed pending the completion of the informal hearing.

A decision against a family member, issued in accordance with the USCIS appeal process or the PHA informal hearing process, does not preclude the family from exercising the right, that may otherwise be available, to seek redress directly through judicial procedures.

Notice of Denial or Termination of Assistance [24 CFR 5.514(d)]

As discussed in Chapters 3 and 11, the notice of denial or termination of assistance for noncitizens must advise the family:

- That financial assistance will be denied or terminated, and provide a brief explanation of the reasons for the proposed denial or termination of assistance.
- The family may be eligible for proration of assistance.
- In the case of a participant, the criteria and procedures for obtaining relief under the provisions for preservation of families [24 CFR 5.514 and 5.518].
- That the family has a right to request an appeal to the USCIS of the results of secondary verification of immigration status and to submit additional documentation or explanation in support of the appeal.
- That the family has a right to request an informal hearing with the PHA either upon completion of the USCIS appeal or in lieu of the USCIS appeal.
- For applicants, assistance may not be delayed until the conclusion of the USCIS appeal process, but assistance may be delayed during the period of the informal hearing process.

USCIS Appeal Process [24 CFR 5.514(e)]

When the PHA receives notification that the USCIS secondary verification failed to confirm eligible immigration status, the PHA must notify the family of the results of the USCIS verification. The family will have 30 days from the date of the notification to request an appeal of the USCIS results. The request for appeal must be made by the family in writing directly to the USCIS. The family must provide the PHA with a copy of the written request for appeal and the proof of mailing.

PHA Policy

The PHA will notify the family in writing of the results of the USCIS secondary verification within 10 business days of receiving the results.

The family must provide the PHA with a copy of the written request for appeal and proof of mailing within 10 business days of sending the request to the USCIS.

The family must forward to the designated USCIS office any additional documentation or written explanation in support of the appeal. This material must include a copy of the USCIS document verification request (used to process the secondary request) or such other form specified by the USCIS, and a letter indicating that the family is requesting an appeal of the USCIS immigration status verification results.

The USCIS will notify the family, with a copy to the PHA, of its decision. When the USCIS notifies the PHA of the decision, the PHA must notify the family of its right to request an informal hearing.

PHA Policy

The PHA will send written notice to the family of its right to request an informal hearing within 10 business days of receiving notice of the USCIS decision regarding the family's immigration status.

Informal Hearing Procedures for Applicants [24 CFR 5.514(f)]

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the PHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the PHA notice of denial, or within 30 days of receipt of the USCIS appeal decision.

The informal hearing procedures for applicant families are described below.

Informal Hearing Officer

The PHA must provide an informal hearing before an impartial individual, other than a person who made or approved the decision under review, and other than a person who is a subordinate of the person who made or approved the decision. See Section 16-III.C. for a listing of positions that serve as informal hearing officers.

Evidence

The family must be provided the opportunity to examine and copy at the family's expense, at a reasonable time in advance of the hearing, any documents in the possession of the PHA pertaining to the family's eligibility status, or in the possession of the USCIS (as permitted by USCIS requirements), including any records and regulations that may be relevant to the hearing.

PHA Policy

The family will be allowed to copy any documents related to the hearing at a cost of \$.25 per page. The family must request discovery of PHA documents no later than 12:00 p.m. on the business day prior to the hearing.

The family must be provided the opportunity to present evidence and arguments in support of eligible status. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

The family must also be provided the opportunity to refute evidence relied upon by the PHA, and to confront and cross-examine all witnesses on whose testimony or information the PHA relies.

Representation and Interpretive Services

The family is entitled to be represented by an attorney or other designee, at the family's expense, and to have such person make statements on the family's behalf.

The family is entitled to arrange for an interpreter to attend the hearing, at the expense of the family, or the PHA, as may be agreed upon by the two parties.

Recording of the Hearing

The family is entitled to have the hearing recorded by audiotape. The PHA may, but is not required to provide a transcript of the hearing.

PHA Policy

The PHA will not provide a transcript of an audio taped hearing.

Hearing Decision

The PHA must provide the family with a written final decision, based solely on the facts presented at the hearing, within 14 calendar days of the date of the informal hearing. The decision must state the basis for the decision.

Informal Hearing Procedures for Residents [24 CFR 5.514(f)]

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the PHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the PHA notice of termination, or within 30 days of receipt of the USCIS appeal decision.

For the informal hearing procedures that apply to participant families whose assistance is being terminated based on immigration status, see Section 16-III.C.

Retention of Documents [24 CFR 5.514(h)]

The PHA must retain for a minimum of 5 years the following documents that may have been submitted to the PHA by the family, or provided to the PHA as part of the USCIS appeal or the PHA informal hearing process:

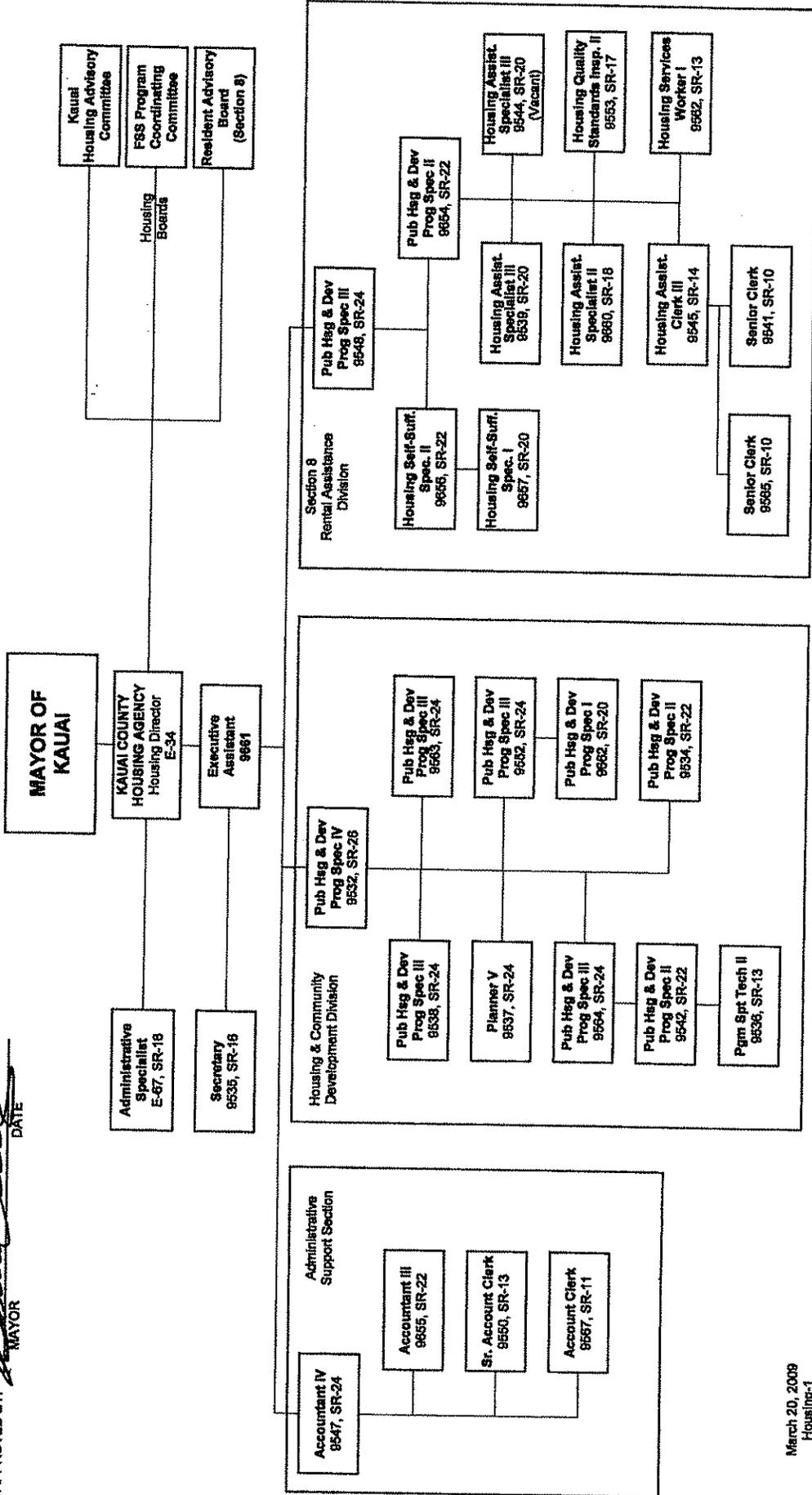
- The application for assistance
- The form completed by the family for income reexamination
- Photocopies of any original documents, including original USCIS documents
- The signed verification consent form
- The USCIS verification results
- The request for a USCIS appeal
- The final USCIS determination
- The request for an informal hearing
- The final informal hearing decision

COUNTY OF KAUAI KAUAI COUNTY HOUSING AGENCY ORGANIZATION CHART

COUNTY OF KAUAI
HOUSING AGENCY

9 MAR 31 P2:07

ACKNOWLEDGED BY: *Lugene K. Limburg* 3-23-09
 DEPARTMENT HEAD DATE
 APPROVED BY: *[Signature]* DATE
 MAYOR



PART II: SETTING PROGRAM STANDARDS AND SCHEDULES

16-II.A. OVERVIEW

Although many of the program's requirements are established centrally by HUD, the HCV program's regulations recognize that some flexibility is required to allow the PHA to adapt the program to local conditions. This part discusses how the PHA establishes and updates certain schedules and standards that are used to administer the program locally. Details about how these schedules are applied to individual families are provided in other chapters. The schedules and standards discussed here include:

- *Payment Standards*, which dictate the maximum subsidy a family can receive (application of the payment standards is discussed in Chapter 6); and
- *Utility Allowances*, which specify how a family's payment should be adjusted to account for tenant-paid utilities (application of utility allowances is discussed in Chapter 6).

PHA Policy

Copies of the payment standard and utility allowance schedules are available for review in the PHA's offices during normal business hours.

Families, owners, and members of the public may submit written comments on the schedules discussed in this part, at any time, for consideration during the next revision cycle.

The PHA will maintain documentation to support its annual review of payment standards and utility allowance schedules. This documentation will be retained for at least 3 years.

16-II.B. PAYMENT STANDARDS [24 CFR 982.503; HCV GB, Chapter 7]

The payment standard sets the maximum subsidy payment a family can receive from the PHA each month [24 CFR 982.505(a)]. Payment standards are based on fair market rents (FMRs) published annually by HUD. FMRs are set at a percentile within the rent distribution of standard quality rental housing units in each FMR area. For most jurisdictions FMRs are set at the 40th percentile of rents in the market area.

The PHA must establish a payment standard schedule that establishes payment standard amounts for each FMR area within the PHA's jurisdiction, and for each unit size within each of the FMR areas. For each unit size, the PHA may establish a single payment standard amount for the whole FMR area, or may set different payment standards for different parts of the FMR area. Unless HUD grants an exception, the PHA is required to establish a payment standard within a "basic range" established by HUD – between 90 and 110 percent of the published FMR for each unit size.

Updating Payment Standards

When HUD updates its FMRs, the PHA must update its payment standards if the standards are no longer within the basic range [24 CFR 982.503(b)]. HUD may require the PHA to make further adjustments if it determines that rent burdens for assisted families in the PHA's jurisdiction are unacceptably high 24 CFR 982.503(g).

PHA Policy

The PHA will review the appropriateness of the payment standards on an annual basis when the new FMR is published or at any time at PHA discretion. In addition to ensuring the payment standards are always within the "basic range" the PHA will consider the following factors when determining whether an adjustment should be made to the payment standard schedule:

Funding Availability: The PHA will review the budget to determine the impact projected subsidy adjustments will have on funding available for the program and the number of families served. The PHA will compare the number of families who could be served under revised payment standard amounts with the number assisted under current payment standard amounts.

Rent Burden of Participating Families: Rent burden will be determined by identifying the percentage of families, for each unit size, that are paying more than 30 percent of their monthly adjusted income as the family share. When 40 percent or more of families, for any given unit size, are paying more than 30 percent of adjusted monthly income as the family share, the PHA will consider increasing the payment standard. In evaluating rent burdens, the PHA will not include families renting a larger unit than their family unit size.

Quality of Units Selected: The PHA will review the quality of units selected by participant families when making the determination of the percent of income families are paying for housing, to ensure that payment standard increases are only made when needed to reach the mid-range of the market.

Changes in Rent to Owner: The PHA may review a sample of the units to determine how often owners are increasing or decreasing rents and the average percent of increases/decreases by bedroom size.

Unit Availability: The PHA will review the availability of units for each unit size, particularly in areas with low concentrations of poor and minority families.

Lease-up Time and Success Rate: The PHA will consider the percentage of families that are unable to locate suitable housing before the voucher expires and whether families are leaving the jurisdiction to find affordable housing.

Changes to payment standard amounts, if any will be made on the 1st calendar day of the fourth month following the publishing of annual FMRs, or at anytime at the discretion of the PHA.

Exception Payment Standards [982.503(c)]

The PHA must request HUD approval to establish payment standards that are higher than the basic range. At HUD's sole discretion, HUD may approve a payment standard amount that is higher than the basic range for a designated part of the FMR area. HUD may approve an exception payment standard amount (in accordance with program requirements) for all units, or for all units of a given size, leased by program families in the exception area. Any PHA with jurisdiction in the exception area may use the HUD-approved exception payment standard amount. The total population of all HUD-approved exception areas in an FMR area may not include more than 50 percent of the population of the FMR area.

Unit-by-Unit Exceptions [24 CFR 982.503(c)(2)(ii)]

Unit-by-unit exceptions to the PHA's payment standards generally are not permitted. However, an exception may be made as a reasonable accommodation for a family that includes a person with disabilities. (See Chapter 2 for a discussion of reasonable accommodations.) This type of exception does not affect the PHA's payment standard schedule.

When needed as a reasonable accommodation, the PHA may make an exception to the payment standard without HUD approval if the exception amount does not exceed 110 percent of the applicable FMR for the unit size [HCV GB 7-9]. The PHA may request HUD approval for an exception to the payment standard for a particular family if the required amount falls between 110 and 120 percent of the FMR.

PHA Policy

A family that requires a reasonable accommodation may request a higher payment standard at the time the Request for Tenancy Approval (RFTA) is submitted. The family must document the need for the exception. In order to approve an exception, or request an exception from HUD, the PHA must determine that:

There is a shortage of affordable units that would be appropriate for the family;

The family's TTP would otherwise exceed 40 percent of adjusted monthly income; and

The rent for the unit is reasonable.

"Success Rate" Payment Standard Amounts [24 CFR 982.503(e)]

If a substantial percentage of families have difficulty finding a suitable unit, the PHA may request a "success rate payment standard" that applies to the entire jurisdiction. If approved by HUD, a success rate payment standard allows the PHA to set its payment standards at 90-110 percent of a higher FMR (the 50th, rather than the 40th percentile FMR). To support the request, the PHA must demonstrate that during the most recent 6-month period for which information is available:

- Fewer than 75 percent of families who were issued vouchers became participants;
- The PHA had established payment standards for all unit sizes, and for the entire jurisdiction, at 110 percent of the published FMR; and
- The PHA had a policy of allowing voucher holders who made sustained efforts to locate units at least 90 days to search for a unit.

Although HUD approves the success rate payment standard for all unit sizes in the FMR area, the PHA may choose to adjust the payment standard for only some unit sizes in all, or a designated part, of the PHA's jurisdiction within the FMR area.

Decreases in the Payment Standard Below the Basic Range [24 CFR 982.503(d)]

The PHA must request HUD approval to establish a payment standard amount that is lower than the basic range. At HUD's sole discretion, HUD may approve establishment of a payment standard lower than the basic range. HUD will not approve a lower payment standard if the family share for more than 40 percent of program participants exceeds 30 percent of adjusted monthly income.

16-II.C. UTILITY ALLOWANCES [24 CFR 982.517]

A PHA-established utility allowance schedule is used in determining family share and PHA subsidy. The PHA must maintain a utility allowance schedule for (1) all tenant-paid utilities, (2) the cost of tenant-supplied refrigerators and ranges, and (3) other tenant-paid housing services such as trash collection.

The utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the PHA must use normal patterns of consumption for the community as a whole, and current utility rates.

The utility allowance must include the utilities and services that are necessary in the locality to provide housing that complies with housing quality standards. Costs for telephone, cable/satellite television, and internet services are not included in the utility allowance schedule.

In the utility allowance schedule, the PHA must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection; other electric; cost of tenant-supplied refrigerator; cost of tenant-supplied range; and other specified housing services.

The cost of each utility and housing service must be stated separately by unit size and type. Chapter 18 of the *HCV Guidebook* provides detailed guidance to the PHA about establishing utility allowance schedules.

Air Conditioning

An allowance for air-conditioning must be provided when the majority of housing units in the market have central air-conditioning or are wired for tenant-installed air conditioners.

PHA Policy

The majority of housing units in the PHA's jurisdiction do not include central air-conditioning and are not wired for tenant-installed air conditioners. Therefore, the PHA has not included an allowance for air-conditioning in its utility allowance schedule.

Reasonable Accommodation

HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the PHA will approve an allowance for air-conditioning, even if the PHA has determined that an allowance for air-conditioning generally is not needed (See Chapter 2 for policies regarding the request and approval of reasonable accommodations).

Utility Allowance Revisions

The PHA must review its schedule of utility allowances each year, and must revise the schedule if there has been a change of 10 percent or more in any utility rate since the last time the allowance for that utility was revised.

The PHA must maintain information supporting its annual review of utility allowance and any revisions made in its utility allowance schedule.

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Administrative Assistant



KAUAI COUNTY HOUSING AGENCY
Pi'ikoi Building 4444 Rice Street Suite 330
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Eugene K. Jimenez
Housing Director

Kenneth N. Rainforth
Executive Assistant

RESIDENT ADVISORY BOARD COMMENTS

The Kauai County Housing Agency did not receive any comments by the Resident Advisory Board.



Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
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VIOLENCE AGAINST WOMEN ACT

The Kauai County Housing Agency has taken the following actions to support the goals and objectives of the Violence Against Women Act (VAWA) and will comply with all its requirements.

KCHA has taken the following actions relating to VAWA:

- Added VAWA Language to all Residential Lease and HAP contract documents.
- Sent letters to all Owners/Landlords notifying them of VAWA and its requirements.
- Has included VAWA information in the Landlord and Family Handbooks which are given out to tenants and landlords.
- Is currently working to implement policies to the Section 8 as required by VAWA

