

CoC Program Start-Up Training For Fiscal Year 2013 Recipients

Using CoC Program Funds for Housing Assistance

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Continuum of Care 2.0

Leasing and Rental Assistance: Focus on Leasing



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Hello and welcome to the HUD Broadcast on Leasing and Rental Assistance with a focus on Leasing. This presentation will provide information on Leasing under the Continuum of Care Program.

While this broadcast provides a brief introduction on this topic, as always, we encourage you to seek complete information on the CoC Program regulation at 24 CFR 578.

Program Components

- PH - Permanent Housing
 - PSH - Permanent Supportive Housing
 - RRH - Rapid Rehousing
- TH - Transitional Housing
- SSO - Supportive Services Only
- HMIS - Homeless Management Information System
- HP - Homelessness Prevention



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To orient viewers to today's presentation, I'd like to start with a brief review of the program components that can be funded with the CoC Program, and the types of costs that are eligible to be supported within these components.

The CoC Program can be used to fund 5 program components: Permanent Housing, which encompasses both permanent supportive housing and rapid re-housing projects; Transitional Housing; Supportive Services Only; HMIS; and Homelessness Prevention. All CoC-funded projects must fit within the framework of one of these five program components.

Please note that Homeless Prevention is only available to High Performing Communities if they are approved by HUD.

Eligible Costs

- Acquisition, Rehabilitation & New Construction
- Leasing
- Operating
- HMIS
- Rental Assistance
- Supportive Services
- Project Administration



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The CoC Program interim rule also defines the eligible costs, or uses, of CoC Program funding, and the types of costs that are eligible within each program component. Today's conversation is focused on Leasing, one of the eligible cost categories, which can only be used under the permanent supportive housing, transitional housing and supportive services only program components.

Today's Broadcast will cover...

- Overview of Leasing
- Leasing and Occupancy Agreements
- Eligible Leasing Costs
- Leasing Requirements



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This broadcast will discuss leasing and occupancy agreements, eligible leasing costs, and some of the limitations related to leasing.

Definitions of Leasing and Rental Assistance

Leasing:

Leasing of property, or portions of property, not owned by the recipient or project sponsor involved, for use in providing transitional or permanent housing, or providing supportive services.

Rental Assistance:

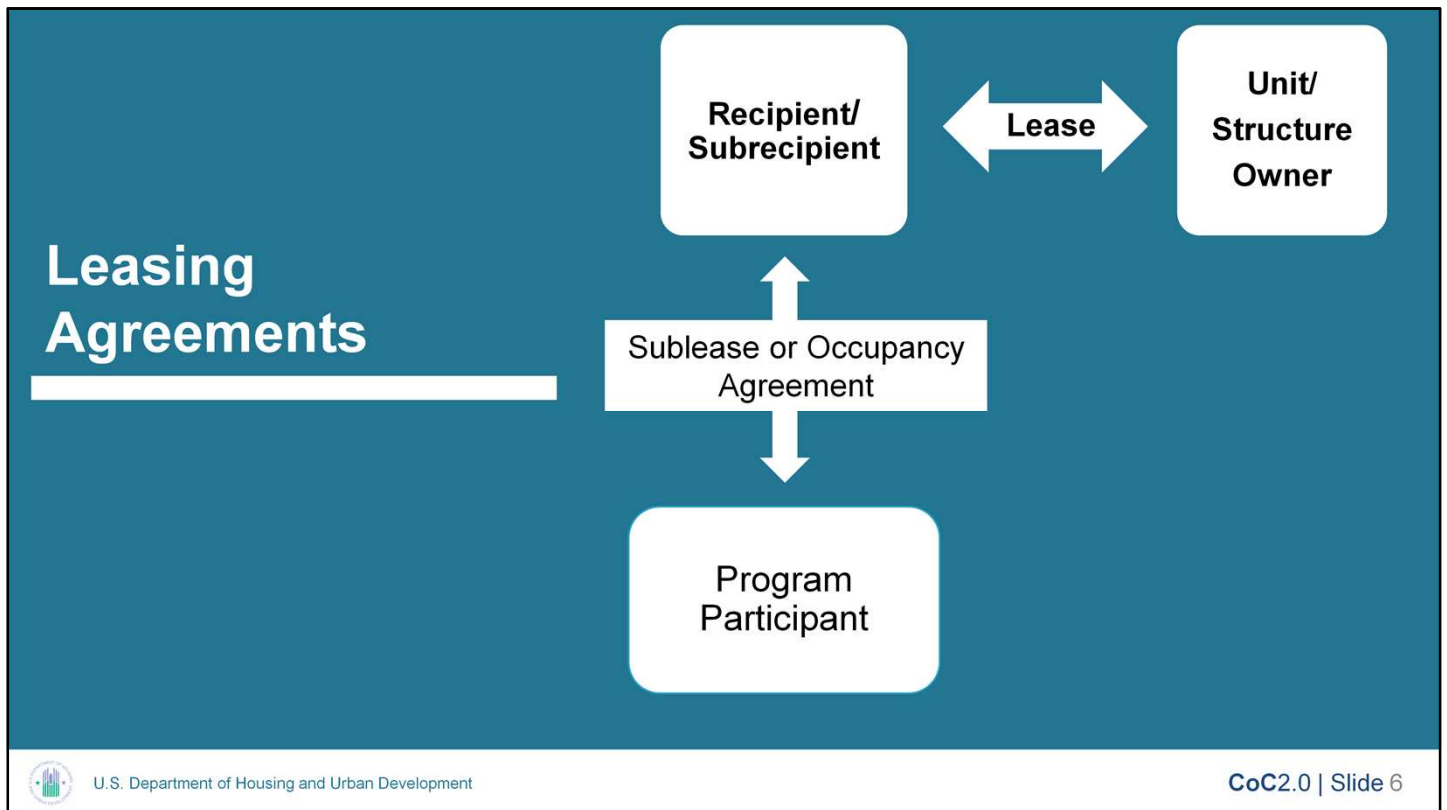
Provision of rental assistance to provide transitional or permanent housing to eligible persons.



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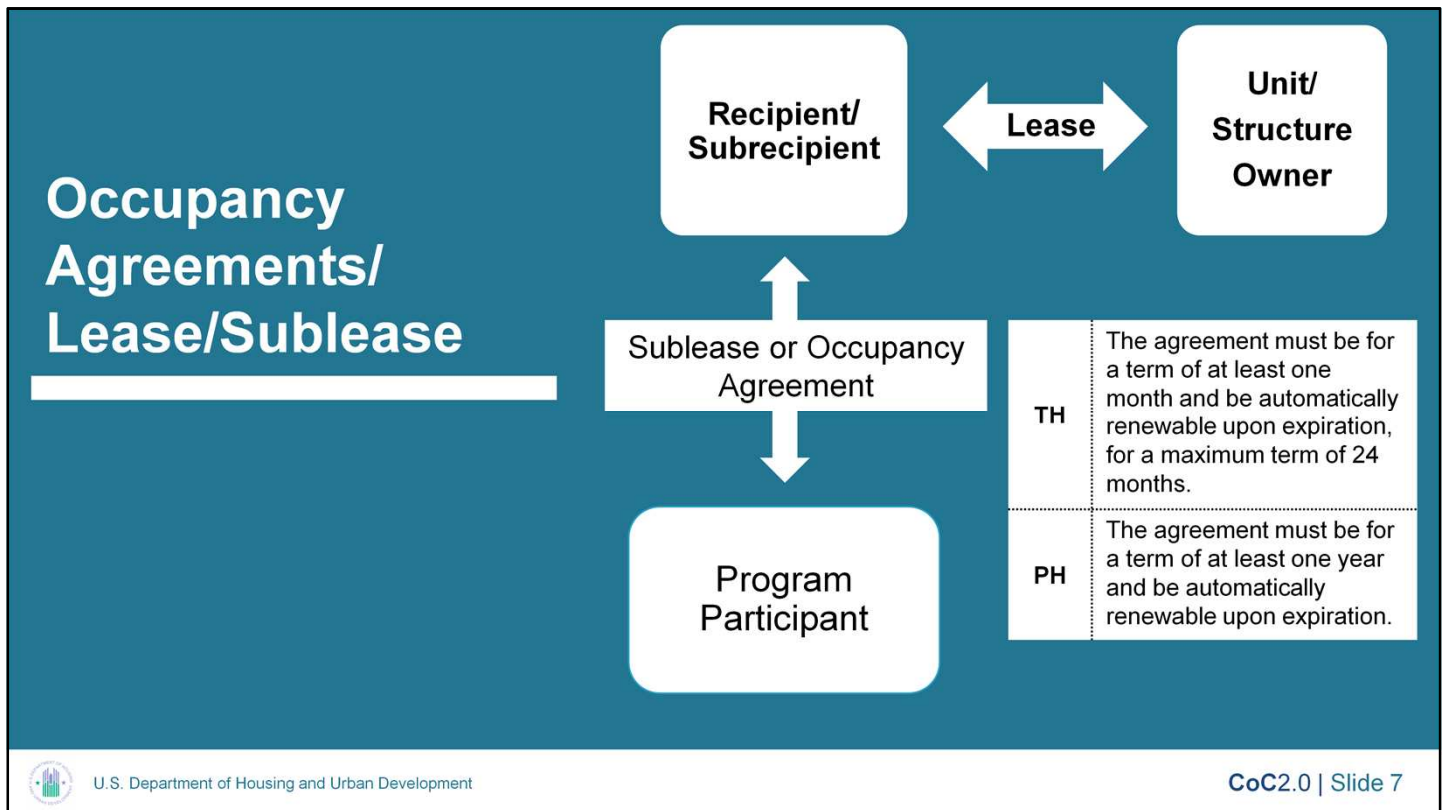
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Because we know there has been some confusion between leasing and rental assistance, let's just take a moment to look at the language in the law for both Leasing and Rental Assistance. If you look at the definitions, you will see that leasing is focused on property, and rental assistance is focused on persons. Leasing means the leasing of property, or portions of property, not owned by the recipient or project sponsor involved, for use in providing transitional or permanent housing, or providing supportive services. Rental assistance means the provision of rental assistance to provide transitional or permanent housing to eligible persons. When we had separate programs, and rental assistance was an eligible cost in Shelter Plus Care, and leasing was an eligible cost in the Supportive Housing Program, it was easy to keep these costs separated. Now that the programs have been combined into one CoC Program, we need to make clear how the distinction between these two eligible costs can be identified.



Many people think of leasing and rental assistance as synonymous; however, leasing as a concept is fundamentally different from rental assistance. In projects that receive leasing, the recipient contracts for the space from a landowner, and therefore is primarily responsible for the housing or office space, if it's being contracted to provide supportive services.

In projects that receive rental assistance, the program participant executes a lease directly with the landowner.



Once the program participant is identified for the housing, the recipient executes an occupancy agreement or sublease with the program participant to formalize the participant's rights in the housing, and to specify program expectations regarding continued occupancy in the housing. Occupancy agreement requirements vary depending on whether the housing is transitional or permanent.

For transitional housing, the agreement must be for a term of at least a month and be automatically renewable upon expiration, for a maximum term of 24 months. For permanent housing, the agreement must be for a term of at least one year and be automatically renewable upon expiration.

Leases may be a new element for some projects. Projects should begin utilizing leases upon attrition. If there is a problem with meeting this requirement, recipients should talk with their local Field Office for guidance. There are also sample leases and occupancy agreements on the OneCPD Resource Exchange.

Eligible Costs - Leasing

Funds may be used to pay up to 100% of the FMR for rent on:

- structure for PSH or TH or for space to provide supportive services for program participants
- individual units to be used for PSH or TH



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Now, let's talk about eligible leasing costs. CoC Program funds may be used to lease a structure to provide permanent housing, transitional housing or stand-alone supportive services. Leasing funds may also be used to pay rent for individual units to be used for transitional or permanent housing.

Leasing Rent Limits for Units

- Rent Reasonableness
- Fair Market Rent (FMR)

Relationship Between FMR and Rent Reasonableness (Scenarios)

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Rent Payment	\$575	\$1,050	\$1,450

Although CoC Program leasing funds cannot pay above the FMR for a unit, recipients and subrecipients can use non-CoC funds to help pay for those housing costs above the FMR.



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Recipients and subrecipients may use leasing funds to pay up to 100% of the cost of rent on a structure, as long as rent amounts are at or below Fair Market Rents and rents are determined reasonable when compared with comparable rent amounts within the community. Rents paid with CoC Program funds for individual units may not ever exceed the FMR; however, recipients and subrecipients are not prohibited from using other funds to pay rent amounts in excess of FMRs, though hopefully that will not be necessary. FMRs are published annually in the Federal Register and are available on HUD's website. The published FMRs are gross rent estimates, and include rent and the cost of necessary utilities (except telephone).

Please take note that in some communities the reasonable rent may exceed the FMR. In these cases, FMR is the ceiling for the amount of CoC Program leasing funds that can be used to rent a unit. Conversely, in some communities the FMR may be higher than the reasonable rent. In these communities, the reasonable rent rate is the ceiling for the amount of CoC Program leasing funds that can be used on a property. Use of CoC Program leasing funds is capped at the lower of rent reasonableness or FMR amounts.

The table on this slide shows three scenarios to illustrate these rules. In the case of the 1-bedroom unit, the reasonable rent has been determined to be \$600. The FMR is \$575. Therefore the recipient can only spend up to \$575 out of its CoC leasing budget. The \$25 difference can be paid from other resources.

Leasing Rent Limits for Structures

- Rent Reasonableness
- No FMR for Structures



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There is no FMR limitation for structures. Recipients will use rent reasonableness to determine the rents for structures. For example, a project might be using leasing costs to pay for leasing a day-care center for homeless participants. As long as the rent for the center is reasonable, leasing funds may be used.

Other Eligible Leasing Costs

- Security deposits
 - Up to two months' rent
- First and/or last month's rent of an individual unit



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In addition to covering direct rent costs, recipients and subrecipients can use leasing funds to pay landlords up to two months rent as a security deposit, or to pay first and/or last month's rent for an individual unit.

While all of these costs were eligible under the Supportive Housing Program previously, the advance payment of last month's rent was considered a supportive services cost to assist people to move from TH to PH (and security deposits were equal to only one-month's rent). Therefore, you may need to move funds between budget line items at the time of renewal to account for this distinction.



Leasing Vacant Units

Recipient or subrecipient may pay rent on vacant units until a new program participant moves in



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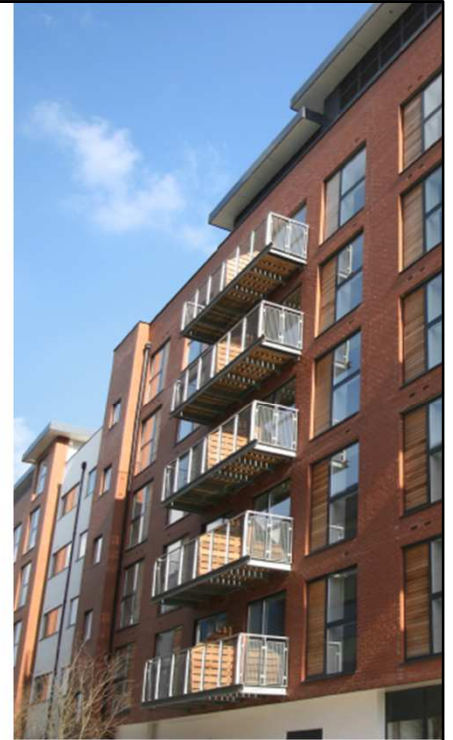
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Many recipients have submitted questions to the CoC Program Virtual Help Desk asking whether vacancy payments are eligible as a leasing cost. The recipient must abide by the terms of the lease. Therefore, if the lease is for a year, then they must pay for a year regardless of whether the unit is occupied. If the lease is written in such a way that it ends when a client leaves, then they may not pay rent when a program participant is not living in the unit. In general, you can pay vacancy payments, but you must be in compliance with the lease agreement.

Since leases are in the recipient or subrecipient's name, the recipient is liable for paying the rent even if a leased unit is unoccupied. Therefore, recipients and subrecipients may continue to pay rent to owners even when vacant until a new program participant moves into the unit.

Limitations on Ownership of Units

- Leasing funds *cannot* be used to lease units or structures owned by the recipient, subrecipient, or their parent, subsidiary or affiliated organization.
- HUD has the authority to grant an exception to the ownership for good cause.



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We'd like to finish the broadcast today with a discussion of some of the other requirements associated with CoC Program leasing funds.

First, leasing funds cannot be used to lease units or structures owned by the recipient, subrecipient, or their parent, subsidiary or affiliated organization. However, HUD has the authority to grant an exception to the ownership clause for good cause, and the way to demonstrate good cause is described in detail in the regulation.

Occupancy Charges

- Imposition of charge is optional, but if recipient or subrecipient chooses to charge an occupancy charge:
- **Must treat all participants the same**
- **Process for determining amount of charge must be clearly outlined**
- **Must follow specific calculation procedures to ensure not overcharged**



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Second, recipients and subrecipients may choose to impose an occupancy charge based on a portion of the program participant's income, but they do not have to. If these charges are imposed, the recipient or subrecipient must:

- Treat all program participants the same;
- Ensure the process for determining the amount is clearly outline; and
- Follow specific calculation procedures to make sure the program participant is not overcharged.

Occupancy Charges

Recipients are not required to charge program participants an occupancy charge. Can choose to impose occupancy charge equal to no more than the highest of:

- 30 percent of the family's monthly adjusted income;
- 10 percent of the family's monthly gross income; or
- The portion of the family's welfare assistance, if any, that is designated for the payment of rent.



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If occupancy charges are imposed, they may not exceed the highest of:

- 30% of the family's monthly adjusted income (adjustment factors include allowances and deductions for disabled household members, medical expenses, childcare expenses, etc.);
- 10% of the family's monthly gross income; or
- Portion of welfare payments specifically designated by the public welfare agency to meet the family's housing costs.

It is important to realize that any occupancy charges collected from program participants are considered program income. As such, these funds must be retained by the recipient or subrecipient, committed to the project, and be used to cover any eligible costs in the CoC Program, not just the costs identified in the project budget.

Program Fees

- Recipients and subrecipients are not allowed to charge program fees
- No fee may be imposed except an occupancy charge



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At its simplest, a program fee is any fee assessed by a recipient or subrecipient other than rent or an occupancy charge. For leasing projects, recipients and subrecipients are not allowed to charge program fees, even if they elect not to impose an occupancy charge.

Some examples of disallowed program fees to program participants would be laundry or cleaning services, child care, transportation, or case management.

This new requirement may require some existing projects to restructure their program policies and project budget. Recipients should work with their local field office to examine projects on a case-by-case basis to ensure compliance with the CoC Program interim rule.

Again, NO other charges can be imposed other than rent or occupancy charge.

Utilities

FMR in each community assumes the inclusion of all necessary utilities (except telephone)

If rent includes utilities:

- CoC Program leasing funds can be used to pay for entire rent of the unit up to the FMR
- If participants are expected to pay for utilities, a utility allowance must be applied to occupancy charge calculation.



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The last point we want to discuss about leasing is how projects should consider and pay for utilities.

Whether or not utilities are included in the rent is a factor in determining the amount that can be paid for rent, and the amount that the participant can contribute towards the occupancy charge. The FMR in each community assumes the inclusion of all necessary utilities, except telephone.

It is the expectation that owners charging a unit rent equal to the FMR would include utilities in the rent. In this case, the recipient/subrecipient can use leasing funds to pay the entire rent for that unit and may also choose to charge program participants an occupancy charge.

Utilities

FMR in each community assumes the inclusion of all necessary utilities (except telephone)

If rent does not include utilities:

- Leasing funds cannot be used to pay for utilities
- Participants can be required to pay for the utilities
- A utility allowance must be provided when calculating occupancy charges
- CoC Program operating funds may be used to pay for utilities that are not included in rent



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If the recipient leases a structure or unit that **does not include utilities in the rent**, the recipient cannot pay for these utilities out of its leasing budget. The recipient/subrecipient can require the program participants to pay for the utilities, and provide a utility allowance when calculating the participant occupancy charge.

Alternatively, the recipient/subrecipient could use CoC Program operating funds or other sources to pay the utilities. In the case when a recipient is leasing space to deliver supportive services, utilities are eligible as a supportive services cost because they are part of the cost associated with delivering the services.

Leasing

LEASING	
Eligible Cost for CoC Program Component	<ul style="list-style-type: none"> • Transitional Housing • Permanent Housing: PSH • Supportive Services
Model of Assistance	<ul style="list-style-type: none"> • Leasing structures, portion of buildings, or individual units
Length of assistance	<ul style="list-style-type: none"> • TH: up to 24 months • PH: no limit
Who leases the units	Lease between recipient/subrecipient and owner. Sublease or occupancy agreement with program participant
Unit rent	May not exceed rent reasonableness amount or FMR, whichever is lower
Vacancy payment	No, but can pay rent until a new participant moves in
Security deposits	Up to equivalent of 2 months of rent
Last month's rent	Up to equivalent of 1 month of rent. Advanced payment allowed
Property Damage	No



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To ensure that all viewers are clear on the key opportunities and requirements of leasing, we'd like to close by summarizing the key features of leasing.

- Leasing is an eligible cost under Transitional Housing, Permanent Housing including Permanent Supportive Housing and Supportive Services Only.
- In leasing, the recipient leases the unit or structure.
- The CoC Program-funded portion of the rent is capped at the lower of FMR or rent reasonableness rates.
- In leasing, recipients may continue to make leasing payments on behalf of a program participant that is institutionalized for a brief period, not to exceed 90 days for each occurrence.
- Leasing funds may be used to fund security deposits and last month's rent, but not property damage.



How to ask questions to HUD

You can obtain additional information or assistance by going to [OneCPD Resource Exchange](#) and searching the [Resource Library](#), checking out [Training & Events and News](#), using [Ask a Question](#) or [requesting technical assistance](#).



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Thank you for attending today's broadcast on Leasing and Rental Assistance with a focus on leasing. This broadcast provided information on leasing and occupancy agreements, eligible costs and limitations related to leasing. Please refer to the related leasing and rental assistance training materials that are provided on the HUD Homelessness Resource Exchange and the OneCPD Resource Exchange. In the event that you have a specific question, please contact your Field Office or submit a question to the Ask-A-Question section of www.oneCPD.info

As a reminder, this broadcast provided a brief introduction on this topic, as always, we encourage you to seek complete information on the CoC Program regulation at 24 CFR 578.



Thank you.

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Overview of Leasing

Overview of Leasing	
Eligible Cost for CoC Program Component	<ul style="list-style-type: none"> • Permanent Housing: Permanent Supportive Housing (PSH) • Transitional Housing (TH) • Supportive Services Only (SSO)
Model of Assistance	<ul style="list-style-type: none"> • Leasing structures, portions of buildings, or individual units
Length of Assistance	<ul style="list-style-type: none"> • TH: up to 24 months • PH: no limit
Who Leases the Unit	<ul style="list-style-type: none"> • Lease is between recipient/subrecipient and owner. Sublease or occupancy agreement with program participant
Unit Rent	<ul style="list-style-type: none"> • May not exceed rent reasonableness amount or FMR, whichever is lower
Vacancy Payment	<ul style="list-style-type: none"> • No, but can pay rent until a new program participant moves in
Security Deposits	<ul style="list-style-type: none"> • Up to the equivalent of 2 months rent
Last Month's Rent	<ul style="list-style-type: none"> • Up to the equivalent of 1 month rent. Advanced payment allowed
Property Damage	<ul style="list-style-type: none"> • No



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Leasing and Rental Assistance: Focus on Rental Assistance



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Hello and welcome to the HUD Broadcast on Leasing and Rental Assistance with a focus on rental assistance. This presentation will provide information on rental assistance under the Continuum of Care Program.

While this broadcast provides a brief introduction on this topic, as always, we encourage you to seek complete information on the CoC Program regulation at 24 CFR 578.

Program Components

- PH - Permanent Housing
 - PSH - Permanent Supportive Housing
 - RRH - Rapid Rehousing
- TH - Transitional Housing
- SSO - Supportive Services Only
- HMIS - Homeless Management Information System
- HP - Homelessness Prevention



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To orient viewers to today's presentation, I'd like to start with a brief review of the program components that can be funded with the CoC Program, and the types of costs that are eligible to be supported within these components.

The CoC Program can be used to fund 5 program components: Permanent Housing, which encompasses both permanent supportive housing and rapid rehousing projects; Transitional Housing; Supportive Services Only; HMIS; and Homelessness Prevention. All CoC-funded projects must fit within the framework of one of these five program components.

Please note that Homeless Prevention is only available to CoCs that are approved by HUD as High Performing Communities.

Eligible Costs

- Acquisition, Rehabilitation & New Construction
- Leasing
- Operating
- HMIS
- Rental Assistance
- Supportive Services
- Project Administration



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The CoC Program interim rule also defines the eligible costs, or uses, of CoC Program funding, and the types of costs that are eligible within each program component. Today's conversation is focused on Rental Assistance, one of the eligible cost categories, which can be funded under the permanent housing, transitional housing, and homeless prevention program components.

Today's Broadcast will cover...

- Overview of Rental Assistance
- Rental Assistance Models
- Leasing Arrangements
- Eligible Rental Assistance Costs
- Rental Assistance Administration



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We'll start with an overview of rental assistance and the models of rental assistance allowed under the CoC Program. Then we'll talk about the leasing arrangements and requirements associated with each model. Finally, we'll discuss the eligible rental assistance costs and some additional requirements associated with providing rental assistance.

Definitions of Leasing and Rental Assistance

Leasing:

Leasing of property, or portions of property, not owned by the recipient or project sponsor involved, for use in providing transitional or permanent housing, or providing supportive services.

Rental Assistance:

Provision of rental assistance to provide transitional or permanent housing to eligible persons.



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Because we know there has been some confusion between leasing and rental assistance, let's just take a moment to look at the language in the law for both Leasing and Rental Assistance. If you look at the definitions, you will see that leasing is focused on property, and rental assistance is focused on persons. Leasing means the leasing of property, or portions of property, not owned by the recipient or project sponsor involved, for use in providing transitional or permanent housing, or providing supportive services. Rental assistance means the provision of rental assistance to provide transitional or permanent housing to eligible persons. When we had separate programs, and rental assistance was an eligible cost in Shelter Plus Care, and leasing was an eligible cost in the Supportive Housing Program, it was easy to keep these costs separated. Now that the programs have been combined into one program, we need to make clear how the distinction between these two eligible costs can be identified.

Rental assistance in the CoC Program is calculated by multiplying the number of contracted units, the FMR for the CoC's geographic area, and the number of months in the grant term.

Eligible Costs – Rental Assistance

Funds to pay
part of the
rent for a unit
in which a
homeless
person will
reside

Assistance may be:
short- (up to 3
months),
medium- (4-24
months) or
long- (>24 months)
term assistance.

Assistance may be
tenant-based, project-
based or sponsor-
based



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Through rental assistance, recipients and subrecipients help make housing affordable for program participants. The recipient uses CoC Program funds to pay the difference between the contract rent of a unit and the participant's contribution toward rent.

Rental assistance may be provided for different lengths and provided through different models. In the next few slides, we'll present the options allowable under the CoC Program.

Length of Assistance

Short-term

- Up to 3 months of assistance (PH: RRH, TH & HP)

Medium-term

- 4 to 24 months of assistance (PH: RRH, TH & HP)

Long-term

- More than 24 months of assistance (PH:PSH ONLY)



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Rental assistance can be provided to program participants for varying lengths.

Short-term assistance can fund up to 3 months of rental assistance

Medium-term can fund 4 to 24 months of rental assistance, and

Long-term can fund more than 24 months of rent, but only under Permanent Housing for the permanent supportive housing program component

Projects funded under the Homelessness Prevention, Transitional Housing and program components may only administer short- or medium-term rental assistance.

Different Models of Rental Assistance

- Tenant-based (TBRA)
- Sponsor-based (SBRA)
- Project-based (PBRA)



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CoC Program rental assistance funds can be used to assist individuals and families who are homeless through three different models:

- tenant-based rental assistance;
- sponsor-based rental assistance; and
- project-based rental assistance.

Let's briefly walk through each, because they have slightly different requirements and you'll need to be sure to select the appropriate option for your project.

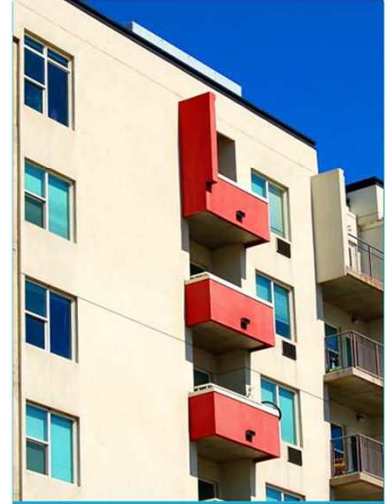
Tenant-based Rental Assistance

Rental Assistance follows the program participant.

Participant locates housing of their choice



If Participant moves, they can take rental assistance to a new unit



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Through the tenant-based rental assistance model, program participants locate housing of their choice in the private rental market. If the participant later moves to another unit, he/she can take the rental assistance and use it in that new unit. Rapid re-housing projects must use a tenant-based rental assistance model.

Although TBRA program participants have the ability to move and retain the rental assistance, recipients administering TBRA may limit where participants may live if it is necessary to facilitate the coordination of supportive services. Recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area within their geographic area for the remainder of the period of participation.

Sponsor-based Rental Assistance

Rental Assistance stays with the sponsor/unit.

Recipient contracts with Sponsor who locates and rents housing units



Sponsor then subleases the units to participants

If the program participant moves out of the unit, the sponsor can then sublease it to the next eligible participant



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Sponsor-based rental assistance uses sponsor agencies to locate and rent housing units in the private market and then sublease these units to people who are homeless. Sponsors may be private, non-profit organizations or community mental health agencies established as a public non-profit organization.

In this model, a sponsor agency owns units or leases units and then subleases the unit to a program participant. Units that receive sponsor-based rental assistance can be owned or leased by the recipient, sub recipient, or private owner in the community.

If the program participant moves out of the unit, the sponsor can then sublease it to the next eligible participant. Or the sponsor can elect to continue SBRA to support the participant in his new unit, or the sponsor can locate another unit in the community and then sublet that unit to the same or a different eligible program participant. The decision is up to the sponsor because the rental assistance stays with the sponsor.

We recognize that sponsor-based rental assistance looks similar to leasing, but keep in mind some major differences: the amount of rent paid to the owner is capped at rent reasonableness; program participants must pay their portion of the rent; and the vacancy requirements differ from leasing. For new rental assistance projects awarded in the CoC Program, applicants should consider these elements in the development of their program design.

Project-based Rental Assistance

Rental Assistance stays with the unit.

Recipient contracts with building owner



Owner agrees to lease the subsidized units to program participants



If the program participant moves out of the unit, the unit is rented to another eligible participant



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Rental assistance provided through the project-based rental assistance (PBRA) model is provided through a contract with the owner of a building who agrees to lease the subsidized units to program participants.

With this model, the program participant does not retain rental assistance if they move. Rather, the unit would be rented to another eligible participant that would benefit from the PBRA.

Lease Arrangements

Tenant-based and Project-based Leases



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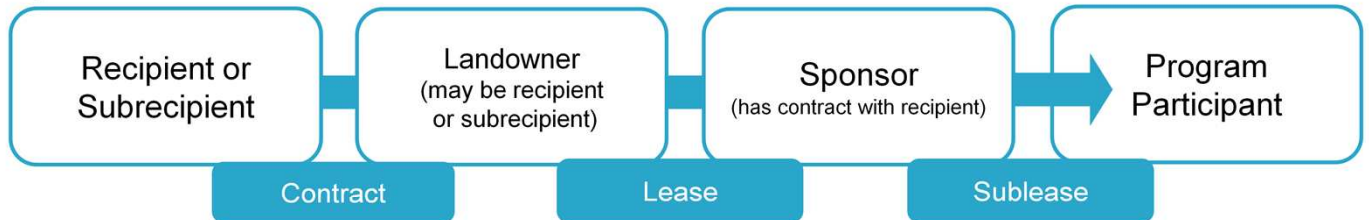
A key component in CoC rental assistance is the requirement that all participants have signed leases with landowners.

These leases may vary in length and standards depending on whether the housing is transitional or permanent. For transitional housing, the agreement must be for a term of at least a month, automatically renewable upon expiration, for a maximum term of 24 months.

For permanent housing, the agreement must be for a term of at least one year and be automatically renewable upon expiration.

Lease Arrangements

Sponsor-based Leases



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Sponsor-Based Rental Assistance is provided through a contract between the recipient and the sponsor. The lease is between the recipient and the landowner, and the sublease is between the program participant and the sponsor.

Rental Assistance Rent Limits

- Rent Reasonableness
- Fair Market Rent (FMR)

Relationship Between FMR and Rent Reasonableness (Scenarios)

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Maximum Allowable Contract Rent	\$600	\$1,050	\$1,450

Unit rents can exceed FMR but must **NOT** exceed Rent Reasonableness



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Now, we'd like to discuss eligible rental assistance costs. Recipients and subrecipients may only pay rents for units whose rent has been determined to be reasonable when compared to rents in the community; therefore a recipient must conduct a rent reasonable review before the program participant or sponsor rents a unit.

Though rental assistance awards are calculated based on Fair Market Rent amounts for the applicable unit sizes, a recipient or subrecipient is allowed to pay rents up to the rent reasonable amount even if this is higher than the FMR. If rent reasonableness rates are lower than FMR, the maximum allowable contract rent amount is still capped at rent reasonableness rates, as shown in the table on the screen.

What is a rent reasonableness review?

This review determines whether the rent to the owner is a reasonable rent in comparison to the rent for the comparable unassisted units. Things to consider include:

- *Location, quality, size, unit type, and age of unit*
- *Amenities, housing services, maintenance, and utilities the owner must provide.*

If the recipient pays rent beyond FMR levels for some units in a project, they must ensure they have sufficient funding - such as program participant rent contributions or lower rents in other areas of the community- to serve the contracted number of program participants for the remainder of the grant term.

Rental Assistance

funds can pay for...

- Unit rent
- First and/or last month's rent
- Security Deposits (up to 2 months rent)
- Property damages (up to one month) – Not RRH
- Vacancy payments (up to 30 days)
- Staff costs carrying out eligible activities



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In addition to paying the rent, recipients or subrecipients may use up to two months of rent to pay a security deposit to an owner. An advance payment of the last month's rent may be provided to the landlord in addition to the security deposit and payment of the first month's rent.

Recipients may also choose to use rental assistance funds to provide vacancy payments to landlords participating in the program. Vacancy payments can be provided if the unit is vacated before the end of the lease. In this situation, rental assistance may continue for a maximum of 30 days from the end of the month in which the unit is vacated unless occupied by another eligible person. This policy is intended to allow grantees time to engage another person who is homeless to move into the unit without losing the participation of the landlord.

The recipient can also cover up to one month's rent for property damages, but this is limited to one time per participant. Finally, staff time delivering rental assistance such as contracting for the units or inspecting the units, can be covered by rental assistance funds.

Definition of Administering Rental Assistance

Administering rental assistance in the CoC Program is ...

- Contracting for and making rental assistance payments to the landlord/landowner
- Conducting the Housing Quality Inspections (HQS)
- The costs of administering the rental assistance are considered service delivery costs of rental assistance and are eligible in the CoC Program as rental assistance costs



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Administering rental assistance in the CoC Program is:

Contracting for and making rental assistance payments to the landlord/landowner;

Conducting the Housing Quality Inspections (HQS)

*The costs of administering the rental assistance are considered service delivery costs of rental assistance and are **eligible** in the CoC Program rental assistance.

Rental Assistance Administration

- CoC Program rental assistance (RA) funds must be administered by a State, unit of local government, or Public Housing Agency (PHA).
- Under the CoC Program, non-profits CAN apply for RA funding but CANNOT administer it.



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On the topic of administering the rental assistance, it is important to understand that the CoC Program interim rule AND the McKinney-Vento Act amended by the HEARTH limit the role of rental assistance administration to a State, unit of local government, or Public Housing Agency (PHA). Eligible non-profit applicants are eligible to apply for and receive CoC program funds for rental assistance, but they must then contract with an entity that is eligible to administer the rental assistance.

Rental Assistance—Participant Rent

Rent must be charged and be equal to the highest of:

- 30 percent of family's monthly adjusted income;
- 10 percent of family's monthly gross income; or
- The portion of the family's welfare assistance, if any, that is designated for the payment of rent.

Program Participants Are Required to Pay Rent (except when receiving rapid re-housing assistance).



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Program participants are required to pay a portion of their rent if they are receiving CoC Program rental assistance, unless they have no income at all. In permanent supportive housing and transitional housing projects, the program participant's rent contribution **must be equal to the highest of:**

- 30% of the family's monthly adjusted income (adjustment factors include allowances and deductions for disabled household members, medical expenses, childcare expenses, etc.);
- 10% of the family's monthly gross income; or
- Portion of welfare payments specifically designated by the public welfare agency to meet the family's housing costs.

Thus, the rental assistance administrator must assess each program participant's income in order to calculate the program participant's rent contribution and to determine the amount the recipient must pay toward rent. If the participant is required to pay for utilities, then a utility allowance must be factored into the rent calculation determination.

How is Rapid Re-housing Different?

In rapid re-housing projects, the CoC must work with the ESG recipients within its geographic area to determine written standards for determining the amount or percentage of rental assistance that the program participant may receive and the maximum number of months of rental assistance permissible, and/or the maximum number of times that a program participant may receive rental assistance. The written standards must also identify whether program participants are required to share in the costs of rent and if so, the amount or percentage of rent that each program participant must pay.

Please recognize that these written standards should be CoC-wide standards, not project-specific standard.

Program Fees

- Recipients and subrecipients are not allowed to charge program fees
- No fee may be imposed on program participants except rent



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At its simplest, a program fee is any fee assessed by a recipient or subrecipient other than rent or an occupancy charge. Recipients and subrecipients are not allowed to charge program fees.

Some examples of disallowed program fees to program participants would be laundry or cleaning services, child care, transportation, or case management.

This new requirement may require some existing projects to restructure their program policies and budget. Recipients should work with their local field office to examine projects on a case-by-case basis to ensure compliance with the CoC Program interim rule.

Again, NO other charges can be imposed other than rent.

It is important to note that projects with rental assistance must charge rent. Projects that receive other type of assistance such as leasing, may choose to impose an occupancy charge.

Grant Savings

- Projects receiving funds for rental assistance projects may have funds remaining after paying rent.
- When there are funds remaining, the project may:
 - Serve more participants
 - Cover the costs of rent increases, if reasonable



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Because the rental assistance award amount is calculated based on FMR without factoring in program participant rent contributions, projects with rental assistance may have funds remaining after paying rent and other eligible activities. When rental assistance funds are remaining, a recipient may serve more participants or may use excess rents to cover rent increases, as long as the unit rent still meets rent reasonableness standards.

Our office receives this question often: Do projects that serve more people get funded for the higher number of program participants at the time of grant renewal?

The answer is that the renewal grant amount is based on the number of units identified in the grant agreement, even if additional persons are being served through grant savings.

Key Requirements: Rental Assistance

RENTAL ASSISTANCE	
Eligible Cost for CoC Program Component	<ul style="list-style-type: none"> • Transitional Housing • Permanent Housing: PSH and RRH • Homelessness Prevention
Model of Assistance	<ul style="list-style-type: none"> • Tenant-based rental assistance • Sponsor-based rental assistance • Project-based rental assistance
Length of assistance	Short-term (up to 3 months); medium-term (3-24 months), and long-term (longer than 24 months)
Unit rent	Awarded at FMR, but <u>capped</u> at rent reasonableness
Vacancy payment	May pay rent for a maximum of 30 days from the end of the month in which the unit was vacated
Who leases the units	Lease is between participant and owner. For SBRA, sublease between participant and recipient, lease between recipient and owner.
Security deposits	Up to equivalent of 2 months of rent
Last month's rent	Up to equivalent of 1 month of rent. Advanced payment allowed
Property Damage	Up to equivalent of 1 month of rent to pay for any damage



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To ensure that all viewers are clear on the key opportunities and requirements of rental assistance, we'd like to close by summarizing the key features of Rental Assistance.

- Rental assistance is an eligible cost under transitional housing, permanent housing including permanent supportive housing and rapid re-housing, and homeless prevention program components.
- In rental assistance, the program participant generally executes the lease.
- Rental assistance can only be used in units that meet rent reasonableness rates.
- Recipients may continue to make rental payments on behalf of a program participant that is institutionalized for a brief period, not to exceed 90 days for each occurrence. Rental assistance may only be paid on a vacant unit for the month following the program participant's departure from the unit.
- Rental assistance may be used to fund security deposits, last month's rent, and to cover property damage.



How to ask questions to HUD

You can obtain additional information or assistance by going to [OneCPD Resource Exchange](#) and searching the [Resource Library](#), checking out [Training & Events and News](#), using [Ask a Question](#) or [requesting technical assistance](#).



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Thank you for attending today's broadcast on Leasing and Rental Assistance with a focus on rental assistance. This broadcast provided information on the models of rental assistance allowed under the CoC Program, leasing arrangements and requirements associated with each model. Please refer to the related leasing and rental assistance training materials that are provided on the OneCPD Resource Exchange. In the event that you have a specific question, please contact your Field Office or submit a question to the Ask-a-question section of www.oneCPD.info

As a reminder, this broadcast provided a brief introduction on this topic, as always, we encourage you to seek complete information on the CoC Program regulation at 24 CFR 578.



Thank you.

Continuum of Care 2.0



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Video 11: Rental Assistance Administration

Ebony Rankin





Administering Rental Assistance

- **Permanent housing** projects are no longer required to use a state, local government, or public housing agency (PHA) to administer the rental assistance for their permanent housing projects.
 - Applies to CoC PH programs funded in FY 2012, FY 2013, and FY 2014

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The Consolidated Appropriations Act of 2014, enacted by Congress on January 15, 2014, amended Section 423 of the McKinney-Vento Act to include language permitting nonprofit organizations to administer rental assistance for permanent housing funded with FY 2012, FY 2013, and FY 2014 Continuum of Care (CoC) Program funds. Therefore, recipients of CoC Program funding in these fiscal years for rental assistance in **permanent housing** projects are no longer required to use a State, local government, or public housing agency (PHA) to administer the rental assistance for their permanent housing projects. Nonprofit organizations may begin administering the rental assistance for permanent housing effective immediately and are not required to use a State, local government, or PHA to administer that rental assistance.




Administering Rental Assistance (cont.)

- **Transitional housing** projects are still required to have a State, local government, or PHA administer the rental assistance.
 - If an eligible entity cannot be identified, recipient may submit a waiver request to the HUD field office explaining the hardship, with reference to 24 CFR 578.51(b) of the CoC Program interim rule.
- Recipients must be in compliance with leasing if they chose not to make the switch, even with the legislative fix.

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However, recipients of FY 2012, FY 2013, and FY 2014 CoC Program funds for rental assistance in **transitional housing** are still required to have a State, local government, or PHA administer the rental assistance in their transitional housing projects. This is because the requirement for these entities to administer the rental assistance is based on the CoC Program interim rule. If recipients of funds for rental assistance in transitional housing intend to have a nonprofit administer the rental assistance, they must submit a waiver request to the HUD field office and provide an explanation of the hardship it faces in identifying and/or using a State, local government, or PHA to administer the rental assistance.



What are Rental Assistance Administrative Costs?



Rental Assistance Includes:

- Processing rental payments to landlords;
- Examining participant income and family composition;
- Providing housing information and assistance;
- Inspecting units for compliance with housing quality standards
- Receiving new participants into the program

Expenses can be paid by:

- Using matching funds
- If the project is not 100 percent leased, rental assistance funds may be used
- Or if the project is 100 percent leased but the project is paying at below FMR rates, then it may use the excess.

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Rental assistance in the CoC Program not only includes the payment of rent for program participants, but also includes:

- processing rental payments to landlords/landowners;
- examining program participant income and family composition;
- providing housing information and assistance;
- inspecting units for compliance with housing quality standards; and
- receiving new program participants into a program.

HUD is aware that the CoC Program interim rule omitted mention of the costs of administering rental assistance that were eligible costs under the Shelter Plus Care program. HUD intends to correct this in the CoC Program Final Rule. However, until the correction is part of the CoC Program Final Rule, recipients will must use one of the following methods to continue to pay for the costs of administering rental assistance that were eligible under Shelter Plus Care:

- Use the matching funds, or
- If the project is not 100 percent leased, rental assistance funds may be used, or
- If the project is 100 percent leased, but the project is paying at below FMR rates or savings are realized due to program participant rental contributions, then it may use the excess.

Overview of Rental Assistance

Overview of Rental Assistance	
Eligible Cost for CoC Program Component	<ul style="list-style-type: none"> • Permanent Housing: Permanent Supportive Housing (PSH) • Permanent Housing: Rapid Re-housing (RRH) • Transitional Housing (TH) • Homelessness Prevention (HP)
Model of Assistance	<ul style="list-style-type: none"> • Tenant-based rental assistance (TBRA) • Sponsor-based rental assistance (SBRA) • Project-based rental assistance (PBRA)
Length of Assistance	<ul style="list-style-type: none"> • Short-term (up to 3 months) • Medium term (4-24 months) • Long-term (longer than 24 months)
Who Leases the Unit	<ul style="list-style-type: none"> • Lease is between program participant and owner. For SBRA, sublease is between program participant, and lease is between recipient and owner
Unit Rent	<ul style="list-style-type: none"> • Awarded at FMR, but capped at rent reasonableness
Vacancy Payment	<ul style="list-style-type: none"> • May pay rent for a maximum of 30 days from the end of the month in which the unit was vacated
Security Deposits	<ul style="list-style-type: none"> • Up to the equivalent of 2 months of rent
Last Month's Rent	<ul style="list-style-type: none"> • Up to the equivalent of 1 month of rent. Advanced payment allowed
Property Damage	<ul style="list-style-type: none"> • Up to the equivalent of 1 month of rent for any damage



Video 12: Unit Rent Limits and Program Participant Contributions

Ebony Rankin





Rent Reasonableness

- All units assisted with federal funds must meet rent reasonableness standards to ensure that:
 - A fair rent is being charged for those units receiving payments under the program; and
 - The program does not have the effect of inflating rents in the community
- A “reasonable” rent is a rent that is comparable to other units in similar locations and similar size and which offer similar amenities
- Units assisted with CoC Program RA funds must have a total gross rent (contract rent including utilities or contract rent plus a utility allowance) for the unit that is reasonable

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Recipients and subrecipients may only pay rents for units whose rent has been determined to be reasonable when compared to rents in the community. Recipients must conduct a rent reasonable review before initially renting any unit. This review determines whether the rent to the owner is a reasonable rent in comparison to the rent for the comparable unassisted units. Things to consider include:

Location, quality, size, unit type, and age of unit

Amenities, housing services, maintenance, and utilities the owner provides.

Gross rents for units assisted with CoC Program rental assistance funds cannot exceed reasonable rents.



RA Unit Rent Limit - Example

Unit rents can exceed FMR
but must meet Rent
Reasonableness

Relationship Between FMR and Rent Reasonableness (Scenarios)			
	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Payment with CoC Program Rental Assistance Funds	\$600	\$1,050	\$1,450

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This slide provides three examples that demonstrate the relationship between the reasonable rent and the FMR for projects with rental assistance funds. For these projects, rent reasonableness is the standard. Unit rents that exceed FMR can be assisted but only if the rent is reasonable.



Leasing Unit Rent Limit - Example

Although CoC Program leasing funds cannot pay above the FMR for a unit, recipients and subrecipients can use non-CoC Program funds to pay for housing costs above the FMR.

Relationship Between FMR and Rent Reasonableness (Scenarios)			
	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Payment with CoC Program Leasing Funds	\$575	\$1,050	\$1,450

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Projects with leasing funds have different requirements for unit rents. For these projects, CoC Program leasing funds cannot pay above FMR, even if the rent is reasonable. However, recipients and subrecipients can use non-CoC Program funds to pay for housing costs above the FMR, up to the reasonable rent. This slide provides three examples that demonstrate the relationship between the reasonable rent and the FMR for projects with leasing funds.



Rent – Rental Assistance

Program Participant Contributions Are Required for Rental Assistance (except Rapid Re-housing)

- Rent must be charged and must equal the highest of:
 - 30 percent of the family's monthly adjusted income;
 - 10 percent of the family's monthly gross income; or
 - The portion of the family's welfare assistance, if any, that is designated for housing costs.

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For projects using rental assistance funds to rent units and pay a portion of the rent on behalf of the program participant, recipients and subrecipients must require a rent contribution from program participants to the landowner/landlord. The rent contribution must equal the highest of:
30 percent of the family's monthly adjusted income; or
10 percent of the family's monthly gross income; or
The portion of welfare payments specifically designated by the public welfare agency to meet the family's housing costs.
If the program participant is required to pay for utilities, then a utility allowance must be factored into the rent calculation determination.



Occupancy Charges

Program participants in housing assisted with funds that is not rental assistance may be required to pay an occupancy charge.

- If occupancy charges are imposed, they may not exceed the highest of:
 - 30 percent of the family's monthly adjusted income;
 - 10 percent of the family's monthly gross income; or
 - The portion of the family's welfare assistance, if any, that is designated for housing costs.

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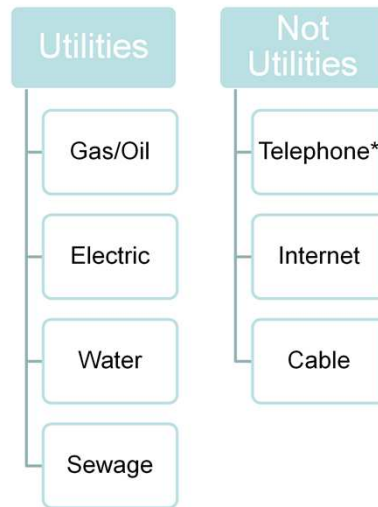
When providing assistance that is not rental assistance, recipients and subrecipients may choose to impose an occupancy charge based on a portion of the program participant's income. Similarly, recipients and subrecipients may choose not to charge occupancy charges.

However, if these charges are imposed, the recipient or subrecipient must treat all program participants the same and must also follow specific calculation procedures to ensure the program participants are not overcharged.

If occupancy charges are imposed, they may not exceed the highest of:
30 percent of the family's monthly adjusted income; or
10 percent of the family's monthly gross income; or
Portion of welfare payments specifically designated by the public welfare agency to meet the family's housing costs.



Eligible Utilities



*Basic telephone may be included for DV and persons with disabilities IF there is a clear safety concern.

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Before we begin a detailed discussion about utility costs, we need to first understand what are considered utilities. For this discussion, gas, oil, electric, water, and sewage are considered utilities. Telephone (including cell phone), internet, and cable expenses are not considered utilities to necessarily be charged to the operating budget line item. Instead, it can be considered a direct cost of carrying out another eligible activity and should be charged to that budget line item (e.g., case management or maintenance).



Utility Allowance

- Recipients and/or sub recipients **must** pay the utility company on the behalf of the program participant if the rent exceeds the utilities cost.
 - Ensures funds are used in compliance with CoC Program interim rule
 - Funds are not given directly to the program participant
 - Does not include program participants whose rent does not exceed utilities cost.
 - Can use program participant's rent contribution, operating funds, or program income

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Recipients and/or sub recipients must pay the utility company on the behalf of the program participant if the rent exceeds the utilities cost. There are several reasons for this:

HUD is under contract with the recipient and therefore, is ultimately responsible for ensuring that funds are used in compliance with the CoC Program.

This policy addresses the concerns of giving funds directly to the program participant and tracking that funds are spent on eligible cost.

Payment of utilities on behalf of the program participant can happen in two ways; program participant agrees to forward utility bills(s) to recipient OR recipient/program participant will make the necessary payment arrangements with the utility company (ies).

This policy does not include those program participants whose rent does not exceed the utilities because the participant has enough financial revenue to cover the utility cost so there is no need for the recipient to assist. Also, it promotes self-sufficient for the program participant.

Recipients with leasing funds are allowed to use program participant's contribution (i.e./ occupancy charge), operating funds, or program income to pay the utility cost. Recipients with rental assistance funds are allowed to use program participant's rent contribution, rental assistance funds, or program income to pay the utility cost.



Program Income

- Program income is income received by the recipient or subrecipient that is directly generated by a grant-supported activity
 - Rent and occupancy charges are considered program income
- Program income from rent and occupancy charges in transitional housing can be used to assist residents moving to permanent housing
- Program income is **NOT** an eligible source of match or leverage

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The most common source of program income under the CoC Program is likely to be rent and occupancy charges that are paid by program participants. The same requirements that apply to all program income in terms of its eligible uses, apply to program income collected from rent and occupancy charges.

Rents and occupancy charges collected from program participants are program income, except when rent is paid directly to a property owner/landlord. In general, the activities paid for with program income must be eligible CoC program activities but are not limited to budget line items approved for the existing HUD-funded project. For example, program income may be used to pay for life skills training for residents of a transitional housing project. Where rents and occupancy charges are considered program income in transitional housing, the program income may be used, in whole or in part, to assist residents moving from transitional to permanent housing.

Because the CoC Program interim rule does not explicitly authorize it, recipients are prohibited from using program income as match or leverage.



Video 13: Property Requirements

Justin Brock





Use Requirement

- For projects with acquisition, rehab, or new construction costs, project must continue to serve homeless persons within the HUD-funded structures for 15 years
- If this is not feasible, the recipient must repay HUD the previously awarded funds, plus any HUD assessed penalties

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All capital costs – acquisition, rehabilitation, and new construction -- have restrictive use limits: 15 years for new projects awarded in CoC Program competitions. If, for any reason, a project that was originally awarded capital costs does not receive renewal funding in a future CoC Program competition, the project must continue to serve homeless persons within the HUD-funded structures. If this is not feasible, the recipient must repay HUD the previously awarded funds, plus any HUD assessed penalties. This will affect funding in future CoC Program competitions.



Lead-Based Paint Requirements

24 CFR 982.401

Rehabilitation Requirements:

24 CFR part 35
Subparts A, B,
J, and R

Project or Sponsor Based Rental Assistance:

24 CFR part 35
Subparts A, B,
H, and R

Acquisition, Leasing, Services, or Operating Costs:

24 CFR part 35
Subparts A, B,
K, and R

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The lead based paint requirements are located at 24 CFR 982.401. The requirements vary for each type of grant assistance.



Lead-based Paint Compliance Issues

- Common examples of compliance issues related to the lead-based paint requirements are:
 - Lead-based paint visual assessments were not conducted for ALL units receiving financial assistance if they were constructed before 1978, and will have a child under age 6 or pregnant woman residing in a unit.
 - Landowner/landlord remediation not completed where units failed inspection

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Here are some examples of common lead based paint compliance issues:
Lead-based paint visual assessments were not conducted for ALL units receiving financial assistance if they were constructed before 1978, and will have a child under age 6 or pregnant woman residing in a unit, and Landowner/landlord remediation not completed where units failed inspection



Housing Quality Standards

- All housing units assisted with leasing and rental assistance must meet HQS
- Each unit must be physically inspected
- Owner has 30 days to correct any deficiencies
- Inspect units at least annually
- HQS inspectors do not need to be certified
- Properties must also meet state and local codes.

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When CoC Program funds are used for rental assistance or to lease housing units, the housing must meet housing quality standards (HQS).

Before any CoC Program assistance is provided, the recipient or subrecipient must physically inspect each unit to ensure that the unit meets HQS. If a unit fails to meet HQS, the owner has 30 days to correct any deficiencies. Otherwise, recipients are prohibited from expending CoC Program funds for the unit.

Recipients or subrecipients must inspect all units at least annually during the grant period to ensure that the units continue to meet HQS.

The recipient or subrecipient must retain documentation of compliance with the housing standards, including inspection reports. Properties must also meet state and local codes.



Environmental Review

- ALL new and renewal projects receiving Federal funds (including all CoC Program activities) require an environmental review
- Environmental reviews must be conducted BEFORE funds are committed
- Activities under the CoC Program require environmental reviews by a Responsible Entity (RE) under 24 CFR 58

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All federally funded activities require an environmental review before any activities can be performed. Under the CoC Program, environmental reviews are completed by a “Responsible Entity,” which is a unit of general local government that assumes responsibility for the environmental review under 24 CFR part 58.



Environmental Review

- Under Part 58, only a Unit of General Local Government may act as a Responsible Entity and conduct environmental reviews
- Nonprofit recipients should work with state and local government to coordinate the environmental review process
- In very limited circumstances, HUD may perform environmental reviews for CoC projects pursuant to 24 CFR 50 if (1) a nonprofit is the recipient *and* (2) no responsible entity can be found

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Because only a unit of general local government may act as a Responsible Entity, nonprofit recipients must work with their local governments to complete environmental reviews for their activities. For activities under a grant to a recipient other than a state or unit of general local government that generally would be subject to review under 24 CFR 58 (Part 58), HUD may make a finding in accordance with 24 CFR 58.11(d) and may itself perform the environmental review under the provisions of 24 CFR 50. However, HUD will exercise this option only after confirming that all state and local governments refuse to act as responsible entities under part 58.



Environmental Review

- *Note:* Sponsor-based and project-based rental assistance are classified as categorically excluded subject to 24 CFR 58.5 (CEST) and require a higher level of review than tenant-based rental assistance
 - A “limited scope” environmental review is required

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Although in the past, sponsor-based and project-based rental assistance might have been reviewed at a lower level of review, HUD considers these activities to be leasing for purposes of environmental review. These projects therefore should be considered categorically excluded from 58.5 (CEST), and they require a “limited scope” environmental review.



For More Information on Environmental Review

For Frequently Asked Questions and contact information for your local environmental officer at:

<https://www.HUDExchange.info/environmental-review>

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The HUD Resource Exchange includes Frequently Asked Questions related to environmental review requirements and contact information for your HUD local field environmental officer.

Play Rapid Re-housing Design under the CoC Program CoC 2.0 Video



Video 14: Special Considerations for RRH Projects

Justin Brock





Rental Assistance & Rapid Re-Housing

- Rental Assistance must be:
 - Short-term (up to 3 months) or medium-term (4-24 months)
 - Tenant based
- Can be used for:
 - Rental Assistance payments
 - Security deposits and first and last month's rent
 - Vacancy payments
- RA funds in RRH projects can not be used for damage payments

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When providing RRH rental assistance to participants, certain requirements apply:

Rental assistance must be tenant-based

Rental assistance must be short-term or medium-term in length

Rental assistance funds may be used for security deposits and first and last month's rent



RRH Program Participants

- Must have an initial lease for at least a year
 - Lease may be longer than the rental assistance
- May be required to share in the costs of rent
- Are required to meet monthly with a case manager
- Must be re-evaluated at least once annually for eligibility

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Program participants must have a lease with the landlord/landowner for at least one year, may be required to share in the costs of rent, are required to meet monthly with a case manager, and must be re-evaluated at least once annually for eligibility.



RRH Recipients

- RRH Recipient May Set Maximum:
 - Eligibility
 - Amount of Rental Assistance
 - Number of months tenants may receive assistance
 - Number of times participants may receive rental assistance

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Recipients must follow the written policies and procedures established by the CoC for: Determining and prioritizing :
Which eligible families and individuals will receive RRH assistance; and
The amount or percentage of rent each program participant must pay. These policies may include a maximum amount or maximum number of months of rental assistance a program participant may receive, or a maximum number of times that a participant may receive assistance.

Overview of CoC Program Requirements for RRH and Rental Assistance

(excerpts of Section 578.37(a)(1)(ii) and 578.51. Text with ~~strike-through~~ are not applicable to CoC Program RRH projects)

§ 578.37 Program components and uses of assistance.

- (a) Continuum of Care funds may be used to pay for the eligible costs listed in § 578.39 through § 578.63 when used to establish and operate projects under five program components: permanent housing; transitional housing; supportive services only; HMIS; and, in some cases, homelessness prevention. Although grant funds may be used by recipients and subrecipients in all components for the eligible costs of contributing data to the HMIS designated by the Continuum of Care, only HMIS Leads may use grant funds for an HMIS component. Administrative costs are eligible for all components. All components are subject to the restrictions on combining funds for certain eligible activities in a single project found in § 578.87(c). The eligible program components are:
 - (1) **Permanent housing (PH).** Permanent housing is community-based housing, the purpose of which is to provide housing without a designated length of stay. Grant funds may be used for acquisition, rehabilitation, new construction, leasing, rental assistance, operating costs, and supportive services. PH includes:
 - (i) **Rapid rehousing.** Continuum of Care funds may provide supportive services, as set forth in § 578.53, and/or short-term (up to 3 months) and/or medium-term (for 3 to 24 months) tenant-based rental assistance, as set forth in § 578.51(c), as necessary to help a homeless individual or family, with or without disabilities, move as quickly as possible into permanent housing and achieve stability in that housing. When providing short-term and/or medium-term rental assistance to program participants, the rental assistance is subject to § 578.51(a)(1), but not § 578.51(a)(1)(i) and (ii); (a)(2); (c) and (f) through (i); and (l)(1). These projects:
 - (A) Must follow the written policies and procedures established by the Continuum of Care for determining and prioritizing which eligible families and individuals will receive rapid rehousing assistance, as well as the amount or percentage of rent that each program participant must pay.
 - (B) May set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, and/or a maximum number of times that a program participant may receive rental assistance. The recipient or subrecipient may also require program participants to share in the costs of rent. For the purposes of calculating rent for rapid rehousing, the rent shall equal the sum of the total monthly rent for the unit and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.
 - (C) Limit rental assistance to no more than 24 months to a household.

- (D) May provide supportive services for no longer than 6 months after rental assistance stops.
- (E) Must re-evaluate, not less than once annually, that the program participant lacks sufficient resources and support networks necessary to retain housing without Continuum of Care assistance and the types and amounts of assistance that the program participant needs to retain housing. The recipient or subrecipient may require each program participant receiving assistance to notify the recipient or subrecipient of changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance. When notified of a relevant change, the recipient or subrecipient must reevaluate the program participant's eligibility and the amount and types of assistance that the program participant needs.
- (F) Require the program participant to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability. The project is exempt from this requirement if the Violence Against Women Act of 1994 (42 U.S.C. 13925 et seq.) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.) prohibits the recipient carrying out the project from making its housing conditional on the participant's acceptance of services.

§ 578.51 Rental assistance.

- (a) Use.
 - (1) Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - ~~(i) The rental assistance may be short term, up to 3 months of rent; medium term, for 3 to 24 months of rent; or long term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in § 578.7(a)(9) and this section.~~
 - ~~(ii) The rental assistance may be tenant based, project based, or sponsor based, and may be for transitional or permanent housing.~~
 - (2) Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
- ~~(b) Rental assistance administrator. Rental assistance must be administered by a State, unit of general local government, or a public housing agency.~~

[**Although Section 578.37 indicates that this clause does not apply, there is statutory language which limits rental assistance to a State, unit of general local governance, or a public housing agency. The Consolidated Appropriations Act, 2014, authorizes nonprofits to administer rental assistance funded through FY2014 CoC Program grants, but this clause may apply to rental assistance administered in the future. **]

- (c) **Tenant-based rental assistance.** Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and subrecipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Program participants who are receiving rental assistance in transitional housing may be required to live in a specific structure for their entire period of participation in transitional housing.
- (1) Up to 5 years worth of rental assistance may be awarded to a project in one competition.
 - (2) Program participants who have complied with all program requirements during their residence retain the rental assistance if they move within the Continuum of Care geographic area.
 - (3) Program participants who have complied with all program requirements during their residence and who have been a victim of domestic violence, dating violence, sexual assault, or stalking, and who reasonably believe they are imminently threatened by harm from further domestic violence, dating violence, sexual assault, or stalking (which would include threats from a third party, such as a friend or family member of the perpetrator of the violence), if they remain in the assisted unit, and are able to document the violence and basis for their belief, may retain the rental assistance and move to a different Continuum of Care geographic area if they move out of the assisted unit to protect their health and safety.
- ~~(d) **Sponsor-based rental assistance.** Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor. Up to 5 years worth of rental assistance may be awarded to a project in one competition.~~
- ~~(e) **Project-based rental assistance.** Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move. Up to 15 years of rental assistance may be awarded in one competition.~~
- (f) **Grant amount.** The amount of rental assistance in each project will be based on the number and size of units proposed by the applicant to be assisted over the grant period. The amount of rental assistance in each project will be calculated by multiplying the number and size of units proposed by the FMR of each unit on the date the application is submitted to HUD, by the term of the grant.
- (g) **Rent reasonableness.** HUD will only provide rental assistance for a unit if the rent is reasonable. The recipient or subrecipient must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units.

(h) **Payment of grant.**

- (1) The amount of rental assistance in each project will be reserved for rental assistance over the grant period. An applicant's request for rental assistance in each grant is an estimate of the amount needed for rental assistance. Recipients will make draws from the grant funds to pay the actual costs of rental assistance for program participants.
 - (2) For tenant-based rental assistance, on demonstration of need:
 - (i) Up to 25 percent of the total rental assistance awarded may be spent in any year of a 5-year grant term; or
 - (ii) A higher percentage if approved in advance by HUD, if the recipient provides evidence satisfactory to HUD that it is financially committed to providing the housing assistance described in the application for the full 5-year period.
 - (3) A recipient must serve at least as many program participants as shown in its application for assistance.
 - (4) If the amount in each grant reserved for rental assistance over the grant period exceeds the amount that will be needed to pay the actual costs of rental assistance, due to such factors as contract rents being lower than FMRs and program participants being able to pay a portion of the rent, recipients or subrecipients may use the excess funds for covering the costs of rent increases, or for serving a greater number of program participants.
- (i) **Vacancies.** If a unit assisted under this section is vacated before the expiration of the lease, the assistance for the unit may continue for a maximum of 30 days from the end of the month in which the unit was vacated, unless occupied by another eligible person. No additional assistance will be paid until the unit is occupied by another eligible person. Brief periods of stays in institutions, not to exceed 90 days for each occurrence, are not considered vacancies.
- ~~(j) **Property damage.** Recipients and subrecipients may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. This shall be a one-time cost per participant, incurred at the time a participant exits a housing unit.~~
- ~~(k) **Resident rent.** Rent must be calculated as provided in § 578.77. Rents collected from program participants are program income and may be used as provided under § 578.97.~~
- (l) **Leases.**
- (1) **Initial lease.** For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
 - ~~(2) **Initial lease for transitional housing.** Program participants in transitional housing must enter into a lease agreement for a term of at least one month. The lease must be automatically renewable upon expiration, except on prior notice by either party, up to a maximum term of 24 months.~~