Building HOME Webinar Series
Tenant-Based Rental Assistance (TBRA)

Kris Richmond: Ready. Today, we're going to be going over the tenant-based rental assistance module and then we will be opening the session up to our regular question and answer section of our office hours. I want to remind everybody how we use the system. So if you have any technical problems, you can't hear me anymore, you can't see the screen anymore, please go ahead and type that in the chat box. You see that icon you can click on at the top of your screen. And then if you have any questions about the content that we're talking about or you just didn't quite understand that concept that we discussed, please go ahead and type those questions in the Q&A box.

Les is managing that box right now while I'm reviewing TBRA with all of you and then when we're done with TBRA, we're going to pause just for a minute to stop the recording so -- and then start the recording again to have a separate section for the Q&A so that when you come back again later and you just want to listen to Q&As, you don't have to listen to TBRA all the way through again.

So let's get started. This is chapter seven. So if you're following along, that's the chapter that we provided to you. So TBRA refers to Tenant-Based Rental Assistance. It's a rental subsidy that PJs can use to help individual households afford housing costs, such as rent, security deposits, utility deposits. PJs have to address this in their consolidated plan.

They have to address why they need tenant-based rental assistance program in their comp plan, they need to identify if they're going to use any preferences and they need to certify that TBRA is essential to its housing strategy. So our PJ can run the TBRA program or they can work with the subrecipient to administer this program. Typically, we see a public housing authority often run a TBRA program for a PJ. I've also seen other nonprofits act as subrecipients to run TBRA programs for PJs. So let's get started with the poll.

So Mike, if you could put the poll up. And if you could go ahead and let us know if you're currently funding a HOME TBRA activity using your HOME fund, if you could answer yes or no.

Michael Reich: The poll is closing in 10 seconds.

Kris Richmond: Thank you. All right. So it looks like about 13 of you are currently running the program, we have a number of you who weren't able to answer and about 10 who are not running the program. Hopefully after you hear more about it, you will feel a little better equipped and maybe this is something you want to take on in your community.

So for the few of you that are running the HOME TBRA program, if you could just go ahead and click on what type of program you're running, that gives us a good sense of what PJs are doing out there. So rental assistance, security deposits, are you doing both rental assistance and security deposits or are you undertaking utility deposits in combination with rental assistance or security deposits? You can go ahead and vote and let us know which one of those you're administering.

Michael Reich: The poll is closing in 10 seconds.

Kris Richmond: Okay. So it looks like some of you are doing rental assistance only and then the other group is doing rental assistance and security deposits, but I didn't see anybody doing utility deposits. So hopefully you'll learn a little more about it after we continue on through this chapter. So let's talk about what is TBRA. So it's tenant-based rental assistance and we're really helping renters. It's a subsidy that moves with the renter. So it's -- the renter will take it and they will procure their own type of housing. If we choose to do it as a rental subsidy, we can pay for the rent and tenant-paid utilities. So we can also help pay for security deposits and utility deposits.

We can have a standalone program where you're only providing rental assistance payments, you could have a standalone program where you're only providing security deposits, but if you decide that you want to undertake utility deposits that needs to be done in combination with either rental assistance or security deposits. So utility deposits here need to be done in combination with one of those other two programs, it can't be a standalone program. The TBRA program is really different than what we learned about yesterday for the HOME rental projects. So here we're helping individual households. We're helping a single household rather than a whole rental project.

It moves with the tenant. So it's portable and the level of subsidy is really going to vary depending on the income of the household, the particular unit that they select and what the PJ's rental standard is. So just a few differences. You might sometimes hear we refer this as a voucher, which is similar to Section 8 types of vouchers. So why would you create a TBRA program? There's all sorts of different reasons. The first one is it's flexible for the household. They can choose their own neighborhood, they can move to another unit if they -- with approval, perhaps there's a certain neighborhood that has a really good school district or certain type of housing that they want to select.

That provides a lot of flexibility for that household and the rental assistance moves with them. It's also flexible for the PJ. Maybe you have fluctuating demands for housing, you're able to design a specialized TBRA program. You can tailor it distinctly to the housing needs of your community. Maybe you're going to work with people that have special needs, maybe there's a particular designated group that you want to work with, you're able to tailor that. You can choose to pay the subsidy to the assisted households or you can have a contract with the property owner directly and pay those property owners. So there's a lot of flexibility there for the PJ. It's very cost effective in areas where large public subsidy is needed to spur new construction or rehab of units.

TBRA is a lot less expensive option for you. It's really effective in areas with high vacancy rates that also have expensive housing. This is one way for you to make units more affordable, but the PJ doesn't need to finance development. It helps with risk avoidance. You know, when you're working with owners doing new construction or doing development, sometimes there's default on financing, sometimes projects go into foreclosure. You know, the PJ, for TBRA, is able to terminate assistance if the tenant fails to meet the requirements and there's no long-term financial obligation. So that really helps with that risk avoidance compared to development. And then it assists with relocation or displacement.

You can use your TBRA to pay for households displaced by HOME rental projects. The tenant can move if they want to, they don't have to stay there and we can talk more about that at the end of this chapter. So administration of TBRA's eligible, the general management oversight and coordination cost. You could also use non-HOME funds. Maybe you have general funds to use, you can use that to help pay for your admin costs as well. When we use our admin costs for [inaudible], we're talking about paying for salaries, maybe marketing the program, overseeing the program administrator. And with the new rule change, there are now certain costs that can be charged as HOME project dollars.

So unit inspections as well as time spent by staff to review income determinations and doing those income calculations and also determining what the subsidy amount would be for that household. Those can all be charged as HOME project dollars. So unit inspections as well as time spent by staff to review income determinations and doing those income calculations and also, determining what the subsidy amount would be for that household. Those can all be charged as HOME project dollars. That was a new rule change a couple years ago. Before, everything had to be charged to admin, now some of these costs can be charged to the project dollars.

So what can I offer through TBRA? Well, the HOME rules offer flexible regarding the type of TBRA program developed by the PJ. So perhaps you want to have a general community-wide program, maybe there's a really long waiting list for your Section 8 list and you want to open this community wide. You want to make housing more affordable to a wide range of low-income households in your jurisdiction. That's one way to be able to do it. You might want to tie this to a self-sufficiency program. Maybe you're going to require participants to participate in a bootstrap program or a job training program, that's a possibility.

Perhaps you want to have this as a homebuyer program. With a HOME lease purchase, you can have up to 36 months and the TBRA could be used for the rent and utility payment. It wouldn’t be used for the equity, but the tenant payment part, the part that the tenant pays, could be used as equity. You could also target certain populations, like I mentioned before. You could maybe work with the elderly, formerly homeless, persons with AIDS, persons with disabilities. So you could target that population. And as we mentioned on the last [inaudible], you could perhaps have an anti-displacement program.

And this is where TBRA is allowed to be used to insure residents of rental housing projects are not displaced due to acquisition or rehab. So if you had a rental housing project that's targeted to preserve through another affordable housing program, TBRA can be used to help residents remain in place for a period of time up to two years and -- but it's important for residents to understand their assistance is portable and they're allowed to move if they desire. You can also have -- besides rental assistance, you can also have security deposit programs. And so security deposits are designed to help income-eligible tenants pay for the deposit required at their unit. This could be a grant or a loan and the maximum amount would be up to two months of rent.

And then you could also have utility deposits. So remember, utility deposits have to be done in combination with rental or security deposits. So it's utility deposits plus rental or security deposits, it can't be standalone. And if we decided to pay for utility deposits, we could pay for electric, gas, water and trash. So that's what's considered eligible, electric, gas, water and trash.

We cannot use our HOME funds to pay for telephone, Internet or cable. So ineligible is telephone, Internet and cable and what is eligible is electric, gas, water and trash. So this rental assistance is for tenants, it's not for owners.

So we want to make sure that we are assisting tenants who are living in rental properties. So if a tenant actually owns a property and they are owner of a cooperative or mutual housing, that's not considered eligible. If a tenant was renting that type of housing, then it would be eligible. So you need to look at that pretty closely. We also cannot provide funds to homeless persons for overnight temporary shelter. So we can't pay for hotels. Remember, HOME is used for permanent housing. So it's standard, permanent dwelling units. We can never pay for temporary types of things, such as hotels. We also do not want to be duplicating any benefits.

So if there is a program that the tenant you're working with is already being assisted by and their rent is already assisted, their rent is already reduced to 30 percent of their income, they would not be eligible for TBRA. So we want to make sure that we're not duplicating benefits. So PJs administering the TBRA program have to have written tenant selection policies in place and these policies have to clearly define how the families are selected in the TBRA program. So how are they going to select the households, what are the income levels going to be, what kind of preferences are they going to have in place? Again, these all need to be identified in their consolidated plan.

And for preferences, are they going to have a residency preference, persons with disabilities, maybe there's special needs, maybe formerly homeless. They all need to be identified in the consolidated plan if you decide to have preferences. There's two different ways that you can choose tenants for your program. If you have a Housing Choice Voucher waiting list from your public housing authority and you can select tenants right off of that list or you can have your own waiting list if you decide to do that. If you do go with option one with the public housing authority waiting list, a household receiving TBRA does not lose their place in line for Section 8.

So that might be a good way to help households. They're still waiting for Section 8, you provide TBRA to them and then when their name comes up on the waiting list for Section 8, they can come off of the TBRA program and then go onto the Section 8 program. So we just wanted to alert you to that. Tenants have to be low income. And so this is at or below 80 percent of the area median income. A lot of communities will have it at a lower level. So income does need to be reviewed annually using source documentation and this is different than what we talked about yesterday. Remember I went over, yesterday, those flow charts and what do we do when somebody's over income in a rental project where we would increase their rent?

We can't do that for TBRA. So if somebody is over 80 percent after you've reviewed their income, they're no longer eligible to receive this assistance. So we need to make sure that we are reviewing this annually. And then the PJ program rule has to be met. And so remember, under the program rule, TBRA and rental projects have to serve 90 percent of their households at initial occupancy at or below 60 percent of area median income. So many PJs decide to set their TBRA programs at or below 60 percent of AMI. We call it a safe harbor. So a lot of communities will set that up as the initial income at eligibility. So the TBRA program offers households great flexibility in selecting a housing unit.

Households must be free to select a unit of their choice. So they can decide to choose a public or a privately-owned unit. If they decide to get a -- choose a public unit, it could be public housing, it could be Section 811, Section 202, HOPE VI, Continuum of Care units, halfway [ph] units. We just need to make sure there's no duplicate of form of rental subsidy. We need to make sure that the units have a reasonable rent and the PJ determines what that reasonable rent is. I have a slide, in a couple minutes, on that, but it's based on rent, a charge for comparable, unassisted rental units. That's what we call a reasonable rent.

And the the units may or may not have been rehabilitated with HOME funds. So if you do have a HOME-funded project and the household wants to live there, that's okay, they can do that. The maximum rent limit would be the HOME rent, but they're not required. We're not allowed to steer anybody to our projects. So they have to have freedom to be able to choose what type of unit they want to move to. So portability, this is another really great flexibility. PJs must permit portability of assistance within the PJ. So I always tell people, take your spare pencil and circle that word must; okay? It is required. So within the circle area, someone can choose a unit here, maybe they want to move over here, maybe they've picked the unit over here or over here, it doesn't matter.

Anywhere within that PJ they are allowed to select their unit. Now, PJs have the option to allow a household to select a unit outside of their PJ. So they may permit that maybe over here. A couple things to consider, if you do allow a tenant to move outside of your PJ, these do need to be inspected on an annual basis and their income needs to be reviewed on an annual basis. So if it's really far away, you need to have some type of understanding with the other community so that those units are being inspected. Most of the PJs that I work with, they don't usually have that option of allowing them to go outside of the PJ. Property and occupancy standards, remember, whenever HOME funds are used, it has to equal a standard unit.

And so for TBRA, the property standards are for Section 8 housing quality standards. So the PJ also has to develop occupancy standards. So this is the minimum and the maximum numbers of people that can live in that unit, depending on the household's size and the PJ can either develop their own standard or perhaps your local codes already have a standard in existence. You need to do a little research and figure out which one. Is there a standard already in place or are you going to have to develop your own standard? And you need to make sure that you're following the Lead Safe Housing Rule. This is found at 24 CFR Part 35 and for the TBRA program, we are following Subpart M.

And in a nutshell, for the tenant-based rental assistance Subpart M, this is the only time for pre-'78 housing that the rental rules are triggered if there's a child under 6 living in the unit. For all of our other activities, a homebuyer, homeowner rehab and rental, there doesn't need to be a child living in the unit. Lead-based paint is always triggered for all housing before 1978, but for TBRA, it's only triggered if there's a child under 6 living in a unit that was built before 1978. So [inaudible] --

Les Warner: [inaudible] up your sound a little bit.

Kris Richmond: I'm sorry, can you hear me okay?

Les Warner: I can now.

Kris Richmond: Oh, okay. Sorry, I haven't moved, I've been sitting at my desk, but I'll keep chatting. So what you need to be doing if -- for compliance with the Lead Safe Housing Rule is that you are given a quarterly check with your health department and you want to send a list of the addresses where you're providing TBRA assistance and they will check that against their list of poisoned children and then if there are rules that need to be followed if that is triggered, if they -- there ends up being a poisoned child living in any of those units that you are assisting. So that's something just to keep in mind to follow with the Lead Safe Housing Rule. Can you still hear me okay now, Les?

Les Warner: I'm still hearing a little bit of breakup in your speech.

Kris Richmond: Okay. I've got the microphone right in front of me, but just check in again if you can't hear me. So for lease requirements, the tenant must have a written lease with the owner and it must be signed by both parties. So the PJ has to review the lease. The owner lease cannot contain prohibited provisions and if you want to go back and look at your chapter, chapter 7 on Page 7-9, it lists what the prohibited lease provisions are. None of those provisions can be in the lease that the owner is going to provide to your tenant-based rental assistance household. These are the same prohibited provisions that we talked about in the rental chapter yesterday.

The term has to be for at least one year unless it's mutually agreed upon between the tenant and the owner. A shorter term might make sense if perhaps you have a self-sufficiency program or a transitional program. You know, maybe you want to do six months, but again, it has to be mutually agreed upon between the tenant and the owner. And the PJ has to establish termination and nonrenewal standards. Perhaps there's a landlord that refuses to make any changes. Maybe there were some maintenance issues and they weren't fixed. You know, things like that need to be in there. And then we also need to have, in our agreement with our tenant, when we might be terminating our agreement as well.

Maybe perhaps we run out of funds. And so we're not going to renew it or maybe they got on the Section 8, they're off of the Section 8 waiting list, maybe they don't have Section 8. So that would terminate the TBRA. We do recommend that there be a 30-day notice upon termination and that's applied consistently. So what the PJ pays towards the tenant-based rental assistance that rental subsidy will depend on a few factors. It depends on the family's income, it depends on the payment standard for each bedroom size, we'll talk about that on the next slide, it also depends on the cost of housing and utilities. And then what type of subsidy will they provide depends on what kind of program you're running.

Are you running rental assistance, are you running security deposits, are you going to give vouchers, are you running like a local model, what -- you know, establish the length. We can't exceed two years, but it can be renewed. So a couple different factors to keep in mind. So let's look at the payment standard. So the payment standard should represent rent and utility costs of moderately priced units to meet housing quality standards in the jurisdiction and it's established by bedroom size. So it applies to all TBRA units in the PJ and there's two different options. So they could -- the PJ could choose a Section 8 payment standard. So you want to look at your own market and compare that against the Section 8 payments and if that lines up, you could follow what's provided by the Section 8 payments entered.

Or if you decide that the Section 8 payment standard does not adequately represent your area, then you could do your own market study. So a couple different choices there. So the maximum and minimum payment by the family, we need to determine what the amount of subsidy is going to be. So the maximum PJ subsidy is capped at the payment standard minus 30 percent of the household adjusted income. So remember, we learned on the last slide the payment standard is the rent and utility costs of a moderately priced unit; okay? So rent and utility costs of a moderately priced unit by bedroom size is our payment standard and we're going to subtract 30 percent of the adjusted income and that would be the maximum amount that the PJ would pay.

The PJ must establish a minimum household payment. It can be a dollar amount, it can be a percentage. I've seen certain PJs say, $25 is the minimum, maybe $50. It's -- you just have to establish what that's going to be. And then the PJ can also pay up to 100 percent of reasonable security deposits or utility deposits. So you do need to keep in mind that utility deposits have to be done in combination with rental assistance or security deposits. So couple different models, we already mentioned this, you could have -- you could follow the Section 8 Housing Choice Voucher model or you could set one up on your own local market conditions.

So the Housing Choice Voucher, this could -- the total payment may exceed the payment standard and this is where the tenant would pay the difference. We have a slide where you can see that example. The PJ payment is always constant and remember, it equals that payment standard and the payment standard was the rent and utilities and utility costs for a moderately priced unit and minus 30 percent of the household adjusted income. And then that household payment is going to vary, depending on the rent and utilities of their chosen unit. So they might choose a more expensive unit and then they might -- they'll be paying more. If they find a less expensive option, then they would be paying less.

So let's look at an example so we can see how this works. So we have our payment standard of a one-bedroom unit. Remember, this was established by the PJ. So it was a reasonable rent and utilities of a one-bedroom unit in this particular PJ is $1,000; okay? And we are going to subtract 30 percent of the household's adjusted income. So the household we're currently working with. Thirty percent is $300 and the maximum TBRA payment is $700. $700 is what the PJ is going to pay; okay? So we see here that the household -- 30 percent of their adjusted income is $300. So that's how we've come up with what the PJ is going to pay; all right? So it's the payment standard minus the adjusted income of that household equals the PJ standard.

Now, the PJ payment is going to stay the same in both of these examples. So my household goes shopping and they find a unit on the west side and the west side has great access to public transportations, the schools are ranked the highest in the city and their rent is $1,100. So we're going to take $1,100 and we're going to subtract the PJ payment, which was $700 and the amount that the tenant is going to pay in this situation is $400, but the tenant thinks it's worth it. They do understand that it's more than 30 percent of their income, but the schools are better, and they can get to their job really easily, and they have less time commuting, and they feel like it's in a safer area, and that's perfectly acceptable.

They are allowed to choose where they want to go, but they are going to be paying more than 30 percent of their adjusted income. In the second situation here -- let me erase these so we can see this. In the second scenario, the household found a unit that was $900; okay? And they -- we are going to subtract what the PJ payment was. Remember, the PJ payment was $700 and the tenant, in this situation, would only be paying $200. So it is less than 30 percent of their adjusted income and again, that's okay. They decided to choose this particular unit. Maybe it has less amenities than another unit that they wanted, but it does meet all of our inspections, it meets all of our requirements and the tenant would be saving some money.

They're not paying as much as 30 percent. They would be able to pay less. So with this option, they're able to save funds, but again, this was up to the PJ -- or I mean, up to the tenant to decide which unit they wanted to go to. And then also, if you go back to your manual later today or tomorrow, if you want to see more examples on Page 7-15 and 7-16 are some more examples on how do you calculate the maximum PJ payment, how do I determine how much rent the tenant's going to pay and as well as if you're using security deposits or utility deposits, how would I calculate that? So there's, in the manual, some more examples there on 7-15 and 7-16.

So administering the TBRA program, there does have to be a contract with the household and it cannot exceed two years, but it can be renewed. The TBRA program has a few options for contract administration. They can ask the local housing authority. [inaudible] on that program is a subrecipient. And so a lot of PHAs are likely experienced in Section 8 or they can have a nonprofit that can access subrecipient or the PJ can directly administer that program. The PJ can also contract directly with the landlord or they can execute a three-party agreement that includes the tenant. If the contract is with the landlord, it can only be for the length of a lease, which is typically one year.

Alternatively, the PJ can contract directly with the tenant and the contract cannot exceed two years, but like I said, it can be renewed. There are some ongoing responsibilities of the PJ. There needs to be an inspection of the unit. That needs to be done annually to determine that it meets property standards. We do need to do reverification of the tenants to determine that they're low income. We have to be doing that using source documentation. And we need to review our rental payments to determine that the rent is still remaining reasonable. So a number of ongoing responsibilities that the PJ has.

So that's my last slide on TBRA. Is there any questions that came up about TBRA that we should address?

Les Warner: No. I'm actually answering the last of these and I think we're pretty well handled.

Kris Richmond: Okay. So I'm going to end this session so that Michael can stop the recording, but right before that, I do want to let you know that we are going to be sending you an evaluation through the Survey Monkey. So please fill that out. That's really helpful for us to know, as trainers, what other information do you need, are there ways that we can present this information better, is there certain training needs that you have? All of this information does go to HUD. And so it's nice for them to see what are the needs of the PJs that are out there working with the HOME funds and how can they better assist them.

Also, if you have any questions, you could always follow up with your local HUD field rep and they're always available and willing to help with you answer questions as well.

So with that, Mike, why don't we end this recording and then we'll start recording the office hours.

(END)