



Multi-Year Affordability through Upfront Investment (MAUI)

PROGRAM GUIDE

CHICAGO LOW-INCOME HOUSING TRUST FUND

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Updated: May 25th, 2017

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- Tenant Selection and Outreach Plan (Exhibit F to MAUI Agreement)
- Plan for Services (Exhibit G to MAUI Agreement)

CHICAGO LOW-INCOME HOUSING TRUST FUND

Mission: To meet the permanent housing needs of Chicago’s very low-income residents.

The Chicago Low-Income Housing Trust Fund (the “Trust Fund”) works to bridge the gap between the cost of rental housing and the monthly rent a low-income family can afford.

Since its creation by the Chicago City Council in 1989, the Trust Fund has worked to help Chicagoans, including low-income working families, the disabled and the elderly, avoid homelessness. With 2,800 participating households, the Trust Fund works by bridging the financial gap between the cost of rental housing and what a family living at or below thirty percent (30%) of the area median income (the “AMI”) can afford. With the maximum income for a family of four set at \$24,250 per year for 2015, the Trust Fund plays an essential role in keeping Chicago affordable for all its citizens.

The Trust Fund offers two programs within the City of Chicago:

- **Rental Subsidy Program (the “RSP”)**

The Rental Subsidy Program provides rental assistance through an annual agreement with property owners and managers within the City of Chicago to assist households living at or below thirty percent (30%) of the AMI.

- **Multi-Year Affordability through Upfront Investment (“MAUI”)**

MAUI provides a grant to property developers and owners that offer affordable rental housing to households living at or below fifteen percent (15%) and thirty percent (30%) of the AMI. The Property commits to the affordability for fifteen to thirty years through a Regulatory Agreement (grants made before 2007 were funded under the program name Affordable Rents for Chicago, or “ARC”, utilizing federal HOME funding).

This guide provides information on the MAUI Program.

MAUI PROGRAM

The Chicago Low-Income Housing Trust Fund (the “Trust Fund”) was created in 1989 to provide rental assistance to help very low-income residents and, specifically, households with a gross income at or below thirty percent (30%) of the metropolitan area median income (the “AMI”). The Trust Fund provides housing resources throughout the City of Chicago to assist low-income households in obtaining affordable housing. Households assisted include the working poor, veterans, the disabled, seniors and others living at or below thirty percent (30%) of the AMI. By design, at least half of the households benefitting from a Trust Fund rent subsidy earn less than fifteen percent (15%) of the AMI (e.g., \$11,400 for a family of four in 2015). Individuals and families are able to develop and achieve goals because the family has a place to call home.

According to the most recent estimates, the current supply of rental housing is too expensive for many low-income renters. More than three-quarters of the households earning less than \$35,000 per year pay more than thirty percent (30%) of their monthly income towards rent. For many, the gross rent cost is higher than the household’s gross income. Without the benefit of a rent subsidy, these families would likely be homeless.

MAUI advances the mission of the Trust Fund by engaging in long-term investments in rental housing. MAUI has two sources of funding: the City of Chicago, through the Affordable Housing Opportunity Fund (AHOF) / Affordable Requirements Ordinance and the Illinois Rental Housing Support Program / Long Term Operating Subsidy (LTOS).

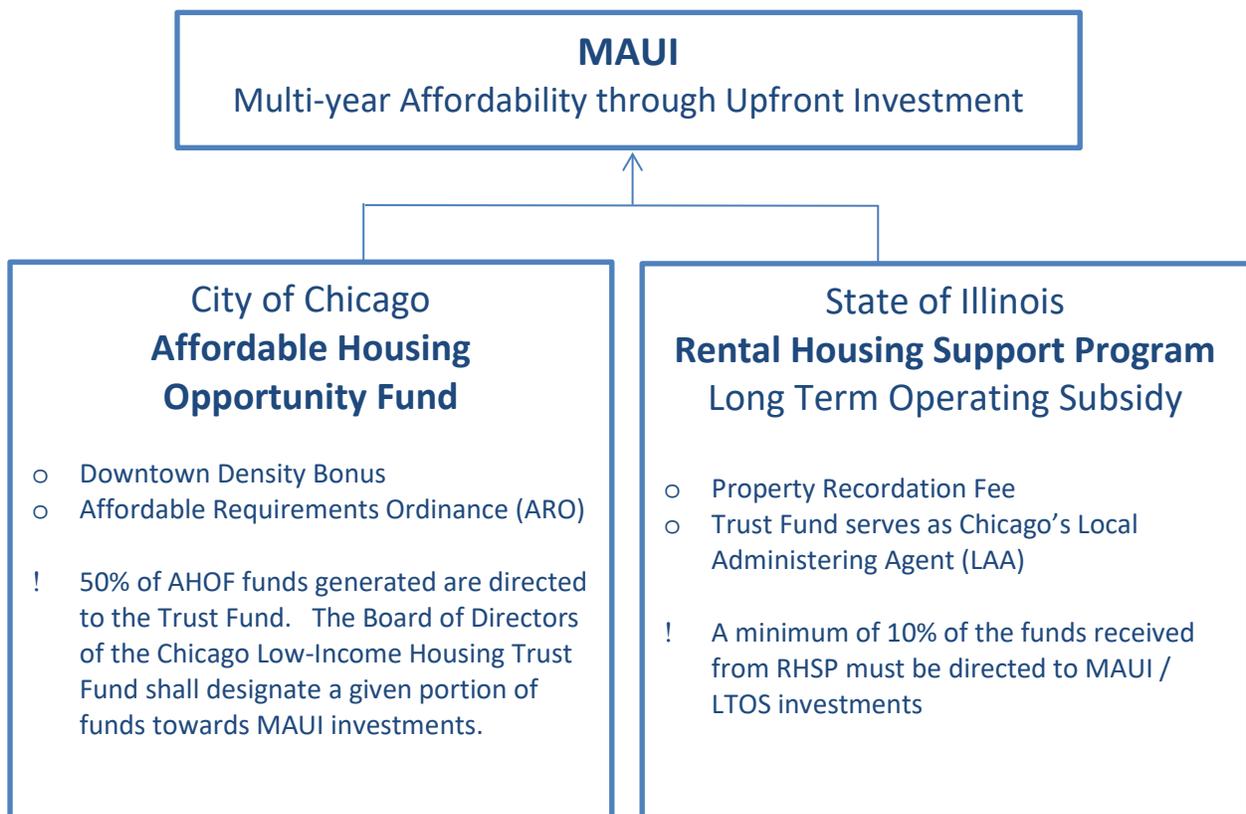
Both non-profit and for-profit owners of Properties located within the City of Chicago (each, a “Property Owner”) are eligible to participate in the MAUI Program. The Trust Fund seeks to offer a variety of housing types that include single-family homes, two flats, and multi-unit apartment buildings, as well as special needs housing and single room occupancy developments.

Generally, no more than 30 percent (30%) of the units within a Property will be subsidized by the Trust Fund. This model encourages diversity of income sources within a Property. As part of the Rental Subsidy Program Agreement entered into between the Trust Fund and the Property Owner, the Trust Fund requires that the Property Owner provide heat to the subsidized Property unit, the cost of which must be included in the rent for the unit (Note: There are some developments currently participating in the Rental Subsidy Program that were approved prior to this requirement). The Rental Subsidy Program Agreement is annual and renewable with prior approval by the Trust Fund, subject to the availability of funding.

The Trust Fund does not approve or disapprove tenants, unless the proposed tenant does not meet the Program income requirements. The Rental Subsidy Program Agreement is entered into between the Trust Fund and the Property Owner, and it provides the specific subsidy amount that has been approved for units within the Property. It is important to note that the subsidies are approved for units – not tenants – within a Property. The Property Owner is responsible for screening tenants and leasing the unit(s) with the benefit of the rental subsidy. Tenants must submit an Income Certification (with proof of income) to the Property Owner, and the Property Owner must determine if a tenant meets the income requirements of the Rental Subsidy Program. If the prospective tenant meets the income requirements, the Property Owner will enter into a lease with the tenant with a term of no less than one (1) year (with heat to be included in the rent).

Funding Sources:

- **City of Chicago:** The Trust Fund is the largest City-funded rental assistance program in the nation. The City of Chicago allocates 50% of the fees generated by the Affordable Requirements Ordinance and Downtown Density Bonus through the Chicago Affordable Housing Opportunity Fund to the Trust Fund.
- **Illinois Rental Housing Support Program (“RHSP”):** RHSP is a state-wide program that derives funding from a fee collected by county recorders upon the recordation of real estate related documents. The Illinois Housing Development Authority is responsible for allocating the funding to Local Administering Agencies (“LAA”) to provide subsidies to eligible Property Owners that will help to make housing affordable for qualified low-income tenants.



MAUI PROJECTS

Term: In most cases, a MAUI investment will have a 15 to 30 year term.

Uses:

- **Capital Investment.** MAUI funding is awarded to a multi-unit rental development in the form of non-interest bearing forgivable loan. MAUI funds may replace up to fifty percent (50%) of the applicant's first mortgage loan, in exchange for which a given number of rental units will be set aside for very low-income households. In most cases, one-half of the MAUI funded units must be made available to those living below fifteen percent (15%) of the area median income (AMI), while the other half of the units will be made available to those living below thirty percent (30%) AMI. By substituting a debt-service-free MAUI loan for a portion of the conventional first mortgage financing, developers are able to pass debt service savings directly to tenants in MAUI designated units in the form of lower rents. In most cases, this commitment to providing affordable housing will have a term of thirty (30) years.
- **Operating Reserve Fund.** A MAUI grant is awarded to a multi-unit rental development in the form of an Operating Reserve Account. The Trust Fund will commit to upfront funding of such accounts for a given number of subsidies, and for a specified number of years. The developer concurrently undertakes a commitment regarding gross rental rates and tenant rent contributions for the units in question. Developers receiving this type of funding will be able to draw upon the Operating Reserve Account quarterly, subject to review and approval of MAUI funding usage in prior quarters by the Trust Fund staff. Typically, the term of this type of commitment will be fifteen (15) years.

A developer awarded either a Capital Investment or an Operating Reserve Fund will enter into a Regulatory Agreement with the Trust Fund to ensure that the developer's stated commitment to providing low-income housing is fulfilled.

MAUI Capital Investments and Operating Reserve Funds are typically only available to successful applicants whose projects are still in the process of obtaining financing. Once initial financing is closed, MAUI Capital Investment funds are no longer available. Other ineligible projects include HUD subsidized properties or prepayment eligible properties; public housing units; and properties developed with federal "Rental Rehabilitation" funds.

The Trust Fund will not pay rental subsidies on vacant units and cannot pay subsidies where a valid and approved MAUI Agreement is not fully executed. The Trust Fund recommends that a Property Owner wait to sign leases until the MAUI Agreement is approved, finalized, and fully executed.

Applications are available from the Chicago Low-Income Housing Trust Fund, 121 N. La Salle – Room 1006, Chicago, IL 60602. For more information please visit www.chicagotrustedfund.org or contact the Chicago Low-Income Housing Trust Fund / Executive Director, at (312) 744-0675.

MAXIMUM INCOME

The rental subsidies administered by the Trust Fund through the MAUI Program are to benefit those living at or below thirty percent (30%) of the AMI. The Trust Fund is committed to allocating at least fifty percent (50%) of its resources to households earning less than fifteen percent (15%) of the AMI.

Income limits for the City of Chicago are based on the Chicago-Naperville-Joliet, IL Housing & Urban Development (HUD) Metro Area (HMFA as adjusted by HUD). Income limits are published annually by the Chicago Department of Planning and Development and are available on the Trust Fund's website.

The MAUI Program guidelines are adjusted each year upon publication. The maximum income allowance is effective until superseded.

Maximum Income Limits

Household Size	Maximum Income 0-15% Area Median Income	Maximum Income 16-20% Area Median Income	Maximum Income 21-30% Area Median Income
1	\$ 8,295	\$ 11,060	\$ 16,600
2	\$ 9,480	\$ 12,640	\$ 19,000
3	\$ 10,665	\$ 14,220	\$ 21,350
4	\$ 11,850	\$ 15,800	\$ 24,600
5	\$ 12,810	\$ 17,080	\$ 28,780
6	\$ 13,755	\$ 18,340	\$ 32,960
7	\$ 14,700	\$ 19,600	\$ 37,140
8	\$ 15,645	\$ 20,800	\$ 41,320
9	\$ 16,590	\$ 22,120	\$ 45,500
10	\$ 17,550	\$ 23,400	\$ 49,680

Income limits are based on the Chicago-Naperville-Joliet, IL HUD Metro Area (HMFA as adjusted by HUD).
Effective until superseded. Published April 14, 2017.

APPLICATION

Before filling out and submitting the application form to the Trust Fund, an applicant should submit a letter of intent, the form of which is included in the application packet. The letter of intent must include, among other things, a brief description of the project including the location, the total number of units, the proposed number of MAUI funded units, the preliminary project budget, and any anticipated sources of funding.

Based on the information contained in the letter of intent, the Board of Directors of the Trust Fund will give preliminary approval to pursue the project further. At this point, the applicant will be required to provide a completed application, along with each item in the application checklist. Failure to provide complete and accurate information will lead to delays in the Trust Fund's approval of the project.

An application to participate in the MAUI Program must be made by the Property Owner. In the case of an Operating Reserve Fund, the Property Owner applies to the Trust Fund for a given number of rental subsidies in the Property to reduce the rent that must be paid by tenants in a specified number of units. A Capital Investment of up to 50% of the Property Owner's first mortgage may be applied for, in exchange for which a set number of rental units in the Property will be set aside for low income tenants. The maximum rent chargeable to any unit designated as "Affordable" under a Capital Investment MAUI Agreement must be affordable to tenants living at 30% AMI, and typically half of those units must be affordable to tenants living at 15% AMI

The goal of the MAUI Program is to create a unit rent rate that is affordable for very low-income individuals and families. The subsidy is intended to bridge the gap between what qualified low-income tenants can afford to pay and the cost of market-rate rent, or, in the case of Capital Investments, to lower the cost of debt service by an amount commensurate with the expected difference between market-rate rents and "Affordable" rents over the life of the Agreement. Property Owners accepted into the MAUI Program enter into either a 15 or 30 year Agreement with the Trust Fund.

The Trust Fund staff will review the application for completeness and verify the accuracy of the information provided. The building or buildings in question must each meet Chicago Building Code requirements; if this is not the case, the applicant *may* be given a 30 day period in which to cure the defects. The staff will then prepare a final recommendation to present to the Trust Fund's Board of Directors at its next regularly scheduled meeting. All properties *will* be inspected prior to the issuance of the staff's final recommendation. If the staff recommends that a development receive funding, the Board of Directors will review the project for one additional month, and issue a final approval or denial at the second month's regularly scheduled Board meeting.

The Trust Fund is unable to allocate any funds for any project until the above requirements have been met. Leasing Tenants should not move in until the applicant has received final Board approval. Until the applicant has received final approval and a subsidized tenant has signed a lease, it is recommended that the developer keep all units on the private market

APPROVAL CRITERIA

A successful applicant for MAUI funding must have sufficient experience and qualifications in rental housing development and management, and must be willing to work with supportive social services groups to fill MAUI funded units and ensure the availability of such services to very low-income tenants. The applicant must show that the project in question is economically feasible and marketable. Finally, the applicant must agree that all MAUI funded units in the project will be made available only to those tenants living at or below thirty percent (30%) area median income (AMI).

Depending on the source of MAUI funding, there may be an additional requirement that fifty percent (50%) of the MAUI funded units in the project must be made available only to those tenants living at or below fifteen percent (15%) AMI.

In addition to these requirements, the Trust Fund will give priority to projects which:

- provide the greatest benefit to tenants living below fifteen percent (15%) AMI;
- address the needs of the working homeless and/or help prevent homelessness;
- address the needs of a selected target population, such as larger families, persons in SRO units, special needs housing groups, etc.;
- promote low income affordable housing in deteriorated and/or revitalizing neighborhoods; and/or
- promote economic, racial, and/or ethnic integration in each project.

The Trust Fund will evaluate applications individually and within the context of its entire portfolio. The Trust Fund strives to have a diverse portfolio that will provide housing for a variety of different household types including a range of household sizes, age ranges and neighborhoods.

One source of funding for the MAUI Program is the Illinois Rental Housing Support Program. (the “RHSP”), which seeks local administering agencies to target subsidies to benefit “Special Needs” households. “Special Needs” households are defined as households that (i) are homeless or imminently at-risk of becoming homeless, (ii) that are now or imminently at risk of living in institutional settings because of the unavailability of suitable housing, or (iii) have one or more members with disabilities including but not limited to physical, developmental and mental health disabilities or HIV/AIDS.

The Trust Fund Board of Directors has developed several innovative partnerships to assist “Special Needs” populations. These include the Homeless Dedicated Initiative, Homeless Dedicated Prevention, and assisting those living with HIV/AIDS. Social Service partners are approved to partner with housing providers to assist individuals meeting the criteria of the initiative so that they can remain stably housed.

Please Note: Submission of an application does not mean acceptance into the MAUI Program.

Resources Available on the Web:

- MAUI Application
- Tenant Selection and Outreach Plan (Exhibit F to MAUI Agreement)
- Plan for Services (Exhibit G to MAUI Agreement)
- Ownership Disclosure Affidavit
- Self-Inspection Listing for Housing Quality Standards

ELIGIBLE PROPERTIES

Eligible Properties must meet all of the following requirements:

- Properties eligible to participate in the MAUI Program include: single family, efficiency / studio, one, two, three and four bedroom units. Single room occupancy (SRO) units are also eligible for participation.
- Properties in which Property Owners offer leases with a term of no less than one (1) year.
- Properties in which Property Owners include heat as part of a tenant's monthly gross rent expense.
- Properties which meet Housing Quality Standards.
- Properties where all units meet lead based paint certification requirements.
- Properties owned by Property Owners that prepare an outreach plan for vacancies and a social service plan for tenants who need additional support services to assist in housing retention.

Additionally:

- No more than thirty percent (30%) of the units in a single Property, combined across all programs, may be assisted by the Trust Fund (including the Rental Subsidy and MAUI / ARC Programs).
- Existing, non-qualifying tenants in any unit for which a Property Owner wishes to receive the benefit of a subsidy cannot be displaced by approval of the Property Owner's application for participation in the MAUI Program, and the Trust Fund will not provide relocation assistance to such existing, non-qualifying tenants under any circumstance.
- The Trust Fund does not fund security deposits, move-in fees, late fees, eviction costs, moving costs, or unit repairs, if needed. Funding is strictly available for approved subsidy payments towards the rental costs of the unit.

Resources Available on the Web:

- Tenant Selection and Outreach Plan (Exhibit F to MAUI Agreement)
- Plan for Services (Exhibit G to MAUI Agreement)

SPECIAL INITIATIVES

Approximately forty percent (40%) of the units that benefit from a Trust Fund rental subsidy are connected to a Special Initiative. The Trust Fund has developed Special Initiatives with social service partners that work with targeted special needs populations. This includes assistance for homeless individuals and families, female headed households working with an employment readiness program, people living with HIV/AIDS, and veterans. Through the Trust Fund's Special Initiatives, the applicable social service provider identifies a household that meets the eligibility criteria and refers them to a Property Owner to apply to lease a subsidized unit. The Property Owner may then lease the unit to an income-qualified household that meets the goals of the Special Initiative.

Partner agencies are listed on the Trust Fund's web site, www.chicagotrustfund.org

For units attached to a Special Initiative, the MAUI Agreement requires the Property Owner to notify the social service provider if there is a need for social services or a vacancy in a subsidized unit. The social service provider shall refer eligible households that meet the criteria of the Special Initiative to the Property Owner to fill any vacancies. Eligible households will have been pre-certified by the lead agency in accordance with the household eligibility criteria.

If a Special Initiative unit remains vacant at the end of thirty (30) days, the social service provider shall notify DFSS and the Trust Fund, who will work with the Property Owner to identify a suitable household. The household must still meet the income requirements of the Rental Subsidy Program and may or may not meet the criteria for the Special Initiative. For example, the household identified may meet the criteria of the Homeless Dedicated Initiative or may be eligible for the Families First Initiative.

A Property Owner is not *required* to participate in a Special Initiative to be eligible for MAUI funding, but priority may be given to those applications that propose to dedicate units to a Special Initiative population or partner.

MAXIMUM RENT ALLOWED

The Trust Fund Board of Directors reviews each application for the MAUI Program and approves an agreed rent amount for the units in the MAUI Agreement. The Agreement will specify:

- type of unit (number of bedrooms);
- that rent will include heat to be provided by the Property Owner as part of the rent expense; and
- the monthly rent cost, including the gross rent, the Tenant Contribution, and the rental subsidy amount.

Two indicators to determine the maximum rent for each unit are considered. To be eligible, the proposed rents must satisfy both requirements.

1. Rents must be comparable to rents of other unsubsidized rental units in the immediate community. To be considered comparable, the unit must be of a similar size and condition and with similar amenities. The Trust Fund will consider comparable units in the Trust Fund's portfolio, the cost for rental units in the surrounding community, and the rent rates of other non-subsidized units in the Property.
2. Rents cannot exceed one hundred twenty percent (120%) of the established Fair Market Rent for Chicago as developed by the US Department of Housing & Urban Development and published by the City of Chicago.

The Property Owner will submit a copy of the rent roll for the Property in consideration of the approved gross rent rate and for any budget revisions.

If the rent requested for a unit proposed by the Property Owner exceeds the Fair Market Rent for Chicago or comparable rents for the immediate area, the Property Owner must submit a proposal for the increased rent rate.

Proposed unit rent rates must be approved in advance by the Trust Fund Board of Directors.

Considerations for approval of rent rates may include costs related to amenities such as accessibility features.

HOUSING QUALITY STANDARDS

Pursuant to the Trust Fund's MAUI Agreement, all Properties and subsidized units must meet Housing Quality Standards. The Trust Fund has contracted the services of Globetrotters International, Inc. to complete annual inspections of the Properties and units assisted through the MAUI Program in order to meet the needs of the Trust Fund's growing portfolio. Founded in 1974, Globetrotters is an experienced provider of facility condition assessments.

Inspection steps:

- The Trust Fund staff orders a Housing Quality Standards ("HQS") inspection from the inspection team.
- The inspection team contacts the Property Owner and schedules an inspection of the Property, units participating in the MAUI Program, and the Property systems within thirty (30) days of the request. Should there be a need for an emergency inspection, the inspection team will be asked to assess the unit within five (5) business days. An email or letter is sent confirming the inspection with the self-check inspection list (see below).
- The Property Owner notifies tenant(s) with 48 hours advance notice of the need to access the unit(s) to complete the inspection.
- The inspection team issues an Inspection Results Letter to the Property Owner which identifies deficiencies, if noted.
- If necessary, the Property Owner will be given thirty (30) days to comply with any deficiencies noted in the Housing Quality Standards assessment. Documentation of repairs and responses to the inspection report are submitted to Globetrotters with pictures and/or receipts. Property Owners can seek an extension with a plan for repairs.

For serious health and safety issues, the Property Owner must bring the unit into compliance within seventy-two (72) hours. Failure to meet these standards will cause the MAUI Program rental subsidy to be removed from the unit and if applicable, the Property. In this instance, the tenant will be notified of the opportunity to relocate with the benefit of the subsidy.

- A Letter of Compliance (also known as "Thank You Letter") will be issued to the Property Owner when all Housing Quality Standards have been met.

Self-Inspection Checklist for Housing Quality Standards (HQS) The items listed below are included in the Housing Quality Standards inspection. The Property Owner is strongly encouraged to complete a walk-through of the unit(s) and common areas before the inspection and re-inspection to identify any items that require attention and/or repair.

Inspection Category		Self-Inspection Category
Electrical & HVAC	Electricity	1. Do all fixtures and outlets work (at least 2 outlets / room or one outlet and one light fixture/room)?
		2. Is there lighting in the common hallways and porches?
		3. Are all outlets, light switches and fuse boxes properly covered with no cracks or breaks in the cover plates/doors?
		4. Are light/electrical fixtures securely fastened without any hanging or exposed wires (anywhere the tenant has access)?
		5. Have you arranged for all utilities to be on the day of the inspection?
	HVAC	6. Is there adequate heat in all living spaces?
Plumbing	Bathroom	7. Is toilet securely fastened with no leaks or gaps? Does it flush properly?
		8. Sink – Is there hot and cold running water, proper drainage and no leaks?
		9. Bathtub/shower – Is there hot and cold running water, proper drainage and no leaks?
		10. Is bathroom vented with either an exterior window or exhaust fan?
		11. Are there paper holders and a shower rod installed.
	Kitchen	12. Sink – Is there hot and cold running water, proper drainage and no leaks?
		13. Stove – Is there a hand-operated gas shut-off valve? Stainless steel flexible gas line?
	Other	14. Does hot water tank work?
		15. Does hot water tank have an extension pipe?
		16. Do radiators function with no leaks?
		17. Is bathroom free of any sewer odor or drainage problem?
Interior of Unit	Wall Condition	18. Are walls free of air and moisture leaks? Large holes and cracks?
	Ceiling Condition	19. Are ceilings free of air and moisture leaks? Large holes and cracks?
	Floor Condition	20. Are floors free of weak spots or missing floorboards?
	Cabinetry/Interior Doors	21. Are floors free of tripping hazards from loose flooring or covering? Do closets have hanging rods and shelves?
		22. Are cabinets securely fastened to the wall?
	Security	23. Is there space for food preparation and storage?
		24. Are all doors securely hung?
		25. Is there free and clear access to all exits?
		26. Are there deadbolt locks on entry doors to the unit? Do they open with a key from the outside and a knob/latch from the inside?
		27. Is there working intercom system? Mailboxes with proper locks?
		28. Are entrance and exit solid core doors?
29. Do first floor windows and those opening to a stairway, fire escape or landing have locks?		

Interior of Unit	Health and Safety	30. Is there at least one battery-operated CO detector present and functioning within 15 feet of every room used for sleeping and every source of carbon monoxide, including furnaces and boilers?
		31. Is there a working smoke detector on each level of the unit?
		32. Are smoke detectors installed on walls at least 4" and not more than 12" from ceiling? Are smoke detectors installed on ceilings at least 4" from the wall? Are smoke detectors installed within 15 ft. of each sleeping area?
		33. Is unit free of any evidence of insect or rodent infestation?
		34. Is unit free of any evidence of mold or mildew?
	Appliances	35. Do all burners on the stovetop ignite, does the oven work and are all knobs present?
		36. Does refrigerator/freezer cool properly?
		37. Is refrigerator/freezer large enough for the family occupying the unit?
Exterior of Unit	Windows	38. Is there at least one exterior window in each bedroom and in the living room?
		39. Do windows open, close and lock properly?
		40. Is unit free of any cracked, broken or leaky windows?
	Other	41. Is roof free of leaks?
		42. Are gutters firmly attached?
		43. Are exterior surfaces in a condition to prevent moisture leakage and rodent infestation?
		44. Is chimney secure? Is flue tightly sealed with no gaps?
		45. Is foundation sound?
		46. Are openings around doors and windows weather-tight?
		47. Are sidewalks free of tripping hazards?
Common Areas	Stairways: Interior and Exterior	48. Are all handrails properly secured?
		49. Is a handrail present when there are 4 or more consecutive steps?
		50. Are stairs free of any loose, broken or missing steps?
		51. Are stairways free of any tripping hazards?
		52. Are there proper exit signs?
		53. Are there secure railings on porches, balconies and landings 30" high or higher?
General		54. Is unit free of debris inside and outside of unit?
		55. INTERIOR AND EXTERIOR of units rented to families with children under the age of six: is unit free of any chipping, peeling, flaking, chalking or cracking painted surfaces, including windows, window wells, door frames, walls, ceilings, porches, garages, fences or play equipment?
		56. Are there covered receptacles for disposal of waste?
		57. Is unit clean and ready for move in?

MAUI PROGRAM PROJECT AGREEMENT

The MAUI Agreement is issued when final approval by the Trust Fund Board of Directors is granted and the Property Owner has submitted all application documents, including compliance with Housing Quality Standards, to the Trust Fund.

A successful applicant, following final Board of Directors approval for funding, will enter into a Regulatory Agreement with the Trust Fund, which spells out the rights and responsibilities of both the applicant and the Trust Fund during the term of the commitment. The applicant will agree to restrict tenancy in a specified number of rental units in the development – not to be greater than thirty percent (30%) of the total units in the development – to low-income residents.

The Regulatory Agreement will also address items including (but in no way limited to):

- development of a Tenant Selection and Outreach Plan, detailing, among other things, how prospective low-income tenants are to be located and selected;
- rental rate increase restrictions on MAUI funded units, and the procedures to be followed for requesting a rate increase;
- requirements related to lease terms and provisions;
- policies and procedures regarding the verification of tenant income;
- provisions addressing maintenance responsibilities and building inspections; and
- record-keeping and reporting requirements.

Payments & Reconciliation Reporting

MAUI Operating Reserve Fund payments will be made quarterly, in advance, based on satisfactory submission of all required reporting.

Property Owners must submit the Payment Request Form (Exhibits L-1 and L-2 to the MAUI Agreement). This form should be submitted thirty (30) days in advance of the quarter to assure payment by the 1st day of the quarter.

Property Owners must report to the Trust Fund whenever a change is to occur with a subsidized unit, including move-ins, move-outs and other activities that change the subsidy provided.

Property Owners must submit the Annual Reconciliation (Exhibits M-1 and M-2 to MAUI Agreement) to verify the total amount of subsidies earned for the Property by February 15th of the year following the closing of the MAUI Agreement. The Property Owner can utilize this report to correct overpayments or underpayments during the year by updating the report quarterly.

PARTICIPATING PROPERTY OWNER RESPONSIBILITY

A Property Owner is required to submit the MAUI Agreement with the following required documents:

- Grant Information (Exhibit B to MAUI Agreement).
- Ownership Disclosure Affidavit (notarized Exhibits C-1, and if the Property Owner is a legal entity, C-2, to MAUI Agreement) to verify that the Property Owner has clear title for the Property and is current with utilities, taxes and debt.
- Designation of Authorized Agent (Exhibit E to MAUI Agreement).
- Tenant Selection and Outreach Plan (Exhibit F to MAUI Agreement).
- Plan for Services (Exhibit G to MAUI Agreement).
- Lead Safe Housing Certification (Exhibit H to MAUI Agreement).
- Provide evidence of proper insurance, as required by the MAUI Agreement.

Additionally, the Property Owner must:

- Verify annual income of the household and submit a completed Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement) with proof of income. Income verifications shall be completed annually. Tenant Contributions cannot be paid by the MAUI Program.
- Maintain confidentiality of tenant income and eligibility information.
- Submit to the Trust Fund copies of all leases with Income Qualified Tenants for subsidized units (Exhibit J to MAUI Agreement).
- Provide the tenant with a standard minimum twelve (12) month lease including an attached Rental Assistance lease rider (Exhibit K-1 to MAUI Agreement) and Tenant Bill of Rights lease rider (Exhibit K-2 to MAUI Agreement).
- Adhere to federal and state fair housing and affirmative marketing practices and other applicable federal, state and City of Chicago regulations, including Chicago Building Codes.
- Maintain housing quality for all units and Properties participating in the MAUI Program.
- Report to the Trust Fund whenever a change occurs with the unit. This includes move-outs, move-ins, and other activities that change or affect the MAUI Agreement.
- Notify the Trust Fund whenever there is a change in the Property's compliance within thirty (30) days of occurrence. This includes notices of mortgage default, non-payment of property taxes, and non-payment of essential services including water, gas and electric service to the Property.
- Notify the Trust Fund when the Property Owner receives notice from the Chicago Department of Buildings for Administrative Hearings and/or Housing Court within thirty (30) days and include documentation of compliance.
- Notify the Trust Fund of any impending change in ownership (new owners may apply to the Trust Fund for Assignment of the MAUI Agreement).

Property Owners must submit the Annual Reconciliation (Exhibits M-1 and M-2 to MAUI Agreement) by February 15th of each year of the term of the Agreement and the first year following its termination. Any overpayment(s) of rental subsidies will be withheld from future payments or shall be returned to the Trust Fund within thirty (30) days if requested by the Trust Fund.

Quarterly Submissions:

Property Owners granted an Operating Reserve Fund can submit requests for payment of rental subsidies thirty (30) days prior to the quarter to be paid on the first day of the quarter. Documentation required for the MAUI Agreement must be current for payment to occur. Any changes in the occupancy of the unit that results in an overpayment shall be corrected in the next quarter payment through submission of the Reconciliation report.

Properties that have an executed an Operating Reserve Fund MAUI Agreement shall forward the following documents to the Trust Fund on a quarterly basis:

- Payment Request form (Exhibits L-1 and L-2 to MAUI Agreement).
- Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement) with proof of income and supporting documents for each subsidized unit leased since the date the MAUI Agreement was executed, such as when a tenant moves in to the unit during the quarter or a lease is renewed.
- Executed leases for units where there was a move-in during the quarter or where the lease was renewed during the quarter. Leases must include Tenant Rent Share Rider (Exhibit K-1 to MAUI Agreement) and Tenant Bill of Rights (Exhibit K-2 to MAUI Agreement).
- Evidence of insurance if the policy is renewed mid-year, as applicable.

The recommended submission dates are:

<u>Submission Date</u>	<u>Quarterly Period Covered</u>
December 1	January through March
March 1	April through June
June 1	July through September
September 1	October through December

LEASE AGREEMENT

The lease agreement is between the Property Owner and the tenant. The Trust Fund is not a party in the lease agreement. The lease agreement shall:

- Be no less than one (1) year in length (except in the cases of SRO units and special housing initiatives / programs with a waiver of the one (1) year term requirement, as approved by the Trust Fund);
- Prohibit assignments or subleases for subsidized units;
- Reflect the Maximum Total Rent amount approved by the Trust Fund (Exhibit B to MAUI Agreement);
- Include the Rental Assistance lease rider (Exhibit K-1 to MAUI Agreement) completed with the “Maximum Tenant Portion of Rent” amount, signed by the tenant; and
- Include the Tenant Bill of Rights (Exhibit K-2 to MAUI Agreement).

The Property Owner shall submit annually to the Trust Fund the newly executed lease agreement during the quarter of the renewal. Should there be a change in the tenant income, the Property Owner shall notify the Trust Fund and, if applicable, an adjustment will be made in the Tenant Contribution during the next budget revision and at lease renewal.

The Property Owner manages the lease agreement with the tenant. The Trust Fund is not a party in the lease agreement and therefore has no right to involve itself on either side should there be a dispute between the Property Owner and the tenant.

Resources Available on the Web:

- Tenant Share of Rent (Exhibit K-1 to MAUI Agreement)
- Tenant Bill of Rights (Exhibit K-2 to MAUI Agreement)

OCCUPANCY OF SUBSIDIZED UNITS

After the Trust Fund Board of Directors has approved the subsidy and the Property Owner has submitted all of the necessary paperwork, including a fully executed MAUI Agreement, the Property Owner may begin to lease the subsidized unit(s) to income eligible tenants.

When the Property Owner has a vacant subsidized unit, the Property Owner is permitted to rent the unit to another income-eligible household in accordance with the terms outlined in the MAUI Agreement. The rent rates in the MAUI Agreement are not altered. The Property Owner must identify a tenant or household in the approved income tier (0-15% AMI or 16-30% AMI) and lease to that eligible tenant or household based on the approved rent rate. For example, the MAUI Agreement provides that a 2-bedroom unit for a 16-30% AMI household requires a Tenant Contribution of \$390 per month. The Property Owner screens households with an income in the 16-30% AMI tier and leases to a qualifying household, requiring a Tenant Contribution of \$390 per month.

The Trust Fund will not reimburse the Property Owner for periods when the unit is vacant for more than thirty (30) days.

Income limits are based on the Chicago-Naperville-Joliet, IL HUD Metro Area (HMFA) as adjusted by HUD. Income limits are published annually by the Chicago Department of Planning and Development, and the MAUI Program guidelines are correspondingly adjusted each year upon publication. The maximum income allowance is effective until superseded.

The Trust Fund Board of Directors approves units for participation in the MAUI Program for households at a given income tier (0-15% AMI or 16-30% AMI). The Property Owner leases those units to households in those income tiers. The Tenant Contribution is based on the approved budget.

The Property Owner sets its leasing criteria which may include a rental application, a background check, and screening criteria. The Property Owner elects whether or not to lease to a particular tenant, and the Trust Fund will not advise a Property Owner to lease or refuse to lease to any tenant or household. That decision is strictly a decision of the Property Owner and is governed by the laws of fair housing and the Chicago Residential Landlord and Tenant Ordinance.

BUDGET CHANGES

Changes to the approved budget during the term of the MAUI Agreement are not allowed except in cases where a documented reason is presented to the Trust Fund for consideration. The Property Owner may request approval by the Trust Fund to increase rent for the unit, but the rent may not exceed 120% Fair Market Rent, as published by the US Department of Housing and Urban Development. Rental rates shall not exceed the market in which the building is located.

Requests for a budget change must be submitted to the Trust Fund in writing with supporting documentation regarding the need for the increase and evidence of extraordinary increased costs incurred by the Property Owner in the operation of the unit. Standard increases to rents for housing units in the market place are not replicated in the MAUI Program.

Approval of changes in approved budget (including the gross rent amount, Tenant Contribution, and/or subsidy amount) is at the discretion of the Trust Fund and will be contingent upon funding availability.

Approved budget changes where rent increases shall take effect at the time the lease is renewed.

Budget changes, including rent increases, will be evaluated as to the Tenant Contribution and the share for the subsidy.

Resource:

- Budget Revision Form

TENANT ELIGIBILITY FOR MAUI PROGRAM

Rental subsidies will only be approved for units in the City of Chicago, and only for Extremely Low-Income Households with gross incomes at or below thirty percent (30%) of the AMI. At least fifty percent (50%) of the units allocated will benefit Severely Low-Income households living below fifteen percent (15%) of the area median income (see Income Eligibility).

Household members cannot be a member of the Property Owner's family or the Property Manager's family by blood or marriage.

The household size must fully utilize the unit. The number of persons in the household must be equal-to or greater-than the number of bedrooms in the unit. For example, a household consisting of two persons would not be eligible for occupancy in a 3-bedroom unit. Each individual Property Owner may have additional occupancy requirements applicable to the Property, such as those stated in the Property Owner's financing application for a federal tax credit program. The MAUI Agreement requires that Properties meet Fair Housing guidelines.

The MAUI Program is property-based. The subsidy is connected to a unit and is not transferable to any other Property or unit in the event that a tenant moves.

The MAUI Program requires that the tenant household pay its Tenant Contribution. Household income should be adequate to support the amount of the Tenant Contribution that has been approved for the unit. The Property Owner shall determine through the lease application whether the income is reasonable to meet the requirements of the Tenant Contribution for the unit. The Trust Fund shall not approve or disallow any income or source of income for occupancy, with the exception that Tenants receiving rental assistance under another federal, state, local or private program or organization are not eligible to be assisted under the MAUI Program.

The household must be income eligible for the MAUI Program based on the Maximum Income Guidelines (see page 6). Income eligibility for participation in the MAUI Program will be determined prior to the initial occupancy. The household shall provide to the Property Owner a complete the Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement) with proof of income for all persons living in the unit and for all persons who are included in the lease agreement.

Households determined to be eligible under the MAUI Program will be required to submit updated income information annually, prior to lease renewal, to confirm continuing eligibility under the MAUI Program. Increases in household income may result in an increase in the Tenant Contribution. Decreases in the tenant annual income will not result in a decrease in the Tenant Contribution.

Housing income qualification standards for the MAUI Program are based on the annual gross income of all adult persons in the household. No adjustments will be made to the annual gross income for items such as children, seniors, or other dependents, medical expenses, schooling expenses, etc.

Annual gross income includes actual income earned from assets of the household. The household income calculation does not include the requirement to "impute" a minimum income on assets of the households.

If at the time of recertification of income at the lease renewal the tenant's household income is above thirty percent (30%) of the AMI but below fifty percent (50%) of the AMI as published by the Chicago Department of Planning & Development, the tenant may be eligible for "Transitional Assistance" for a period of one (1) year following the current lease expiration. During Transitional Assistance, the tenant receives one-half (1/2) the benefit of the rental subsidy and pays the Tenant Contribution plus one-half (1/2) of the difference between the full rent on the unit and the Tenant Contribution.

Tenants receiving rental assistance from another federal, state, local or private program or organization are not eligible to be assisted under the MAUI Program.

Existing, non-qualifying tenants in any unit for which a Property Owner wishes to receive the benefit of a subsidy cannot be displaced by approval of the Property Owner's application for participation in the MAUI Program, and the Trust Fund will not provide relocation assistance to such existing, non-qualifying tenants under any circumstance. If an existing tenant is eligible for the MAUI Program and is accepted by the Property Owner as a tenant for a subsidized unit, such tenant will need to terminate the old lease and sign a new lease with a term of no less than one (1) year.

Resource Available on the Web:

- Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement)

TENANT RESPONSIBILITIES & TENANT CONTRIBUTION

The lease agreement is a contractual relationship between the Property Owner and the tenant. The Trust Fund does not prescribe a specific lease agreement and it may vary from Property to Property. The lease agreement shall include the Tenant Contribution (Exhibit K-1 to MAUI Agreement), which the tenant signs as understanding of the tenant's share of rent. The lease agreement shall be for a term of no less than one (1) year, and must prohibit subleases and assignments. The Trust Fund is not a party to the lease agreement.

Although the lease agreement is between the Property Owner and the tenant, it is understood that the household contributes to the peaceful enjoyment of the housing unit and neighborhood. Criminal behavior in the unit is not permitted under the MAUI Program.

The tenant is responsible for paying the Tenant Contribution monthly and on time. The Tenant Contribution is solely the responsibility of the tenant. The lease agreement may include notice of late fees related to the Tenant Contribution, which are the tenant's responsibility.

Leases must include that heat is provided as part of the rent expense, unless there is a waiver approved by the Trust Fund Board of Directors. Waivers are typically only granted when the Property began participating in the MAUI Program early in the MAUI Program history. Since 2007, heat has been required as part of the application process.

Other utilities are the responsibility of the tenant, unless the lease agreement states otherwise. The Trust Fund does not mandate inclusion of electricity, cooking gas, or cable costs as part of a lease agreement, although some Property Owner may elect to include these expenses in rent.

The rental subsidy share of the rent will be paid to the Property Owner by the Trust Fund on a quarterly basis, in advance, when all documentation requirements are met.

The Tenant is responsible for completing the Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement) and providing documentation of income sources. This will include payroll stubs, notices of government benefits, and income from assets. If there is a social service provider that assisted in the completion of the income verification, the social service provider must sign in addition to the Tenant. The tenant will sign the Tenant Income Verification Form and submit it to the Property Owner. The Property Owner must then also sign the Tenant Income Verification Form and submit it to the Trust Fund with the Property Owner's request for payment of rental subsidy.

The Tenant is responsible for complying with the conditions established in the lease and any riders to the lease.

Additional charges or fees, such as security deposits, pet fees, damages, moving fees, late fees, key fees, etc will not be covered by the MAUI Program.

Resources Available on the Web:

- Tenant Share of Rent (Exhibit K-1 to MAUI Agreement)
- Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement)

TENANT INCOME PROCEDURES

Tenants shall submit verification of their eligibility for the MAUI Program by completing the Tenant Income Verification Form annually. The household must submit proof of income for all working adults (over the age of 18) and for all government benefits received from all household members. Household income includes gross earned income, income from assets, and monetary government benefits for all household members at or above the age of 18. Note: Government monetary assistance is the monies granted prior to any deductions including medical benefits.

The information collected will be used to assess tenant eligibility for the MAUI Program and may impact the Tenant Contribution required for the unit.

Documentation requirements:

The Tenant Income Verification Form (Exhibits I-1 and I-2 to MAUI Agreement) must be completed in its entirety for all Trust Fund assisted households. The head of the household must sign the form and submit it to the Property Owner along with proof of income. The proof of income must be provided annually prior to renewing the lease agreement.

The household is responsible for completing Parts II and III of the Tenant Income Verification Form and providing all accompanying documentation. These Parts include the names and demographic information for all adults and children who will be on the lease agreement and who will be residing in the unit. The household will report all earned income, income from assets, and monetary government benefits for all household members and will include documentary proof of income.

Documentation for each income source must be included. The following are examples of appropriate, acceptable forms of documentation:

- Employment pay stub
- Interest or other asset earnings statement
- Government benefits notice, such as Social Security Income statement
- If a Tenant is paid by his or her employer in cash, a notarized letter from the payer / employer must be included. The letter must include the name, address, and phone number of the employer, and must be dated, signed by employer, and include specifics as to the terms of the payments (number of months / weeks / hours). The letter must be notarized.

The Property Owner will review the documentation submitted to determine if the household exceeds the maximum income allowed under the MAUI Program guidelines and as stated on the Tenant Income Verification Form. The Property Owner will sign the Tenant Income Verification Form and submit it to the Trust Fund for review.

In cases where income fluctuates from month to month, the tenant shall provide documentation of income for the last two months and the IRS 1099 for the preceding year. Tenant income will be based on an average of these amounts.

Where there is a social service provider assisting the tenant, the social service provider may work with the tenant to submit the required documentation. It is the tenant's responsibility to provide accurate information to the Property Owner, and it is the Property Owner's responsibility to review and submit the forms to the Trust Fund as documentation of the tenant's eligibility for the MAUI Program.

SOCIAL SERVICE PROVIDER PARTNERSHIPS

For Trust Fund subsidized units that partner with a Social Services Provider, the Property Owner is expected to:

- respond promptly to all communications received from the Services Provider;
- immediately investigate, and promptly correct, unsafe conditions brought to its attention by the Tenant or the Services Provider;
- promptly notify the Service Provider if any of their clients falls behind on rent payments, or if any other situation occurs that threatens Tenant occupancy;
- communicate immediately to the Trust Fund and Services Provider partner any decision to stop participating in the Special Initiative and/or not to renew the Agreement with the Trust Fund; and
- notify the Trust Fund and Services Provider partner at least 30 days in advance of any sale, foreclosure, or other transfer of ownership.

When the Property Owner becomes aware that a subsidized unit is about to become vacant (or is already vacant), it is the Trust Fund's understanding that the Property Owner and the Services Provider will work together to fill that unit in the following ways:

- the Services Provider will be given immediate notification of any anticipated or current vacancy;
- the Property Owner will advise the Services Provider of any tenant selection criteria (such as household income, financial background considerations, tenant rental/legal history);
- the Services Provider will work to identify households that meet the tenant selection plan;
- the Services Provider will have 30 days to find a household meeting the tenant selection criteria;
- the Property Owner will have the unit rent-ready within 30 days of becoming vacant;
- all applications from prospective tenants will be reviewed fairly; and
- the Property Owner will immediately notify the Services Provider if the tenant application is not accepted, and in general terms, let them know why the household was not eligible for the unit.

The Services Provider acts as a resource for the tenant and works toward the goal of achieving economic stability by providing affordable housing. The Services Provider will:

- identify households which meet the requirements of the Special Initiative for application to any vacant Special Initiative unit;
- stay in contact with, and act as a resource for, each tenant in the Special Initiative;
- complete an annual home visit with each of their tenants;
- identify issues faced by the tenant which may impact housing stability;
- connect the household with financial management or other life skills programs;
- respond promptly to all communications from the Property Owner, including requests for assistance with the tenant;
- mediate any disputes between you and the tenant;
- explain to the Property Owner the range of services available from the Services Provider for each household;
- answer any questions the Property Owner has about the range of services available;

- check in with the Property Owner in-person, by phone or by email at least once every three months;
- contact the Property Owner 90 days before each tenant's leases is to expire, to discuss renewal; and
- help the tenant prepare the Tenant Income Verification Form (Exhibits I-1 and I-2) for the lease renewal and ensure those documents are delivered to you no later than 45 days before the lease expires.

The Services Provider is not responsible for:

- screening or selecting your tenants;
- negotiating any lease terms;
- managing your lease agreement with your tenant; or
- paying any portion of the tenant's rent.