

Exhibit 10-1 Bridge Process

HUD Regulation (MTW Agreement)

Section III, Rent Reform Initiatives. In developing its rent policy, the Agency must adopt a policy for addressing hardship cases¹.

HUD Regulation (MTW Agreement, Attachment B)

Section III, Additional Information for Rent Reform Activities. Provide the following information for all rent reform activities: Impact Analysis, Hardship Case Criteria, Annual Reevaluation of Rent Reform Activity and Transition Period.

Hardship Case Criteria: MTW PHAs that implement rent reform activities should establish a hardship policy to define circumstances under which households may be exempted or temporarily waived from the new rent determination rules.

AHFC Policy

AHFC has developed the Bridge Process² to define circumstances under which households may be exempted or temporarily waived from the new rent determination.

The Bridge Process is meant to assist families with extraordinary financial situations who are adversely impacted by AHFC's rent reform initiative. In addition to the Bridge Process, AHFC will make information on state and local resources available to families at regular examinations and whenever a family reports difficulty paying their monthly rent or utilities.

Prior to applying for Bridge assistance, families will be encouraged to seek assistance from outside sources. Families will also be referred to Jumpstart, AHFC's Family Self-Sufficiency program, for case management services. Additional information on AHFC's Jumpstart program can be found in the Jumpstart Action Plan.

To insure families are aware of the Bridge Process, AHFC will make information about the Bridge Process available to families at all initial and regular examinations and briefing classes.

¹ The MTW Agreement was approved by the AHFC Board of Directors with Resolution 2008-19 on June 18, 2008.

² The Bridge Process was approved by AHFC's Board of Directors with Resolution 2014-03 on January 8, 2014.

1. Qualifying Criteria

To qualify for Bridge assistance, families must meet the following criteria:

1. The family must have an extraordinary change in life circumstances that significantly impacts the family's income; **AND**
2. The hardship must be of long-term or permanent duration (anticipated to last at least 90 days); **AND**
3. The hardship event must cause the family to experience a shelter burden in excess of 50 percent of gross or adjusted monthly income.

In addition, all families must:

1. Be in compliance with AHFC policies; **AND**
2. Submit a Bridge Application with appropriate supporting documentation

See **Section 6** for additional definition of the qualifiers.

2. Application

The Bridge Application will provide information to the family to help them determine if they meet qualifying conditions, as well as collect the necessary information to enable AHFC and the Bridge Committee to review the family's request. The Bridge Application is available upon request from the family's local AHFC office. The family must submit the completed application and supporting documentation to the local AHFC office. Information collected through the Bridge Application includes:

1. Family declaration of income and assets
2. Description of circumstance resulting in the hardship
3. Steps the family has taken to meet their financial needs
4. Explanation of what the family is seeking from the Bridge Committee
5. Family-provided documentation to verify the circumstances presented in the request

3. Application Process

The Director of Housing Operations or designee will complete a Preliminary Review of the Bridge Application.

3.A Preliminary Review

The Director of Housing Operations designates the Preliminary Review to be a two-tiered process to insure a timely response is made to applicants and that appropriate levels of relief are offered.

Any temporary rent reductions granted through the Preliminary Review process will include a requirement that the family report any changes in income within ten (10) business days throughout the period the family's rent is reduced.

3.A.1. Tier 1: Local AHFC Office

Upon receipt of a Bridge Application, local AHFC staff will conduct a Preliminary Review of the application to determine if:

1. The application is complete and circumstances are verified
2. The application meets qualifying criteria
3. The request cannot be addressed more appropriately through AHFC policy outside of the Bridge Process (i.e. Interim Examination policy in Exhibit 4-3, through a Reasonable Accommodation for a person with a disability in Exhibit 1-1, or with the Minimum Rent Hardship process in Exhibit 10-3).

Applications meeting the qualifying criteria specified in Section 1 of this exhibit, which cannot be addressed through application of other AHFC policy will be reviewed to see if the request may be addressed through one of the following Tier 1 options. For definition of how the minimum family contribution is defined, see **Section 6 Definitions**.

Under Tier 1, local AHFC staff may offer the following relief:

1. Permanent Loss of Household Member(s) with Income: When the change triggering the hardship is due to the loss of family member(s) with income from the household, AHFC will remove the departed member(s) and incomes associated with the member(s) and recalculate the family's rent portion.
 - a) **Set Aside Programs and Step, Year 1 (families on income-based rent)**: AHFC will recalculate the minimum family contribution based on 28.5 percent of the family's revised gross monthly income.

After removing household member(s), should the family wish to add the departed member(s) back to the household, the family and AHFC must follow the procedures for the addition of household members found in Chapter 2. If approved, AHFC will recalculate the family's income and rent to pick up the income of the returning family member(s). AHFC will provide the family with a written, 30 (thirty) days' notice of the resulting change in rent.

b) Step, Year 2-5

- If the family's rent portion on their 5-year Step schedule is higher than the standard subsidy/rent-based Step schedule due to the inclusion of the now-departed household member(s) income, AHFC will recalculate the rent portion of their Step schedule based on the family's revised annual income. The family will retain their Step term limit.
- If the family still experiences a shelter burden of 50 percent of income or greater after removal of the now-departed family member(s) income, they may qualify for one of the Safety Nets described in #2, below.
- After removing household member(s), should the family wish to add the departed member(s) back to the household, the family and AHFC must follow the procedures for addition of household members found in Chapter 2. If approved, the family's Step Schedule will be reestablished. AHFC will include the returning family member's income utilizing the same amounts that were included in the family's income calculation prior to the member(s) departure from the household. The family will retain their Step term limit. AHFC will provide the family with a written, 30 (thirty) days' notice of the resulting change in rent.

2. Safety Net: An immediate, short-term decrease in rent, due to:

- a. Short-Term Medical/Health Condition: When the change triggering the hardship is due to a medical or health condition preventing an employed adult from working or results in a reduction of work hours, AHFC will reduce the minimum family contribution to 50 percent of the revised gross monthly income for three months (See Tier 2 for periods anticipated to be longer than three months).
- b. Unanticipated Income Loss: When the change triggering the hardship is due to an unexpected income loss, AHFC will reduce the minimum family contribution to 50 percent of the revised gross monthly income for two months, and the family will be referred to the Jumpstart program. Step program families will be referred for Jumpstart Level 1 enrollment or continued participation if already enrolled. Set Aside program families will be referred for a Jumpstart consultation.

3.A.2. Tier 2: Regional Manager

A regional manager or designee will complete a Tier 2 Preliminary Review for all qualified applications for which relief cannot be offered at Tier 1, applications for an

extension to a Safety Net offered at Tier 1, and applicants requesting a review of the determination made or solution offered under Tier 1. For definition of how the minimum family contribution is defined, see **Section 6 Definitions**.

Under Tier 2, a regional manager may offer the following relief:

1. Medical or Child Care Expense Allowance: An allowance for out-of-pocket expenses will be considered when the change triggering the hardship results in the family paying a shelter burden of more than 50 percent of their *adjusted* gross monthly income. The unreimbursed medical expenses or child care expenses must meet HUD eligibility for consideration of an allowance and the family is not eligible for consideration of the deduction as a Reasonable Accommodation (see Exhibit 1-1). The temporary minimum family contribution will be based on 50 percent of the family's adjusted monthly income; the duration of the decrease is not to exceed six (6) months.
2. Extension to Tier 1 Safety Net (not to exceed six (6) months total time including time offered under Tier 1, if applicable)
 - a) Short-Term Medical/Health Condition
 - When the medical or health condition triggering the hardship is anticipated by the medical provider to last more than three (3) months, but not more than six (6) months, the minimum family contribution will be reduced to 50 percent of the family's adjusted monthly income for the duration of the period indicated by the medical provider.
 - If after a Safety Net has been provided under Tier 1, the medical provider verifies the condition is lasting longer than anticipated, a regional manager may grant an extension to the Safety Net.
 - b) Unanticipated Income Loss: An extension to the Safety Net offered at Tier 1 may be granted upon recommendation of the Family Self Sufficiency Case Management Lead Supervisor or Statewide Manager Self Sufficiency Programs. The recommendation must be based on the family's identified barriers to employment and the family's efforts, through Jumpstart participation, to overcome those barriers. A Step family's failure to enroll and actively participate in Jumpstart or a Set-Aside family's failure to follow through with a consultation will prevent the family from being eligible for an extension to the Safety Net.

3.B Preliminary Review Response

AHFC will attempt to provide a written response to the Preliminary Review within ten (10) business days of the local office's receipt of the application, the receipt of a written

request for review of a determination made under Tier 1, or a request for a Safety Net extension. The response will contain a brief statement regarding the outcome of the Preliminary Review, including any change in the family's rent portion and duration of change, the reason for the determination, and the how to request a review should the family disagree with the solution offered or the Preliminary Review decision.

When AHFC provides the family with a rent decrease as an outcome of the Preliminary Review, the revised rental portion begins on the first of the month following receipt of the family's verified application.

3.C Review of Determinations under Tier 2

Should the family disagree with a Tier 2 Preliminary Review determination:

1. They may request their application be presented to the Director of Housing Operations for a final review and decision;
2. They may submit additional information they wish to be considered;
3. Their written request, as well as any additional information the family would like the Director to consider, must be received by AHFC within ten (10) business days from the date of the Preliminary Review written decision.

Within ten (10) business days of AHFC's receipt of a request to review a Tier 2 Preliminary Review decision, the Director of Housing Operations will provide a written decision to the family. The decision will contain a brief statement regarding the outcome of the review. This decision is the final determination in the Preliminary Review process.

4. Bridge Committee

AHFC has formed a Bridge Committee to evaluate eligible family requests that are not resolved in the Tier 1 or 2 process. AHFC's Central Office is responsible for coordinating Committee meetings and communicating decisions to families. See Exhibit 10-2 for details regarding the Bridge Committee's responsibilities.

To insure the confidentiality of family information prior to sending a Bridge Application to the Bridge Committee for a decision, all personal and identifying information will be redacted from the Committee packets. No names will be included so that the Committee will not have any information identifying a particular family. The Committee will review the family's request and documentation when making their decision. The Director of Housing Operations or designee will be present at meetings to clarify any information in the request.

4.A Application Review

The Bridge Committee will review:

1. Applications that meet the Bridge qualifications but for which a solution cannot be determined through the Preliminary Review. For these families, AHFC will temporarily adjust the minimum family contribution to 50 percent of gross or adjusted (if asking for expenses) monthly income while awaiting a Committee decision.
2. Requests for Safety Net extensions beyond six (6) months. The Safety Net temporary rent will be retained while awaiting a Committee decision.

The PHD Central Office will notify the local AHFC staff when to complete the temporary rent adjustment or retain the Safety Net applied to the family's rent. The temporary rent will begin on the first of the month following receipt of the family's complete and verified application and remain in effect until the Committee's written decision has been rendered.

4.B Decision Factors

The Committee may consider the following factors when determining a response. This information will be included in the family's information packet provided to the Bridge Committee.

1. Family requests for a hardship within the previous twelve (12) months;
2. The family's participation in AHFC's Jumpstart Program and any completed activities;
3. Any family efforts toward financial independence;
4. Any family efforts to remediate the financial hardship;
5. Whether the family resides in an Enhanced Economic Impact Area (see **Section 6 Definitions**); and
6. Other local resources available to the family.

4.C Decision Options

The Committee may:

1. Determine the level and duration of any family rent reductions in accordance with each family's request and circumstances;
2. Decide to extend a family's rental assistance beyond the five-year period;
3. Change the family's classification;
4. Deny the family's request;
5. Any combination of the above.

The Public Housing Division Director has the discretion to overrule a decision of the Bridge Committee if the decision falls outside of the Committee's authority.

4.D Written Decision

Once a decision has been made, a Bridge Committee Decision will be issued to the family. Central Office will provide a copy for the file. The decision will include:

1. The date of the Committee meeting.
2. The determination of whether the request is approved or denied.
3. The family's rent and rent period.
4. Any Committee recommendations.
5. The family's right to submit a new hardship request with additional facts or documentation.

Increases in a family's rent portion will be effective upon proper written notice to the family.

5. Enterprise Income Verification (EIV)

When a family is provided a rent change (long-term or Safety Net) under the Bridge Process, AHFC will pull and examine an EIV report for the family. Only one EIV report is required to be pulled during the Bridge Process even though multiple rent changes may be applied for the family in response to a single Bridge Application. As the family's most current income information will not be reflected on the EIV report; it serves as a reference to the family's past income and reporting.

If no rent change is applied in response to a family's Bridge Application, an EIV report will not be pulled for the family.

6. Definitions

Enhanced Economic Impact Area - These are areas of Alaska that may have more challenging economic conditions (see Exhibit 10-4). An Economic Impact Area is identified as meeting at least two of the following three factors:

1. Unemployment in the community exceeds ten percent (10%).
2. The local rental market has a vacancy rate below three percent (3%).
3. The community's area median income is less than 80 percent (80%) of Alaska's statewide median income.

Extraordinary - beyond what is usual, ordinary, regular, expected, or established.

Hardship Duration – AHFC will take into account whether the loss of one income source is or is anticipated to be replaced by an alternate income source (i.e., wages by unemployment benefits or loss of a family member’s wages due to leaving the household by child support) within the 90-day period following the hardship event.

Minimum Family Contribution – Calculated by:

- **Public Housing:** Percentage of monthly gross income, or monthly adjusted income if considering allowances (as defined by circumstance in this exhibit), minus Utility Allowance applicable to the occupied unit. When Utility Allowance exceeds defined percentage of income, Tenant Rent will be zero (AHFC will not provide a Utility Reimbursement Payment).
- **Housing Choice Voucher:** Percentage of monthly gross income, or monthly adjusted income if considering allowances (as defined by circumstance in this exhibit), minus applicable Utility Allowance plus, when the family has chosen a unit with a gross rent above their applicable Payment Standard, the amount the gross rent exceeds the Payment Standard.

Safety Net – A temporary, short-term reduction of rent meant to alleviate a shelter burden caused by a family’s extraordinary change in life circumstances.

- Medical/Health Condition – a maximum period of three months.
- Income Loss – a maximum period of two months.

Shelter Burden – Calculated by:

- **Public Housing:** Family’s total family contribution (Tenant Rent plus Utility Allowance) divided by family’s monthly gross income or monthly adjusted income if considering allowances.
- **Housing Choice Voucher:** *Lesser of* the gross rent of the unit (Contract Rent plus Utility Allowance) or the family’s applicable Payment Standard minus AHFC subsidy divided by family’s monthly gross income or monthly adjusted income if considering allowances.

Administrative Desk Manual

Bridge Change Examples

Bridge Process