

**TENANT SELECTION PLAN
HILLIARD HOMES**

HOLSTEN SCREENING AND SELECTION POLICY

The screening criteria in this policy are based on the expectations of occupancy at the Hilliard Homes Phase I and Phase II. The requirements of this policy and lease agreement shall be executed between the Owner, the Hilliard Homes I and II Limited Partnerships and Holsten Management Corporation (HMC), as the Owner's Agent. Each applicant is expected to abide by the obligations of the tenancy summarized as follows:

- To pay rent and other charges under the lease in the manner set forth by the lease;
- To care for and avoid damaging the unit and common areas, to use facilities and equipment in a reasonable way, and to maintain their unit at reasonable standards of care and cleanliness.
- To respect "the right to quiet enjoyment" of others.
- To refrain from any and all illegal activity, and to require same of all occupants, and guests.
- To comply with the necessary and reasonable building rules and any recommendations from the Social Service Assessment, if applicable.

I. General Principles of Screening. In assessing an applicant's ability to meet these criteria, HMC will consider the following:

Ability to meet financial obligations, including a review of income and expected expenses; especially timely payment of rent, utilities, and other fair charges required by a lease or agreement for occupancy – the applicant must demonstrate the ability to meet financial obligations imposed by the lease by providing evidence of a source of funds to cover expenses.

For public housing residents, the following specifics apply. 1. The applicant must be current in rent and electric bills. All past due bills in these two areas must be paid prior to approval. 2. Rent is due on the 1st of the month and is considered late on the 6th of the month. Timely payment of rent shall mean no more than four rent payments made beyond the 10th of the month in a calendar year.

For non-public housing tenants, gross monthly household income must be at least three times the scheduled monthly rent for a unit. For example, a household must have income of at least \$1,200 to qualify for a unit with rent of \$400. For public housing tenants, the tenant portion of rent for the unit will be set at 30% of the

household's monthly adjusted gross income, and there are no minimum income requirements.

All tenants will be responsible for paying the unit's electricity, and if a tenant receives a utility allowance, it will be taken into account when determining the tenant portion of rent. Public housing tenants will receive a utility allowance. Public housing tenants reporting zero income must provide an estimate of monthly expenses for food, beverages, transportation, childcare, etc.

- A. Documentation of income: Tenant shall demonstrate ability to pay rent, with the exception of eligible public housing tenants. The redevelopment of the Hilliard Homes has been financed in part through various federal and state housing programs. These include, during any applicable tax credit compliance period, federal low income housing tax credits under Section 42 of the Internal Revenue Code, tax-exempt bonds issued by the City of Chicago and the Chicago Housing Authority, a loan from the City of Chicago and the Illinois Housing Development Authority and assistance from the Chicago Housing Authority (CHA).

As a result of the requirements imposed by the various funding sources and programs, household income cannot exceed 60% of the Area Median Income (AMI). No cosigners will be accepted, however, there can be more than one head of household, co-leaseholder or leaseholder for a unit. All applicant households must submit documentation regarding the income and assets of all household members to meet tax-credit requirements. The documents include but are not limited to the following: pay stubs, bank statements, SSI award letters, and court-ordered child support agreements. All income must be documented with information that is less than 90 days old. Applications showing only cash income and no tax returns nor pay stubs will not be approved.

- B. Pursuant to Initial eligibility requirement for the Tax credit PHA-Assisted Units, and more specifically Section 42 of the Internal Revenue Code, ("the Code") and section 142 (d) of the Code, public housing residents must not have an aggregate adjusted income that exceeds 60% of the applicable median gross income (AMI) at initial occupancy. Moreover, 153 of the Phase I units shall be occupied by families with an aggregate adjusted income that does not exceed 50% of AMI; and 152 of the Phase II units shall be occupied by families with an aggregate adjusted income that does not exceed 50% of AMI.
- C. Employment: Unless the applicant presents sufficient proof of monthly income (from one or more members of the applicant household) equal to or more than three times the scheduled rent for the unit, applicants and every household member eighteen years of age and older, must be engaged in work or activities that lead to work, unless they are disabled or elderly, meaning age sixty-two (62) or older, or engaged in the care of a disabled or elderly household member. Two years of verifiable work history for those applicants whose primary source of income is employment. Exemption: Households with social security or disability

income (or other forms of verifiable income from sources other than employment) and public housing tenants who are under a self-sufficiency program (a “working family”) described below. The work history does not necessarily have to be with the same employer, but there must not be any significant gaps in employment. The average income derived from employment must meet or exceed the required income at the time of application.

Public housing leaseholders will have a work requirement which can be met either of two ways. First, a public housing leaseholder who is a working family shall have a requirement of one year of verifiable work history. Or alternatively, a public housing leaseholder can be engaged in activities to meet the working requirement through participation in schooling, specialized training, apprenticeships, or other similar programs that lead to employment opportunities for 12 months prior to lease-up, and at least a 12 month period following lease-up to work towards meeting the two year employment requirement.

This employment requirement is subject to all federal, state and local Fair Housing laws, especially with regard to source of income and disability.

- D. Landlord verification: Two years verification of residency, rent payment, and compliance with all lease obligations and site and building rules by an authorized management representative, except that public housing families shall show one year of prior compliance in accordance with the Relocation Rights Contract and one year engaged in activities toward compliance with the relocation rights contract. In no cases will relatives qualify as landlord references. Any outstanding rent owed to the CHA or outstanding utilities must be paid before occupancy. If an applicant has just come from college, a verifiable dorm history will be considered. Included in the landlord verification is information about activity of guests, amount of traffic, and unauthorized occupants. Non-public housing applicants will be rejected based on a negative history as reported by the Landlord. Public housing applicants will have the opportunity to cure, as outlined in the Application Process below.
- E. Credit History: Applicants must show a history of performance in meeting financial obligations. For specifics, refer to section II. Under the heading of “Review and Checking of Credit History”.
- F. Drug testing: All adult household members (age 18 or older) must pass a drug screening at the time of application, and agree to renewal testing, annually, at lease renewal. See Section II, Application Process, for detailed information under the heading of “Drug Related Activity”.
- G. Home Visit: All applicants will be subject to a home visit as part of the screening process.

- H. An applicant's intentional misrepresentation of any information related to eligibility, housing history, income, employment, background checks, or rent will be grounds for rejection. Misrepresentation during the intake and screening will be considered as evidence that the application cannot meet the requirement and will result in rejection.
- I. An applicant's attendance is required at an approved pre-occupancy orientation. The orientation will be designed by HMC or a third party under contract to HMC or Holsten Real Estate Development Corporation (HREDC), the developer. Pre-occupancy orientation is not a condition of acceptance, but is a requirement prior to move-in. Pre-occupancy will be held at lease signing if applicant has been unable to attend a previously scheduled session.
- J. HMC will determine what constitutes adequate and credible documentation. If staff has any doubts about the truthfulness or reliability of information received, they may request alternative methods of verification from the applicant or third parties. HMC will not make an offer of housing to an applicant who cannot document the abilities to comply with the essential obligations of the lease. A determination of "insufficient or inadequate" documentation means a deferral to CHA. CHA must be notified by HMC as to what the applicant needs to do in order to provide proper documentation.

II. The Application Process

Public housing applicants will be identified from a list provided by the CHA Relocation Department. HMC will contact applicants to schedule attendance at a pre-occupancy orientation. This list will contain eligible lease compliant public housing tenants according to the priorities under the Relocation Rights Contract and the housing choice identified by the CHA tenant on the Housing Choice Survey. Non-public housing applicants will be identified through marketing efforts conducted by HMC according to the Affirmative Marketing Plan.

Each applicant must meet with HMC staff at a pre-occupancy orientation in order to provide initial information and authorization for information verification, and to complete the pre-application card. When completing application forms, applicants must provide Social Security Numbers (SSN) for all family members (or certification that application has been made for SSN), proof of citizenship or eligible non-citizenship status, and the name, address, and telephone numbers of current and former landlords. Failure to provide this information will result in delay of application processing and possible rejection of the application. At the orientation session, the topics will include the application process, criminal background check and drug testing requirements, and community building participation requirements. Applicants will also have the opportunity to view a model apartment. Applicants will then view their actual unit prior to lease signing.

For Public housing applicants covered under the Relocation Rights Contract:

The property specific requirements for public housing applicants covered under the Relocation Rights Contract shall be the screening and selection criteria specified in paragraphs A,B,C,D,E,F,G,H,I, and J above, and A,B,C,D,E,F,G,H, and I below. Applicants for public housing who are current Hilliard residents and who do not satisfy one or more of the Screening Criteria shall be notified in writing 12 months prior to occupancy, specifying the criteria the family failed to satisfy. The written notification shall include a list of activities that the applicant can engage in to meet these criteria, along with a list of service providers that may provide assistance to the family.

Public Housing applicants for Public Housing units who do not satisfy the Screening Criteria, but who are otherwise lease compliant pursuant to the CHA Leaseholder Housing Choice and Relocation Rights Contract, will be conditionally accepted for occupancy of a Public Housing unit in the Development, but only if the applicant provides evidence sufficient to show that the applicant is engaged in activities to meet the Screening Criteria. In the event that the applicant fails to satisfy the Screening Criteria after one year of occupancy, the CHA shall transfer the applicant to a unit outside the development in accordance with the RRC.

Determinations of compliance with the Screening Criteria, including determinations of whether the applicant is engaged in activities to meet the Screening Criteria, are subject to the grievance procedures described in paragraph 11(b) of the Relocation Rights Contract. Hearing Officers for such grievances will be independent parties jointly agreed to by the Central Advisory Council and the CHA.

A. Verification Standards for Checking Information Provided By the Applicant:

1. Verification by a third party: Verification by third parties must be in writing. After HMC completes the screening and the applicant signs a consent form, HMC staff will send a first mailing to the third party verification sources identified by the applicant. After 15 calendar days, if no response has been received to the first mailing, staff will contact the third party by phone, fax or a second mailing.
2. Lease Renewal/Re-certification: All information subject to change will be reviewed annually during lease renewal and/or recertification process.
3. Each applicant folder will include a File Completion Checklist, recording applicant information needed and verifications. Each applicant folder will be treated as confidential information and will be kept in a secure filing system.

B. Security and Background Check:

1. HMC will verify any involvement in criminal activity on the part of all applicants, and adult household members (age 18 years or older) who intend to reside at the Hilliard Homes.
2. Applicants will be advised at the time of intake at the start of the screening interview that criminal behavior will jeopardize admission to the Hilliard Homes and will receive additional weight in HMC's decision to reject an applicant family.
3. Involvement in criminal activity by any member of an applicant family that would adversely affect the health, safety or welfare of other tenants will be verified using information from the criminal histories provided by the county, State, or municipality. In addition, former landlords and housing providers will be asked to indicate problems during the applicant's tenancy.
4. HMC will use a credit or background check service (not another resident's testimony) to check criminal history. The service will check for:
 - Any and all information relative to criminal convictions or activity, both felonies and misdemeanors within the last three years.
 - Any and all information relative to any criminal charges which are currently pending before any court (municipal, state, or federal).
5. The criminal records system shall be used to assess the applicants' and families' past criminal behavior especially commission of violent crimes, drug related criminal activity of any kind, disturbance of neighbors, or destruction of property. Without substantial evidence of mitigating circumstances (including serving jail time and rehabilitation) HMC will not admit persons engaging in any criminal activity violating state and/or federal law.
6. Examples of criminal offenses that will be considered include, but are not limited to: disturbing the peace, drunk and disorderly conduct, threats or harassment, domestic violence, including actual or threatened violence toward members of an applicant household, assaults destruction of property, vandalism, citations for health and sanitary code violation, possession of an unlawful weapon, criminal damage, arson, home invasion, and all other activities that may adversely affect the health, safety or welfare of other tenants.
7. All criminal activity will be weighed against the obligations of tenancy, including the likely impact on Hilliard and the danger to the health and safety of residents and staff. HMC considers certain criminal acts or repeated criminal behavior as evidence that the applicant is not capable of meeting lease requirements.

- C. Review and Checking of Credit History: On a credit report, 70% of the accounts reported must reflect pay history that is current and on time (R0 or R1). Applicants (except for public housing applicants) will be charged \$35.00 which will cover the cost of up to two reports. Medical and educational collections on credit reports are exempt. Bankruptcy requires that the applicant show one year on a current job and has a favorable, verifiable landlord history.

For public housing applicants, the credit history must reflect that the applicant has a history of being current in paying utilities, that the applicant can establish utilities in their name, and that the applicant is current in rent payments to the CHA.

- D. Home Visits/Apartment Inspection: HMC leasing staff will make a home visit to all applicants who have successfully completed all previous stages of this screening process. The purpose of the home visit is to determine whether the applicant is capable of caring for a unit in a way that creates a healthy and safe living environment. A maximum of two home visits may be conducted by HMC staff.
1. Home visits will be conducted by HMC staff and may be conducted by an individual or in teams using HMC's Home Visit Form. Applicants will be notified at least two days prior to the scheduled visit. All HMC staff performing home visits are trained to ensure that the home visit, including the form, is completed fully and properly.
 2. If the unit inspected as part of the home visit indicates applicant-caused health or safety hazards, housekeeping that contributes to infestation or applicant-caused damage, the application may be rejected, or in the case of public housing applicants, the applicant will be referred for services and follow-up prior to occupancy.
 3. If the home visit reveals that the applicant is currently permitting unauthorized occupants to share the unit, is engaged in criminal activity or some other situation that was inconsistent with the information presented on the application, the applicant could be rejected, or in the case of public housing applicants, the applicant will be referred for services and follow-up prior to occupancy. HMC will document any cases where a home visit results in a rejection.
 4. An applicant's behavior towards HMC staff conducting the home visit or performing other tasks under these procedures will be considered in assessing an applicant's possible behavior toward neighbors. Physical or verbal abuse or threats by an applicant towards HMC staff will be noted in the file and included in the screening evaluation.

5. Applicants that fail a home visit may be rejected, or in the case of public housing applicants, referred for services and follow-up prior to occupancy.

- E. Needs Assessment. As part of the screening process, all public housing applicants will undergo a needs assessment that will be conducted by Holsten Human Capital Development staff. Based on the results of this assessment, referral to counseling and or social services will be made to families requiring special support or services, including providing linkages to the CHA Service Connector.
- F. Screening and Selection Committee. HMC leasing staff will forward a complete public housing applicant file, with a recommended action (approval or deferral of the application), to the Hilliard Screening and Selection Committee. This Committee will consist of Hilliard Homes Local Advisory Council (LAC) officers, HMC Management and Leasing staff (approximately three persons), and Holsten Human Capital Development staff (approximately two persons). HMC staff will meet with the Committee to discuss its findings and recommendations. Members of the committee are informed of meetings through a phone call and/or a memo. Files for the non-public housing applicants will not be submitted to the Committee for formal approval; however they will be made available for the Committee to review upon request.

The Hilliard Screening and Selection Committee will note their concurrence or disagreement with the HMC leasing staff recommendations. Applications receiving “concur” on a staff recommendation to offer a lease will move on to the final stage, drug screening. Applications receiving “concur” with an HMC staff recommendation to “defer” will be forwarded to the CHA for services and a notice sent to the CHA Relocation Department. Applicants deferred to the CHA will be provided with documentation that they were given Site Specific Screening and Selection Criteria 12 months prior to occupancy, that they were given written notification of activities that they could engage in to meet these criteria, and evidence that they did not engage in them. Applications receiving “disagree” will be discussed and resolved, or tabled for additional information or future discussion. The decision of the Committee on each application will be duly noted, and signed by an authorized member of the Committee.

- G. Drug related activity: The Hilliard Homes are a drug-free community. HMC will not admit or renew a current user of illegal drugs because of the potential for attracting drug-related crimes. The Fair Housing Act explicitly states that current users of illegal drugs are not a protected class (persons with disabilities) and permits HMC to reject such applicants.

Applicants and all authorized occupants age 18 or older will be subject to drug screening at the time of initial application and annually as part of the lease renewal process (see Lease and attached Rider #3). Those adults (age 18 or older) of applicant households who pass the home visit will then be required to submit a

urine sample to be tested by a qualified drug screening facility. Drugs tested for in the screening include cocaine, opiates, phencyclidine (PCP), cannabinoids (marijuana), and benzodiazepines. HMC will arrange travel to and from the drug testing facility, if necessary. A maximum of two tests may be taken prior to HMC deferring or rejecting an applicant. If the initial screening is failed, applicants may take the second test at their own expense at the lab of the drug testing facility designated. For public housing applicants, HMC will pay all costs associated with the drug testing unless the costs are otherwise reimbursed to HMC.

For public housing applicants, this drug screening requirement is a Property Specific Criteria under the Relocation Rights Contract. If a household member does not pass the initial drug testing, HMC will require that the individual enroll into a drug rehabilitation program. The individual must complete the program within a 12-month period (“12 month “cure” period”) and provide satisfactory documentation of having participated and completed the program. After the individual completes the program and provides satisfactory documentation, they must submit to a second drug testing that must result in a pass (i.e. no detection of the presence of any illegal drugs) in order for them to be admitted as a tenant at Hilliard. If an individual refuses to participate in the rehabilitation program, or refuses to sign the lease, then that household member (or leaseholder) will not be admitted as a tenant at Hilliard.

H. Pre-Occupancy Orientation: Completion of a pre-occupancy orientation designed by HMC or delivered by a third party under contract to Holsten will be required by all applicants.

1. Attendance and satisfactory completion of the pre-occupancy orientation are part of HMC’s screening criteria. Failure to attend and satisfactorily complete the program will result in rejection of the application. In the case of public housing applicants, who are unable to attend, the pre-occupancy orientation will be presented at lease-signing.
2. The pre-occupancy orientation will typically be offered when the applicant is within 90 days of being offered a unit.
3. The pre-occupancy orientation, once implemented may include the following topics:
 - Program purpose and relationship to HMC screening
 - How screening relates to lease compliance
 - Keeping the units clean
 - How to request maintenance
 - How to conserve utilities, read a utility bill and family budgeting
 - Review of HMC’s lease requirements
 - Security procedures
 - Rights and responsibilities of residents

- Procedures that will be followed should lease violations occur
 - Grievance procedures for public housing tenants
 - HMC's obligation to make reasonable accommodations for persons with disabilities
 - Chicago Tenant/Landlord Ordinance
 - Community amenities
 - Participation in community building activities
- I. Lease Requirements: All applicants who are selected for housing under this tenant selection plan shall sign a Chicago Apartment Lease, Form 104 including attachments. By signing this document, the tenant agrees to comply with all the lease terms. The leases will be in the tenant's name. All public housing residents will also sign the Public Housing Rider to Chicago Apartment Lease. The owner shall receive a copy of the fully executed lease for all tenants.

III. Occupancy

The following occupancy guidelines apply for all units. Households will be assessed at the time of application to ensure household size does not exceed the maximum per person limit. Occupancy is based on the total number of people (regardless of age) and the unit type. The limits are as follows:

- 1BR Maximum 2 people
- 2BR Maximum 4 people
- 3BR Maximum 6 people
- 4BR Maximum 8 people

IV. Asset Management

Upon release of the units to the Owner or Owner's Agent from the general contractor, all items under warranty will be identified with expiration dates to ensure that the Owner can take advantage of any repair or replacement provisions available under the manufacturer's warranty.

A physical inventory of the unit will be completed identifying all fixtures and appliances as well as manufacturer/vendor names and serial numbers, where applicable. Each item will be placed on a preventative maintenance schedule to achieve the maximum life span indicated by the manufacturer.

During the walk through of the unit, each head of household will receive a verbal explanation on the operation instructions. The resident assumes responsibility for any damage to assets in the unit and will sign lease rider, detailing charges for such damage.

V. Priority for Applicants

For non public housing units, applicants will be served on a first come, first serve basis. For the Public Housing units, CHA shall refer relocatee families in accordance with the Relocation Management Tracking System (“RMTS”). CHA will also provide to the Owner, upon request, names according to the priorities listed below. Names in one priority will be exhausted before moving to the next priority. All offers of public housing units must be in conformance with governing public housing laws. For public housing applicants applying for tenancy, the CHA will prioritize and refer applicants as detailed in the Relocation Rights Contract. The following are the first four priorities that are a portion of the 14 priorities in the Relocation Rights Contract:

- First Priority shall be given to households who lived at the site on October 1, 1999 and chose that site as their permanent housing choice, are lease compliant and meet property specific requirements.
- Second Priority shall be given to households who lived at the site on or before October 1, 1999, chose that site, are lease compliant, and are engaged in activities to meet property specific requirements.
- Third Priority shall be given to households who did not live at the site on or before October 1, 1999, are lease compliant, chose the site as their permanent housing choice, and meet property specific requirements.
- Fourth Priority shall be given to households who did not live on the site on October 1, 1999,, are lease compliant, chose the site as their permanent housing choice, and are engaged in activities to meet property specific requirements.

The CHA will be responsible for following the above mentioned priority in referring eligible applicants to the Hilliard Homes as part of its initial screening process. CHA will use its best efforts to identify eligible families at least sixteen months prior to occupancy, but no less than 12 months.

VI. Family Orientation/Case Management

Family orientation and case management are critical factors for successful transition into a mixed income environment. This will serve to make the resident aware that management will provide ongoing assistance and support for a smooth transition. All tenants will be required to attend a pre-occupancy orientation as a condition of the lease. Tenants will also be encouraged to participate in neighborhood and community building activities. The purpose of the community building events is to aid all tenants in the assimilation into a socially diverse community while fostering a healthy, interaction between residents.

VII. Rejection of Applicants

HMC may reject an applicant for the following reasons:

(Note that while the same criteria apply to public housing applicants, they will be processed as indicated in Section II above, titled "Public Housing applicants covered under the Relocation Rights Contract")

- A. Any collection/eviction/judgment from landlord
- B. Inability to verify income (or if income exceeds the income restrictions)
- C. Failure of drug screening
- D. Criminal history reported from an independent reporting agency:
 - 1. All drug arrests
 - 2. Felony arrests within 3 years
 - 3. Any criminal activity that involved physical violence to person or property
 - 4. Any pattern of criminal activity in the last 10 years.
- E. Failure to cooperate with the application/screening process
- F. The following list of factors will not be considered in making a decision to reject an application:

-Race	-Sex	-Handicap or Disability
-Color	-Marital Status	including mental or physical
-Religion	-Parental Status	-Ancestry
-Age*	-Sexual Preference	-National Origin
-Source of income	-Political Ideology	

**Age will be a factor to reject applicants only at the senior-designated building, which is restricted to individuals who are 62 years of age or older. This rule does not apply to lease-compliant tenants currently housed in the senior building and designated as eligible relocatees. The age restriction will apply only to new applicants applying for housing once construction is complete and lease-up activities are underway.*

- G. During the screening process, staff performing the review will consider the following prior to rejection of any application:
 - 1. If negative screening information is received on an applicant, staff will contact the applicant and setup a second meeting to determine whether mitigating circumstances exist that make it possible to approve the application.
 - 2. If rejected, an applicant may request an informal meeting to determine whether the rejection was in compliance with the aforesaid procedures.
- H. If an applicant is rejected, a form letter indicating the cause for rejection will be completed and mailed via certified mail with return receipt requested to the applicant.

VIII. Screening criteria and relevant procedures for applicants with disabilities. The following steps will be taken to ensure that Section 504 access and communication requirements are met during the application process:

- A. If an applicant has difficulty completing written forms, HMC will permit the applicant to bring someone to the interview to assist them or permit forms to be completed at home.
- B. To ensure the opportunity for equal access to housing benefits and program related services, HMC will make reasonable accommodations for applicants with disabilities. HMC will also make certain that forms and other documents to be completed by applicants are available in accessible formats. If requested by the applicant with disabilities, HMC will provide sign language interpreters and other auxiliary aides.
- C. HMC will confirm the presence of a disability, but will not make inquiries about its nature or extent, prior to making any accommodation or providing auxiliary aides.
- D. At the time of initial application, HMC will provide a notice to all applicants that describes Section 504 Fair Housing requirements including the right to request reasonable accommodations.
- E. Intake and screening interviewing and other meetings required during the application process will be conducted at accessible locations.
- F. It is illegal to reject an applicant because he or she is a person with a disability, or for reasons that could be overcome by HMC's reasonable accommodation of the applicant's disability or handicap. If even with reasonable accommodation, applicants with disabilities or handicaps cannot meet essential application requirements, it is permissible to reject them.