



Continuum of Care Program

Start-Up Training





Training Housekeeping - Etiquette

When entering Skype – **Select the “Don’t join audio” option**

The audio portion of the training is a conference call. The call-in information is:

Number **1-888-330-1716** Access Code **6399068**

All participants will be in listen only mode – Please use the chat feature to ask questions. To access the chat feature, press this button



If we are unable to answer questions, we will provide follow-up responses to registrants. Please contact your CPD Representative for any additional clarifications.

Should we have time to answer questions, we will unmute all participants. At that time, we will ask you to mute your phones and only unmute to ask questions. If your phone does not have a mute feature, you may use *6 to toggle mute.



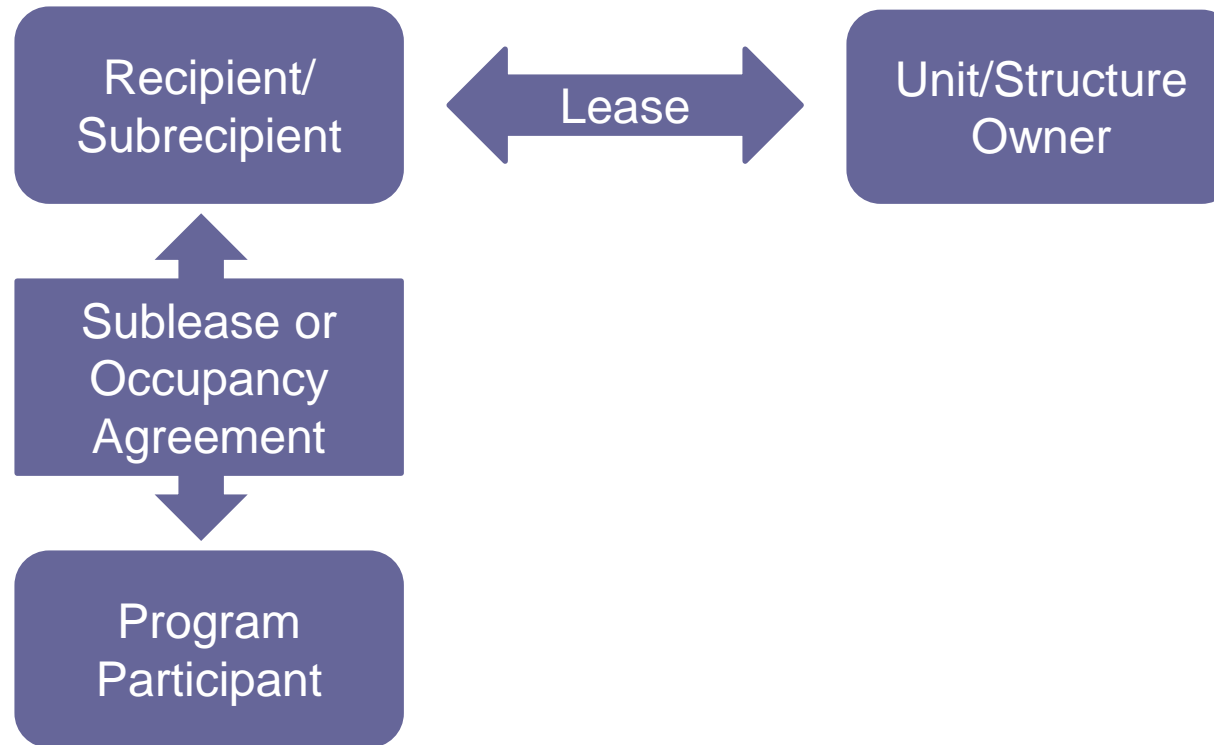
Requirements Related to Housing Assistance



Leasing Costs and Requirements



Lease Agreements





Occupancy Charges

Recipients using leasing funds are not required to charge program participants rent

- Must treat all program participants the same
- Process for determining amount of charge must follow Section 578.77 of CoC Program interim rule
- Occupancy charges collected from program participants are considered program income
 - Funds must be retained by recipient/subrecipient, committed to project, and used to cover any eligible CoC Program costs.



Occupancy Charges

Recipients with leasing funds are not required to charge program participants rent

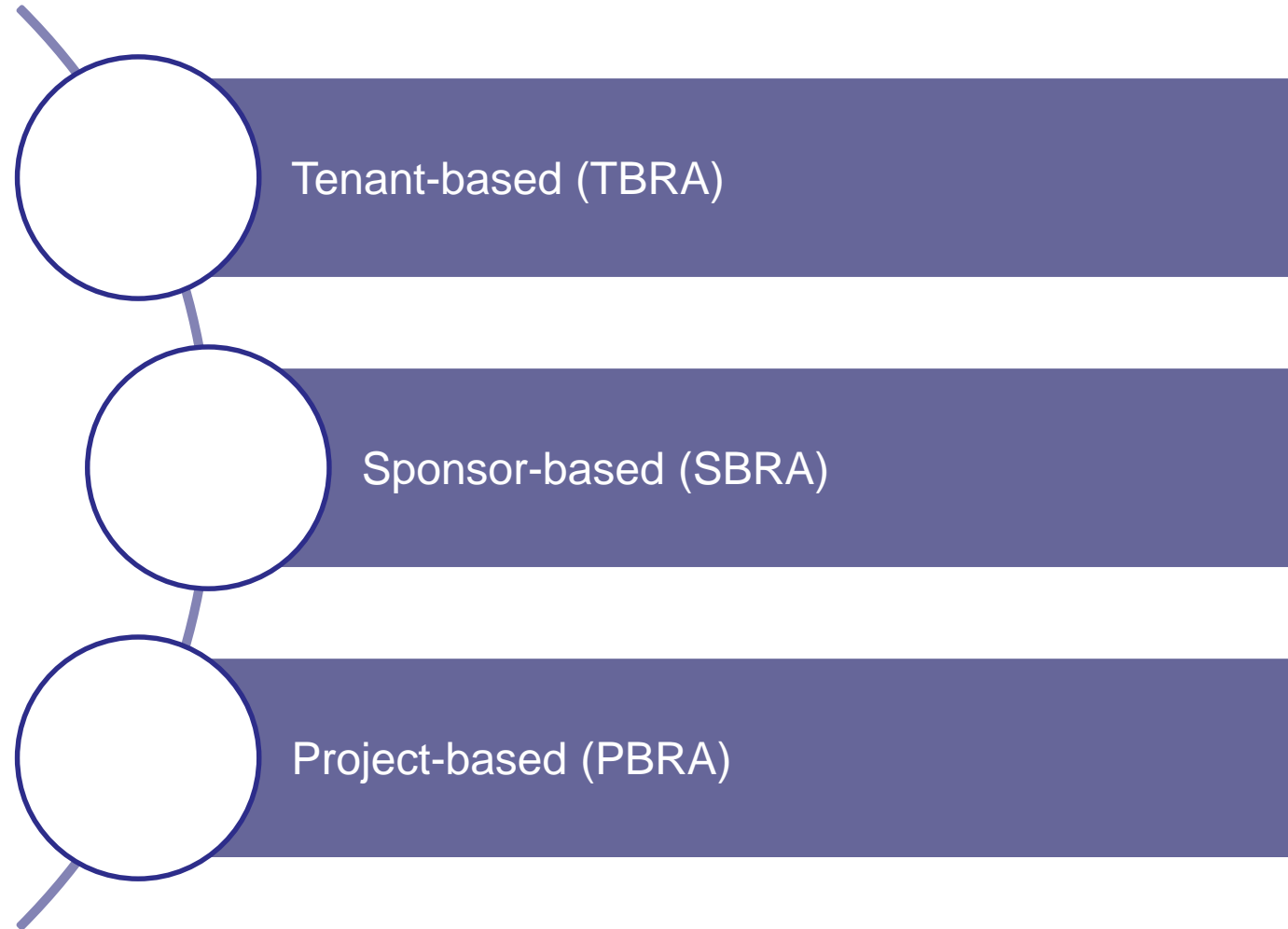
- May choose to impose occupancy charge equal to no more than highest of:
 - 30 percent of the family's monthly adjusted income;
 - 10 percent of the family's monthly gross income; or
 - The portion of the family's welfare assistance, if any, that is designated for paying rent
- Income must be calculated according to 24 CFR 5.609 and 24 CFR 5.611(a)



Rental Assistance Costs and Requirements



Different Models of Rental Assistance





Tenant-Based Rental Assistance (TBRA)

- Rental assistance follows the program participant
- Program participants locate housing of their choice
- If program participants move, they can take rental assistance to a new unit
- May require program participants to live in a certain structure or area for the first year of the program, but ONLY if it is necessary for service coordination



Project-Based Rental Assistance

- Rental assistance stays with the unit
- Recipient contracts with building owner, who leases subsidized units to program participants
- If program participant moves out, unit is rented to another eligible program participant.



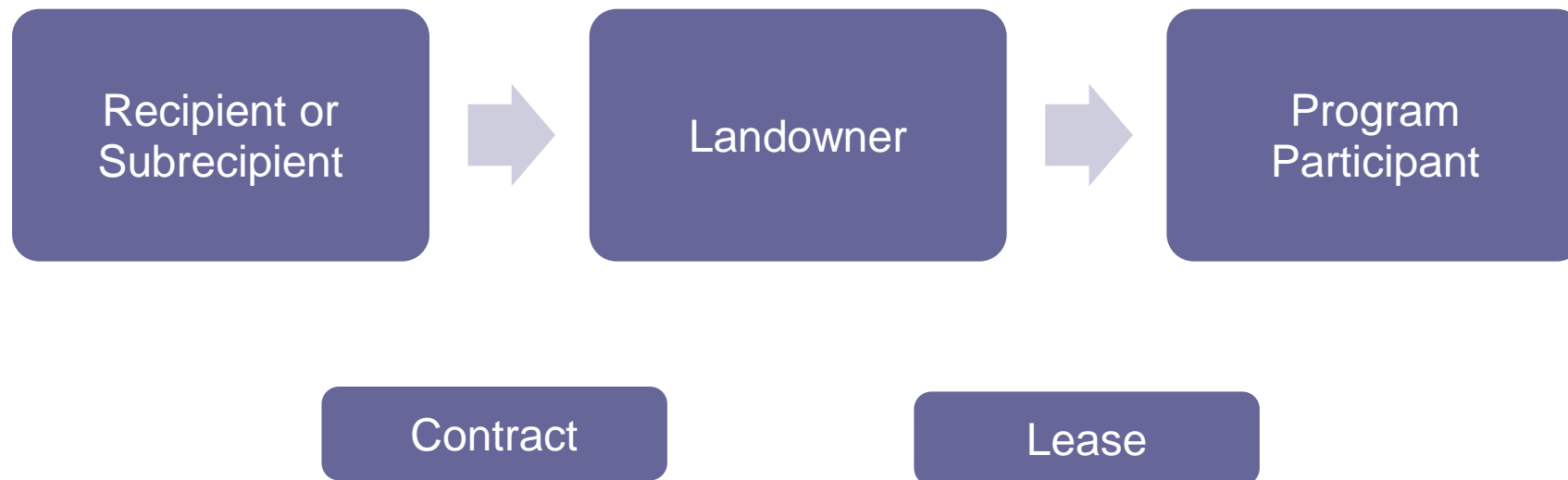
Sponsor-Based Rental Assistance (SBRA)

- Rental assistance stays with the units owned or managed by the project sponsor
- Recipient contracts with Sponsor who locates and rents housing units.
- Sponsor subleases the units to program participants.
- If the program participant moves out of the unit, the sponsor can then sublease it to the next eligible program participant.
- Rental assistance can be maintained if the program participant moves to another unit owned or contracted by the sponsor.



RA Lease Arrangements

- Tenant-based and project-based rental assistance





RA Lease Arrangements

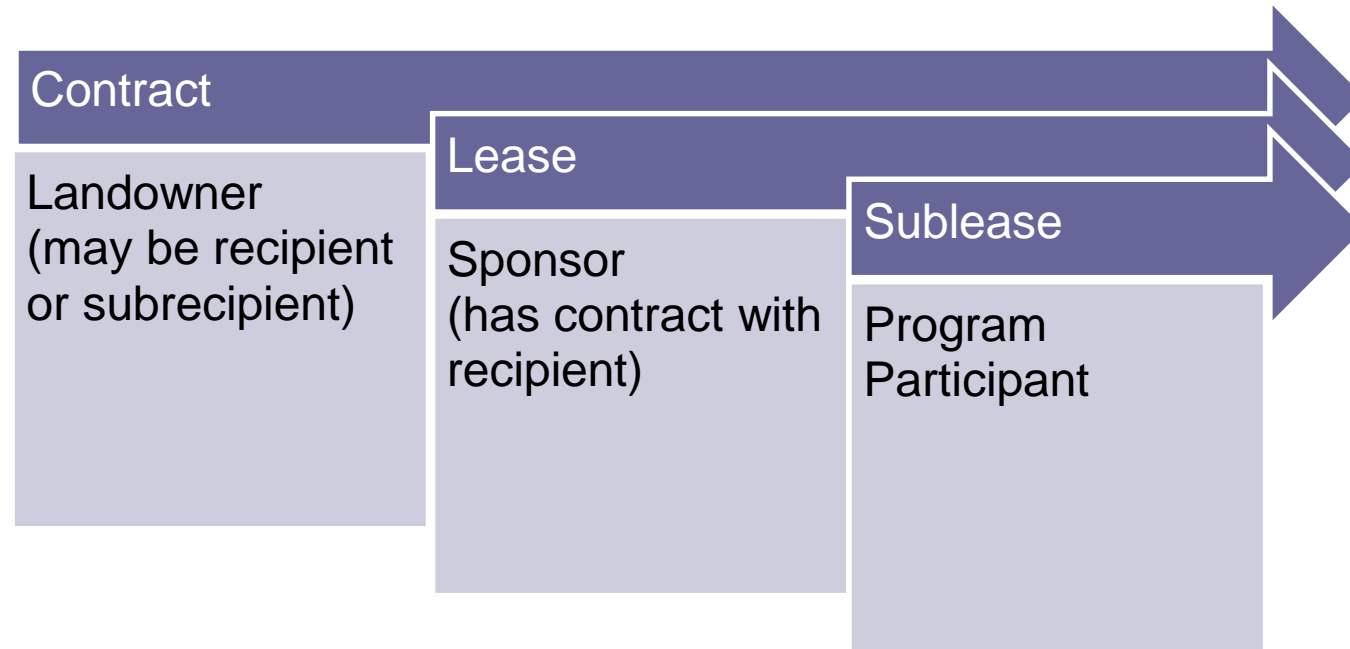
- Project-based rental assistance stays with the unit





RA Lease Arrangements

- Sponsor-based rental assistance





Examples of Lease Agreements

- [Leasing and Rental Assistance Summaries of Lease and Sublease Examples](#)
- [Leasing Projects - Example of Lease and Sublease Agreement](#)
- [Rental Assistance Projects - Example of Three Party Lease Agreement](#)
- [Sample HAP Contract](#)
- [Summary of Lease Occupancy Agreement Requirements](#)



Rent

Recipients with rental assistance funds are required to charge program participants rent

- Must treat all program participants the same
- Process for determining amount of charge must follow Section 578.77 of CoC Program interim rule
- Program participant rent is NOT considered program income



Rent

Recipients with rental assistance funds are required to charge program participants rent

- Must impose rent that is 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 paying rent
- Income must be calculated according to 24 CFR 5.609 and 24 CFR 5.611(a)



Rent: Rapid Re-housing

Rapid re-housing projects are NOT required to charge program participants rent

- Must treat all program participants the same
- Process for determining amount of charge must follow CoC Written Standards
- Program participant rent is NOT considered program income



Geographic Mobility Amendment

- Allows persons receiving TBRA to choose housing outside of the CoC's geographic area.
- Persons can move and retain assistance as long as recipient continues to meet certain requirements.
- [CoC Program Interim Rule Amendment to § 578.51\(c\): Increasing Mobility Options for Homeless Individuals and Families With Tenant-Based Rental Assistance](#)
- [Increasing Mobility Options for Homeless Households Assisted with TBRA Webinar](#)



Rental Assistance Administration

Staff time & overhead costs for delivery of RA

- Contracting for and making RA payments
- Conducting HQS inspections
- Conducting rent reasonableness reviews
- Conducting rent calculations
- Providing housing information & assistance

Can use match or “grant savings” to pay these costs (or costs of rent increases or to serve a greater number of program participants).

Nonprofits can administer their own RA for PSH and RRH projects

- Nonprofits cannot administer RA for their TH projects



CoC Utility Notice

CPD Notice 17-11

<https://www.hud.gov/sites/dfiles/OCHCO/documents/17-11cpdn.pdf>





Purpose of Notice

- Notice clarifies HUD's expectation that recipients/subrecipients will consider reasonable monthly utility costs when calculating rent contributions or occupancy charges for program participants who are responsible for paying their own utilities.
- For the purpose of this notice, "utilities" exclude telephone but include gas, oil, electric, sewage, water, and trash removal.



Notice Includes This Information:

- A. Notice Purpose
- B. Background
- C. Determining Appropriate Rent Contribution, Occupancy Charge, or Utility Reimbursement for Program Participants who are Responsible for their own Utilities
- D. Paying the Utility Reimbursement
- E. Maintaining Records



Notice Applies to:

- CoC Program-funded programs ***where some or all of the utility costs are the responsibility of the program participant***
- The calculation established in the Notice applies to program participants residing in:
 - Transitional Housing (TH)
 - Permanent Supportive Housing (PSH)



Paying Utility Costs in TH and PSH

To determine tenant rent contribution, occupancy charge, or utility reimbursement:

1. Calculate the Program Participant's Rent Contribution or Maximum Occupancy Charge (24 CFR 578.77);
2. Subtract Amount of Local Utility Allowance; and
3. Determine the Rent Contribution, Occupancy Charge, or Utility Reimbursement Amount.

$$\text{Step 1} - \text{Step 2} = \text{Step 3}$$



Paying Utility Costs in RRH

- *REMEMBER!* The rent contribution calculation at 24 CFR 578.77 does not apply to RRH projects
- RRH projects must follow the CoC's written standards for determining the amount or percentage of rental assistance that can be provided
- The recipient must take into account any utilities paid for by the program participant and reimburse any amounts that exceed the program participant's share of the rent



Paying Utility Reimbursement

- **Program participant must be reimbursed for difference when:**
 - Local utility allowance exceeds required or maximum rent/occupancy charge
- **Reimbursement for overpayment can be made:**
 - To program participant
 - To utility company*

*Recipient/subrecipient must have program participant's permission and notify participant in writing of amount paid to utility company (to allow participant to pay any outstanding amounts).



Maintaining Records

- **Recipient must retain records regarding:**
 - Utility schedules used to determine utility allowance
 - Occupancy charge policy (if applicable)
- **Program participants files must include:**
 - Annual income calculation per 24 CFR 578.103(a)(6)
 - Documentation of rent contribution, occupancy charge, or utility reimbursement and how amount was determined
 - Evidence of utility reimbursement when applicable (including written permission to pay utility company directly when applicable)



Tips



- Local Public Housing Agencies can provide information about Local Utility Allowances
- All program participant contributions and occupancy charges are still calculated per 24 CFR 578.77
- View examples of reimbursement calculations on pages 6-9 of the utility notice
- Submit any questions on the subject to the CoC Program AAQ at <https://www.hudexchange.info/program-support/my-question/>



Property Requirements





Use Requirement 24 CFR 578.81

- For projects with acquisition, rehab, or new construction costs, project must continue to serve individuals or families experiencing homelessness 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
 - Repayment amount reduced 20% for each year after 10 years
 - There are some exceptions – see 578.81(e)



Lead-Based Paint Requirements 24 CFR 578.99(f)

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



Examples of 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
- Landowner/landlord remediation not completed where units failed inspection



Housing Quality Standards 24 CFR 578.75(b)

- All housing units 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
- Chapter 10 of the Housing Choice Voucher Program Guidebook
http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35620.pdf
- HUD 52580-A
<https://www.hud.gov/sites/documents/52580-A.PDF>



Environmental Review 24 CFR 578.31

- 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



Environmental Review Responsible Entity

- 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



Environmental Review

- Tenant-based *leasing* projects are not subject to Section 58.5
- Sponsor-based and project-based rental assistance and project-based leasing are classified as categorically excluded subject to 24 CFR 58.5 (CEST) and require a higher level of review than tenant-based rental assistance – called a “limited scope”
- Environmental Review Flow Chart can be found at <https://www.hudexchange.info/resources/documents/CoC-Program-Environmental-Review-Flow-Chart.pdf>

(Let's review it together)



Environmental Review Levels

- Exempt/CENST
 - Only one Exempt/CENST form needs to be filled out per project
- CEST “Limited Scope”
- EA (Environmental Assessment)



Environmental Review Resources

- [Environmental Review Flow Chart](#)
- [Frequently Asked Questions](#)
- [How to Prepare ER for CoC Rental or Leasing Projects without Any Associated Repairs...](#)



Rent Reasonableness

CoC Guidance

<https://www.hudexchange.info/resources/documents/CoC-Rent-Reasonableness-and-FMR.pdf>





Rent Reasonableness

- Rent paid must be reasonable in relation to rents being charged in the area for comparable unit/space.
- Rent paid may not exceed rents currently being charged by the same owner for comparable unassisted space.
- Ensures program participants are paying the same rents as other non-program participants.
- Must have written policies & procedures for documenting comparable rents.
- Sample form: <https://www.hudexchange.info/resource/2098/home-rent-reasonableness-checklist-and-certification/>



Rent Reasonableness

Housing and Urban Development
Office of Housing
Rent Comparability Grid

Attachment 9-2
OSAD Approved 9/2002 (rev. 01/31/2019)
Subject's FRA #

Subject	Unit Type	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5
Project Name	Data	Project Name	Project Name	Project Name	Project Name	Project Name
Street Address	Street Address	Street Address	Street Address	Street Address	Street Address	Street Address
City, County	City, County	City, County	City, County	City, County	City, County	City, County
1. Rent Charged	Data	S Adj.	Data	S Adj.	Data	S Adj.
2. Is Last Rent Reasonable?	Yes/No		Yes/No		Yes/No	
3. Date Last Leased (mm/yy)						
4. Rent Concession						
5. Occupancy for Unit Type						
6. Effective Rent & Rent/sq. ft.						
In Parts B thru E, adjust only for differences in the subject's market values.						
B. Design, Location, Condition	Data	S Adj.	Data	S Adj.	Data	S Adj.
C. Structure / Stories						
D. Yr. Built/Yr. Renovated						
E. Condition / Street Appeal						
F. Neighborhood						
G. Same Market / Miles to Subj.	Data	S Adj.	Data	S Adj.	Data	S Adj.
H. Unit Equipment / Amenities						
I. Bedrooms						
J. Bath						
K. Unit Interior Sq. Ft.						
L. Balcony / Patio						
M. A/C, Central / Wall						
N. Range / refrigerator						
O. Microwave / Dishwasher						
P. Washer / Dryer						
Q. Floor Coverings						
R. Window Coverings						
S. Cable / Satellite / Internet						
T. Special Features						
U. Site Equipment / Amenities	Data	S Adj.	Data	S Adj.	Data	S Adj.
V. Parking (S Fee)						
W. Extra Storage						
X. Security						
Y. Clubhouse / Meeting Rooms						
Z. Pool / Recreation Areas						
AA. Business Ctr / Shared Network						
AB. Service Coordination						
AC. Non-shelter Services						
AD. Neighborhood Networks						
AE. Utilities	Data	S Adj.	Data	S Adj.	Data	S Adj.
AF. Heat (in rent? type)						
AG. Cooling (in rent? type)						
AH. Cooking (in rent? type)						
AI. Hot Water (in rent? type)						
AJ. Other Electric						
AK. Cold Water / Sewer						
AL. Trash / Recycling						
AM. Adjustments Reason	Reason	Reason	Reason	Reason	Reason	Reason

CoC - 24 CFR 578.49(b) & 578.51(g)

- Leasing and Rental Assistance
- Procedure in place to ensure compliance
- Annual Review is recommended



Rental Assistance Rent Limits

- 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
Maximum Allowable Contract Rent	\$600	\$1,050	\$1,450



Leasing Rent Limits for Units

- Unit rents cannot exceed Rent Reasonableness
- 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)

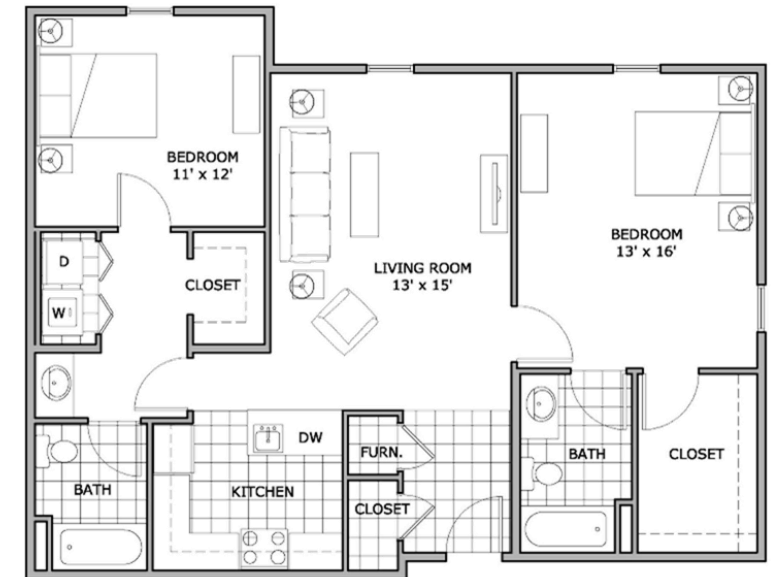
	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Rent Payment with grant funds	\$575	\$1,050	\$1,450



Rent Reasonableness

DETERMINE RENT REASONABLENESS BY CONSIDERING

- GROSS RENT
- QUALITY
- TYPE
- ANY AMENITIES, MAINTENANCE, AND UTILITIES TO BE PROVIDED BY THE OWNER
- LOCATION
- SIZE
- AGE OF THE UNIT





Rent Reasonableness

A market study of rents or by reviewing advertisements for comparable rental units (vacant or occupied)



- ☐ Newspaper ads
- ☐ Weekly or monthly neighborhood newspapers
- ☐ “For Rent” signs in windows or on lawns
- ☐ Bulletin boards in community locations
- ☐ Real estate agents
- ☐ Property management companies
- ☐ Rental listing websites

Written verification signed by the property owner affirming that the rent is comparable to current rents



Rent Reasonableness

At a minimum, a rent reasonableness policy should include:

- a methodology for documenting comparable rents
- case file checklists and forms
- standards for certifying comparable rents as reasonable
- staffing assignments, and
- strategies for addressing special circumstances





Rent Calculations



Rent Calculations

24 CFR 578.77

- Occupancy Agreement/Lease Required
- Occupancy Charges/Rent Contribution
 - 30% of Adjusted Income
 - 10% of Gross Income, or
 - Welfare Rent
- Income – 24 CFR 5.609 & 5.611(a)

Rental Assistance Vs Leasing Vs RRH

- Rental Assistance - participants must pay a contribution
- Leasing - can be less (per policies), but cannot exceed the maximum calculation
- Rapid Rehousing - must follow the standards adopted by the Continuum and the project
 - 24 CFR 578.37(a)(1)(ii)





CoC - 24 CFR 578.77

- Review income initially and at least annually thereafter
- Participant must agree to supply income documentation (at least 1 month of income documentation) or self certification, if no income
- Participant may request recalculation anytime (i.e. decreased income or household composition change)
- Establish project policies/procedures for calculations and any special provisions



24 CFR 5.609

- Project out 12 mos. following admission
 - Ask about hours, OT, raises, etc.
- Inclusions
 - Wages of family members 18 years+
 - Assets of \$5,000+ (checking, savings, CD's, stocks, retirement accounts)
 - Use passbook savings rate to calc



Rent Calculations

24 CFR 5.609

- Exclusions
 - Updated listings are published in the Federal Register
 - Last published May 20, 2014

[HTTPS://WWW.FEDERALREGISTER.GOV/DOCUMENTS/2014/05/20/2014-11688/FEDERALLY-MANDATED-EXCLUSIONS-FROM-INCOME-UPDATED-LISTING](https://www.federalregister.gov/documents/2014/05/20/2014-11688/federally-mandated-exclusions-from-income-updated-listing)

Rent Calculations

Mandatory Deductions

- Definitions
- 4 potential deductions

CPD Notice 96-03

- Most of the Notice is outdated
- Attachment B Worksheet





Scenario #1

- 2 check stubs
- Check stub 1 is for 40.25 hours for Feb 1 thru Feb 14 = \$412.56
- Check stub 2 is for 35.5 hours for Feb 15 thru Feb 28 = \$363.88
- No other income to report

WHAT IS THE ANNUAL INCOME?

A. \$ 10,093.00

B. \$ 9,317.00

C. \$ 10,660.00

D. \$ 10,920.00

$$\$412.50 + \$363.88 = \$776.38 \times 12 = \underline{\hspace{2cm}}$$

OR

$$\$412.50 + \$363.88 = \$776.38 / 2 \times 26 = \underline{\hspace{2cm}}$$



Scenario #2

- Annual income is \$10,660
- Single individual
- No disability or medical expenses
- Tenant pays utilities and utility allowance is \$75

WHAT IS THE MAXIMUM
OCCUPANCY CHARGE ?

A. \$ 266.50

B. \$ 88.83

C. \$ 191.50

D. \$ 0.00

\$10,600 X 30% = _____

\$10,600 X 10% = _____



Scenario #2A

- The individual loses their job and need a recalculation
- Single individual
- No disability or medical expenses
- Tenant pays utilities and utility allowance is \$75

WHAT IS THE MAXIMUM
OCCUPANCY CHARGE ?

- A. \$ 0.00
- B. \$ 88.83
- C. \$ 191.50
- D. YOU OWE THE PARTICIPANT \$ 75.00