

Exhibit 11-4

Enhanced and Tenant Protection Vouchers

A proposed rule titled “Tenant-Based Assistance: Enhanced Vouchers” was issued in the *Federal Register* on October 26, 2016 to incorporate enhanced and tenant protection vouchers guidance in the Code of Federal Regulations. This rule has not been finalized; therefore, this exhibit is also developed in accordance with HUD guidance set forth in:

- PIH Notice 2001-41¹
- PIH Notice 2012-3²
- MTW and Special Purpose Vouchers Q&A³
- Office of Multifamily Housing Memorandum⁴
- PIH Notice 2016-02⁵

1. Overview

Tenant Protection and Enhanced vouchers are tenant-based vouchers used to subsidize rents for families subject to a housing conversion or demolition action. AHFC normally receives notification of the availability of these vouchers from HUD as the conversion action affects a development within its jurisdiction. AHFC can also request issuance of these vouchers from HUD due to the demolition or disposition of a public housing or S8N multifamily housing property.

¹ Public and Indian Housing Notice 2001-41, Issued November 14, 2001, “Section 8 Tenant-Based Assistance (Enhanced and Regular Housing Choice Vouchers) For Housing Conversion Actions – Policy and Processing Guidance.”

- Public and Indian Housing Notice 2008-12, Issued February 25, 2008, “Enhanced Voucher Requirements for Over-Housed Families,” supersedes policies in PIH Notice 2001-41 pertaining to over-housed enhanced voucher families.
- Public and Indian Housing Notice 2011-20, Issued April 22, 2011, “Reinstatement and Extension of Notice PIH 2008-12, Enhanced Voucher Requirements for Over-Housed Families.”

² Public and Indian Housing Notice 2012-3, Issued February 24, 2012, “Guidance on Eligibility for Tenant Protection Vouchers Following Certain Housing Conversion Actions.”

³ MTW and Special Purpose Q & A, Issued: June 25, 2012.

⁴ Office of Multifamily Housing Memorandum, Issued June 5, 2014, “Enhanced Vouchers”, discussing an enhanced voucher family’s right to remain in the property.

⁵ Public and Indian Housing Notice 2016-02, Issued March 4, 2016, “Enhanced Voucher Requirements for Over-Housed Families,” supersedes policies in PIH Notice 2001-41 and PIH Notice 2008-12 pertaining to over-housed enhanced voucher families.

1.A Enhanced Vouchers

HUD Guidance⁶

The special conditions of enhanced voucher assistance (enhanced voucher minimum rent and the special payment standard rules) are applicable for as long as the family receives voucher assistance at the project.

Actions triggering these types of vouchers include: owner opt-outs of Section 8 project-based contracts or owner prepayment of the mortgage or voluntary termination of the mortgage insurance of a preservation eligible property. These vouchers:

- May exceed the PHA's payment standard, allowing the payment standard to equal the gross rent, provided such rent is reasonable.
- Provide the tenant with the right to remain⁷ in the conversion unit once it is converted to market rent.

1.B Tenant Protection Vouchers

These vouchers are provided to families to protect their rental assistance subsidy when the conversion action does not fall under enhanced voucher rules. Actions triggering these types of vouchers include: termination or non-renewal of a Section 8 Project-based housing assistance payment contract, sale or foreclosure of a HUD-subsidized mortgage, or demolition/disposition of public housing under Section 18 of the United States Housing Act of 1937.

1.C Funding

HUD provides special funding for enhanced and tenant protection vouchers for a limited period. Once the special funding period ends, these vouchers become part of the regular voucher portfolio.

1.D Policy Exceptions

Recipients of enhanced or tenant protection vouchers are subject to the policies set forth in this Administrative Plan.

⁶ PIH Notice 2001-41.

⁷ Michael Dennis, Director, Office of Housing Voucher Programs, May 22, 2014, "Right to Remain for Enhanced Voucher Families Reminder. Benjamin T. Metcalf, Deputy Assistant Secretary for Multifamily Housing Programs, June 5, 2014, "Enhanced Vouchers"

2. Eligibility and Screening

HUD Guidance⁸

PHA screening of families. By agreeing to administer the special admission tenant-based assistance, the PHA is not relinquishing its authority to screen potentially eligible families or deny assistance for any grounds allowed by §982.552 and §982.553. The screening of families and decisions to deny admission to the program must be the same as the PHA policy for screening regular admissions of families from the PHA waiting list.

AHFC Policy

Recipients of enhanced or tenant protection vouchers do not go through the waiting list process, but are subject to the screening criteria as specified in Admission & Eligibility in this Administrative Plan.

1. Upon notification from HUD that these vouchers are available, AHFC will schedule interview appointments with these families as expeditiously as possible.
2. AHFC will include the HUD Enhanced Voucher handout with the interview notification when appropriate.

2.A Family Failure to Meet Screening Criteria

HUD Guidance⁹

While the decision to deny assistance rests with the PHA, HUD encourages PHAs to provide an otherwise eligible resident with the opportunity to enter into a repayment agreement if the sole reason for the denial is that the family owes the PHA or another PHA rent or other amounts in connection with public housing or Section 8.

AHFC Policy

1. AHFC will offer a payment agreement to a family that is otherwise eligible for a tenant protection or enhanced voucher.
2. The family must pay the down payment and execute the payment agreement prior to issuance of the voucher.
3. Families that choose to port from AHFC's jurisdiction:
 - a. must pay AHFC any balances owed in full prior to voucher issuance.
 - b. that owe another PHA money must provide proof of payment to AHFC prior to voucher issuance.
4. The Public Housing Division Director or designee may waive these requirements on a case-by-case basis.

⁸ PIH Notice 2001-41.

⁹ PIH Notice 2001-41.

HUD Guidance¹⁰

The PHA must provide a family with an opportunity for an informal review if it denies the family admission to the voucher program in accordance with the housing choice voucher regulations.

2.B Income Targeting

HUD Guidance¹¹

Families admitted to the PHA's tenant-based voucher program as a result of a Housing conversion action are not subject to the income targeting requirements of the tenant-based program, and their admission is not counted in determining whether the PHA is complying with the income targeting requirement.

2.C Family Must Remain in Unit Prior to Issuance

HUD Guidance¹²

The PHA will use the assistance to assist the eligible families affected by the opt-out. Any additional vouchers under this allocation (for example, unused vouchers resulting from vacant units under the expiring project-based contract or units occupied by ineligible families) may be used by the PHA to assist families on the PHA waiting list.

In order to be eligible for an enhanced or tenant protection voucher, the family must remain in the unit until AHFC issues the voucher. If the family moves prior to issuance of the voucher, the family is no longer eligible for a voucher.

2.D Family Income

To qualify for one of these special vouchers, the family meet low-income limits (80 percent of area median income).

HUD Guidance¹³

In order to reduce processing time, HUD permits the PHA to use the owner's most recent family income examination if:

- a. the owner's current certification for the family is no more than six months old, **AND**
- b. the PHA determines that the owner certifications are acceptable after reviewing a small sample for accuracy.

The PHA is never required to use the owner certification and may choose to conduct its own income determination and verification. Federal law and program regulations require a reexamination of family income and composition

¹⁰ PIH Notice 2001-41.

¹¹ PIH Notice 2001-41.

¹² PIH Notice 2001-41.

¹³ PIH Notice 2001-41.

at least annually. Therefore, if the PHA chooses to use the owner's income certification, the PHA must complete the subsequent family reexamination within one year of the date of the owner certification, not the date the PHA accepted the owner certification in lieu of conducting its own determination.

AHFC Policy

1. AHFC will use the owner's certification when it is within six months and appears reasonably accurate.
2. Each local AHFC jurisdiction will ensure that an owner's certification complies with AHFC policy.
3. If an owner's certification is used, AHFC will schedule a subsequent examination date to comply with the annual examination requirement.

2.E Zero HAP Family Chooses to Stay

HUD Guidance¹⁴

If the PHA determines that a family is income-eligible for an enhanced voucher but that there is no HAP payment because the family's total tenant payment equals or is greater than the gross rent, the PHA must maintain a record of the eligibility determination for that family. The PHA must inform the family that should the family's income decrease or the family's rent increase within three years of the eligibility event, the family may contact the PHA. Should the PHA then determine that the change in income would result in a housing assistance payment, the PHA will execute a housing assistance payment contract on behalf of the family at such time (assuming the unit is approved for leasing in accordance with the housing choice voucher program requirements). It is the family's responsibility to contact the PHA when there is a decrease in family income or an increase in the family rent.

AHFC Policy

1. AHFC will conduct the initial screening of the family to determine if the family is eligible.
2. AHFC will not execute a HAP Contract for an enhanced or tenant protection voucher where the monthly HAP is \$0 (zero).
3. AHFC will maintain a record of eligibility for this family for three years from the eligibility date. Disposition of records will be handled in accordance with Quality Assurance & File Maintenance in this Administrative Plan.
4. AHFC will issue a tenant protection voucher upon notification from the family and qualification for a monthly subsidy.

¹⁴ PIH Notice 2001-41.

3. Shopping

3.A Family on an AHFC Voucher Waiting List

When a family leases with an enhanced or tenant protection voucher, AHFC will remove the family from all AHFC voucher waiting lists.

3.B Family Choice to Move

HUD Guidance¹⁵

Housing choice vouchers (including enhanced vouchers) provided as the result of a housing conversion action are always tenant-based assistance. Families issued vouchers may elect to use the assistance in the same project and in all cases may choose to move from the property immediately. Families may immediately move outside of the jurisdiction of the administering PHA under the portability provisions of the voucher program.

AHFC Policy

1. Once a family meets AHFC screening criteria, a family may choose to lease:
 - within the AHFC jurisdiction of issuance
 - in another AHFC jurisdiction by moving their voucher
 - in another PHA's jurisdiction by porting their voucher
2. The family must meet AHFC's requirements to move or port.
3. If a family with an enhanced voucher chooses to move from the original property, the enhanced voucher becomes a tenant protection voucher.

3.C Subsidy Standard

HUD Regulations¹⁶

1. The PHA issues the housing choice vouchers in accordance with the PHA subsidy standards, not the actual size of the unit the family is currently occupying.
2. The normally applicable PHA payment standard is always used to determine the family's maximum voucher subsidy when the family moves from the project. This includes cases where the proposed new rent for the family's current unit is not reasonable or the unit fails HQS, requiring the family to move in order to receive tenant-based assistance.
3. See Enhanced Payment Standard for over-housed families that wish to remain at the property.

¹⁵ PIH Notice 2001-41.

¹⁶ PIH Notice 2016-02.

3.D Shopping Time

HUD Guidance¹⁷

Since these vouchers are targeted to specific families adversely affected by HUD or owner actions in HUD multifamily projects, the PHA is encouraged and expected to provide families with maximum search time that is reasonably required to locate housing.

AHFC Policy

1. Within the timetable provided by HUD, AHFC will endeavor to issue these vouchers at least 60 days prior to the expiration of the family's assistance.
2. The family is subject to the shopping policies in this Administrative Plan.

3.E Family Maximum Contribution

The maximum family contribution is determined in accordance with the family's voucher type and whether they decide to move from the initial property.

3.E.1. Tenant Protection Vouchers – Lease with AHFC

HUD Guidance¹⁸

The family share (gross rent minus subsidy) must not exceed 40 percent of the family's adjusted monthly income.

AHFC Policy

Under Moving to Work Activity 2014-1, AHFC received approval from its Board of Directors on February 27, 2013 with Resolution 2013-11 to set an alternative minimum rent and maximum family contribution. A family with a tenant protection voucher may contribute up to 50 percent of gross monthly income at initial leasing of a unit.

3.E.2. Tenant Protection Vouchers – Port Out

HUD Guidance¹⁷

The family share (gross rent minus subsidy) must not exceed 40 percent of the family's adjusted monthly income.

3.E.3. Enhanced Vouchers

HUD Regulations – Enhanced Voucher¹⁹

For a family that stays in the project, the payment standard used to calculate the voucher housing assistance payment is the gross rent (rent to owner plus the applicable PHA utility allowance for any tenant-supplied utilities) of the family's

¹⁷ PIH Notice 2001-41.

¹⁸ PIH Notice 2001-41.

¹⁹ PIH Notice 2016-02.

unit (provided the proposed gross rent is reasonable), regardless of whether the gross rent exceeds the normally applicable PHA payment standard.

4. Leasing

4.A Rent Reasonableness

HUD Guidance²⁰

All regular program requirements concerning the reasonableness of the rent apply, regardless of whether the vouchers are enhanced vouchers or regular vouchers.

4.A.1. Families That Choose to Remain

HUD Guidance²¹

The PHA may not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent, regardless of whether the family prefers to remain in the family's current unit. The PHA must determine the rent requested by the owner is a reasonable rent in comparison to other comparable unassisted units based on the current condition of the unit. The PHA does not base the rent reasonableness determination on any pending or planned enhancements to the property. If the PHA determines the proposed rent is not reasonable, the owner must lower the rent or the family will have to find another unit in order to benefit from the voucher subsidy.

4.B Housing Quality Standards

HUD Guidance²²

The PHA must inspect the unit and ensure that the unit meets the housing quality standards of the program, regardless of whether the family is residing in a unit that was previously assisted under a Section 8 project-based contract. Under no circumstances may the PHA make housing assistance payments for any period of time prior to the date that the PHA physically inspects the unit and determines the unit meets the housing quality standards. The PHA does not make any exceptions to the normal housing quality standards used by the PHA and conducts a complete HQS inspection of the unit.

²⁰ PIH Notice 2001-41.

²¹ PIH Notice 2001-41.

²² PIH Notice 2001-41.

AHFC Policy

The AHFC Board of Directors approved Moving to Work Activity 2010-5 HQS Inspections with Resolution 2009-10 on April 23, 2009. This allows AHFC to conduct inspections on biennial basis.

4.C HAP Contract Start Date

HUD Guidance²³

The PHA may not approve a tenancy (and execute a housing choice voucher HAP contract) on behalf of a stayer (family that stays in the project) for a lease term that is effective prior to the target date of the Housing conversion action. For a family that is moving, however, the PHA may often approve a tenancy that begins before the target date, since in strong rental markets potential landlords will not hold a unit vacant.

5. Enhanced Vouchers

The sections below pertain only to those families with enhanced vouchers.

5.A Minimum Rent Requirement for Stayers

AHFC Policy²⁴

Families assisted with enhanced housing choice voucher assistance have a special statutory minimum rent requirement. The law requires that a family receiving enhanced voucher assistance must pay for rent no less than the rent the family was paying on the date of the eligibility event for the project in question.

5.B 50058 Coding

These vouchers are categorized as either a traditional voucher or a Set Aside voucher. A family will not lose their voucher due to a term limit.

5.C EV Over-Housed Families

5.C.1. Appropriate Size Unit Not Currently Available

HUD Guidance²⁵

If an appropriate size unit is not currently available for the family in the project, the PHA executes a voucher HAP contract on behalf of the family for the over-sized unit, provided the rent is reasonable and the unit complies with all other voucher program requirements such as the housing quality standards. The

²³ PIH Notice 2001-41.

²⁴ PIH Notice 2016-02.

²⁵ PIH Notice 2016-02.

enhanced voucher housing subsidy calculation is based on the gross rent for the over-sized unit. The subsidy calculation will continue to be based on the gross rent (including subsequent rent increases) for the over-sized unit until an appropriate size unit in the project becomes available for occupancy by the family.

The PHA must maintain a record of enhanced voucher families living in over-sized units and monitor the availability of appropriate size units at the project. The PHA shall monitor the availability by periodically contacting the owner but not less than once per quarter. The PHA may also consult other sources such as real estate agencies, periodicals that advertise rentals, or any other applicable sources. The PHA must keep record of contact made with owners (or other sources) concerning the availability or expected availability of units.

5.C.2. Appropriate Size Unit Does Not Exist

HUD Guidance²⁶

If the family wishes to remain at the project with enhanced voucher assistance, and an appropriate size unit does not physically exist at the project, but a bedroom size unit is available that is smaller than the family's current unit but not smaller than the unit size for which the family qualifies under the PHA subsidy standards, the family must move to the smaller bedroom size unit within a reasonable time, as determined by the PHA but not to exceed 30 days. The family and owner will enter into a new lease and the PHA will execute a new voucher HAP contract with the owner for the smaller bedroom size unit. The enhanced voucher subsidy calculation is based on the gross rent for the smaller bedroom size unit.

If an over-housed enhanced voucher family refuses to move to the smaller bedroom size unit, and one exists and is available for occupancy, the PHA will calculate the family's housing assistance payment for the over-sized unit based on the normally applicable voucher subsidy formula using the applicable payment standard established by the PHA for its voucher program (see 24 CFR §982.402(c) and (d)). The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

²⁶ PIH Notice 2016-02.

5.C.3. Availability of Appropriate Size Units

HUD Guidance²⁷

Once the PHA determines the family is over-housed, the PHA must inform the family and explain the requirements under this notice. If the family indicates it wishes to remain at the project with enhanced voucher assistance, the PHA must inform the owner of the project that the family is in an over-sized unit. The PHA must also provide the owner with the bedroom size for which the family actually qualifies under the PHA subsidy standards (i.e., the appropriate size unit). The owner must then identify all appropriate size units that are available in the project. (Throughout this notice, when an appropriate size unit does not physically exist at the project, the term “appropriate size unit” also includes an available bedroom size unit that is smaller than the family’s current unit but is not smaller than the appropriate size unit for which the family qualifies under the PHA’s subsidy standards.)

The over-housed family must move to an appropriate size unit in the project if one is available in order to receive enhanced voucher assistance. The family and owner will enter into a lease and the PHA will execute a voucher housing assistance payments (HAP) contract on behalf of the family for the appropriate size unit to which the family moves. The enhanced voucher housing assistance payment calculation is based on the gross rent of the appropriate size unit.

If an over-housed enhanced voucher family refuses to move to the appropriate size unit, and one exists and is available for occupancy, the PHA will calculate the family’s housing assistance payment for the over-sized unit based on the normally applicable voucher subsidy formula using the applicable payment standard established by the PHA for its voucher program (see 24 CFR §982.402(c) and (d)). The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

1. Owner Responsibility

HUD Guidance²⁸

The owner must immediately inform the PHA and the family when an appropriate size unit will become available in the project. The owner is subject to possible financial penalties or other enforcement actions if the owner fails to notify the PHA immediately.

AHFC Policy

1. AHFC will maintain a list of families with enhanced vouchers that need relocation to an appropriately sized unit.

²⁷ PIH Notice 2016-02.

²⁸ PIH Notice 2016-02.

2. AHFC will contact the owner on a quarterly basis to determine if any appropriately-sized units are available for over-housed families.
3. AHFC will maintain the list and contact dates until all families are housed in appropriate units or are converted to tenant protection vouchers.

2. PHA and Family Responsibilities

HUD Guidance²⁹

When the PHA is informed that an appropriate size unit is available, the PHA must immediately notify the over-housed family of the availability of the unit and the family must move to the appropriate size unit in a reasonable time (as determined by the PHA, but not to exceed 30 days) to continue to receive enhanced voucher assistance. The family and owner will enter into a new lease and the PHA will execute a new voucher HAP contract with the owner for the appropriate size unit. The enhanced voucher subsidy calculation is based on the gross rent for the appropriate size unit.

AHFC Policy

AHFC will provide notice to the family with a 30-day deadline to move with exceptions made on a case-by-case basis for family circumstances. Exceptions will be approved by the AHFC regional manager or designee. See the Transfer Policy in this Administrative Plan.

HUD Guidance³⁰

If an over-housed enhanced voucher family refuses to move to the appropriate size unit or does not move within the established timeframe as determined by the PHA, the PHA will recalculate the family's housing assistance payment for the oversized unit based on the normally applicable voucher subsidy formula using the applicable payment standard established by the PHA for its voucher program (see 24 CFR §982.402(c) and (d)). The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

3. Number of Over-Housed Families Exceeds Available Units

HUD Guidance³¹

If more than one over-housed enhanced voucher family residing at the project qualifies for the same size unit under the PHA's subsidy standards, and the number of appropriate size units that become available at any given time is less than the number of units necessary to accommodate the number of over-housed

²⁹ PIH Notice 2016-02.

³⁰ PIH Notice 2016-02.

³¹ PIH Notice 2016-02.

families, the PHA must develop a fair method by which to offer the units to families.

AHFC Policy

Under these circumstances, AHFC will consider the number of over-housed families in comparison to the number of available appropriately sized units, families that volunteer to move, and the age, frailty, or financial circumstances of a family.

5.D Change in Family Size or Composition

HUD Guidance³²

If, as a result of a decrease in family size or change in family composition, an enhanced voucher family subsequently becomes over-housed, the family must move to an appropriate size unit. Until such time that an appropriate size unit becomes available for occupancy by the family in the project, the family would continue to receive enhanced voucher assistance in the oversized unit.

6. Turnover

HUD Guidance³³

If a voucher issued to a family as the result of a Housing conversion action turns over for any reason, the PHA retains the voucher for use as part of its housing choice voucher program. Note that in cases where an enhanced voucher turns over following initial issuance (i.e., an enhanced voucher participant leaves the program), the voucher loses its special enhanced characteristics and is subject to all normal program rules.

Numbered Memo

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³² PIH Notice 2016-02.

³³ PIH Notice 2001-41.