

HATC Action Item

February 1, 2018

Resolution No. HATC 2018-02: To Amend the Continuum of Care (COC) Policies and Procedures by defining and setting guidelines for the utilization of COC grant funds.

WHEREAS, The Continuum of Care Policies and Procedures provides a framework for the management and administration of the COC Program; and

WHEREAS, Periodic amendments to HATC Board-adopted COC Policies and Procedures are necessary in order to accommodate legislative changes, and in consideration of current trends and best practices; and

WHEREAS, defining eligible activities for the utilization of COC grant funds will provide guidance for the continued administration of the program and ensures that all program funds are utilized accordingly.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of HATC hereby:


1. Approves Resolution No. HATC 2018-02,
2. Authorizes the CEO/Executive Director to execute all necessary documents and extensions.

Passed and approved the 1st day of February, 2018.



Ann Denton, Chair, Board of Commissioners

Attested and approved as to form:



Patrick B. Howard, CEO/Executive Director

HATC Action Item

February 1, 2018

Resolution No. HATC 2018-02: To Amend the Continuum of Care (COC) Policies and Procedures by defining and setting guidelines for the utilization of COC grant funds.

Background Information:

24 CFR 578.51 defines eligible activities as follows:

(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 property owner, in addition to the security deposit and payment of first month's rent.

(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 sub recipients 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.

HATC has been adhering to these eligible costs upon request by property owners. The proposed amendment would establish guidelines on eligible activities for the spending of funds for the COC grant. Furthermore, this amendment defines HATC's policy on security deposit payments by limiting the number of months the amount can exceed from two months to one.

Limiting the security deposit assistance to a maximum amount not to exceed one month of the program participants rent, allows HATC to utilize remaining funds for leasing new participants.

Requested Action:

Consideration and appropriate action regarding Resolution No. HATC-, To Amend the Continuum of Care (COC) Policies and Procedures by defining and setting guidelines for the utilization of COC grant funds.

Alternate Option:

The Board of Commissioners could elect Not to Amend the Continuum of Care (COC) Policies and Procedures by defining and setting guidelines for the utilization of COC grant funds.

Fiscal Impact:

The proposed amendment provides a framework for the allocation of program funds and allows HATC to effectively utilize program funds for eligible activities while still providing security deposit assistance.

Attachments:

- A. Proposed Amended Continuum of Care Policy and Procedures Excerpt
- B. 24 CFR 578.51: Rental Assistance
- C. Allocation of Funds for Security Deposits Chart

Prepared by:

Christina Montes, *Director of Voucher Programs and Homeless Initiatives*

Approval:

Patrick Howard

Patrick B. Howard, *CEO/Executive Director*

Attachment

A

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SECTION 3 – ELIGIBLE ACTIVITIES

The COC program provides funding for only rental assistance and grant administration. Eligible Activities for the use of COC grant funds is described in 24 CFR 578.

A. RENTAL ASSISTANCE

HATC will use COC funding to provide rental assistance for COC eligible homeless people with disabilities who are also PSH eligible. HATC will use COC rental assistance to make housing affordable for program participants to pay the difference between the actual rent for a unit and 30% monthly adjusted gross income or 10% of their monthly gross income (whichever is higher). Zero income participants will provide a zero income statement at each annual re-certification until income is obtained. HATC has a system in place to record and track all rental payments made to landlords or sponsors.

Eligible activities for utilization of COC grant funds is defined in 24 CFR Part 578.51. The following are defined as eligible activities:

- Security Deposits may be paid to a property owner but must not to exceed 2 months' of rent;

HATC Policy

Effective 3/01/2018, Property owners may receive security deposit assistance from HATC but may not exceed one (1) months' rent.

- Last month's rent may be paid to the property owner but must not exceed one (1) months' rent;
- If an assisted unit is vacated by the participant prior to the expiration of the lease, vacancy payments may be paid to the property owner for a maximum of 30 days from the end of the month in which the unit was vacated; and
- Property damages may be paid to property but must not exceed one (1) months' rent. This shall be a one-time cost per participant, incurred at the time a participant exits a housing unit.

HATC Policy

In order for a property owner to request property damage reimbursement, the property owner must submit a request within 30 days of the participant vacating the unit or within 30 days of the end of the lease term upon participant vacating the unit. The property owner must provide a detailed / itemized list of the damages and it must include the cost to repair each item after the security deposit is applied. The costs must be reasonable and additional information may be required before approving the request. Approval of such request may take up to 30 days and approval of the reimbursement is dependent upon available COC funds.

Attachment

B

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in relation to rents being charged in the area for comparable space. In addition, the rent paid may not exceed rents currently being charged by the same owner for comparable unassisted space.

(2) *Leasing individual units.* When grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units, taking into account the location, size, type, quality, amenities, facilities, and management services. In addition, the rents may not exceed rents currently being charged for comparable units, and the rent paid may not exceed HUD-determined fair market rents.

(3) *Utilities.* If electricity, gas, and water are included in the rent, these utilities may be paid from leasing funds. If utilities are not provided by the landlord, these utility costs are an operating cost, except for supportive service facilities. If the structure is being used as a supportive service facility, then these utility costs are a supportive service cost.

(4) *Security deposits and first and last month's rent.* Recipients and subrecipients may use grant funds to pay security deposits, in an amount not to exceed 2 months of actual 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 the first month's rent.

(5) *Occupancy agreements and subleases.* Occupancy agreements and subleases are required as specified in § 578.77(a).

(6) *Calculation of occupancy charges and rent.* Occupancy charges and rent from program participants must be calculated as provided in § 578.77.

(7) *Program income.* Occupancy charges and rent collected from program participants are program income and may be used as provided under § 578.97.

(8) *Transition.* Beginning in the first year awards are made under the Continuum of Care program, renewals of grants for leasing funds entered into under the authority of title IV, subtitle D of the Act as it existed before May 20, 2009, will be renewed either as grants for leasing or as rental assistance, depending on the characteristics

of the project. Leasing funds will be renewed as rental assistance if the funds are used to pay rent on units where the lease is between the program participant and the landowner or sublessor. Projects requesting leasing funds will be renewed as leasing if the funds were used to lease a unit or structure and the lease is between the recipient or subrecipient and the landowner.

§ 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.

(1) 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.

(i) 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.

(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

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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.

§ 578.53 Supportive services.

(a) *In general.* Grant funds may be used to pay the eligible costs of supportive services that address the special needs of the program participants. If the supportive services are provided in a supportive service facility not contained in a housing structure, the costs of day-to-day operation of the supportive service facility, including maintenance, repair, building security,

furniture, utilities, and equipment are eligible as a supportive service.

(1) Supportive services must be necessary to assist program participants obtain and maintain housing.

(2) Recipients and subrecipients shall conduct an annual assessment of the service needs of the program participants and should adjust services accordingly.

(b) *Duration.* (1) For a transitional housing project, supportive services must be made available to residents throughout the duration of their residence in the project.

(2) Permanent supportive housing projects must provide supportive services for the residents to enable them to live as independently as is practicable throughout the duration of their residence in the project.

(3) Services may also be provided to former residents of transitional housing and current residents of permanent housing who were homeless in the prior 6 months, for no more than 6 months after leaving transitional housing or homelessness, respectively, to assist their adjustment to independent living.

(4) Rapid rehousing projects must require the program participant to meet with a case manager not less than once per month as set forth in § 578.37(a)(1)(ii)(F), to assist the program participant in maintaining long-term housing stability.

(c) *Special populations.* All eligible costs are eligible to the same extent for program participants who are unaccompanied homeless youth; persons living with HIV/AIDS; and victims of domestic violence, dating violence, sexual assault, or stalking.

(d) *Ineligible costs.* Any cost that is not described as an eligible cost under this section is not an eligible cost of providing supportive services using Continuum of Care program funds. Staff training and the costs of obtaining professional licenses or certifications needed to provide supportive services are not eligible costs.

(e) *Eligible costs.*

(1) *Annual Assessment of Service Needs.* The costs of the assessment required by § 578.53(a)(2) are eligible costs.

Attachment

C

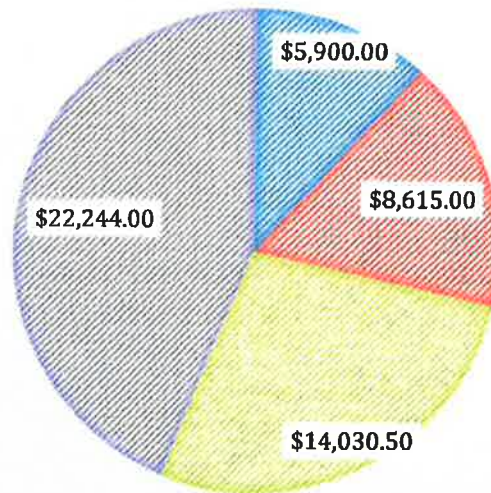
To Action Item 4A

HATC

HOUSING AUTHORITY OF TRAVIS COUNTY

ALLOCATION OF COC FUNDS FOR SECURITY DEPOSITS

- Grant FYE May 31, 2015
- Grant FYE May 31, 2016
- Grant FYE May 31, 2017
- Grant FYE May 31, 2018



The chart illustrates the total amount of funds spent on Security Deposits from the COC grant per grant year. Grant period becomes effective June 1 through May 31. The grant is renewed each year.