

**Rental Housing Support Program**  
Program Guide

# The Illinois Rental Housing Support Program (RHS)

## PROGRAM GUIDE

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**GLOSSARY OF TERMS RHS PROGRAM**

- “Agency”:  
The Illinois Housing Development Authority or a Municipality.
- “Allocation”:  
An award of funds from the RHS Program to an LAA or a Developer.
- “Annual Adjustment Factor”:  
The figure published annually by HUD to determine rent increases for purposes of Section 8 of the United States Housing Act of 1937 (42 USC 1437).
- “Annual Income”:  
All amounts, monetary or not, received or anticipated to be received, from a source outside the Household, by or on behalf of, the head, spouse or co-head of the Household, or any other Household member over the age of 18, during the 12-month period following admission or the date of the most recent recertification of the Household income. Annual Income includes income from the family’s assets. The determination of Annual Income shall be made as provided in the HUD regulations governing Section 8 of the United States Housing Act of 1937 (42 USC 1437), 24 CFR 5.609(b) and (c) (2006), provided that imputed income from the Household’s assets shall not be included. Examples and instructions for the application of these requirements shall be included in the applicable Agency’s Program Guide.
- “Applicant”:  
An entity or an individual (as a Developer) making an Application for the RHS Program or the LTOS Program.
- “Application”:  
The application form and attachments that an Applicant must submit when applying for the RHS Program.
- “Appropriation”:  
The annual appropriation of funds to the Illinois Department of Revenue for IHDA by the Illinois General Assembly for the RHS Program.
- “Area Median Income”:  
The median income of the area in which the Unit is located, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937 (42 USC 1437).
- “Authority”:  
The Illinois Housing Development Authority, the RHS program administrator.
- “Commitment”:  
A contract executed by IHDA and an LAA or a Developer under which the IHD agrees to provide an Allocation. Each Commitment shall contain a provision to the effect that the Agency shall not be obligated to provide funds under the Commitment if the Agency has not received adequate funds from an Appropriation or a Fund Distribution, as applicable.
- “Developer”:  
The owner of a Project that has applied for or has been approved for funding under the LTOS Program.

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- “Extremely Low-Income Household”:  
A Household whose Annual Income is less than or equal to 30% of the Area Median Income.
- “Fiscal Year”:  
The fiscal year of the State.
- “Fund Distribution”:  
A distribution of funds from the Appropriation for a Fiscal Year to a Geographic Area.
- “Geographic Areas”:  
The City of Chicago, Suburban Areas, Small Metropolitan Areas, and Rural Areas.
- “Household”:  
A single person, family or unrelated persons living together.
- “Housing Quality Standards”:  
Inspection standards for Units based on federal Section 8 standards.
- “HUD”:  
The U.S. Department of Housing and Urban Development.
- “IHDA”  
Illinois Housing Development Authority, the RHS program administrator.
- “Income Range”:  
A range of incomes published annually by IHDA that is used to determine the Tenant Contribution for Tenants.
- “Landlord”:  
An owner of one or more Units receiving or approved to receive Rental Assistance through an LAA. An LAA or subsidiary of an LAA may be a Landlord; provided, however, that the LAA must disclose its intention to be a Landlord, or appoint a subsidiary to be a Landlord, in its Application.
- “LAA”:  
A local administering agency that receives an Allocation to provide Rental Assistance.
- “LTOS Program”:  
The long term operating support program established under the RHS Program, to be used exclusively to provide long-term operating support to Developers of Projects that provide Units newly affordable to Extremely Low-Income Households and Severely Low Income Households.
- “Maximum Rent”:  
The maximum rent for a Unit, which shall be the greater of the maximum rent established under the federal Low Income Housing Tax Credit Program for a unit rented by a tenant with an annual income less than or equal to 60% of the Area Median Income and 120% of HUD’s fair market rent for the area in which the Unit is located.
- “Municipality”:  
A municipality with a population greater than 2,000,000.

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### “Municipality Program

Guide”:

The guidelines published by a Municipality for funding made by such municipality under the RHS Program.

“Plan for Services”:

The plan through which each prospective LAA will provide information to Tenants on how to gain access to education, training, and other supportive services.

“Program Guide”:

The guidelines published by IHDA explaining the RHS Program and providing additional information about various RHS Program requirements.

“Program Receipts”:

The RHSP Program Fees collected by the Department of Revenue from county recorders as provided for in the Act.

“Project”:

A building or group of buildings that are financed under a common plan of financing.

“Reconciliation”:

The determination of the difference between the amounts of Rental Assistance payments made to Landlords or Developers and the amount of Rental Assistance payments the Landlords or the Developers were entitled to receive.

“Rental Assistance”:

The amount paid to a Landlord or a Developer as a subsidy for a Unit approved for assistance under the RHS Program.

### “Rental Assistance

Rider”:

The rider to be attached to each Tenant’s lease that describes the RHS Program, requires the Tenant to provide a certification of its Annual Income, notifies the Tenant that the Tenant must report changes in its Annual Income to the Landlord or Developer, as applicable, on each occasion that the Tenant’s lease is to be renewed, informs the Tenant that increases in Annual Income may result in an increase in the Tenant Contribution and sets forth the amount of the Tenant Contribution. The Rental Assistance Rider shall be included in the Program Guide or the Municipality’s Program Guide, as applicable.

### “Rent Burdened

Households”:

Households with annual income of less than 50% of State Median Income for a household of four and paying more than 30% of their income for rent

“Reserve Fund”:

The fund established either by IHDA to provide a source of funds in the event that an annual Appropriation is not sufficient to provide adequate funding for existing Commitments.

“RFP”:

A request for proposals by IHDA soliciting Applications from LAAs or Developers.

“RHS Program Act”:

The Rental Housing Support Program Act (310 ILCS 105).

“RHS Program”:

The Rental Housing Support Program authorized by the RHS Program Act.

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“Rural Area”: All areas of the State not specifically included in any other Geographic Area.

“Service Area”: The geographic boundaries of the area to be served by an LAA.

“Severely Low-Income Household”: A Household whose Annual Income is less than or equal to 15% of the Area Median Income.

“Small Metropolitan Areas”: The Geographic Area that includes the municipalities of Bloomington-Normal, Champaign-Urbana, Decatur, DeKalb, Moline, Pekin, Peoria, Rantoul, Rockford, Rock Island, Springfield, and the counties of Madison and St. Clair.

“Special Needs Households”: Households that are homeless or imminently at risk of becoming homeless; that are now or imminently at risk of living in institutional settings because of the unavailability of suitable housing; or that have one or more members with disabilities, including but not limited to physical disabilities, developmental disabilities, mental illness or HIV/AIDS.

“Suburban Areas”: The Geographic Area that includes the counties of Cook (excluding Chicago), DuPage, Kane, Lake, McHenry, and Will.

“State”: The State of Illinois.

“State Median Income”: The State median income published by the U.S. Census Bureau in the most current decennial census.

“Tenant”: A Household occupying a Unit.

“Tenant Bill of Rights”: Information LAAs and Developers are required to provide to Tenants concerning how to contact the LAA; local landlord-tenant laws and procedures; the housing rights of persons with disabilities; how to contact the local agency or agencies administering local landlord-tenant laws and procedures or protecting or promoting such housing rights of persons with disabilities; eligibility requirements for participating in the RHS Program; and the rights and responsibilities of prospective Tenants prior to occupancy of a Unit.

“Tenant Contribution”: The portion of the monthly rent for a Unit to be paid by the Tenant, as outlined in the IHDA RHS Program Tenant Contribution Schedule.

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**“Tenant Income Certification”:** The form prescribed by IHDA and to be used by Landlords and Developers in determining and reporting a Tenant’s Annual Income to an LAA or IHDA, as applicable.

**“Tenant Selection Plan”:** The written plan prepared by a Landlord or a Developer and approved by the LAA or IHDA, as applicable, which governs the selection of Tenants for a Unit or a Project.

**“Transitional Contribution”:** The Tenant Contribution for Tenants whose income has exceeded the income limit for Extremely Low-Income Households.

**“Unit”:** A rental housing unit receiving Rental Assistance through an Allocation. A Unit may be a single family dwelling or an efficiency apartment, a single room occupancy unit, or a one bedroom or larger unit in a multifamily dwelling. Housing units intended as transitional or temporary housing, with a lease of less than twelve months do not qualify as Units.

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### 1. Introduction

A combination of low wages and limited availability of affordable rental housing units require many families and households throughout the State of Illinois to pay a disproportionate share of their income for basic housing. Simultaneously, there are households in the state that face additional difficulty in finding affordable housing due to disabilities or special needs of family members. In order to address this pressing need, the Illinois General Assembly passed P.A. 094-0118, the Rental Housing Support Program Act (the “Act”). The Rental Housing Support Program (“RHS Program”) promotes permanent housing through the funding of rent subsidies for these “rent burdened” extremely and severely low-income households. Funding for rental assistance was identified as a significant need under the 2005 *“Building for Success: Illinois’s Comprehensive Affordable Housing Plan.”*

Funding under the RHS Program will be guided by the information provided in the Rental Housing Support Program statute PA 094-0118, adopted program rules 47 Ill. Admin code 380, this Program Guide, and Rental Housing Support Program Request for Proposal (RFP), with Application forms and instructions. The Program Guide, Request for Proposal and Application may be updated as needed by the Illinois Housing Development Authority.

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### 2. Program Purpose and Description

- a. The RHS Program is designed to provide subsidies to reduce the cost of renting for eligible households.
- b. Eligible households under the program are those with incomes at or below 30% of the Area Median Income (“Extremely Low-Income Household”) for the area, with at least 50% of the assistance targeted to benefit households at or below 15% of the Area Median Income (“Severely Low-Income Household”).
- c. Tenant participants will be required to pay a monthly Tenant Contribution as outlined in the Rental Housing Support Program Tenant Contribution Schedule (**Attachment 7**).
- d. The RHS Program is a “unit-based” subsidy generally supported by an agreement between a Local Administering Agency (“LAA”) and an approved project owner (“Landlord”), willing to make the unit available to eligible tenants.
- e. LAAs will be selected for participation in the Statewide RHS Program (outside the City of Chicago) based on responses under a competitive Requests for Proposals (“RFP”).
- f. A municipality within the state with a population greater than 2,000,000, which based on the U.S. Census data from 2010, defines solely the City of Chicago, is authorized to designate a LAA for operation of the RHS Program within the City limits. The City of Chicago RHS Program will be subject to the rules adopted for the Statewide RHS Program, and the Municipality Program Guide. The City of Chicago, Department of Housing and Economic Development is responsible for ensuring that program guidelines for operation of and participation in the Rental Housing Support Program within the City of Chicago are developed.
- g. Portions of the funding under the RHS Program will be available annually under the Long Term Operating Support (“LTOS”) Program to provide long-term (up to 15- 30 years) rental assistance to owners of newly available affordable housing units. LTOS awardees will be selected either competitively through a RFP or in conjunction with another Authority multifamily financing program.
- h. RHS Program funding is not intended to be used to supplement or supplant other rental assistance such as Section 8 or Housing Choice Voucher Programs, for funding of the same unit or tenant.

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**3. General Program Administration**

- a. IHDA will provide funding for the Statewide RHS Program by executing a Conditional Commitment Letter and a Funding Agreement, with a term up to three years with a LAA.
- b. These multi-year agreements between IHDA and the LAA will be funded for the term of the agreement from a state Appropriation, subject to availability of funds. Payments under the agreement will be made to the LAA quarterly in advance for occupied units only. Funding of the commitment under the multi-year agreement will be subject to review for compliance during the term of the contract.
- c. LAAs may apply for a renewal of their agreement after the initial agreement term. Renewals may be granted subject to satisfactory performance under the agreement, RHS Program parameters at the time of renewal, and availability of funding.
- d. Funding for the RHS Program, is based on collection of the \$10 real estate recorded document fee. Funding for new LAA participants will be available in subsequent years based on availability of funding to support new units, and will be awarded competitively under an RFP.

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#### **4. Fund Allocations**

- a. Resources collected and appropriated under the RHS Program will be allocated for program use in Geographic Areas around the state based on that Geographic Area's proportionate share of Rent Burdened Households.
- b. Calculations for the fund allocation formula are based on U.S. Census decennial data, beginning with data for the year 2000. Changes in the fund allocation will be made based on release and availability of subsequent U.S. Census decennial data.
- c. The authorized Geographic Areas are:
  - i. Chicago,
  - ii. Suburban Areas; including Cook County (excluding Chicago), DuPage County, Lake County, Kane County, Will County, and McHenry County
  - iii. Small Metropolitan Areas; including Bloomington-Normal, Champaign-Urbana, Decatur, DeKalb, Madison County, Moline, Pekin, Rantoul, Rockford, Rock Island, Peoria, Springfield, and St. Clair County,
  - iv. Rural Areas; including all other areas of the State not covered by another Geographic Area.
- d. The Act authorizes IHDA to transfer a proportionate share of the annual Program Receipts to the City of Chicago to operate the RHS Program within that municipality.
- e. The Act requires IHDA to establish a Reserve Account and draw down an amount up to 5% of each year's Program Receipts, after allocation of RHS Program funding to the City of Chicago, to provide funding to address fluctuations in Program Receipts, and to ensure consistent availability of funding for future years of the Statewide RHS Program.
- f. The Act requires a minimum of 10% of the annual Program Receipts, after the allocation to the City of Chicago and to the Reserve Account, will be allocated to the Long-Term Operating Support Program (LTOS).

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#### **5. Local Administering Agency (“LAA”) Eligibility**

- a. LAAs under the Statewide RHS Program may be local governmental bodies, including municipalities, counties, and townships in unincorporated areas of the State; local housing authorities organized under the Illinois Housing Authorities Act (310 ILCS 10); or not-for-profit organizations organized under the General Not-For-Profit Corporation Act of 1986, as amended (805 ILCS 105/) registered and in good standing with the Illinois Secretary of State and the Illinois Attorney General.
- b. LAAs will be required to demonstrate experience, capacity, and knowledge of procedures to:
  - i. Manage a rental assistance program in the designated Service Area,
  - ii. Review and verify income of household applicants and Tenants,
  - iii. Inspect and verify housing quality standards of Units,
  - iv. Establish an outreach plan through relationships with Landlords, service providers, Public Housing Authorities, and referral agencies to meet housing needs of Severely and Extremely Low-Income households and Special Needs populations,
  - v. Demonstrate fiscal and organizational viability to assume the program and required fiduciary responsibility, including timely and accurate payments to participating Landlords.
- c. LAAs may form partnerships or enter into other agreements with experienced entities to satisfy the requirements of the RHS Program, to achieve economies of scale, or to achieve broad distribution of resources, under the RHS Program.
  - i. In such cases, if selected, all entities will be required to present qualifications, clearly define responsibilities of the entities, and demonstrate legal jurisdiction of the entities to operate in Geographic Areas presented. Partner entities may be required to execute contract documents, and will be jointly responsible for compliance with the terms of the RHS Program.
  - ii. In addition to meeting all LAA requirements, applications submitted amongst several eligible entities will submit procedures for assuring equitable distribution of resources to cover the Geographic Area designated.
  - iii. The LAA may contract with local and regional agencies to share administrative tasks, upon receiving IHDA approval.

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**6. Properties and Units Eligible under the RHS Program.**

- a. The types of units eligible under the RHS Program include: efficiency, one, two, three, and four bedroom housing units. Single room occupancy units are also eligible for funding under the RHS Program. Housing units intended as transitional or temporary housing, with a lease of less than 12 months, do not qualify as Units.
- b. For buildings containing six Units or more, the number of Units proposed to receive Rental Assistance for RHS shall not exceed 30% of the Units in the building. For buildings containing less than six Units, there shall be no restriction on the number of Units proposed to receive Rental Assistance for RHS.
- c. All Units approved for participation in the RHS Program must meet HUD Section 8 Housing Quality Standards and address lead based paint certification requirements. **Attachment 2 – HQS Property Standards**  
**Exhibit 1 – HQS Physical Inspection Form – Full**  
**Exhibit 2 – HQS Physical Inspection Form – Walk-Thru**  
**Exhibit 3– Lead Based Paint Certification Form**
- d. Units receiving rental assistance under an existing federal or local rental assistance program are not eligible to be assisted under the RHS Program.
- e. Existing tenants in proposed units cannot be displaced by the program and no relocation assistance is available under any circumstances.

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### 7. Request for Proposal and Selection (RFP)

- a. LAAs have been awarded RHS Program grants in response to a Statewide RFP that was based on qualifications and eligibility of the applicant entity(s), quality of proposals to meet the program purposes, and funding availability.
  - i. The 2006-2007 Statewide RFP was advertised and available for application for a period of nine months.
  - ii. Pending funding availability, IHDA may make available an RFP for funding under the RHS Program in subsequent years of the program. Previously funded LAAs, with a satisfactory performance record may apply under a subsequent RFP. In addition to program established eligibility criteria, any future RFP will seek to award RHS Program resources to Service Areas not previously covered by the RHS Program agreements currently in place.
  - iii. IHDA will provide training and technical assistance on program criteria to help prepare applicants for completing the RFP. Training materials will be available on IHDA's website and training workshops will be available at locations around the State.
  - iv. Applicants will be required to submit a \$500 application fee for consideration for funding under the RHS Program. Applicants submitting multiple applications to cover more than one Geographic Area will only be required to submit one application fee.
  - v. Amounts requested under the application from a LAA will be limited to funding available for each Geographic Area under the RFP, and will be identified on the **Attachment 1 – Calculation of Geographic Distribution of RHS Program Resources**. The RFP will not establish any application minimum. IHDA reserves the right to adjust amounts requested by an applicant based on funding availability, and to assure successful implementation of the RHS Program statewide.
  
- b. Application Evaluation Criteria
  - i. Demonstrated experience operating or managing a rental assistance program, including review and verification of household income,
  - ii. Legal jurisdiction to operate the RHS Program in the designated Service Area
  - iii. Expertise to inspect and verify housing quality standards of Units,
  - iv. Level of commitment and expertise to implement an outreach plan through relationships with Landlords, service providers, and referral agencies to meet housing needs of Severely and Extremely Low-Income households and Special Needs populations,
  - v. Demonstrate fiscal and organizational viability to assume the program and fiduciary responsibilities, including timely and accurate payments to participating Landlords, and
  - vi. Capacity to implement the RHS Program in a timely and efficient manner.
    - Preference may be given to qualified applicants demonstrating readiness to proceed.

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### c. Preferences for Tenants with Special Needs

Under the RFP, preference will be given to applicants that pledge, and demonstrate a viable outreach plan, to target 30% of the resources to Units benefiting Special Needs Households.

- i. Special Needs Households are defined as households that are homeless or imminently at risk of becoming homeless; that are now or imminently at risk of living in institutional settings because of the unavailability of suitable housing; or that have one or more members with disabilities, including but not limited to physical disabilities, developmental disabilities, mental illness or HIV/AIDS.

### d. Documents and Information Required for Submission under the RFP

Applicants will be required to submit the following information via the RHS Application:

- i. Identification and qualifications of the entity making application, and all partner entities intending to participate or provide services under the RHS Program.
- ii. Identification of the Geographic Area and the Service Area to be served under the application, and evidence of jurisdictional authority to provide services in the areas designated. Also, documentation showing board or governing body's approval to participate in the RHS program.
- iii. Identification of the amount of funding requested, and information regarding possible Landlords, Properties, Units and Tenants. To indicate readiness to proceed, specific detail about the proposed program must be provided. Please refer to **Attachment 3 – Application Mandatory and Readiness Chart** for specific application submission requirements. This could include: Landlords and building addresses, number and type of Units, including bedroom size, accessibility of such Units for persons with physical disabilities, a schedule of rents for Units anticipated to be included in the program, proposed pre-qualified tenants, and other similar information. **Exhibit 4 – Landlord Contact and Program Information Form**
- iv. Unit mix submitted by each applicant must specifically include a combination of one, two, three, and four bedroom units, based on demonstrated need and availability in the community. If a combination of all unit sizes is not included, documentation must be provided to show why these unit sizes will not be part of the unit mix. For example, if only two and four bedroom units are included, you must address why one and three bedroom units are not. Single room occupancy, and studio units are also eligible for funding under the RHS Program.
  - No more than 30% of the units in a single project or development may be assisted under the RHS Program. Exceptions to this limit are those properties and developments that contain six units or less.
  - Units receiving rental assistance under an existing federal or local rental assistance program are not eligible to be assisted under the RHS Program.
  - LAAs will include information regarding current occupancy of units proposed under the application. If occupied, existing tenants not eligible for the RHS Program may not be relocated, and the unit will not be eligible for participation under the Program.
- v. Documentation supporting proposed rent levels for program units under the RHS Program (**Refer to Section 8 for details**)
- vi. An Outreach Plan designed to achieve broad community access to the RHS Program. (**Refer to Section 7f for details**)

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- vii. Projected costs for program implementation and operations of the RHS Program by the applicant.
  
- e. Selecting Landlords to Participate in the RHS Program.
  - i. Applicants will document the process utilized to identify and select Landlords for participation in the RHS Program. The process shall include outreach and assessment of the Units and capacity of the Landlord to meet the requirements under the RHS Program.
    - Letters from Landlords evidencing intent to participate in the program will assist in indicating the applicant's readiness to proceed under the RHS Program. Preference may be given to qualified applicants that can demonstrate readiness to proceed.
  - ii. LAAs may propose Units for inclusion in the RHS Program that are owned directly, or by an entity that is a fully or partially owned subsidiary of the LAA, only if the LAA provides for an independent third party able to perform certain required monitoring functions such as project inspections and funding reconciliations. Approval for funding of related parties will be at the discretion of IHDA.
  
- f. Outreach Plan  
The applicant, as part of the application will:
  - i. Outline procedures for advertising available Units and contacting referral organizations for identifying and referring prospective tenants to Landlords for broad community participation in the RHS Program.
  - ii. Submit evidence of organizational relationships and capacity to achieve preference targeting of Units for Special Needs Households, identified accessible Units for persons with physical disabilities, and procedures to assure compliance with the stated targeting strategy.
  - iii. **Exhibit 5 – Outreach Plan (model)**
  
- g. Plan for Services  
Develop a detailed Plan for Services, which shall include information for RHS Program Tenants on how to gain access to education, training and support services. Additionally the Plan for Services shall outline procedures the LAA shall follow to advertise available Units, and for identifying and referring prospective tenants to Landlords for participation in the RHS Program.
  
- h. Qualifications to Serve a Geographic Area  
The applicant will apply for funding in a designated Geographic Area
  - i. The applicant will identify in the application the specific Geographic Area it proposes to serve under the RHS Program, and evidence of legal jurisdiction (or no restrictions) to administer the RHS Program the designated area.
    - An applicant, representing a municipality that overlaps more than one Geographic Area will apply in the Geographic Area in which the majority of its population is located.

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i. Procedures and Operations

The applicant will provide written detail of processes and operating procedures for:

- i. Conducting Housing Quality Standards inspections of RHS Program Units,
- ii. Processing quarterly rental payments to Landlords,
- iii. Demonstrating compliance with program guidelines and rules,
- iv. Resolving disputes and noncompliance issues with Tenants and Landlords,
- v. Reviewing of tenant income certifications,
- vi. Conducting financial reconciliations of Rental Assistance payments with Landlords and with IHDA,
- vii. Completing other required monitoring and record keeping under the RHS Program.

j. Program Operating Expenses

- i. Approved LAAs will be eligible to receive funding to cover program operating expenses of the RHS Program, up to 10% of RHS Program grants with annual contract amounts up to \$500,000, or up to 7% of RHS Program grants with annual contract amounts over \$500,000.
- ii. Program operating expenses may include, but are not limited to staff salaries and benefits of LAA employees or contractors for time spent performing duties associated with the RHS Program including inspections, tenant referrals and determination of tenant eligibility, negotiation with prospective Landlords regarding participation in the RHS Program, technical assistance, auditing and bookkeeping expenses, LAAs use of equipment in operating the RHS Program (such as cars, copiers, paper used in preparing required documentation, etc.), and costs for office space and utilities incurred in operating under the RHS Program.
- iii. An applicant will provide detailed estimates of projected operating costs of program implementation as part of the RFP submission.
- iv. Program operating expenses will be paid annually to LAAs. Subsequent payments for RHS Program operating expenses will be made based on satisfactory reporting of activities by the LAA under the RHS Program.

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### 8. Setting RHS Rents and Maximum Rents

- a. The Applicant will submit proposed rents for RHS Units organized by Landlord and bedroom size. Applicant will also submit at least three rent comparables for each bedroom size, **Exhibit 6 – Market Rent Analysis Form** and any other appropriate documentation to support the proposed rents. To show readiness, the applicant can base comparables on actual proposed program units. Supporting documentation must be specific for each distinct market area within which RHS Units are proposed. The proposed Unit rents are to have been negotiated between the LAA and the Landlord.
  - i. The comparable unit comparison will include, at a minimum, details regarding the comparable project's location, square footage of units and amenities for both the project and the units. Information regarding which utilities are included and not included in the proposed and comparable rents and an estimate of utility cost must also be included in the comparison analysis.
  - ii. IHDA will publish Maximum Rent Guidelines for the RHS Program to assure reasonable and efficient use of resources. Maximum Rent Guidelines will be based on the greater of the rents set under the federal Low Income Housing Tax Credit Program for households at 60% Area Median Income or 120% of Fair Market Rents (as published by HUD for the Section 8 program,) for a particular locale and bedroom size. **Attachment 4 – Maximum Rent Limits.**
  - iii. If the rent of a Unit proposed by the LAA exceeds the Maximum Rent Guidelines as published by IHDA, the applicant will be required to submit at least two additional rent comparisons, and a detailed market analysis. These documents must demonstrate the unavailability of rents under the published maximums in the market area and support the need for the proposed rents.
    - i. Proposed Unit rents must be approved by IHDA and will be subject to a final negotiation at the time of signing the Commitment. Approval of rents exceeding the published Maximum Rent Guidelines will be made on a case-by-case basis.
  - iv. While not encouraged, during the term of a multi-year agreement, a LAA may request for approval by IHDA, a rent increase for a Unit, not to exceed the existing rent multiplied by the current Annual Adjustment Factor, as published by the U.S. Department of Housing and Urban Development for the Section 8 Program.
    - a. Requests for rent increases must be submitted to IHDA in writing by the LAA, documentation supporting the need for increase and evidence of extraordinary increased costs incurred by the Landlord in operation of the Unit. Standard increases to rents for housing units in the market place will not be replicated under the RHS Program.
    - ii. Approvals of rent increases are subject to the discretion of IHDA and funding availability under the RHS Program.
    - iii. Approved rent increases will be documented by a Gross Rent Change TIC submission executed by the Landlord and the LAA.
    - iv. Approved rent increases shall not change the amount of the Tenant Contribution currently being charged.

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### 9. Tenant Eligibility for RHS Program Assistance

- a. Rent subsidies will be available for Extremely Low-Income Households with gross income at or below 30% of the Area Median Income, with at least 50% of the resources allocated to a LAA to benefit Severely Low-Income tenants with incomes at or below 15% of Area Median Income. If unable to reach the above requirement of serving households at/or below 15% of Area Median Income, the LAA must provide documentation of inability, and identify households above the level, but below the maximum level of 30% of Area Median Income.
- b. IHDA will publish Area Median Income figures based on information released annually, by the U.S. Department of Housing and Urban Development. **Attachment 5 – Maximum Income Limits.**
  - i. LAAs providing Rental Assistance in a Metropolitan Statistical Area (MSA) or Primary Metropolitan Statistical Area (PMSA) will utilize the published PMSA income levels. Published County median income levels will be used in determining area income limits for all other areas.
- c. Household income eligibility for participation in the RHS Program will be determined prior to initial occupancy and thereafter annually prior to lease renewal, by the Landlord and reviewed by the LAA. **Exhibit 7 – Tenant Income Certification Form**
  - i. Household income qualification standards for the RHS Program will generally be based on federal HUD Section 8 guidelines. **Attachment 6 – Definition of Income and Assets**
    - Income eligibility is based on the annual gross income of all adult persons in the Household. While certain types of income are excluded from the calculation of the Household’s annual gross income for the purpose of determining eligibility under the RHS Program, no adjustments will be made to the annual gross income for items such as minors, seniors, medical expenses, childcare, etc.
    - Annual gross income includes actual income earned from assets of the Household. The RHS Program household income calculation does not include the requirement to “impute” a minimum income on assets of the household.
  - ii. Households determined to be eligible under the program, will be required to submit updated income information annually, prior to lease renewal to determine continued eligibility under the RHS program. Increases in income may result in an increase in the amount of the Tenant Contribution due from the tenant, and decreases in income can decrease the contribution.

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- d. Tenants are required to notify the landlord within 15 days if the household's income increases or decreases. The Landlord will report to the LAA any changes in the Tenant income. If the change in income affects the Tenant Contribution the LAA must conduct an interim recertification at each occurrence if it is expected to be of a permanent duration. If a tenant's income at the time of the interim certification and/or recertification and lease renewal increases above the current limit for 30% of Area Median Income for the household size in the area can choose from the following:
  - i. Alternatively, the Tenant may remain in the Unit and pay a "Transitional Contribution" for a period of one year which will commence at the time they become over-income. The Transitional Contribution shall equal the Tenant's Contribution prior to the income increase above 30% of Area Median Income, plus an amount determined by how much that they have exceeded the applicable limit between the full rent on the Unit and Tenant Contribution portion. The Tenant will be issued a new lease, RHSP Rider and TIC which shall reflect the new lease term and payment amount.
  - ii. A LAA cannot designate an additional Unit for participation in the RHS Program during the period a Tenant continues participation in the RHS Program under the Transition Contribution. The LAA must indicate a transitional occurrence on the tenant income certification ("TIC") when the household becomes over-income.
  - iii. Should the household's income decrease during the transitional period causing them to require subsidy, their annual recertification date will return to their normal certification month. Following the twelve month period under the Transition Contribution, the Tenant, at the Tenant's choice and subject to local tenant landlord rules, will be permitted to remain in the unit at full rent payment, and the LAA can identify another Unit for participation in the RHS program.
- e. Tenants receiving rental assistance under an existing federal or local rental assistance program are not eligible to be assisted under the RHS Program.
- f. Landlords are not permitted to request subsidy on units in which there is an existing tenant, whether the tenant is eligible for the program or not. By doing so, a preference (not permitted by the program) is created allowing a household to skip the wait list process.

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**10. Tenant Responsibilities, Tenant Contribution, and RHS Program Rental Assistance**

- a. The Tenant Contribution or rent payment will be an amount, calculated and published by IHDA, based on the size of the unit and the Household's annual income. **Attachment 7 – Tenant Contribution Schedule.**
- b. The difference between the approved Unit rent and the Tenant Contribution will be the RHS Program Rental Assistance payment.
- c. The Tenant is responsible to pay the Tenant Contribution to the Landlord monthly and on time. Tenant's contributions are the sole responsibility of the tenant.
- d. Rental Assistance will be paid to the Landlord by the LAA for Units occupied by eligible tenants.
- e. Landlords shall not be paid Rental Assistance for the portion of the rent due from the Tenant.
- f. Utility costs may be the responsibility of the Landlord or the Tenant. Utility costs will not be covered under the RHS Program.
- g. The Tenant is responsible to comply with conditions established in the Landlord's Lease and the Rental Housing Support Program Lease Rider. **Exhibit 8 – RHS Program Lease Rider (model).**
- h. Additional charges or fees such as security deposits, pet fees, and damages, will not be covered by the RHS program.

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### 11. Local Administering Agency (LAA) Responsibility

The LAA is responsible for marketing and selection of Landlords and properties participating in the RHS Program. The LAA will enter into agreements with the selected Landlords, and is responsible for monitoring Landlord compliance with all RHS Program requirements. The LAA will also ensure that Landlords can demonstrate that they have a clear title to the property, and are current with the Project's utilities, taxes, and mortgage payments.

- a. The LAA is responsible for Project selection under the RHS Program.
  - i. Eligible Units must meet Housing Quality Standards (HQS) established standards for habitability. **Attachment 2 – HQS Property Standards**
  - ii. All Units receiving assistance under the RHS program must be free from lead based paint hazards. Landlords will need to certify each new Unit entering the Program meets this criteria. **Exhibit 3 – Lead Based Paint Certification Form**
    - Landlords will certify to the LAA, and to IHDA that they have visually inspected the Unit for lead based paint hazards, and if such hazards have been found, have performed assessment and completed necessary remediation or abatement activities in conformance with federal and state law.
    - For buildings constructed on or after January 1, 1978, Landlords shall certify, that the Unit contains no lead based paint hazards.
  - iii. The LAA is encouraged to identify Units for the RHS Program that provide accessibility for tenants with disabilities.
  
- b. The LAA shall be required to view the condition of the Units in the RHS Program at least annually.
  - i. All Units, with associated common areas and grounds, will be inspected for compliance with HQS prior to initial RHS Program tenant occupancy, for any reason, such as a new tenant or a unit transfer, and bi-annually thereafter. **Exhibit 1 – HQS Property Inspection – Full**
  - ii. In the alternate years, the LAA shall perform a less in-depth inspection of all units known as the Walk-Thru inspection, to visually observe the satisfactory physical condition of the Units. **Exhibit 2 – HQS Property Inspection – Walk-Thru**
  - iii. If a Unit occupied by an eligible RHS Program Tenant is determined to no longer meet HQS standards, the LAA will inform the Landlord of a maximum thirty day period to bring the Unit into compliance. For serious health and safety issues, the Landlord must bring the Unit into compliance within 72 hours. Failure to meet this standard will cause the RHS Program Rental Assistance to be removed from the Unit and, if applicable, the Project.
    - The LAA will make best efforts to find a replacement Unit for the eligible Household living in a Unit that no longer meets the HQS standards.
  
- c. The rent for a Unit will be negotiated between the Landlord and the LAA, and approved by IHDA, prior to initial occupancy by an RHS Program assisted Household under the RHS Program.

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- d. The LAA will be responsible for distributing the Tenant Bill of Rights provided by IHDA, and assuring delivery of the Tenant Bill of Rights by the Landlord to all Tenants in the RHS Program prior to occupancy. **Attachment 8 Tenant Bill of Rights.**
  - i. For all pre-1978 constructed units, the Tenant should also receive a copy of the Lead Paint Hazards pamphlet.
- e. The LAA must ensure that availability of assistance under the RHS Program is marketed in the Service Area and outreach is extended to organizations serving the targeted Severely and Extremely Low Income and Special Needs Households, as outlined in the Outreach Plan prepared by the LAA.
- f. The LAA will ensure that all Landlords prepare a Tenant Selection Plan. The LAA must review the Tenant Selection Plan and, if applicable, add information relating to administrative duties performed by the LAA (e.g., creating and maintaining the Waiting List). The LAA will forward the finalized TSP to IHDA for approval. **Exhibit 10 Tenant Selection Plan Sample.** This plan must be made available to all applicants and/or household members requesting a copy.
- g. The LAA will conduct all move-in, transitional, gross rent change (GRC), annual and interim certifications. This will include verifying the members of the Household and collecting third party verification of the Household's annual income and generating the TIC. Once the Tenant's signatures are obtained and all the required executed information is received from the Landlord i.e. lease, lease rider etc. the information will be sent to IHDA within three (3) business days. All household members 18 years of age and above must sign each document. Not submitting this documentation in a timely manner will affect your Management Review score and may impact your participation in the RHS Program.
- h. The Landlord will notify the LAA whenever a change occurs with the Units and Tenants. This includes move-outs, move-ins, and other activities that change the monthly assistance needed. The LAA will forward this information to IHDA within three (3) business days of notification.
- i. The LAA will maintain confidentiality of Tenant income and eligibility information.
- j. The LAA is responsible for reviewing and resolving disputes between a Tenant, or prospective Tenant, and the Landlord regarding RHS Program eligibility, including review of annual income certifications.
  - i. If the LAA is unable to resolve the dispute, any of the parties involved may appeal to IHDA. Appeals are required to be submitted in writing to IHDA, with all parties submitting relevant documentation.
- k. Disputes between a Landlord and Tenant, unrelated to RHS Program eligibility will be resolved under the jurisdiction of local laws for landlord tenant relations.
- l. The LAA will also authorize transfers of Units in the event that it is necessary. While this should not occur often, there are some instances where a Unit transfer is required. Some

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examples of scenarios are: if a tenant is over-income and decides to stay in the unit at market rent or if the Unit does not meet HQS standards. If a Unit transfer is required the Landlord needs to submit **Exhibit 9 – Unit Transfer Form** to the LAA and IHDA for approval of the Unit transfer prior to the transfer. The transfer may not be completed without an executed copy of the transfer form from IHDA.

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**12. Participating Landlord Responsibility**

- a. Landlords will be required to maintain housing quality for all Units and Projects under the RHS Program.
- b. Landlords will need to be certified by the LAA, by verifying that they have a clear title for the property, and that they are current with utilities, taxes and mortgage payments.
- c. All Landlords will be required to adhere to federal and state fair housing and affirmative marketing practices, and other applicable federal, state, and local regulations.
- d. Landlords will provide Tenants in the RHS Program with a standard minimum 12 month lease, with an attached RHS Program Lease Rider that explains the RHS Program requirements and rights and responsibilities of the participants in the RHS Program.

**Exhibit 8 – RHS Program Lease Rider (model).**

- i. The rider to be attached to each Tenant's lease requires the Tenant to certify the Household's Annual Income, and report changes in the Annual Income to the Landlord, as applicable, on each occasion that the Tenant's lease is to be renewed, informs the Tenant that increases in the Household Annual Income may result in an increase in the Tenant Contribution and states the amount of Tenant Contribution.
- e. Landlords will maintain confidentiality of Tenant income and eligibility information.
- f. Landlords must immediately report to the LAA whenever a change occurs with the Units or Tenants. This includes move-outs, and other activities that would affect the monthly assistance received on the unit. Failure to do so in a timely manner may result in the Landlord being removed from the RHS Program.
- g. When a vacancy occurs the Landlord must notify their LAA immediately and execute a vacancy form for the affected unit. If the landlord has been paid funds on the unit which exceed monies owed for the period of occupancy they must be returned to IHDA with the accompanying vacancy notice within 7 days of the vacancy occurring. .
- h. Maintain the recognized state minimum level of Property Insurance for all units participating in the RHS/LTOS program. Landlords will be required to provide proof of insurance once annually and/or upon request.

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**13. Flow of Assistance Payments and Reconciliation Reporting**

- a. RHS Program Rental Assistance payments will be made quarterly, in advance, to LAAs on behalf of the Landlords, based on availability of funding and satisfactory submission of all required reporting documentation. LAAs must distribute the Rental Assistance payments to their participating Landlords within five calendar days of receiving their funds from IHDA.
- b. Because of the possibility that a Commitment will commence in a month that is not the first month of a calendar quarter, the length of the first quarter will be adjusted to ensure that future quarters coincide with calendar quarters.
- c. As part of the reconciliation process in order to ensure that all overage payments to LAAs/Landlords are addressed immediately RHSP staff will:
  1. Submit payment to LAA's from IHDA RHS Account.
  2. LAA's forward payment to participating Landlords along with Landlord Certification letter. **Exhibit 11.**
  3. LAA's collect signed Landlord Certifications from Landlords within 10 business days of payment.
  4. LAA forwards all signed original Landlord Certifications to IHDA along with a copy of the LAA's accounting check ledger for the quarter's payment.
  5. RHS Staff will review the Landlord Certifications and the check ledgers against our records to ensure accurate payments were made.
  6. RHS Staff will maintain all quarterly report submissions in the LAA's file.
  7. In addition, all vacancy notices received in the current payment quarter, must include the applicable overpaid funds to the Authority within five days. .
- d. Within one hundred and fifty (150) days following the end of the LAA's fiscal year, in a manner prescribed by the Authority in writing, the LAA shall furnish the Authority with (i) a complete annual financial report for the LAA, prepared at LAA's expense, and certified to LAA by an Illinois licensed certified public accountant, and (ii) a separate accounting of the Program Operating Fee for the period of 7/1 to 6/30 in order to ascertain they were utilized for allowable expenses in connection with the administration of the RHS Program, prepared at LAA's expense, and certified to the Authority by the LAA.
- e. At the request of the Authority, the LAA shall furnish such reports, projections, certifications, budgets, operating reports, tax returns and analyses as required pursuant to the Acts, rules and regulations of the Authority and the RHS Act, as amended from time to time, and from time to time shall give specific answers to written questions in connection with the LAA's income, assets, liabilities, contracts and operation, all relating to the RHS Program, and the administration and operation, of the RHS Program.

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### **14. Agreement between IHDA and the LAA**

- a. The LAA will be required to report periodically on program and financial results and beneficiaries under the RHSP Program in their service area.
- b. LAA Commitment renewal

At the end of the Commitment, LAAs can apply to renew their Commitment with IHDA. To renew the LAA must notify IHDA 120 days prior to the end of the Commitment stating that they would like to renew. The following will then happen:

1. IHDA will conduct a performance evaluation that includes verifying the LAAs compliance with Tenant eligibility; Tenant contributions, rent charged for the Units; the number of two, three, and four bedroom units in the unit mix; compliance with inspection requirements; financial compliance; compliance with both the Outreach Plan and Plan for Services; the LAA's selection process for finding Landlords; the outcome of the LAA's pledge for Special Needs Households if pledged; the LAA's responsiveness to disputes and appeals; the LAA's responsiveness to its performance issues; proper documentation of program expenses; and other program information.
2. The LAA will recertify Landlords to show that they have a clear title to the property, and are current with the Project's utilities, taxes, and mortgage payments, and collect Lead Based Paint Certification forms from each Landlord.
3. Funding levels will be evaluated to ensure that funding is available for renewals, and LAAs will be contacted if funding requires an adjustment in allocations.

If a LAA does not wish to renew the Commitment, written notice needs to be sent to IHDA 120 days prior to the Commitment end. IHDA will attempt to find a replacement LAA to administer the RHS Program in the designated Service Area, and may sign a Commitment with the replacement for a period not to exceed the unexpired term of the original LAA's Commitment. If a replacement LAA cannot be found, Tenants and Landlords will receive a 90 day notice that the Rental Assistance will terminate. IHDA will reallocate the funding after the 90 days.

If a Commitment is not renewed because of a LAA's poor performance, IHDA will inform the LAA in writing. The LAA will then have 30 days to appeal the decision in writing to IHDA's General Counsel. The appeal must include a written statement of the LAA's position, responses regarding the poor performance and relevant supporting documentation. The general Counsel and RHS Program Staff will conduct a review and issue a final decision will within 30 days after receiving the written appeal.

Commitments not renewed because of a lack of funding may not be appealed.

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**15. Long Term Operating Support (“LTOS”) Program**

- a. Portions of the funding under the RHS Program will be available under the Long Term Operating Support (“LTOS”) Program to provide long-term (up to 30 years) Rental Assistance to owners of newly available affordable housing units.
- b. Funding for developments under the Long Term Operating Support (“LTOS”) Program will be made available separately from the Statewide RHS Program through IHDA’s Multifamily Financing department application process.
- c. The LTOS Program application may be coordinated with other IHDA/State capital, operating, and service resources, under a joint NOFA, to accomplish targeted affordable housing goals.

The term of this Rental Assistance under the LTOS program may extend to thirty (30) years, but will likely not exceed fifteen (15) years. **See Supplemental Program Guide – Long Term Operating Support Program Guide.**