

# LAKEFRONT PROPERTIES MANAGEMENT DOCUMENTS

## TENANT SELECTION PLAN

### Lakefront Properties Phase II Chicago, Illinois

#### I. INTRODUCTION

This Tenant Selection Plan, ("the Plan") outlines the procedures that DV Property Management, LLC, ("Management") will follow in selecting tenants for the Lakefront Properties development, for Phase II (the "Development"). The policies outlined in this Plan will remain in effect for Phase II ("Phase II"). The specific unit mixes and income restrictions listed in this Plan relate specifically to Phase II.

Management is responsible for implementing the procedures outlined in this Plan. Lakefront Phase II, LLC is the "Owner" of Phase II.

#### Phase II Unit Mix & Income Restrictions:

One hundred thirty-two (132) units, including 47 ACC-Assisted Units (as defined below) will be subject to the provisions of the Federal Low Income Housing Tax Credit program ("LIHTC Requirements"), and where applicable, the CHA Leaseholder Housing Choice and Relocation Rights Contract (hereinafter "RRC"). Notwithstanding any provisions of this Plan to the contrary, in the event of any conflict between the Plan and the LIHTC Requirements, the LIHTC Requirements shall govern. The Development will offer 47 rental units reserved for Chicago Housing Authority households, including 5 units that are not subject to the income eligibility LIHTC Requirements, and 51 units that are subject to the LIHTC Requirements but not reserved for Chicago Housing Authority households, as follows:

# of Units	Resident requirements
24	Chicago Housing Authority households with incomes no more than 50% of current area median income
18	Chicago Housing Authority households with incomes no more than 60% of current area median income.
5	Chicago Housing Authority households with incomes no more than 80% of current area median income.
6	Units meeting LIHTC Requirements, with incomes no more than 50% of current area median income, but not reserved for CHA Households
45	Units meeting LIHTC Requirements, with incomes no more than 60% of current area median income, but not reserved for CHA Households
34	Unrestricted / Market Rate Units

The 47 units specifically reserved for Chicago Housing Authority (CHA) households are referred to as the ACC-Assisted Units (the "ACC-Assisted Units"). The 51 units subject to LIHTC Requirements but not reserved for CHA households, are referred to as the LIHTC Units ("LIHTC Units"). The following policies and procedures will apply to all applicants screening for the Development. Management recognizes that there are additional rights and responsibilities for ACC-Assisted Unit applicants under the CHA Leaseholder Housing Choice and Relocation Rights Contract 10/1/99 ("RRC") and Chicago Housing Authority's Admissions and Continued Occupancy Policy.

## II. MARKETING PROCEDURES FOR ACC-ASSISTED UNITS

### A. Affirmative Marketing Requirements

Applicants for the ACC-Assisted Units that are subject to the RRC are referred to herein as the "RRC Applicants". The marketing of ACC-Assisted Units will begin by notifying the prospective residents included in the CHA Relocation Management Tracking System ("RMTS") database of the upcoming availability of units. If such notification does not yield a sufficient number of responses from CHA residents, Management will consider more extensive outreach measures. CHA will maintain the RMTS database and will be the primary source of prospective public housing residents. The CHA will provide Management with sufficient training and instruction materials such that Management can utilize the RMTS database in accordance with the terms of this Plan.

## III. PRIORITY OF APPLICANTS

### A. Priority of Applicants for ACC-Assisted Units

Preference for the admission to the ACC-Assisted Units will be given to eligible RRC Applicants in accordance with the levels of preference established by the RRC, subparagraph (4)(d). The CHA will provide Management with a list (or access to a database) of all families subject to the RRC that have elected the Lakefront Properties ("Lakefront") as their permanent housing choice and that are Authority-Lease compliant (the "RRC List"). The RRC List will also reflect an order of priority for admission consideration established by the CHA, in compliance with the Housing Offer Process ("HOP"). These preferences shall remain in effect until the list has been exhausted. Screening criteria described elsewhere shall apply to the consideration of admission of all Lakefront applicants, including RRC Applicants. At all times, the order of admission to the ACC-Assisted Units shall be governed by the requirement that all of the ACC-Assisted Units shall be occupied by residents in accordance with the income requirements set forth in Article I hereof. In addition, preferences for and

admission to the ACC-Assisted Units shall be governed by the "Gautreaux Orders." The "Gautreaux Orders" are all applicable orders of the United States District Court for Northern Illinois in Gautreaux vs. CHA et al., Nos. 66 C 1459

and 66 C 1460<sup>1</sup>, including but not limited to those orders governing income tiering within ACC-Assisted Units at the Development. All priorities are therefore subject to the income tiering requirement of the June 3, 1996 judgment order of Gautreaux v. CHA et al., Nos. 66 C 1459 and 66 C 1460.

B. Priority of Applicants for Accessible Units

Management will give priority for accessible units to applicants with disabilities. Unless an applicant requests priority placement in an accessible unit, Management will not inquire whether an applicant for a dwelling, a person intending to reside in that dwelling unit after it is rented and made available, or any persons associated with that person, has a disability or inquire as to the nature or severity of the disability of such person.

**M** PRE-APPLICATION CARD PROCESSING

A. Distribution of Pre-Application Cards

Management will provide a Pre-Application Card to all persons making inquiries about residing in the Development.

B. Processing Pre-Application Cards

1. Management will file and log in order of receipt all returned Pre-Application Cards, indicating the time and date received. The Pre-Application Card log will indicate whether the applicant has any priority or requested an accessible unit.
2. Management does not have to accept Pre-Application Cards after the date on which the Development reaches ninety-five percent (95%) occupancy and the applicable Waiting List, as herein described, has been closed.
3. Management will maintain all Pre-Application Cards on-site for a period of three years, and will update information as necessary.

**V** WAITING LIST PROCEDURES

<sup>1</sup> Oautreaux v. CHA et al., No 66 C 1460 and the consent decree thereunder was terminated in 1997.

## A. Definition of Waiting Lists

Management will maintain Waiting Lists for applicants applying to the Development, including a Waiting List for the ACC-Assisted Units and a separate Waiting List for the LIHTC Units. Applicants who submitted Pre-Application Cards, but who Management did not contact for an interview or reject will receive a letter stating they are on a Waiting List and their position on the applicable Waiting List. An applicant's position on the Waiting List will be based on the chronological order in which an applicant's Pre-Application Card is received; provided, however, that priority will be given to those who qualify for any priority or Special Occupancy Category described in Section XIII. Those applicants Management deems ineligible based on the information provided in the Pre-Application Card will receive a rejection letter (Exhibit A) specifying the reason for ineligibility and informing the applicant that they can meet with Management to discuss the reason for ineligibility.

The waiting list for ACC-Assisted Units shall be initially derived from the RRC list developed by the CHA to be made available to and managed by Management. Upon exhaustion of this list, the waiting list for ACC-Assisted Units will be derived by Management from the CHA general public housing waiting list or a site-based waiting list, as applicable.

The CHA will provide Management with training and instruction materials such that Management can utilize the RMTS database in accordance with the terms of this Plan. Subsequent priorities in admission to occupancy will be consistent with the Gautreaux Orders.

## B. Contacting Persons on the Waiting List

1. Management will contact applicants through the following process to schedule an interview: When a unit becomes available, Management will then telephone the selected applicant at least three (3) times within a forty-eight (48) hour period. If the applicant cannot be reached, a letter shall be sent by pre-paid First Class mail to the applicant requesting a date and time for an interview. If the applicant does not respond within ten (10) business days from the date Management sent its letter, then the applicant forfeits the opportunity to apply for the available unit, but will remain at the top of the applicable Waiting List. When a second unit becomes available, Management will send another letter to the applicant. If the applicant does not respond to the second letter, Management will deem the applicant inactive and remove the applicant from the Waiting List. For RRC applicants, Management will notify the CSS service provider to seek its assistance with making direct contact with RRC applicants to advise them of unit availability.

2. If an applicant refuses a unit, the applicant remains at the top of the applicable Waiting List. Management will send a letter to the applicant stating that after a second refusal of an available unit Management will remove the applicant from the applicable Waiting List and place the applicant in the inactive file.
3. When an interview is scheduled, but the applicant fails to attend, Management will attempt to contact the applicant by telephone; provided the applicant has a working phone number, otherwise Management will contact the applicant through First Class mail, return receipt requested. Management will telephone the selected applicant three (3) times within a forty-eight (48) hour period. If there is no contact made with the selected applicant, Management will place the applicant's Pre-Application Card in the inactive file. However, if Management does contact the applicant and the applicant had good cause, as determined in Management's sole discretion, to miss the interview, such as illness or accident, then Management will schedule another appointment. If the applicant again fails to attend the interview, Management will place the applicant's Pre-Application Card in the inactive file.
4. Management will document all of its attempts at contacting the applicant in its Tenant Tracking Log.

C. Updating the Waiting List

1. The Waiting Lists will be updated at least once every twelve (12) months in the following manner: Management will send a letter to each applicant on the Waiting List. The letter will inform the applicant to return the included Reply Card if the applicant still wants to live at the Development. The applicant will have fifteen (15) business days from the date Management sent its letter to respond. If Management receives no response, Management will place the applicant's Pre-Application Card in the inactive file and send a letter informing the applicant of this action. The foregoing process shall not apply to the RRC List.

D. Removal from Waiting List

Management will remove names of applicants from a Waiting List for the following reasons:

1. Applicants who do not respond to Management's request to attend meetings or provide and/or update information. When an interview is scheduled, but the applicant fails to attend, Management will telephone the selected applicant three (3) times within a forty-eight (48) hour period. If there is no response from the applicant after three (3) attempts within

forty-eight (48) hours, the applicant's name will be determined inactive and removed from the Waiting List.

2. Applicants whose correspondence from Management returns from the U.S. Postal Service marked as "Undeliverable."
3. Applicants who have not returned a completed application within ten (10) business days from the date Management provided an application. Applicants with unusual circumstances may request, in writing, an extension of time, which Management can grant at its discretion.
4. Applicants who Management determines are former tenants that owe money to the Development. Management will place these applicants on the Waiting List only after the applicant has either paid the debt or has arranged and is current in a payment plan to pay the debt.

#### E. Closing the Waiting List

Once the number of Pre-Application Cards for a unit size equals three times the total number of units for that size inside the Development or if the Development has attained ninety-five percent (95%) occupancy, then Management does not have to accept any additional Pre-Application Cards.

#### F. Reopening the Waiting List

If, based on the maximum number of Pre-Application Cards, it is anticipated that all persons who have submitted Pre-Application Cards for a specific unit size will be housed within the next twelve (12) months, the Waiting Lists for that unit size only will be reopened and Pre-Application Cards will again be accepted. Management will present the notice of the reopening of the Waiting Lists to prospective residents. For the ACC-Assisted Units Waiting List, prospective public housing residents will be notified utilizing first, the RMTS, then the general CHA public housing waiting list.

### APPLICATION PROCESS

#### A. Application Requirements

1. Intentionally deleted.
2. Management will schedule interviews for applicants in accordance with the procedure outlined in Section (V)(B). Applicants will complete a rental application at the Management office. Management will use a temporary

location until the Management office is available. All members of the applicant household aged 18 years and older must attend the interview. Management will require all members of the applicant household aged 18 and older to sign the rental application and release forms authorizing Management or a third party under contract with Management to determine if the applicant satisfies the Owner's Screening Criteria. All members of the applicant household 18 and older will be subject to a 3-year criminal background check (sealed juvenile records will not be reviewed). CHA ensures that applicants for the ACC-Assisted units from the RMTS database will have already gone through a credit and background check that covers the past three (3) years. Management will pay any additional costs for any credit or background checks on Applicants for the ACC-Assisted units beyond three (3) years, and such checks shall be limited to a period of five (5) years as described in Article IX hereof. Applicants (other than applicants for ACC-Assisted Units) shall pay a non-refundable credit/background check fee of thirty-five (\$35) dollars.

3. The applicant must, as determined by Management, meet the Owner's Screening Criteria, established in accordance with Fair Housing requirements and set forth in Section IX of this Tenant Selection Plan.
4. Management or a third party under contract with Management, with respect to all applications for all household members aged 18 years and older, will take the following actions, as applicable:
  - a. Obtain a completed and signed rental application.
  - b. Obtain a credit and criminal background report.
  - c. Verify Social Security Card information for all household members.
  - d. Verify documentation for household members who are non-citizens.
  - e. Obtain copies of birth certificates for all household members.
  - f. Determine anticipated total annual income from all sources received by the household, including all net income derived from Net Family Assets, other than earned income of household members younger than 18 years old, in accordance with the requirements of Section 42 of the Internal Revenue Code, as amended (the "Code"). Management will consider only the income the household anticipates obtaining in the twelve months proceeding the date of the rental application. If it is not feasible to anticipate a level of income over a 12-month period, Management will annualize the income anticipated for a shorter period. In the event anticipated income is zero, Management will require a notarized statement signed by all household members age 18 years or older demonstrating that no income is coming into the



household. Subject to the requirements of Section 42 of the Code, income includes, but is not limited to, the following:

- Full amount of wages and salaries, overtime pay, commission fees, tips and bonuses, and other compensation for personal services
- Net income from operation of a business or profession
- Interest, dividends, and other net income of any kind from real or personal property, such as, but not limited to, Net Family Assets as described below
- Full amount of periodic payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts including a lump sum benefit for the delayed start of a periodic payment, excluding lump sum payments of Social Security benefits
- Unemployment, disability compensation, worker's compensation, and severance pay
- Assistance from the Department of Human Services (OHS), such as Temporary Aid to Needy Families
- Alimony, child support payments, and regular contributions or gifts received from persons not residing with the household
- All regular pay, special pay, and allowances of a member of the Armed Forces

Income does not include:

- Income that is temporary or not of a reoccurring nature
- Sporadic gifts
- Reimbursements of medical expenses for any family member
- Lump sum assets, such as inheritances, insurance payments, worker compensation settlements, capital gains, and any settlements for personal or property losses
- Hazardous duty pay for a household member in the Armed Forces
- Earned income from employed, dependent children, including foster children younger than 18 years old
- Payment received for care of foster children or foster adults
- Payment or allowances from the Energy Assistance Program
- Amounts received from programs funded in whole or in part under the Job Training Partnership Act or Family Support Act

- Full amount of student financial assistance paid directly to the student or to the educational institution
- Amounts received from training programs funded by Department of Housing and Urban Development
- Amounts received by a disabled person that are disregarded in determining Supplemental Social Security Income eligibility
- Amounts received to cover out-of pocket expenses necessary to participate in a publicly assisted program

"Net Family Assets include:

- Cash
- Stocks
- Bonds
- Savings
- Value of equity in real property and other forms of capital investments excluding the cost that would be incurred in disposing of the assets
- In the case of disposition as part of a separation or divorce settlement, the disposition will not be considered for less than Fair Market Value if it is received and is not measurable in dollar terms.

"Net Family Assets does not include:

- Personal property

## B. Completion of the Application Process

Management will process all applications within thirty (30) business days after the date of the applicant's initial interview or within five (5) business days of receipt of all required documentation, whichever is later.

## C. Social Services Screening

Applicants for ACC-Assisted Units who satisfy the Owner's Screening Criteria may be required to undergo a social service screening. Case managers from the Supportive Services program will perform the social service screen. The social service screen includes an interview with applicant and family members to assess housing readiness and willingness to engage in a case management plan. The social service screen will identify barriers to the household's ability to comply with the lease and with established rules and regulations within the Development. Supportive Services staff may conduct a home visit designed to confirm that all applicants demonstrate the ability to live in compliance with a rental agreement and to maintain satisfactory housekeeping standards. Home visits may also be used to confirm consistency with the application, such as the

same number of household members as indicated on the application. Supportive Services staff will then provide Management with a written recommendation for housing based upon the social service screen.

## **VI ELIGIBILITY REQUIREMENTS**

### **A. Income**

1. If an applicant's income exceeds the income requirement of any restricted unit, Management may refer the applicant to another housing opportunity.

42 of the 47 ACC-Assisted Units are set aside for Chicago Housing Authority households with incomes no more than sixty percent (60%) of Area Median Income, as established by the Low Income Housing Tax Credit Program rules and regulations for the appropriate household size. 5 of the 47 ACC-Assisted Units are set aside for Chicago Housing Authority households with incomes no more than eighty percent (80%) of Area Median Income.

As required by the June 3, 1996 judgment order in Gautreaux v. CHA et al., one-half of the public housing units must be occupied by families whose incomes are in the range of 50-80% of the Area Median Income and one-half of the public housing units must be occupied by families whose incomes are in the range of 0-50% of the Area Median Income. The ACC-Assisted units will be offered according to this income-tiering requirement.

2. Applicants, with the exception of applicants for ACC-Assisted Units, must have income sufficient to pay the rent plus utilities and must satisfy the one-year length of employment requirement.
3. Applicants for ACC-Assisted Units will be required to pay a minimum monthly rent of seventy-five dollars (\$75). A hardship exemption shall be granted to residents who can document that they are unable to pay the minimum rent because of a verifiable long-term hardship (over 90 days). Exemption means the resident is required to pay the greater of 30% of adjusted monthly income or 10% of monthly income.

### **B. Sole Residence**

For each ACC-Assisted Unit and LIHTC Unit applicant, the unit in the Development must be the applicant's sole residence in order for the applicant to be eligible for housing.

## **V** OCCUPANCY STANDARDS

- A. The following standards will determine the number of bedrooms required to accommodate a family of a given size, except that such standards may be waived when a vacancy problem exist and it is necessary to achieve or maintain full occupancy. In selecting a unit size for the applicant, Management's occupancy standards, and any waivers thereof, must comply with Federal, State, and local fair housing and civil rights laws, landlord-tenant laws, zoning laws and applicable HUD Occupancy guidelines from time to time in effect.

<u>Number of Bedrooms</u>	<u>Number of Persons</u>	
	Minimum	<u>Maximum</u>
1	1	2
2	2	4
3	3	6
4	4	8

- B. Notwithstanding anything to the contrary, if during the term of any lease, a child is born or adopted by the tenant, and as a result of such birth or adoption, the occupancy standard established above shall be violated, the tenant shall not be required by Management to move or transfer to a larger unit in order to comply with the occupancy standard until the conclusion of the term of the then-existing lease; provided that the tenant shall at all times satisfy all other obligations under the lease, rules, and regulations applicable to the leased unit.

## **IX** SELECTION AND REJECTION CRITERIA

Meeting the eligibility requirements under Section VII does not mean that an applicant will be a suitable tenant. Management will also consider the ability of the applicant to fulfill the obligations of tenancy, including but not limited to paying rent and other charges, caring for and avoiding damage to a unit and common areas, and refraining from engaging in activities that would threaten the health, safety or right of peaceful enjoyment of the premises by others. For the purpose of the RRC, the criteria under this Section (IX) (compliance with which, where not otherwise indicated, shall be determined in Management's sole discretion) subject to the CHA Grievance Procedure shall be deemed property specific requirements ("Screening Criteria"), as follows:

A. Age

Applicants must be at least 18 years old, provided that applicants who are less than 21 years old may be required in Management's sole discretion, to provide a guarantor acceptable to Management who will guaranty the applicant's payment and performance under the lease.

B. ~~Insufficient/Inaccurate~~ Information on Application

Refusing to cooperate with Management during the application process, refusing to provide information required by Management, or supplying false information will be grounds for rejection.

C. Credit, Financial Standing, Employment and Self-Sufficiency

1. Management will assess the applicant's financial ability to pay rent. The duration of prior employment history should be a minimum of one year. Applicants for ACC-Assisted Units that are accepted for occupancy will pay rent in accordance with applicable federal regulations.
2. Any unsatisfactory history of meeting financial obligations, including but not limited to the payment of rent and outstanding judgments or a history of late payment of bills as outlined below, will be reviewed carefully and may, in Management's discretion, be grounds for rejection.

If an RRC applicant is rejected for poor credit, the applicant may request that Management consider mitigating circumstances or factors. In considering such mitigating circumstances, Management may, in its discretion, take into account such mitigating factors as it deems relevant, including, without limitation: (1) The ages of the debts; (2) Whether the RRC applicant made and kept arrangements to pay back unpaid bills; (3) The size or the number of debts in collection; (4) Whether the credit report indicates a lengthy or repeated history of unpaid bills, or repeated bankruptcies; (5) Whether the RRC applicant's poor credit was caused by disability or illness; (6) The nature of the unpaid responsibilities, such as high medical bills, or large school loans; (7) Whether the poor credit was caused by family break-up; (8) Whether the poor credit is related to involuntary displacement; (9) Whether the poor credit resulted from involuntary unemployment or some other involuntary change in income; (10) Whether a history of non-payment of rent resulted from an extraordinary rent burden; (11) Satisfactory completion of credit counseling; (12) Whether the RRC applicant is enrolled and actively participating in the HOPE VI Community and Supportive Services

Program, if available; and/or (13) The presence of other events beyond the control of the RRC applicant.

All leaseholders and co-head of households will be subjected to review and will be expected to meet, at a minimum, the following standards:

- a. No delinquency in excess of \$1,000, including but not limited to matters that have been referred for collection and civil judgments, within the past two years; provided that a delinquency in excess of \$1,000 will be considered in light of any mitigating circumstances that can be documented by the applicant, such as loss of a job, illness, medical problems or student loans. In addition, where an otherwise eligible applicant has, in Management's sole discretion, a good history of rent and utility payment but also a delinquency as described above, the applicant will be conditionally accepted and permitted to occupy a rental unit (provided all other requirements for occupancy are met) subject to the requirement that such tenant demonstrate prompt rental and utility payment acceptable to Management, in its sole discretion, in the first year of occupancy.
- b. No landlord judgments and no new negative landlord history within the last two years provided, however, that an applicant will be exempted from this criterion if documentary evidence is presented by the applicant that the judgment was the result of a landlord's or Section 8 program administrator's failure to comply with their respective obligations or was due to no fault of the tenant.
- c. Any bankruptcy filing must be at least three years old, with no new negative credit history; provided, however, that an individual whose bankruptcy filing date is within the last three years will receive further consideration by Management in the case of mitigating circumstances such as excessive medical bills, loss of employment for an extended period, student loans or divorce. Management will give less negative weight to those bankruptcy filings that occurred earlier in the three-year period. Management will also give less negative weight to bankruptcies where bankruptcy debts did not include rental and utility payments. The decision to continue processing the rental application in light of such mitigating circumstances relevant to a bankruptcy will be made on a case-by-case basis in Management's discretion.
- d. For ACC-Assisted Units and LIHTC Units, no debt due to any public housing authority unless an applicant has arranged and is current in a payment plan to pay off the entire debt owed.

- e. Any outstanding delinquencies owed to utility providers must be paid prior to approval. An allowance may be made for a payment plan with a utility that is in good standing for six months and that utility's willingness to re-establish an account with the applicant. Management will require proof of such a plan.

If Management rejects a rental application because of poor credit or financial standing, Management will provide the applicant with the reason for rejection and give the name of the credit bureau that provided the credit report. An applicant may appeal a rejection pursuant to Section (XI)(B).

- 3. The inability to verify credit references may result in rejection of an application. Management will consider special circumstances in which the applicant has not established a credit history, such as income, age, or marital status. In such circumstances, Management may require that a person with a history of creditworthiness guarantee the lease.
- 4. The inability to verify income may result in the rejection of the application. Management will accept all legal forms of verifiable income. In the case of child support, the applicant must validate the child support payments by court documentation or a minimum of six consecutive months of cancelled checks, money order receipts, or cashiers' check receipts.
- 5. For the purpose of initial application screening and lease renewal, an applicant will be considered to meet the employment/economic self-sufficiency requirement if the applicant provides evidence, acceptable to Management in Management's discretion, that the head of household and co-head of household are spending thirty (30) hours a week for at least the prior 12 weeks in employment, and all other members of applicant's household 18 years of age or older are engaged in one or a combination of the following activities for 30 hours each week: (1) employment; (2) enrollment in and regular attendance in an economic self-sufficiency program, which shall include a program designed to encourage, assist, train or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, paid or unpaid internships, transitional jobs, public benefits work programs, financial or household management, or an apprenticeship; (3) a verified job search and/or employment counseling; and (4) enrollment in and regular attendance in a regular program of education including GED classes, secondary or post-secondary education, or English proficiency or literacy classes. The foregoing minimum work requirement of 30 hours a week will not be applicable to full time students.

A household can be considered working to meet the employment/self-sufficiency requirement and once accepted for residency will be considered to meet minimum continued occupancy requirements by having all members of the household 18 years of age or older engaged in one or a combination of the following activities for 30 hours each week: (1) employment, including without limitation employment for 30 hours a week for a duration of less than the prior 12 consecutive weeks; (2) enrollment in and regular attendance in an economic self-sufficiency program, which shall include a program designed to encourage, assist, train or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, workfare, financial or household management, or an apprenticeship; (3) a verified job search and/or employment counseling; and (4) enrollment in and regular attendance in a regular program of education including GED classes, secondary or post-secondary education, or English proficiency or literacy classes. Evidence of satisfaction of this requirement may include among other things, written verification of employment from an employer, a pay stub indicating hours worked, or written verification of enrollment in a program identified above by an administrator or instructor of such program. The foregoing minimum work requirement of 30 hours a week will not be applicable to full time students.

A member of a household shall not be required to comply with the requirements of this paragraph when such member of the household is (a) aged 62 years or older, (b) a blind or disabled individual who provides verification that he or she is unable to comply with the requirements of this paragraph because of his or her blindness or disability, (c) the primary caretaker of such a blind or disabled individual and provides third party verification where applicable, that he or she is unable to comply with the requirements of this section because of his or her role as such a caretaker, (d) who as a result of a serious medical impairment is temporarily (for a period of less than 12 months) unable to meet the 30 hour employment requirement, (e) a full-time student in high school, college, trade school or other institution of higher learning, (f) one adult family member who elects to stay home to care for young children, so long as another adult family member works; or (g) retired and receiving a pension.

6. All households will be expected to make best efforts to meet or exceed the 30-hour for 12 consecutive weeks employment requirement in Section IX.C.5 above (except as otherwise provided in such Section IX.C.5). Applicants that are admitted because they are working to meet the 30 hours a week of employment requirement must achieve at least 30 hours per week for 12 consecutive weeks of employment within 12 months of



admission. At the Management's discretion, leases for households that fail to achieve 30 hours per week of employment for 12 consecutive weeks by the end of the twelfth month of occupancy may not be renewed, as permitted by the RRC. A resident who achieves the 30 hours per week for 12 consecutive weeks employment requirement will still be in compliance with the employment requirement during a subsequent period of temporary unemployment, not to exceed six (6) consecutive months or, at the Management's discretion, for a period as long as unemployment benefits are available, including extensions, whether or not the resident is qualified for such benefits. Residents who are temporarily unemployed will be required to engage in other self-sufficiency activities and meet with Management every 90 days to report the status of his/her participation.

7. Applicants will be required to document that all household members ages 6 through 17 (which means through the end of the 17., year) are regularly attending school.

D. History of Residency

Prior evictions and/or outstanding landlord and/or housing judgments within the past two years will be grounds for rejection of an application provided, however, that an applicant will be exempted from this criterion if documentary evidence is presented by the applicant that the judgment was a result of a landlord's or Section 8 program administrator's failure to comply with their respective obligations or was due to no fault of the tenant (e.g., Landlord's decision not to renew the lease).

If the applicant is lease compliant at the time of submitting the application, any lease violation in the past two (2) years shall not be a bar to admission. If an applicant has a landlord judgment in the past two (2) years, the applicant must demonstrate one year without a landlord judgment. The first year of residency in the Development will be evaluated to satisfy the second year of this requirement.

The previous three (3) years of housing and/or the past two landlords will be verified and documented for each applicant. This includes housing for applicants who were previously homeowners or lived with parents or guardians. Management will consider the following circumstances with respect to the applicant or any other person who will be living in the unit, and may be grounds for rejection of an application:

1. Any history of physical violence to persons or property.
2. Any behavior at prior residence that could adversely affect the health, safety, and quiet enjoyment of other tenants.

3. Any criminal activity by a guest or visitor of the applicant that threatened the health, safety or peaceful enjoyment of other residents.
4. A record of consistent failure to timely pay rent.
5. Applicant is in violation of applicant's current lease.
6. Any activity that involved causing a fire on or near residential premises, either intentionally, or through gross negligence or careless disregard.

E. Criminal Activity/Drug-Related Activity

1. Management will not admit an applicant if a background check reveals any of the following circumstances with regard to an applicant or member of an applicant's household, provided that the circumstances outlined in (E)(1)(c),(d),(e) and (f) below will be considered on a case by case basis in light of mitigating circumstances by Management in its discretion, as specified in Section (IX)(E)(3) below:
  - a. Any applicant or member of applicant's household is subject to a lifetime registration requirement or a 10 year registration requirement under the Illinois Sex Offender Statute or any other state sex offender registration program;
  - b. An applicant or member of the applicant's household fails a drug test. All applicants and all members of an applicant's household aged 18 and older must pass a drug test to demonstrate that they are not currently using illegal drugs. Such drug tests must be conducted at facilities that use the National Institute of Drug Abuse Guidelines and screen for illegal drugs only, not property prescribed prescription drugs containing controlled substances.
    - (i) If an applicant passes the test, the applicant will have satisfied this criterion;
    - (ii) If an applicant refuses to take a test, the applicant will be rejected.
    - (iii) If an applicant fails the test, and is unable or unwilling to enter a substance abuse treatment program (in the case of a CHA applicant, after being referred to a CHA or Developer Supportive Services program), the applicant will be rejected.
    - (iv) If an applicant fails the test, but (1) enrolls in a substance abuse treatment program, and, upon completion, (2) provides

verification from a reliable certified drug treatment counselor or program administrator indicating that the applicant has successfully completed a substance abuse treatment program and that there is a reasonable probability that the applicant will be successful in refraining from using illegal drugs, and (3) the applicant passes a subsequent drug test, the applicant will have satisfied this criterion and consideration of the applicant's satisfaction of other screening criteria will continue.

- c. Any applicant or member of applicant's household was convicted of manufacturing methamphetamine in subsidized housing;
  - d. Any criminal activity during the period subject to review under Section 5(a)(2) of the current form of the CHA Residential Lease Agreement, currently the past three years, or any successor provision thereto, the "Review Period," that involved physical violence to another person or property, assault, aggravated assault, or which would adversely affect the health, safety, or right to peaceful enjoyment of the premises by other Residents, Management or its employees;
  - e. Any drug-related criminal activity during the Review Period, including but not limited to the illegal manufacture, sale, distribution, use, possession, storage, service, delivery, or cultivation of a controlled substance;
  - f. Any criminal activity involving a weapon, as defined under the Illinois Criminal Code, during the Review Period, including but not limited to displaying a weapon with a verbal or non-verbal threat to shoot, fire, explode, throw, or otherwise discharge a weapon to inflict injury on another person or to damage any property through the intentional, reckless, careless, or negligent use of such weapon; or
  - g. Any criminal activity during the Review Period that involved arson.
2. The following circumstances will be grounds for rejection of an application or any member of an applicant's household, provided that such circumstances, including the period during which criminal activity occurred, will be considered on a case by case basis in light of mitigating circumstances by Management in its discretion, as specified in Section (IX)(E)(3) below:

- a. In the past five years any member of the applicant's household engaged in any criminal activity which would constitute a felony under applicable law;
- b. Any criminal activity from the period further in the past than the Review Period but no more than five years prior to screening, including:
  - (i) Physical violence to another person or property, assault, aggravated assault, or activity which would adversely affect the health, safety, or right to peaceful enjoyment of the premises by other Residents, Management, or its employees;
  - (ii) Any drug-related criminal activity, including but not limited to the illegal manufacture, sale, distribution, storage, service, delivery, or cultivation of a controlled substance;
  - (iii) Any criminal activity involving a weapon, as defined under the Illinois Criminal Code, including but not limited to displaying a weapon with a verbal or non-verbal threat to shoot, fire, explode, throw, or otherwise discharge a weapon to inflict injury on another person or to damage any property through the intentional, reckless, careless, or negligent use of such weapon; or
  - (iv) Any criminal activity that involved arson.
- c. In the case of an applicant who passes a drug test but whose other screening reveals evidence of illegal drug use, failure to provide evidence satisfactory to Management that applicant is not a current user of illegal drugs. (If an applicant has successfully completed a substance abuse treatment program, but has a history of substance abuse treatment followed by recidivism, in addition to demonstrating current abstention from drug use, Management will require that the applicant demonstrate to Management's satisfaction why his/her current situation is more likely than in the past to lead to successful continued abstention from illegal use of controlled substances.) Management shall maintain written documentation of any such failure by a CHA applicant to demonstrate that such person is not a current user of illegal drugs, and Management shall provide CHA with copies of such written documentation.
- d. Management determines that an applicant's, or member of applicant's household's, use, pattern of illegal use, or pattern of possession of a controlled substance or such person's use or pattern of abuse of alcohol may interfere with the health, safety, or

right to peaceful enjoyment of the premises by other residents, Management, or its employees. For the purpose of this plan, pattern shall mean more than one incident.

- d. A pattern of abuse of alcohol by applicant or members of applicant's household that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.
3. Mitigating circumstances are facts relating to the applicant's record of unsuitable behavior which, when verified, would indicate that the reason for the unsuitable behavior is no longer in effect or is under control and the applicant's prospect for lease compliance is an acceptable one. Consideration of verifiable mitigating circumstances does not guarantee that an applicant will be admitted. Management, in its discretion, will consider the seriousness of the offense, whether or not the applicant was convicted of the offense, the circumstances surrounding the offense, and whether the offense occurred only once or was repeated. In addition, Management, in its sole discretion, will consider the following mitigating circumstances as support for an applicant's assertion that the applicant is no longer involved in criminal activity and that his or her prospect for lease compliance is acceptable:
- a. The applicant has no subsequent criminal history;
  - b. Verification from a probation or parole officer that the applicant has satisfied the terms of his or her probation or parole, if applicable;
  - c. Verification of the applicant's participation in services or counseling services, if applicable;
  - d. Verification that the applicant has made restitution for his or her criminal activity, if applicable;
  - e. In connection with evidence of previous or current illegal drug use, applicant provides:
    - (i) Verification from a reliable certified drug treatment counselor or program administrator indicating that the applicant has been in treatment, and that the applicant is complying with the program requirements and, if known (e.g. part of the program is drug testing, etc.) is not currently using a controlled substance. A reliable counselor or program administrator is someone who has not demonstrated a pattern of providing inaccurate or unreliable information.

Management shall be the judge of what constitutes adequate and credible verification.

- (ii) Verification from a self-help program, such as Narcotics Anonymous, indicating that the applicant has been participating in their program, and, if known (e.g. part of the program is drug testing, etc.) is not currently using a controlled substance;
  - (iii) Verification from a probation or parole officer that an applicant has met or is meeting the terms of probation or parole with respect to refraining from the illegal use of a controlled substance; or
  - (iv) Verification acceptable to Management of other Mitigating Circumstances pertaining to the written documentation of applicant's illegal drug use;
  - (v) Negative results of an additional voluntary drug test, conducted at facilities that use the National Institute of Drug Abuse Guidelines and which screens for illegal drugs only, not properly prescribed prescription drugs containing controlled substances.
- f. In connection with applicants who are currently enrolled in a substance abuse treatment program, but who have a history of substance abuse treatment followed by recidivism, Management will require that the applicant provide evidence of circumstances described in Section (VIII)(E)(3)(e) above and demonstrate why his or her current situation is more likely than in the past to lead to successful abstention from illegal use of controlled substances.

#### F. Home Visits/Unsatisfactory or Hazardous Housekeeping

1. Management may conduct a home visit as a final step in the application process as mentioned in Section (VI)(C). Management will notify applicants at least two days before the scheduled visit and will conduct a maximum of two home visits for an application. The purpose of the home visit is to determine whether the applicant and all potential occupants are capable of caring for a unit in a way that creates a healthy and safe living environment.
2. If the unit inspected as part of the home visit shows health or safety hazards caused by the applicant or other potential occupants, housekeeping that contributes to infestation, or damage to the unit caused by the applicant or other potential occupants, the application may be rejected. Management may take photographs to document the applicant's housekeeping. Housekeeping criteria are not intended to exclude households whose housekeeping is only superficially disorderly if such

conditions do not appear to affect the health, safety, or welfare of other residents.

3. If the home visit reveals that the applicant is currently permitting unauthorized occupants to reside in the unit, that the applicant or other potential occupants are engaged in criminal activity, or some other circumstances which are inconsistent with the information presented in the applicant's application, the applicant may be rejected. Management will document any cases where a home visit results in a rejection.
4. An applicant's behavior toward Management staff conducting a 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 toward Management staff will be noted in the application file and included in the screening evaluation.
5. Applicants who are not at home when a home visit is scheduled will be given an opportunity to schedule a second home visit; provided, Management shall not be obligated to schedule more than two home visits. Applicants who fail a home visit may be rejected for tenancy. Management shall notify the CHA of any rejections.

#### G. Pets

See Lease Agreement, Attachment No. 5, Pet Policy.

#### H. Child Care

Children living in the Development must be adequately supervised. Applicants with children under thirteen (13) years of age must provide written verification to Management that adequate day care or supervision will be provided at all times and written verification of school enrollment for children older than six (6) years of age and younger than eighteen (18) years of age, or until graduation from high school.

#### I. Other Basis for Rejection of Application

Other basis for rejection of an application may include, without limitation, the following:

1. At time of application, applicant submitted funds (if any) that were not honored by the financial institution from which they were drawn. Management will consider any mitigating circumstances that can be documented by the applicant, such as loss of a job, illness or medical problems.

2. During interactions with Management, applicant appears intoxicated or under the influence of drugs, or is abusive as evidenced by objectionable conduct such as physical violence, threats, or profanity. Management shall maintain written documentation of such conduct and Management shall provide applicants, if requested, and the CHA with copies of such written documentation.
3. Applicant has attempted to bribe a member of staff in order to obtain an apartment.
4. If subsequent to submitting the application, applicant's household size has changed for any reason and such size no longer conforms with the occupancy standards for the unit that Applicant originally requested in the application. Management will determine if there is another unit available that is the appropriate size for applicant's current household size and, (i) if such unit is available, offer such unit to Applicant, or (ii) if such unit is currently unavailable, establish a wait-list for such unit. If the Development does not contain any units appropriate for applicant's current household size, applicant's application shall be rejected.

**J. Factors Management Will Not Consider Concerning an Application**

- Race
- Familial Status
- Disability
- Ancestry
- National Origin
- Color
- Religion
- Age, as defined by Chicago Fair Housing Regulations
- Sex
- Sexual Orientation
- Source of Income
- Order of Protections as defined by the Illinois Human Rights Act

**K. During the screening process, Management staff performing the review will consider the following before rejection of any application:**

1. If Management receives negative screening information on an applicant, Management will contact the applicant and set up a second meeting to determine whether mitigating circumstances exist that make it possible to approve the application.



2. If an applicant fails to satisfy the Screening Criteria and there is no evidence of mitigating circumstances, Management will reject the application. If an applicant is eligible and passes the Screening Criteria, Management will accept the applicant subject to the availability of units.
3. Current CHA Leaseholders whose application to reside in a ACC-Assisted Unit is rejected because of a failure to satisfy Management's Screening Criteria or a failure to engage in activities to meet the Screening Criteria may, pursuant to the RRC and the Grievance Procedure (Exhibit B), request an informal hearing with Management and, if applicable, a formal hearing before an independent hearing officer. Management will provide CHA with copies of correspondence with the applicant in connection with the filing of a grievance by a rejected applicant.

#### L. Opportunity to Comply with Screening Criteria for ACC-Assisted Units

An applicant for an ACC-Assisted Unit who (1) is entitled to the rights afforded by the RRC and (2) does not satisfy the Screening Criteria in this Section (IX), but (3) is otherwise Lease Compliant pursuant to the RRC, will be conditionally accepted for occupancy of an ACC-Assisted Unit in the Development, but only if the applicant provides evidence sufficient, in Management's discretion, to show that the applicant is engaged in activities designed to help the applicant meet the Screening Criteria within one year of occupancy, as required by this Section (IX). By way of example only, the following could be submitted by an applicant to show participation in activities to meet Screening Criteria.

- In the case of an applicant whose screening reveals unpaid utility bills or excessive delinquent debts, such applicant could submit written third party verification that the applicant is participating in and fulfilling the terms of a payment plan designed to eliminate such bills or delinquent debt.
- In the case of an applicant who does not meet the thirty (30) hour requirement of Section (IX)(C)(5), such applicant could submit third party verification of participation in a combination of the activities described in Section (IX)(C)(5) and a reasonable plan for increasing such participation to meet the requirement.
- In the case of an applicant, or any member of an applicant's household, whose screening reveals evidence of recent illegal drug use, such an applicant could submit evidence as described in Section (IX)(E)(3)(e).

In the event that the resident fails to satisfy the Screening Criteria within one year of occupancy, Management shall notify the applicant and CHA, and the CHA promptly shall transfer the resident to a unit outside the Development in accordance with the RRC.

#### X APPLICATION ACCEPTANCE AND MOVE-IN PROCEDURE

- A. Management will notify applicants upon successful completion of the application process at which time arrangements will be made, including a specific time schedule, for lease signing, payment of security deposit and first month's rent, and attendance at a tenant orientation.
- B. Residents of ACC-Assisted Units will pay a security deposit in accordance with CHA's security deposit requirements, which currently requires payment of a deposit that shall be no more than one month's rent.
- C. An applicant who Management has approved for an apartment must sign the lease, pay the rent and the security deposit, and take possession of the apartment on the scheduled move-in date. As a courtesy, Management will telephone an applicant to inform him or her that the rental application has been approved. In addition, Management will mail a "Welcome Letter" to the applicant that will include the next steps the applicant must take. An applicant who does not proceed with the move-in schedule outlined in the Welcome Letter may forfeit the designated apartment. If an applicant wishes to move in at a later date, but within a thirty (30) day period of the date that the rental application was approved, Management may offer an alternate apartment and move-in date based on availability. The above move-in procedure, to the extent inconsistent with the RRC, will not apply to current CHA Leaseholders who have been accepted for occupancy of an ACC-Assisted Unit.
- D. Before move-in, all family members must complete a pre-occupancy tenant orientation at the location designated by Management.
- E. All applicants accepted for occupancy shall concurrently with lease execution, execute all applicable addenda and riders to the lease.

## **✕ REJECTION PROCEDURES**

### **A. Written Notification**

Management will promptly notify applicants in writing whose rental application has been rejected and will include the reason(s) for the rejection (Exhibit A). The notice will advise the applicant that he or she may within fourteen (14) business days of the receipt of the notice respond in writing or request to meet with Management to discuss the notice. The notice shall also inform the applicant that responding to Management's notice does not prevent the applicant from exercising any legal rights. Management shall provide a copy of such notice to CHA.

### **B. Review of Rejected Applicants**

Current CHA Leaseholders whose application to reside in an ACC-Assisted Unit is rejected because of a failure to satisfy Management's Screening Criteria or a failure to engage in activities to meet the Screening Criteria may, pursuant to the RRC and the Grievance Procedure (Exhibit 8), request an informal hearing with Management and, if applicable, a formal hearing before an independent hearing officer. Management will provide CHA with copies of correspondence with the applicant in connection with the filing of a grievance by a rejected applicant and with a Notice for Formal Grievance, attached to and made part of the Procedures.

## XII. SPECIAL OCCUPANCY CATEGORIES

All applicants given preference within a Special Occupancy Category must meet the eligibility and selection criteria outlined in Sections (VII) through (IX) of this plan. Applicants will be interviewed and processed as authorized in Sections (V) through (X), with exceptions as follows:

### A. Persons with Disabilities

An applicant with disabilities will be given priority for accessible units if an accessible unit is requested and documentation of need is received. Unless an applicant requests placement in an accessible unit, Management will not inquire whether an applicant or a member of an applicant's household has a disability or inquire as to the nature or severity of the disability of such persons. If the applicant deems that the accessible unit is not appropriate for the household's needs, the applicant's name will return to its place on the Interested Person's List or Waiting List, as applicable.

## XIII. AMENDING THE TENANT SELECTION PLAN

Management may amend this Tenant Selection Plan only with prior written approval of the CHA, which approval shall not be unreasonably withheld or delayed.

## XIV. CERTIFICATION

By signing this Tenant Selection Plan, Management certifies that the contents of this plan will be followed as written in all material respects and that no other Tenant Selection Plan has been executed for the Development at this time or will be executed for the Development at this time, or subject to Section XIII, will be executed in the future without written approval from the CHA.

Submitted:

Owner:

Lakefront Phase II, LLC,  
an Illinois limited liability company

By: Lakefront Phase II Manager, LLC,  
an Illinois limited liability company, its Managing Member

By: Davis Lakefront, LLC,  
an Illinois limited liability company, its Member

By: *REL*  
Robert E. Koerner, Manager

Property Manager:

**DV PROPERTY MANAGEMENT, LLC, an Illinois  
limited liability company**

By: 

Name: Jared Davis

Title: Member

EXHIBITS TO  
TENANT SELECTION PLAN

Exhibit A: Rejection Letter

Exhibit 8: Grievance Procedure