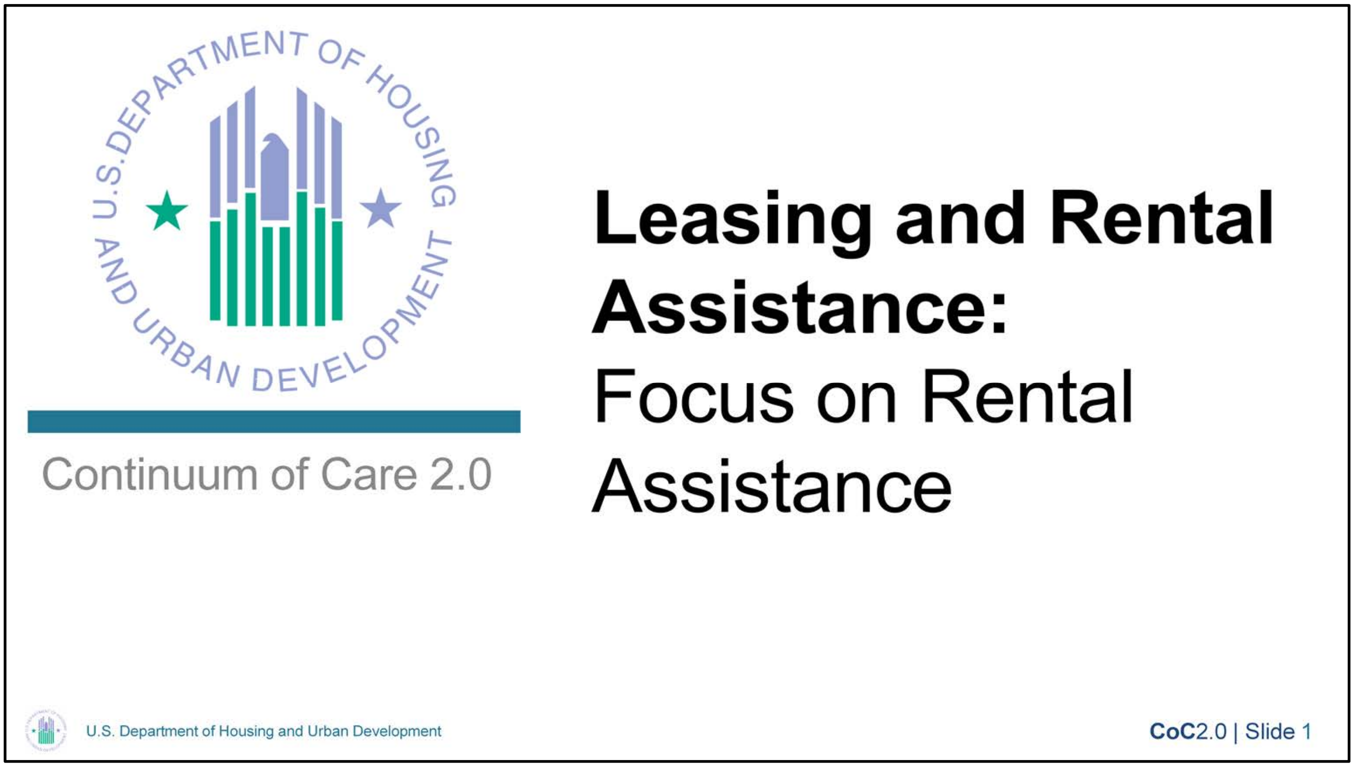
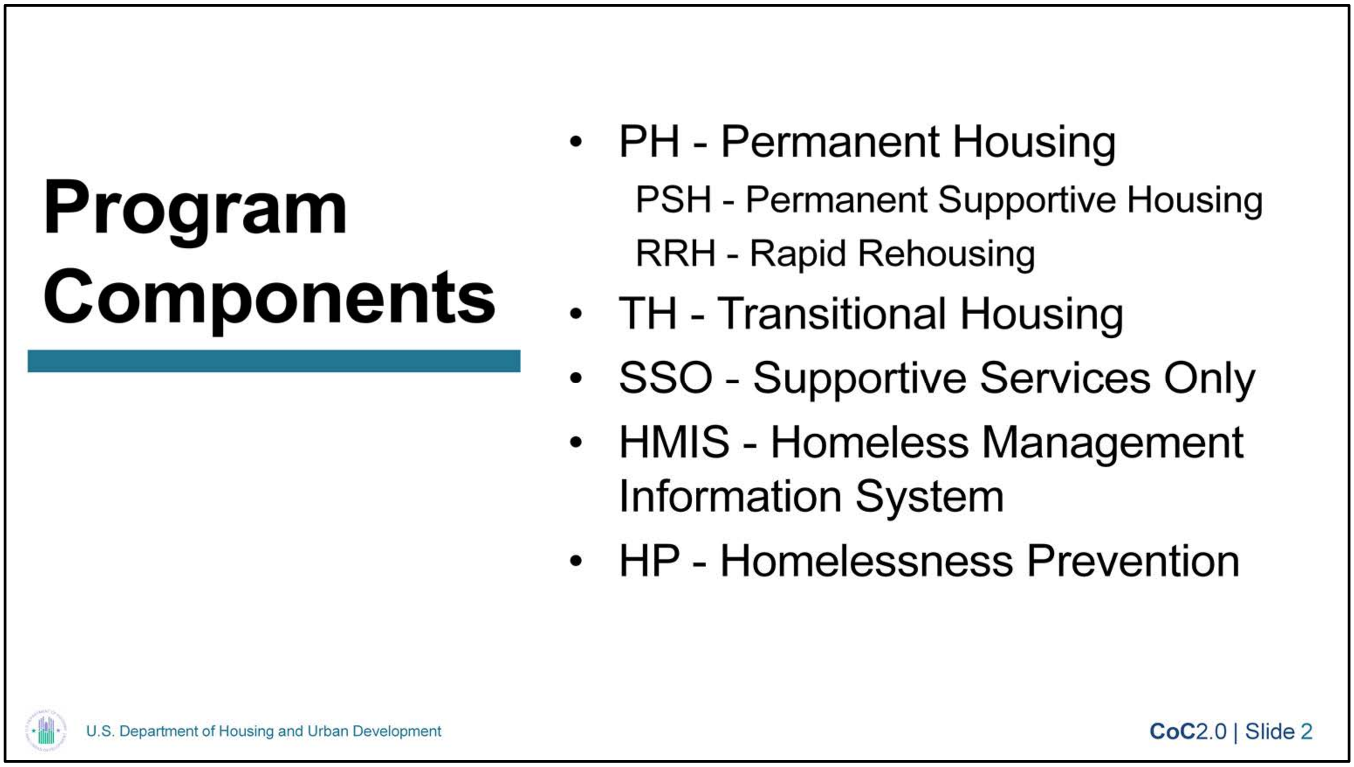


Hello and welcome to the HUD Broadcast on Leasing and Rental Assistance with a focus on rental assistance. This presentation will provide information on rental assistance under the Continuum of Care Program.

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.



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

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.

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:

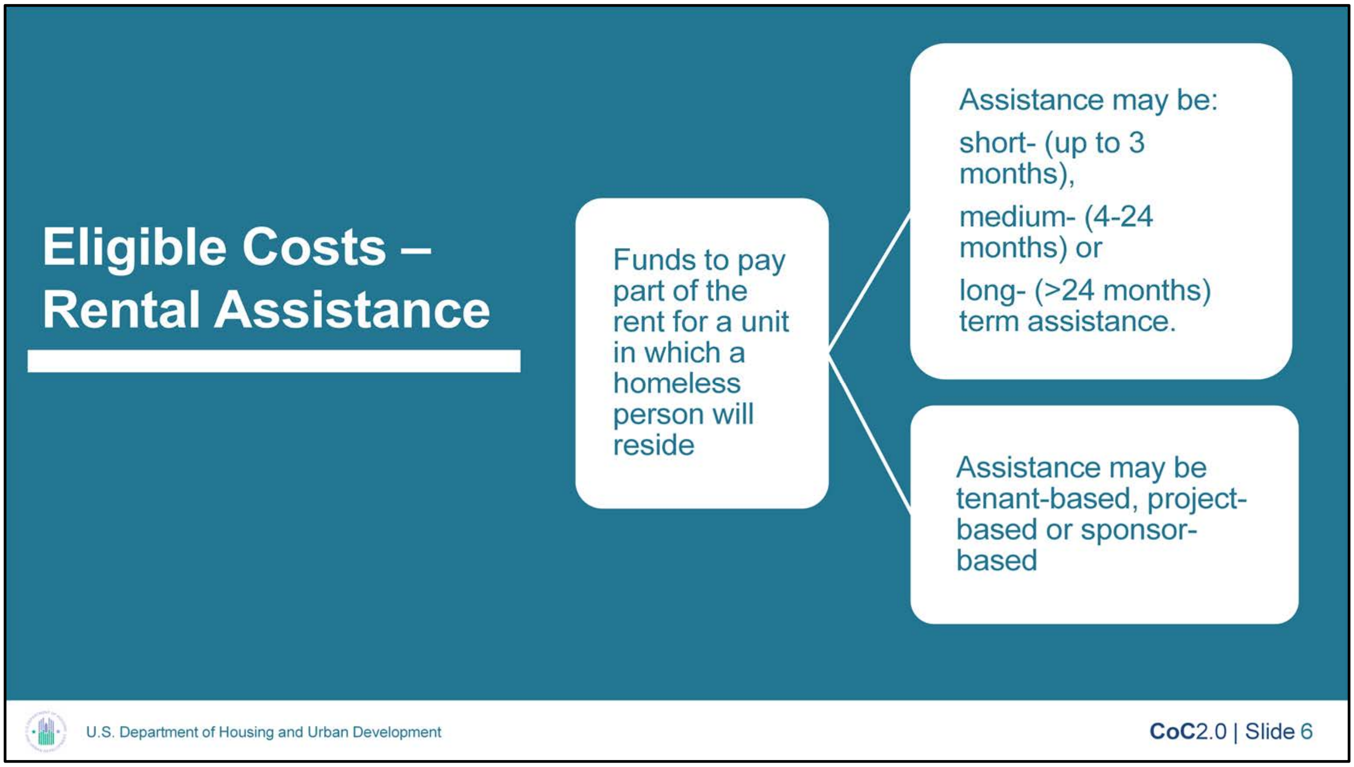
Provision of rental assistance to provide transitional or permanent housing to eligible persons.

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 5

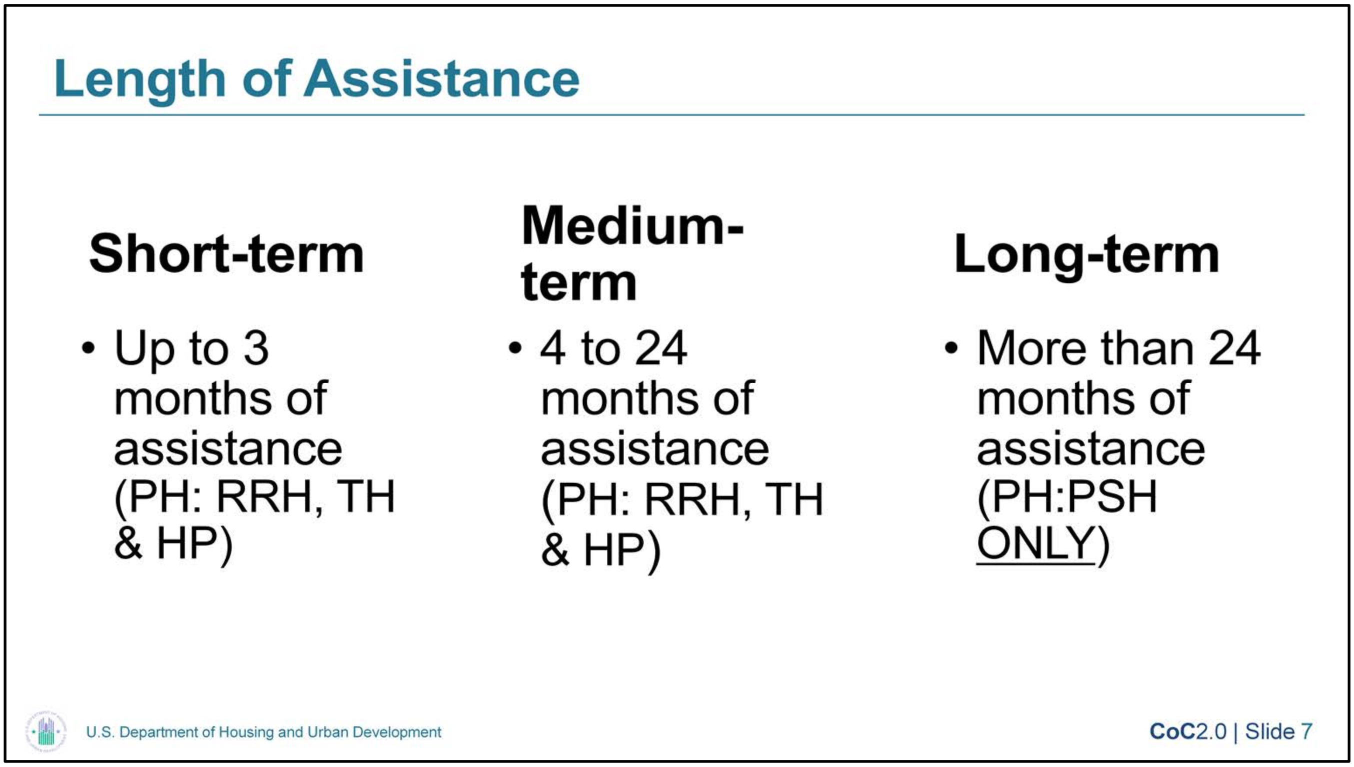
Because we know there has been some confusion between leasing and rental assistance, let’s just take a moment to look at the language in the law for both Leasing and Rental Assistance. If you look at the definitions, you will see that leasing is focused on property, and rental assistance is focused on 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.



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.

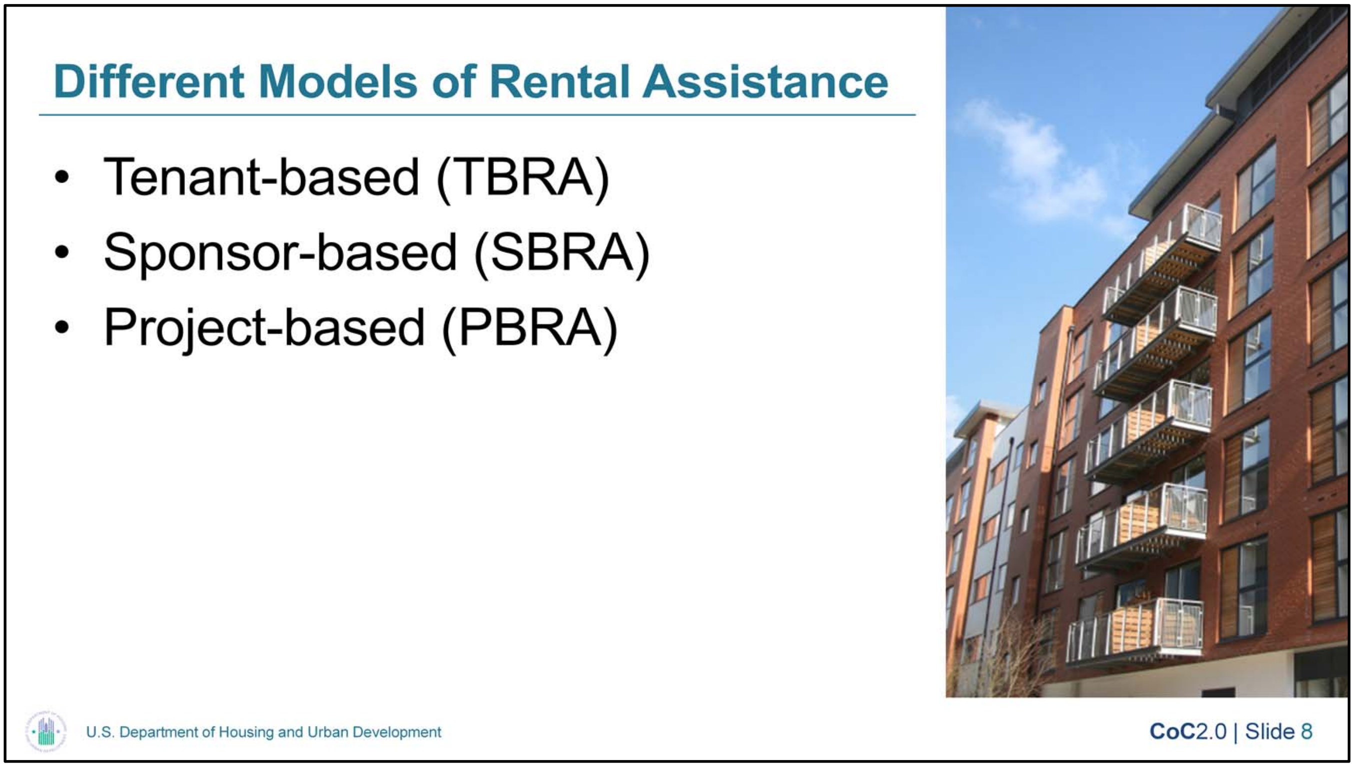
Rental assistance may be provided for different lengths and provided through different models. In the next few slides, we'll present the options allowable under the CoC Program.



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.



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

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 9

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

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 10

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** →

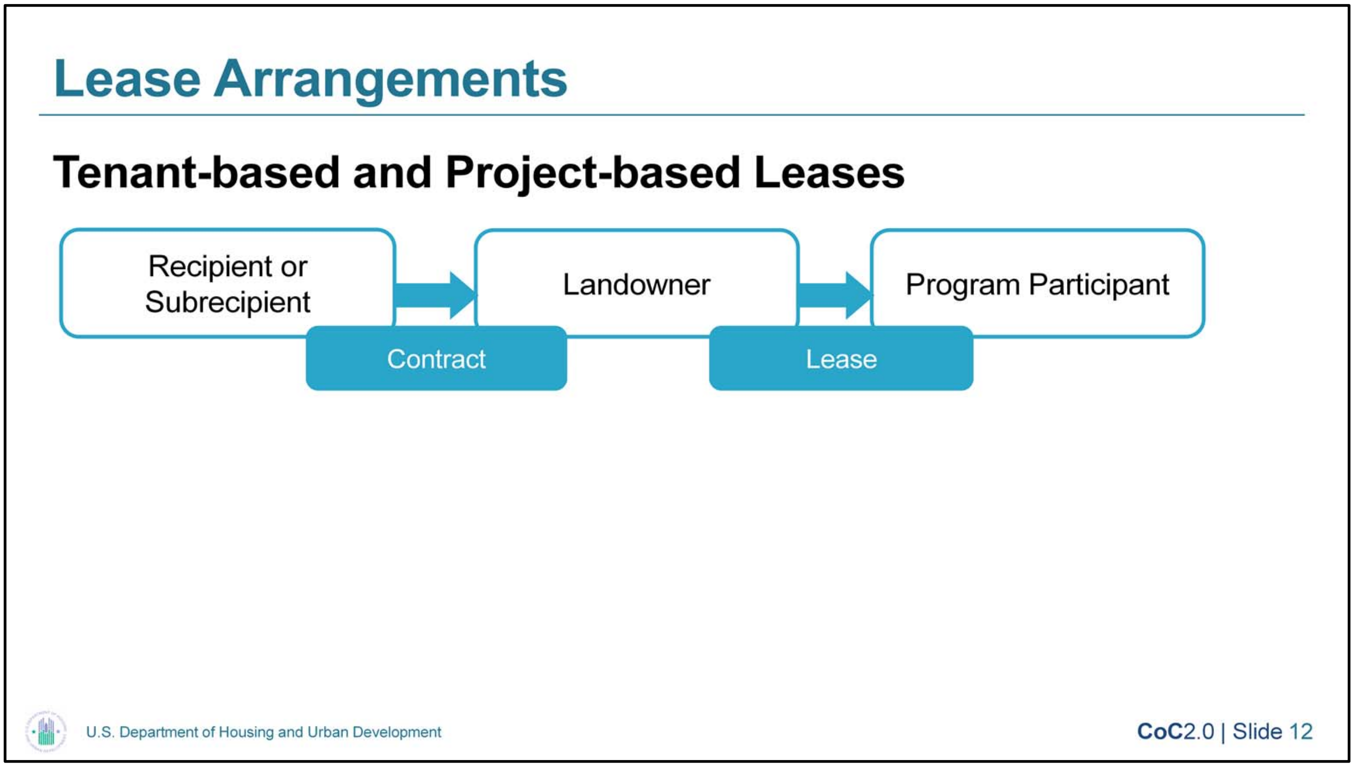
If the program participant moves out of the unit, the unit is rented to another eligible participant

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 11

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.

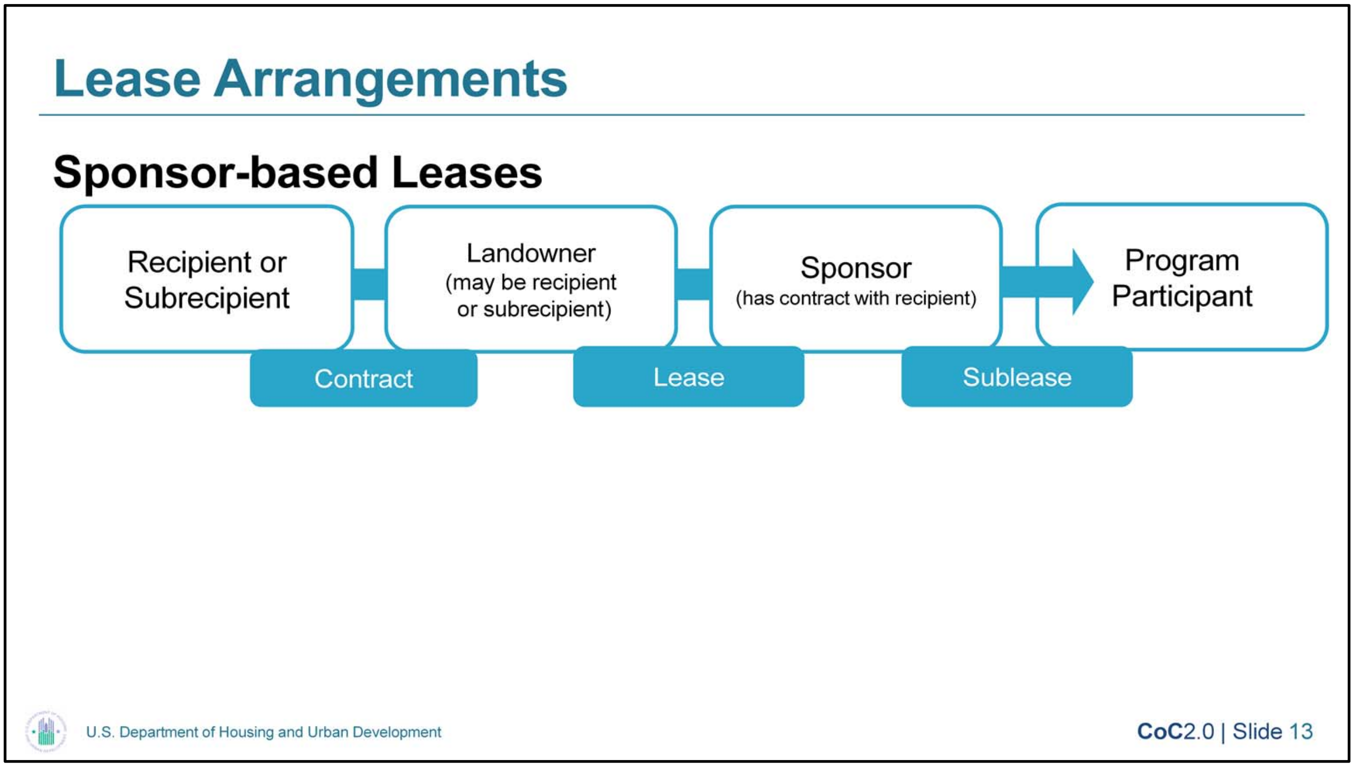
With this model, the program participant does not retain rental assistance if they move. Rather, the unit would be rented to another eligible participant that would benefit from the PBRA.



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.



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)

Unit rents can exceed FMR but must NOT exceed 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
Maximum Allowable Contract Rent	$600	$1,050	$1,450

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 14

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.

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

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 16

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.

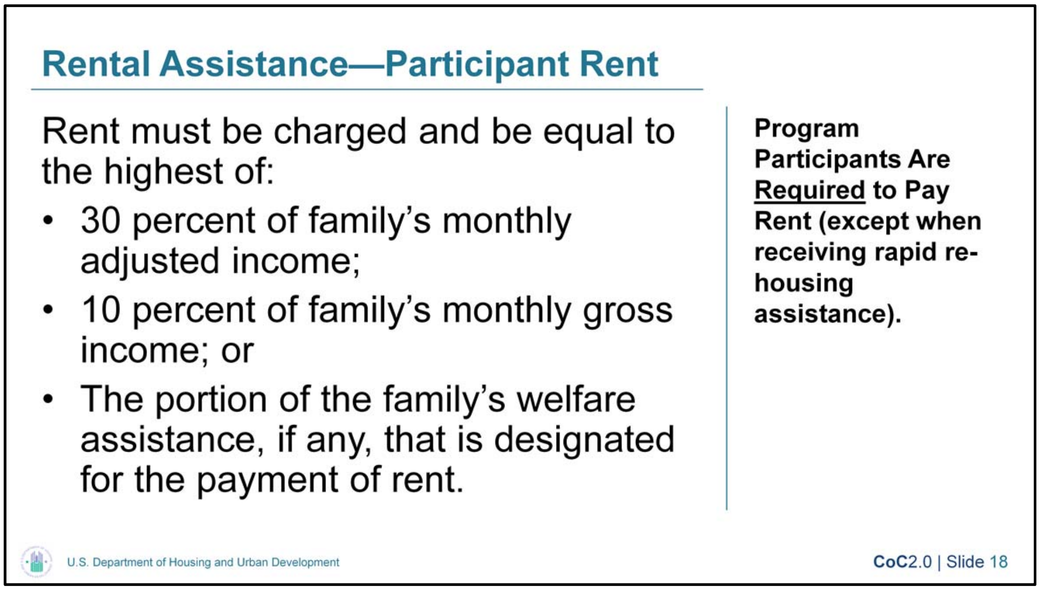
Rental Assistance Administration

- 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.

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 17

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.



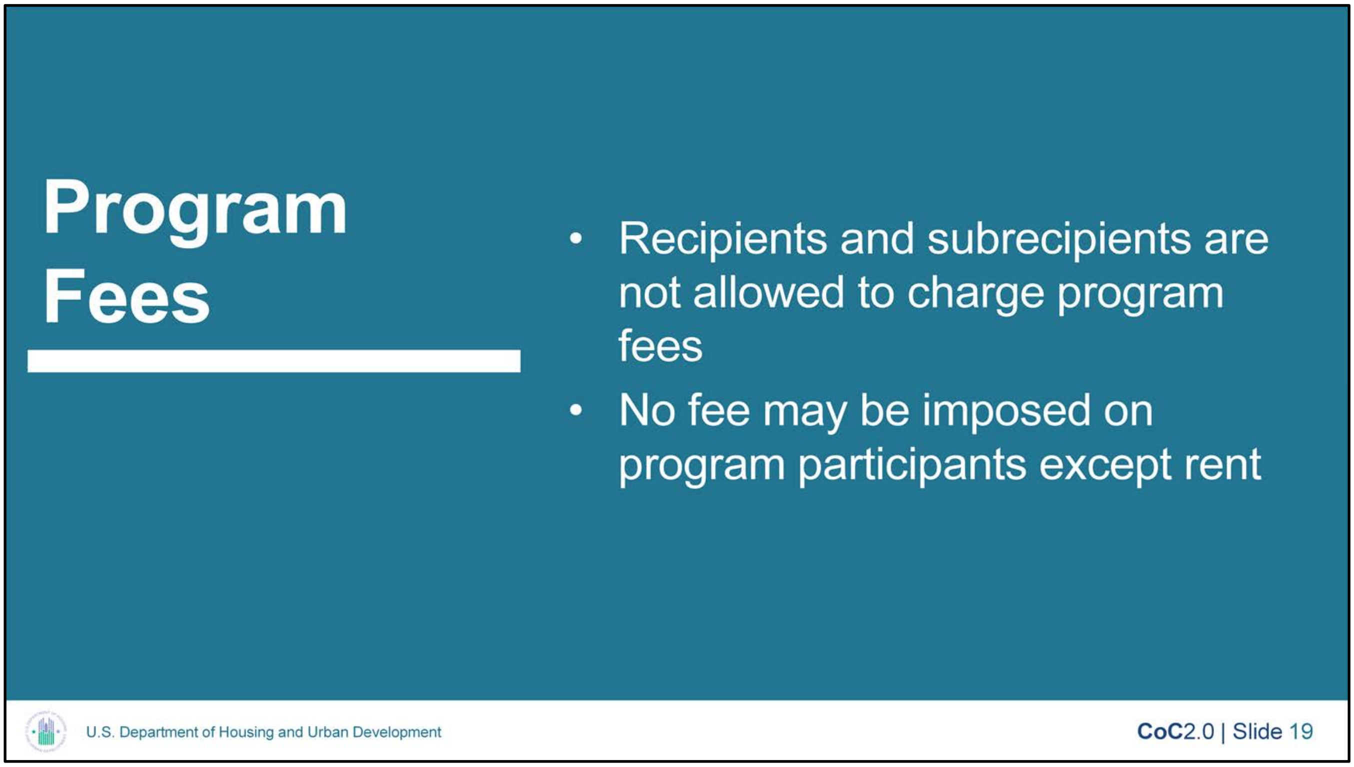
Program participants are required to pay a portion of their rent if they are receiving CoC Program rental assistance, unless they have no income at all. In permanent supportive housing and transitional housing projects, the program participant's rent contribution **must be equal to the highest of:**

- 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.



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.

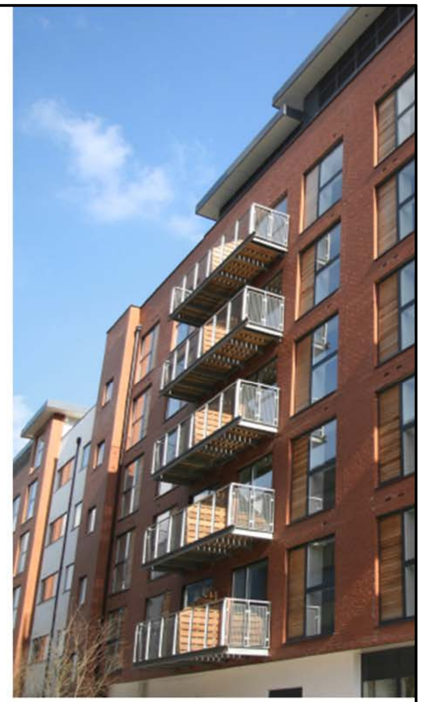
This new requirement may require some existing projects to restructure their program policies and budget. Recipients should work with their local field office to examine projects on a case-by-case basis to ensure compliance with the CoC Program interim rule.

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



U.S. Department of Housing and Urban Development

CoC2.0 | Slide 20

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	• Transitional Housing • Permanent Housing: PSH and RRH • Homelessness Prevention
Model of Assistance	• 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 capped 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

U.S. Department of Housing and Urban Development

CoC2.0 | Slide 21

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.

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.

Continuum of Care 2.0

Thank you.