

Tenant Based Rental Assistance

A HOME Program Model



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Foreword

Providing rental assistance through a tenant-based rental assistance (TBRA) program is one option for Participating Jurisdictions (PJs) under the HOME program. Can it address important housing needs for your community?

TBRA programs are cost effective and popular with low-income households.

The Section 8 TBRA programs (Certificates and Vouchers) have demonstrated the value of this flexible form of assistance for more than 20 years. HOME TBRA enables PJs to expand the supply of affordable housing and, at the same time, provide considerable choice and mobility for tenants.

TBRA can assist families to achieve self-sufficiency.

TBRA can provide families with a stable and secure place to live while they receive the training they need, seek employment, and make the transition to self-sufficiency. It offers the special advantage of allowing families to choose housing in locations that best meet their individual needs, enabling them to move if necessary to gain access to jobs, schools, training and other opportunities.

But, the program is not without challenges.

TBRA works best where there is a sufficient supply of decent, safe and sanitary housing -- where affordability, not availability, of housing is the problem. For many PJs, it may also represents a significant administrative challenge.

How does a TBRA program work? Does it make sense for you?

This model helps answer these questions. If your answer is "YES" -- it provides detailed guidance for getting a successful program underway.




Chapter One

OVERVIEW OF THE TBRA PROGRAM


WHAT IS TENANT-BASED RENTAL ASSISTANCE (TBRA)?

The HOME TBRA program gives participating jurisdictions (PJs) a new tool for assisting low-income renters. Unlike project-based subsidy programs in which tenants receive assistance only if they live in certain developments, TBRA enables eligible tenants to receive assistance in rental units of their own choosing, provided the units meet basic program requirements.



Generally, to receive HOME TBRA, interested tenants apply to the PJ or the PJ's designated program administrator. The application enables the PJ to determine first, whether the applicant is eligible to participate in the program, and then, how much assistance the household needs. When funds are available, the PJ issues each eligible household a TBRA "Coupon."¹

With this coupon in hand, a family can begin looking for a new rental unit or may request approval to receive assistance in its current unit. When the household finds a unit, the owner and the household request that the PJ inspect the unit and approve its rent. If the PJ approves the unit, a "tenant share" and "PJ share" of the rent are calculated. The tenant and the owner sign a lease, and the PJ signs an agreement with either the owner or the tenant. Each month, the PJ uses HOME funds to pay its share of the rent to either the owner or the tenant, depending upon the PJ's program design.



HOME Program rules permit the PJ to make many key decisions about how the

TBRA program is designed. Within certain program rules, the PJ can decide *who* will receive the subsidy, *how much* subsidy a tenant can receive, *where* TBRA may be used, and *to whom* (the tenant or the owner) the payment will be made. How a PJ should structure its program will vary, depending upon the goals the PJ hopes to achieve.

This model program is designed to give PJs the information they need to:

- decide if TBRA is a good use of HOME funds in their communities;
- design a TBRA program that meets community needs and HUD requirements; and
- successfully implement a TBRA program.

This chapter presents an overview of the program. Subsequent chapters provide detailed guidance on the design and implementation of the program.

PJ CERTIFICATION

To establish a TBRA program, a PJ must certify in its consolidated plan that TBRA is an essential part of its approved housing strategy, and that market conditions in the locality make TBRA a viable option. This means that an assessment of market factors has been undertaken and, because there is a sufficient supply of housing, a TBRA program is an effective way to expand affordable housing opportunities in the community.

ELIGIBLE PARTICIPANTS

To participate, tenants must be **low-income households**. A household qualifies as low income if its *annual gross income* does not exceed the *Section 8 Low Income limit* (generally 80 percent of the area median income). Incomes of participating tenants must be verified before assistance is provided and re-examined annually thereafter. Income limits are established by household size and revised annually by HUD. Current income limits are available from any HUD Office.

The HOME final rule permits participating jurisdictions to use any of three definitions of annual gross income: the Section 8 definition found at 24 CFR Part 5, the Census long-form definition, or the IRS Form 1040 series definition.² For detailed guidance on calculating annual income using the Section 8 definition, refer to HUD-1470-CPD, *Technical Guide for Determining Income and Allowances for the HOME Program*.

A family cannot receive HOME TBRA if they are receiving rental assistance under another Federal program, or a state or local rental assistance program, if the HOME subsidy would result in duplicative subsidies. However, some state and local government rental assistance programs do not provide assistance in amounts sufficient to lower a tenant's rental payment to 30 percent of income. In such cases, HOME TBRA could be provided as supplemental assistance to further reduce the tenant's rent payment to 30 percent of income.

INCOME TARGETING

For each fiscal year's HOME allocation, at least 90 percent of the HOME rental units developed and families assisted under

TBRA (combined) must be used to serve families at or below 60 percent of the area median income. For example, if a PJ assists 75 families using TBRA and rehabilitates 50 rental units using HOME funds, at least 113 families assisted ($125 \times 0.90 = 113$) must have incomes at or below 60 percent of the area median income.

TENANT SELECTION


PJs can use TBRA to support a variety of local goals and initiatives. A PJ-wide TBRA program can address the general need for affordable housing by giving low-income households more "buying power." Through the use of local preferences, PJs can target funds to meet specific needs or serve specific purposes.

Written Tenant Selection Policy


The PJ must have a written tenant selection policy that clearly specifies how families to be assisted will be selected. Appendix 1 provides an outline for a tenant selection plan. Although the tenant selection plan need not be submitted to HUD for approval, it should be on file in the PJ's office and available to HUD and the public upon request. The FY 1997 VA/HUD Appropriations Act (P.L. 104-204) continued the suspension of Federal preference requirements. Appendix 11 provides additional background on preferences.

Anti-Displacement and Relocation

TBRA can be an important tool to assist income-eligible tenants who live in units that will be acquired, demolished, or rehabilitated with HOME funds. Displaced families may be offered TBRA as an alternative to relocation assistance required by the Uniform Relocation Act or Section 104(d) of the Housing and Community Development Act.



In addition, HOME TBRA can serve as a useful tool in connection with a HOME Program to prevent displacement caused by rehabilitation. If a tenant's rent is increased as a result of rehabilitation to a level that is more than he or she can afford, the tenant, upon moving, is considered "displaced." TBRA can subsidize a family's rent to ensure that it does not exceed the greater of: (a) the tenant's old rent plus estimated utility costs; or (b) the maximum tenant contribution established by the PJ under §92.209(h)(2). Assistance must be provided for at least one year, but there must be a reasonable basis for concluding at the time of the Notice of Nondisplacement that the tenant will be able to continue in occupancy for an indefinite period after the initial lease term and that future rent increases will be reasonable. If the tenant is offered these protections, the PJ has satisfied its obligation to the tenant. If the tenant then elects to move elsewhere, he/she does not qualify as a "displaced person" and is not eligible for relocation assistance.




HUD Handbook 1378, *Tenant Assistance, Relocation and Real Property Acquisition* provides detailed guidance on relocation requirements.

Self-Sufficiency Programs

PJs may require HOME TBRA recipients to participate in self-sufficiency programs as a condition of assistance. However, tenants living in a HOME-assisted project who receive TBRA as relocation assistance may not be required to participate in self-sufficiency programs.

Homebuyer Programs



HOME TBRA may be used for a period up to 36 months to assist potential low-income homebuyers who enter into lease-purchase agreements. While the HOME TBRA

payment cannot be used to create equity, all or a portion of the homebuyer's monthly contribution toward housing expenses may be set aside for this purpose. If a PJ determines that a tenant has met the lease-purchase criteria and is ready to assume ownership, HOME funds may be provided for down payment assistance.

Local Preference for Persons with Disabilities

PJs may establish a preference for individuals with disabilities or for a specific category of individuals with disabilities (e.g., persons with chronic mental illness or AIDS). Typically, a PJ implementing this preference would do so in conjunction with other activities that provide appropriate non-mandatory supportive services to the persons with disabilities. Generally, if such a preference is given, TBRA assistance and the related services should be made available to all persons with disabilities who can benefit from such services.

A preference for a specific category of individuals with disabilities is permitted if the category is identified in the state's or the community's consolidated plan as having unmet needs, and the preference is needed to narrow a gap in benefits and services received by these persons.

Local preferences cannot be administered in a manner that limits the opportunities of persons based on race, color, religion, sex, national origin, handicap, or familial status. A person given a preference for the TBRA program may not be prohibited from applying for or participating in other available programs or forms of assistance for which he or she might qualify.

Targeting within an Urban County or PJ Consortium

A PJ that is an urban county or consortium may establish a TBRA program that is

smaller than the entire PJ or consortium area. For instance, a single local government participating in a consortium may administer a TBRA program that operates only in its jurisdiction.

Other Special Needs

PJs may establish other preferences that are not discriminatory in intent or effect. For example, preferences may be established for families whose children may be placed in foster care because of inadequate housing, families with children in foster care who can return to the household only when adequate housing is available, battered spouses, or senior citizens.

ELIGIBLE USES OF ASSISTANCE

TBRA funds may be used (1) to provide rental assistance to help pay the cost of monthly rent and utility costs, and (2) to pay security and/or utility deposits. PJs may provide security deposit assistance to tenants regardless of whether the PJ is providing on-going tenant-based rental assistance. Utility deposit assistance may be provided only in conjunction with either rental assistance or a security deposit program.

In determining which forms of assistance to offer, the PJ should consider both the needs of target households and the amount of funding that is available. Providing on-going rental assistance can reduce the household's rent burden and make higher-quality units affordable. Security deposit only (or utility and security deposit only) programs may be attractive for many households who can afford monthly housing costs but not the "up front" costs of moving to quality housing.

Although providing deposit assistance only enables the PJ to serve more households, this approach may not enable the PJ to

serve those most in need. To adequately serve some very low-income households, PJs may need to provide maximum rental and deposit assistance.

INELIGIBLE USES OF TBRA FUNDS

HOME TBRA funds cannot be used to:

- make commitments to specific owners for specific projects. Tenants must be free to use the assistance in any eligible unit.
- assist resident owners of cooperative housing that qualifies as home ownership housing. Cooperative and mutual housing may qualify as either rental or owner-occupied housing under the HOME Program, depending upon the provisions of the agreement applying to the unit. TBRA may, however, be used by a tenant who is renting from a cooperative unit owner.
- prevent displacement of or provide relocation assistance to tenants as a result of activities other than the HOME Program.
- provide TBRA to homeless persons for overnight or temporary shelter. The HOME TBRA subsidy must be sufficient to enable the homeless person to rent a transitional or permanent housing unit that meets Housing Quality Standards (HQS).

LIMITATIONS ON THE AMOUNT OF SUBSIDY PROVIDED

The HOME Program regulation specifies the maximum rental subsidy that may be paid and requires PJs to establish a minimum tenant contribution.

- The subsidy provided by the PJ may not exceed the difference between a payment standard established by the

PJ and 30 percent of the household's monthly adjusted income.

- PJs may establish the minimum tenant contribution expressed as a percentage of either gross or adjusted income.
- Security and utility deposits must be "reasonable" (e.g., not more than two months rent) and consistent with local market practices.
- Each subsidy contract cannot exceed two years. However, assistance on behalf of an individual household can be extended under subsequent contracts if the PJ continues to administer a TBRA program and has funds available.

Detailed guidance on subsidy calculations is provided in Chapter Two.

ELIGIBLE UNITS

Coupon holders may select units that are publicly or privately-owned, but TBRA may not be provided to a family who proposes to rent a unit that receives a project-based rental assistance through Federal, state, or local programs, if the HOME assistance would provide a duplicative subsidy.

Units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. PJs must document the basis of their rent reasonableness determinations.

PJs may require that eligible TBRA participants use their TBRA coupons within the jurisdiction or permit their use in a larger area. For most PJs, limiting TBRA to units within the jurisdiction is administratively simpler. However, in major metropolitan areas in which the housing market crosses arbitrary political subdivisions, some degree of portability will

offer more unit and neighborhood options for families, may help to further fair housing opportunities, and may better assist hard-to-house families.

When an eligible participant uses the TBRA outside its jurisdiction, PJs retain their basic responsibilities such as housing quality inspections and tenant income re-examinations. If portability is limited to contiguous jurisdictions, the PJ staff are likely to be able to conduct these activities. However, if portability is permitted on a larger scale, perhaps even nationwide, the PJ may need to enter into cooperative agreements with other PJs or PHAs to provide some of the needed services.

HOUSING STANDARDS

Housing Quality Standards

Tenants must use TBRA assistance in units that meet Section 8 Housing Quality Standards (HQS). Inspections must be made at initial occupancy and annually during the length of the TBRA assistance. HUD has developed a variety of training materials on Housing Quality Standards including an HQS Inspection Manual, Inspection Forms (HUD-52680 and 52680A), and a video presentation. These materials should be available from any HUD Office and also from the local PHA.

Occupancy Standards

PJs should develop occupancy standards that specify how the number of bedrooms needed by the household will be established. Section 8 Housing Quality Standards (HQS) include a basic occupancy standard of two persons per living/sleeping area. The basic standard can be modified to take into consideration specific household composition and circumstances, for example, by:

- permitting/requiring/prohibiting young children of the opposite sex to share a bedroom;
- not requiring different generations of the same sex to share a bedroom;
- providing for less than 2 persons per living/sleeping area in the case of medical necessity.

Occupancy standards are used to provide consistent criteria for determining the unit size for which the household is eligible and thus, the amount of assistance to be provided. Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. Participants may also select larger units, but the PJ is not required to increase the subsidy to cover the increased costs of a larger unit.

In conjunction with the annual income re-examination of income, the PJ should re-examine the TBRA household's size and composition to determine whether its circumstances have changed. Depending upon the occupancy requirements established by the PJ, a household whose size or composition has changed may be required to find a unit that is suitable to its current circumstances.

PROTECTION FOR TENANTS

Termination of Tenancy

Each PJ must develop standards outlining when participating owners may terminate tenancy or refuse to renew a lease. These standards must be established in writing and be included in the lease agreement and, if applicable, the agreement between the PJ and the owner.

PJs should, as a minimum, require that owners comply with local tenant-landlord ordinances and may impose additional

requirements. Other requirements should be imposed only when the PJ has a specific reason for intervening in the tenant-landlord relationship. For example, PJs using TBRA assistance in conjunction with a self-sufficiency program in which the PJ is providing additional counseling or support, may want to consider requiring the owner to notify the PJ before taking any termination action. The PJ should also have a written policy about how any termination of tenancy will affect the tenant's TBRA assistance.


Applicants for Section 8 Assistance

The HOME statute requires that HOME TBRA recipients who also have applied for Section 8 assistance retain, for the purpose of the Section 8 waiting list, any tenant selection preference for which they qualified at the time HOME TBRA was provided. For example, a Section 8 applicant who qualified for a tenant selection preference because the family was living in substandard housing would continue to qualify for this preference, even after receiving HOME TBRA in a standard dwelling. This policy enables families to receive HOME TBRA without jeopardizing its opportunity to receive Section 8 assistance. Appendix 11 provides additional information on PHA tenant selection policies and procedures.

FAIR HOUSING COMPLIANCE

Compliance with fair housing rules requires that PJs consider both the intent and the effect of their tenant selection policies and procedures.

Before a local preference is implemented, PJs should analyze the pool of applicants that is likely to receive assistance using the preference to confirm that the preference will not result in discrimination based on race, color, religion, sex, national origin, handicap, or familial status. For example,




if a PJ gives preference to applicants who participate in a training program, the PJ must confirm that the selection process for the training program is not discriminatory.

For most jurisdictions, the application of a local preference is unlikely to have a discriminatory effect because the population within the jurisdiction is diverse and includes persons from a variety of racial and ethnic groups, families of varying sizes, and individuals with disabilities. HUD's monitoring of the effect of any local preference will include an analysis of:

- the extent to which the PJ applies its preference consistently.
- the degree to which the demographic characteristics of persons served and those on the waiting lists is consistent with the demographic characteristics of eligible households in the housing market area. (Although a perfect correlation is not expected, a wide discrepancy would be cause for concern and additional analysis.)
- the extent to which the PJ has demonstrated a commitment to fair housing in program outreach and other public information activities (i.e., as a minimum, the identification of and special outreach to those households who are least likely to apply for assistance, and use of the fair housing logo and language on advertisements and other public information documents).
- whether any discrimination complaints have been made and the outcomes of those complaints.

MATCH REQUIREMENTS



As with all HOME activities, TBRA program expenditures require a 25 percent local match. A PJ may count non-Federal funds

that it contributes to its HOME TBRA program as a matching contribution. It may also count as a match any funds it contributes to a TBRA program that does not use HOME funds but meets the HOME Program requirements (see 24 CFR 92.219(h)(1)). Payment of costs associated with administration of a TBRA program does not count as a match.

IS TBRA AN EFFECTIVE USE OF YOUR HOME FUNDS?

For most PJs, administering a TBRA program can be a cost-effective and highly successful use of HOME funds. Implementing a TBRA program makes sense if low-income households have significant needs for rental assistance that are not being met by other sources, and housing in which eligible families can use the assistance is available. To decide whether HOME TBRA is appropriate, the PJ should consider:

How great is the need for rental assistance?

The PJ's consolidated plan should provide valuable information about the number and incomes of renters in the community. If a significant number of households pay in excess of 30 percent of their monthly incomes for housing, serious consideration should be given to administering a TBRA program. Similarly, if other planned HOME activities will generate the need for relocation assistance, using TBRA as a relocation resource can be very cost-effective.

Are resources other than TBRA available to meet the needs?

TBRA should be used only if it addresses an unmet need. PJs should consider how much demand exists for Section 8 assistance and which segments of the low-income population currently may not be

served or may be under-served by assisted housing developments such as public housing or privately-owned assisted housing.

Is a TBRA program feasible in the housing market?

Are units available that (1) would meet HQS, and (2) rent within program cost constraints? The PJ's consolidated plan can provide valuable information about the condition and cost of the housing stock. Are there vacant units in standard condition that could be made affordable with rental assistance? Could a TBRA program stimulate owners of housing with minor deficiencies to make repairs?

If a supply of standard housing does not exist, or if the TBRA program does not provide sufficient incentives for owners of substandard housing to improve housing quality, the PJ might better use HOME funds to help develop affordable rental housing.

Is a TBRA program administratively feasible?

For most PJs, administering a TBRA program will require the development of new skills and administrative processes. Although some activities such as housing inspections and income determinations are also required for other HOME activities, many PJs have not had previous experience in the leasing process and the process of making monthly rental payments.

PJs may develop their own capabilities or contract with the local PHA or a non-profit organization to administer the program. Because implementation of a TBRA program requires the development of significant administrative capability, it will be most cost-effective if the PJ intends to

administer the program on a continuing basis.

TBRA ADMINISTRATION

Program Operation

A PJ may administer its TBRA program or contract with a local public housing authority (PHA), another public or private agency, or a nonprofit organization.

TBRA is not an eligible community housing development organization (CHDO) set-aside activity. If a PJ selects a CHDO to administer its TBRA program, the CHDO is acting as a sub-recipient, and general program funds rather than CHDO set-aside funds must be used.

Administrative Costs

Regardless of the entity that operates the program, HOME funds may be used to pay for reasonable planning and administrative expenses associated with operating a TBRA program. Such expenses are subject to the 10 percent limitation on administrative costs. TBRA administrative costs are considered general management, oversight and coordination under 24 CFR 92.207(a)(5).

Using a Waiting List


To ensure that families are selected for assistance in a fair and equitable manner, most PJs will need to create or adopt a waiting list. The waiting list serves the purpose of identifying all interested applicants and documents the process by which their eligibility is confirmed and the order in which they receive assistance. PJs may, depending upon the program goals they have established, create their own waiting list or use the Section 8 Existing Housing waiting list.



Key considerations:

- If the PJ's goal is to administer a general rental assistance program (without preference for a specific population) and the local PHA is administering the program for the PJ, using the Section 8 waiting list may be appropriate and administratively simpler.
- If the PJ's preference system is significantly different than the preferences generally applied by the PHA to the Section 8 waiting list, a separate list may be more appropriate.

Whether a PJ uses the Section 8 waiting list or develops its own list, the PJ should coordinate with the PHA to establish how receipt of TBRA will affect the status of families on the Section 8 waiting list.



The HOME statute requires that HOME TBRA recipients who also have applied for Section 8 assistance retain, for the purpose of the Section 8 waiting list, any tenant selection preference for which they qualified at the time HOME TBRA was provided. This means that the PJ and the PHA should agree upon the procedures that will be used to offer Section 8 assistance to HOME TBRA recipients. Appendix 11 provides additional information on coordination of tenant selection policies with PHAs.

USING THIS GUIDE

This guide is intended to assist with both TBRA program design and implementation.

The discussion in this chapter and Chapter Two should help interested PJs decide whether to commit HOME funds to TBRA activities and to think through key design and policy issues.

Chapter Three presents a step-by-step implementation discussion beginning with the development of a budget and ending with the first rental assistance payment. Chapter Four covers on-going administrative tasks.

Sample formats included in the appendix are intended to give the PJ a "head start" in developing TBRA procedures. Please read the forms carefully! Notes on several of the forms suggest ways that the forms may need to change, depending upon the program design options chosen. The formats should be reviewed by the PJ's counsel to assure that the forms are not in conflict with state or local laws, and that they are consistent with the PJ's program design.

This chapter provided guidance intended to assist PJs to determine *who* should receive assistance, and *what* types of assistance should be provided. Exhibit 1.1 provides a checklist that summarizes these key program design decisions. The next step in program design is determining *how much* assistance the PJ will provide. Chapter Two presents options for calculating the amount of subsidy to be provided and assuring that rents charged by TBRA owners are reasonable.

Exhibit 1.1-TBRA Program Design Checklist

A. Program Goals:

- ☐ Community-wide TBRA ☐ Anti-displacement only
☐ Special purpose (Specify)

B. Local Preferences: Specify any preferences and, if more than one is established, how the preferences will be ranked.

C. Forms of Assistance

- | | | |
|---|---|---|
| <input type="checkbox"/> Rental Assistance | <input type="checkbox"/> Paid to landlord | <input type="checkbox"/> Paid to tenant |
| <input type="checkbox"/> Security Deposit Assistance: | <input type="checkbox"/> All participants | <input type="checkbox"/> Need-based |
| <input type="checkbox"/> Utility Deposit Assistance: | <input type="checkbox"/> All participants | <input type="checkbox"/> Need-based |

D. Deposits will be refunded to: ☐ Tenant ☐ PJ

E. Length of Subsidy Contract: _____ (not to exceed 24 months)

F. Occupancy Standards: List any exceptions to the 2-person per bedroom general standard.

G. Portability:

- ☐ Use only within PJ jurisdiction
☐ Limited portability. Describe eligible area: _____ (e.g., SMSA)
☐ Unlimited portability
☐ Other, specify: _____

H. Waiting List: ☐ Section 8 ☐ Separate PJ waiting list

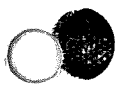
If the Section 8 waiting list is used, describe how the applicant's eligibility for Section 8 assistance will be affected by the receipt of HOME TBRA.



Chapter Two

SUBSIDY CALCULATIONS

PJs have considerable discretion about the amount of subsidy they provide on behalf of each tenant. The regulations specify that the subsidy can be no greater than the difference between a PJ-established payment standard and 30 percent of the household's adjusted monthly income. The PJ must also establish a minimum tenant contribution.



PJs can use the Section 8 programs as models for subsidy calculations, or can establish their own methodologies for calculating the subsidy, provided the method conforms with the basic regulatory requirements. The following discussion offers two alternatives for calculating the subsidy based upon the methods used for Section 8 programs. The sample forms included in this model can easily be adapted to accommodate either model, or a PJ's own subsidy design.

PAYMENT STANDARDS

The PJ must set a payment standard³ for each available bedroom size. Similar to the Section 8 Fair Market Rent (FMR), the HOME Payment Standard is intended to represent the cost (rent and utilities) in the PJ's jurisdiction of moderately-priced units that meet Section 8 Housing Quality Standards.

The payment standard determination is an important one. If the payment standard is set too low in comparison to the actual cost of modest, standard housing in the community, coupon holders may be unable to find housing. If the payment standard is set too high, the PJ may provide more subsidy than is needed and therefore, not

make the best use of its limited HOME funds.

< The HOME Program gives PJs two choices for setting the payment standard. >

1. The PJ may rely upon HUD's market analysis by adopting a payment standard based upon the Section 8 Existing Housing Fair Market Rent (FMR). Using this method, the payment standard for each unit size may be no less than 80 percent of the published FMR, and no more than the published FMR or HUD-approved community-wide exception rent in effect when the PJ adopts its payment standard. This method is attractive because it requires little market analysis on the part of the PJ.

Local PHAs can provide valuable information about the relationship between actual market rents and the published FMRs, based upon their experience with the Section 8 program. With this information and its own knowledge of market conditions, the PJ can set the payment standard anywhere within the allowable range. Exhibit 2.1 illustrates this option.

When this method of establishing the payment standard is used, the PJ may, on a unit-by-unit exception basis, use a payment standard that exceeds the applicable FMR by up to 10 percent for not more than 20 percent of the total number of units assisted in the TBRA program.

2. Because HUD's FMR market areas are quite large, the published FMR may be dramatically high or low for a specific jurisdiction within the FMR area. For this

Exhibit 2.1—Illustration of PJ Payment Standard Options Based Upon Section 8 FMR

	1 BR	2 BR	3 BR	4 BR
Published FMR	\$350	\$390	\$450	\$510
HUD-Approved Area-Wide Exception Rent	N/A	N/A	\$480	\$550
Maximum Allowable PJ Payment Standard	\$350	\$390	\$480	\$550
Minimum Allowable PJ Payment Standard (80% of FMR or HUD-Approved Exception Rent)	\$280	\$312	\$384	\$440

reason, the HOME Program offers PJs a second option for establishing the payment standard. The PJ may establish the payment standard at any level (higher or lower than the FMR), based upon its own market analysis. To exercise this option, the PJ must document the results of its market analysis.

SUBSIDY METHODS

Key Terms and Concepts

The two options described in this section represent different philosophies for providing assistance. Option 1 offers a predictable tenant contribution and specifically limits the rent the owner may charge. Option 2 leaves more to the discretion of both the tenant and the PJ, but also involves more risk for tenants. In order to understand the differences between the two subsidy models, it is important to understand the common terms described below.

- *Contract Rent* is the rent charged by the owner.
- *Utility Allowance* is the estimated average monthly cost of utilities to be paid by the tenant, separately from rent to the owner. A PJ may use the utility allowance for the Section 8 program, or establish its own schedule of allowances.

- *Gross Rent* is the Contract Rent plus the applicable utility allowance.
- *Reasonable Rent* is the rent charged for comparable, unassisted units in the same market area. The PJ makes a determination of the reasonable rent by documenting the rents for comparable units.
- *Annual Income*⁴ is the gross amount of income anticipated to be received by a household during the coming year. Annual income may be calculated using the Section 8 definition of annual income found at 24 CFR Part 5.609, the Census long form definition, or the IRS Form 1040 series definition.
- *Adjusted income*⁴ is a household's annual income less specified deductions based upon family circumstances. PJs must use the Section 8 adjustments to income found at 24 CFR Part 5.609.

Option 1: A Predictable Tenant Share and Limit on Contract Rent (Certificate Model)

The first option, which is modeled after the Section 8 Certificate Program, assumes (1) a fixed tenant payment, and (2) a PJ-established maximum rent the owner can charge. In this model, the tenant's share of housing costs (called Total Tenant

Payment or TTP) is calculated by formula. The tenant pays the greater of 30 percent of monthly adjusted income or 10 percent of monthly gross income. The PJ pays the

difference between the Total Tenant Payment and the approved gross rent for the unit. Exhibit 2.2 demonstrates this method.

Exhibit 2.2—Calculating Tenant and PJ Payments Using Subsidy Method - Option 1

The Smiths have been issued a two-bedroom HOME TBRA Coupon. Their Annual and Adjusted Incomes are \$22,500 and \$18,300 respectively. They find an apartment that rents for \$725 (including all utilities).

The Smith's must pay the greater of:

\$458 30% of adjusted monthly income
($\$18,300 \div 12 \times 0.30$)

\$188 10% of gross monthly income
($\$22,500 \div 12 \times 0.10$)

The PJ must pay the difference between the tenant's share and the approved rent.

Approved Rent	\$725
<u>Less Total Tenant Payment</u>	<u>\$458</u>
PJ Share of the Rent	\$267

CERTIFICATE

Under this option, the rent the owner may charge is limited by the PJ in two ways. First, the PJ must determine that the rent is reasonable in comparison to the rent charged for comparable, unassisted units. Second, the Gross Rent cannot exceed the PJ's payment standard for the appropriate unit size. The PJ may establish an exception rent policy that would enable the PJ to approve higher Gross Rents up to 10 percent above the payment standard for up to 20 percent of the units assisted. The exception rent policy should clearly state the circumstances in which the exception rent will be approved.

This option offers tenants predictability. It is based on an assumption that an appropriate contribution toward housing costs is 30 percent of monthly adjusted income for all households. The tenant's share of the rent will never exceed the amount required by the formula. For example, if the owner raises the rent in the second year of the TBRA contract and the household's income has remained the same, the entire increase would be paid by the PJ.

On the other hand, this option can have the effect of limiting the tenant's choice of housing. For example, if the tenant finds a unit that rents for more than the payment standard, the unit must be rejected unless an exception is approved. Under this option, tenants do not have the choice of paying an amount higher than is required by the formula in order to rent a more expensive unit.

Option 2: Fixed PJ Share and a Flexible Tenant Share and Contract Rent (Voucher Model)

The second option, which is modeled after the Section 8 Voucher Program, assumes a fixed PJ payment. The maximum subsidy is calculated by subtracting 30 percent of the participant's monthly adjusted income from the PJ's payment standard. The tenant pays the difference between the maximum subsidy and the Gross Rent for the unit, even if this amount is *more or less than 30 percent* of monthly adjusted income. A minimum tenant payment of 10 percent of monthly gross income is required.

Using this model, the rent charged by the owner must be reasonable, but is not limited by the payment standard. This model offers the tenant flexibility in the percentage of income it contributes to housing costs, and in the cost of the unit selected.

- If the tenant selects a unit with a Gross Rent that is less than the payment standard, the household will pay less than 30 percent of its adjusted income.
- If the tenant selects a unit with a Gross Rent that is more than the payment standard, the household will pay more than 30 percent of its adjusted income.

Exhibit 2.3 demonstrates this method. Although the added flexibility of this model is attractive to many tenants, it also involves risks. For example, a household may decide to select a unit that requires a monthly payment equal to 35 percent of monthly adjusted income even though this stretches the household budget. If in the second year of the TBRA contract the owner raises the rent and the PJ does not raise its payment standard, the household's share of the rent would be increased to an even higher percentage. Exhibit 2.3 demonstrates this method.

Exhibit 2.3—Calculating Tenant and PJ Payments Using Subsidy Method - Option 2 ~Voucher

The Smiths have been issued a two-bedroom HOME TBRA Coupon. Their Annual and Adjusted Incomes are \$22,500 and \$18,300 respectively. As shown in Exhibit 2-2, their monthly gross and adjusted income amounts are \$458 and \$188 respectively. They find an apartment that rents for \$800 (including utilities). The PJ's Rent Standard is \$775.

The maximum PJ subsidy is:

\$775	Rent Standard
\$458	(less) 30% of adjusted monthly income
\$317	Maximum PJ Subsidy

The Smith's share of the rent is:

\$800	Approved Rent
\$317	(less) Maximum PJ Subsidy
\$483	Smith's Payment

In this example the Smith's will pay more than 30% of their adjusted income for housing because they selected a unit that rents for more than the payment standard.

Had the Smith's found a very inexpensive unit, the requirement that the family must pay at least 10% of monthly gross income might apply.

\$500	Approved Rent
\$317	(less) Maximum PJ Subsidy
\$183	Calculated Tenant Share

VOUCHER

The calculated tenant share is \$183. However, the Smith's must pay at least 10% of gross monthly income ($\$22,500 \div 12 \text{ months} \times 0.10 = \188). In this case, the Smiths would pay \$188, and the PJ's contribution would be reduced by \$5.

Other PJ Options

As noted above, adopting either Option 1 or Option 2 is the simplest way for the PJ to comply with HOME rules. However, PJs interested in accomplishing specific outcomes can adopt other methods of computing the amount of subsidy. For example, within the HOME rules the PJ could establish:

- an expected tenant share that is greater than 30 percent;
- a higher or lower minimum tenant contribution than the 10 percent of gross income specified for the Section 8 program; or
- a lesser term than 24 months for the subsidy.

Generally, the minimum tenant contribution should be expressed in percentage terms. Establishing a flat dollar amount for the minimum payment is not recommended because this policy has the effect of imposing a hardship on families with the lowest incomes.

Impact of Unit Size on the Subsidy

The PJ must establish a policy with respect to how the subsidy will be calculated if the household leases a unit with more or fewer bedrooms than authorized by the PJ. As a comparison, under the Section 8 Voucher Program, PHAs calculate the subsidy based upon the unit size authorized, regardless of the size selected by the household. This means that a household that selects a smaller unit (that still meets HQS) may reap a significant savings, and the household that selects a larger unit than needed generally will be required to

pay more than 30 percent of adjusted income.

Alternatively, under the Section 8 Certificate method, PHAs use the Fair Market Rent for the size authorized if the coupon holder selects a larger unit, and the FMR for the size the household selects, if the household selects a smaller unit. PJs can elect to follow either rule, or adjust the payment standard to the unit size the household has selected in all cases. Exhibit 2.4 on the following page illustrates the impact of this policy.

Adjusting for Tenant-Paid Utilities

Regardless of the method used to determine the household's contribution, the PJ must consider how utilities will be paid. The tenant's contribution is intended to cover both rent and utilities. If all utilities are included in the rent, the household's entire contribution goes to the owner. However, this is rarely the case. Most tenants pay separately for at least some utilities. In such cases, the PJ must determine how much of the tenant's contribution should go to pay utilities and how much to the owner.

PJs must establish a utility allowance schedule that estimates the average cost of utilities for typical types of housing (single family, row house, high rise, etc.) and for various utilities (natural gas, propane, electricity, etc.). Utilities included in the schedule generally are those required for water/sewer, cooking, heating, lighting, and trash collection. Telephone and cable TV are not considered utilities for this purpose. PJs may use the utility allowance schedule that PHAs use for the Section 8 Program or establish a separate schedule. Exhibit 2.5 illustrates how the utility allowance is used.



Exhibit 2.4—Impact of Unit Size Selected on the Payment Standard

	Tenant Selects Larger Unit	Tenant Selects Smaller Unit
Section 8 Certificate Model	Use Payment Standard for unit size authorized	Use Payment Standard for selected unit
Section 8 Voucher Model	Use Payment Standard for authorized unit	Use Payment Standard for authorized unit

When a Larger Unit Is Selected

The Smith family has been authorized a two-bedroom HOME Rental Assistance Coupon (Payment Standard \$350); 30 percent of the household's adjusted monthly income is \$150. The family selects a three bedroom unit that rents for \$375.

- Using the Certificate model, the family would be unable to select this unit unless the PJ approved an exception rent. If the PJ did so, the family would pay \$150 and the PJ would pay \$225. (The cost of the rent above the Payment Standard is borne by the PJ.)
- Using the Voucher model, the PJ would pay \$200 (Payment Standard minus monthly adjusted income) and the family would pay \$175. (The cost of the rent above the Payment Standard is paid by the family, not the PJ.)



When a Smaller Unit Is Selected

The Jones family has been authorized a two-bedroom HOME Rental Assistance Coupon (Payment Standard \$350); 30 percent of the household's adjusted monthly income is \$150. The family selects a one bedroom unit that rents for \$275 (Payment Standard \$300).

- Using the Certificate model, the family would pay \$150 and the PJ would pay \$125. (Thus the savings for the smaller unit benefits the PJ, not the family.)
- Using the Voucher model, the PJ would pay \$200 (Payment Standard minus 30 percent of adjusted income); the family would pay \$75. (The savings for selecting the smaller unit benefits the family, not the PJ.)

Exhibit 2.5—Using Utility Allowances

The Brown family's Annual Adjusted Income is \$12,000; their monthly required contribution is \$300 ($12,000 \div 12 \text{ months} \times .30$). The family selects a unit that rents for \$575; the PJ determines the rent for the unit is reasonable. Gas and electricity must be paid separately.

- (1) The PJ utility allowance schedule shows the average cost of electricity and gas for the unit size and housing type selected as \$75.

- (2) The family makes its tenant contribution as follows:

\$ 75	For gas and electricity
<u>\$225</u>	<u>Rent to owner</u>
\$300	Total Tenant Contribution

- (3) The PJ pays the difference between the rent the owner is charging and the amount paid by the tenant:

\$575	Rent to owner
<u>\$225</u>	<u>Paid by tenant</u>
\$350	PJ subsidy

Sometimes PJs must make a *utility reimbursement* to the household, as well as a payment to the owner. This occurs whenever the household's share of housing costs is insufficient to cover expected utility costs. Exhibit 2.6 illustrates this phenomenon.

DETERMINING THE AMOUNT OF DEPOSIT ASSISTANCE

Deposits may be provided as a loan or grant. PJs can decide to provide security and utility deposit assistance to all eligible applicants or require a separate determination of need. Security deposit payments can be made to the tenant or the owner; utility deposits to the tenant or the appropriate utility company. If offered as a loan to the tenant, the PJ must execute a repayment agreement with the tenant to

Exhibit 2.6—Utility Reimbursements

Sally Green's Annual Adjusted Income is \$2,000; the monthly required contribution is \$50 ($2,000 \div 12 \text{ months} \times .30$). She selects a unit that rents for \$575; the PJ determines the rent for the unit is reasonable. Gas and electricity must be paid separately.

- (1) The PJ utility allowance schedule shows the average cost of electricity and gas for the unit size and housing type selected as \$75.

- (2) The full tenant contribution is used to pay gas and electricity. The tenant makes no contribution to contract rent.

- (3) The PJ pays:


\$575	Rent to owner
<u>\$ 25</u>	<u>Utility reimbursement to</u>
	<u>tenant (75-50)</u>
\$600	PJ subsidy

assure repayment at the end of the end of program participation. Returned funds are treated as program income, and must be reinvested in other HOME-eligible activities. state or local laws governing deposits (e.g., with respect to paying or accruing interest) apply, as well as the HOME program requirements.

Security Deposits


The amount of security deposit paid should be based upon local market practice. However, the maximum amount of HOME funds that may be provided for a security deposit is the equivalent of two months' rent for the unit. Only the prospective tenant, not the owner, may apply for HOME security deposit assistance.

In lieu of security deposits, the PJ may, at its discretion, assume liability for damages and other allowable costs in an arrangement with the property owner. The PJ should carefully consider whether it



wishes to assume potential liability for damages and other allowable costs. Payment of the security deposit limits PJ liability and decreases potential administrative follow-up action associated with owner claims. PHAs can provide valuable information about the advantages and disadvantages of being involved in unpaid rent and damage claims.

Utility Deposits



Utility deposits may be made in conjunction with the provision of rental assistance or security deposit programs, but cannot be operated separately as a "stand alone" program. Utility deposits may be paid for any of the tenant-paid utility services included on the utility allowance schedule. This includes fuel for cooking, heating and lighting (electric, gas, propane, etc.), and water/sewer and trash collection, if not provided as a city service, but does not include telephone or cable deposits.

Assistance with utility deposits is often a critical need for low-income households. However, administering a utility deposit component is more complicated than providing security deposits. Some utilities require a deposit only the first time utilities are provided, and the household's "account" is transferred from unit to unit with the household. For other utilities, the household must pay a deposit each time service is connected in a new location. For all of these reasons, PJs should determine if this assistance is really needed before including it in the TBRA program. It may be most productive to provide utility deposit assistance based upon need, rather than providing it to all participating households.

This chapter provided guidance for designing the subsidy component of a TBRA program. Exhibit 2.7 provides a checklist that summarizes these key program design decisions. Chapter Three presents a step-by-step implementation process, beginning with the development of a budget and ending with the first rental assistance payment.

Exhibit 2.7—Subsidy Design Checklist

A. Subsidy Model

- ☐ Option 1 Model
- ☐ Option 2 Model
- ☐ PJ designed model. Describe:

B. Maximum Rents

- ☐ Rents limited by reasonableness test only
- ☐ Rents limited by Fair Market Rent
- ☐ Rents limited by PJ-established payment standard. Describe:

C. Exception Rent Policy? ☐ No Yes ☐ Criteria:

D. Minimum Tenant Contribution. Describe:

Chapter Three

PROGRAM IMPLEMENTATION

This chapter describes the implementation of a TBRA program from initiation through the first TBRA payment. In order to cover all key steps, it assumes that the PJ is independently marketing the TBRA program, establishing a separate waiting list, and accepting applications for assistance. In reality, PJs that choose to use the Section 8 waiting list will rely upon the PHA for several of these activities.

DEVELOPING THE TBRA BUDGET

Program implementation begins with a budget. PJs that know how much of the HOME allocation will be used for TBRA must determine *how many* TBRA coupons

that amount will support. Conversely, PJs that know how many families they want to assist with the TBRA program, must determine *how much* total funding will be required.

The Simplest Model

In either event, the process begins with two key pieces of information: (1) the estimated cost for rent and utilities for the housing that is likely to be used by coupon holders; and (2) the estimated average income of households which are expected to participate. With this information, the PJ can estimate its average, per household subsidy. The simple model below (Exhibit 3.1) illustrates this concept.

Exhibit 3.1--Conceptual Budget Model -- An Example

Given: \$500 Fair Market Rent (a proxy for market housing costs)

\$13,000 Average Annual Gross Income

\$12,000 Average Annual Adjusted Income

Per Household Cost:

\$500	Fair Market Rent
-300	$\frac{12,000 \text{ (adjusted income)}}{12 \text{ months}} \times .30$
\$200	PJ monthly per household cost

$\$200/\text{month} \times 24 \text{ months} = \$4,800 \text{ per household cost}$

$\$4,800 \times 50 \text{ families} = \$240,000 \text{ estimated total costs.}$

or, conversely if the PJ has budget only \$200,000:

$\$200,000 \div 4,800/\text{household} = 41 \text{ households can be assisted}$

Adding Refinements and Complexity

Although the conceptual model shown above provides a rough estimate of the costs for a TBRA program, a more refined estimate requires each PJ to consider the following factors:

- **Actual housing costs:** Exhibit 3.1 uses the FMR as the estimate of the average rent (including utilities) for units that will be selected for TBRA. FMRs often are not a good indicator of housing cost because of the wide areas for which FMRs are developed. PJs should use the best available planning data and Section 8 program experience to estimate housing costs.

The simple example also does not make any assumptions about rent increases (and resulting increased subsidy payments) in the second year of the contract. Remember, under the Option 1 subsidy model, any increase in rent is absorbed by the PJ if the household's income remains the same. Under Option 2, both the household and the PJ may be responsible for a portion of any rent increases.

- **Variations in housing cost and household income by bedroom size:** The example above did not make any assumptions about the bedroom size requirements of the households to be assisted. Nor did it refine household

income data by household size. Developing budget estimates by bedroom size helps achieve better accuracy.

- **Length of subsidy contract:** Exhibit 3.1 assumes that each subsidy contract will be 24 months. Some PJs, especially those coordinating their TBRA programs with self-sufficiency programs, have specified a lesser period than 24 months. Remember, no subsidy contract can have a term of more than 24 months.
- **Impact of Security/Utility Deposits:** If the PJ will provide security and/or utility deposit assistance, the budget must reflect these expenditures. The PJ may elect to provide deposit assistance for all recipients or only some, based upon need.
- **Need for a contingency allowance:** Even with these refinements, the PJ should set aside some additional cushion to cover errors in the estimating process. However, it is also important to note there may be some "built-in" contingency because some families may not complete the 24 months due to personal circumstances such as moving out of the jurisdiction.

Exhibit 3.2 provides a more detailed approach to estimating the budget for a TBRA program.

Exhibit 3.2--Sample TBRA Budget Worksheet

	Number of Bedrooms				
	0-1	2	3	4	5+
(1) Estimated Housing Cost ¹					
(2) Monthly Adjusted Income x 0.30 ²					
(3) Est. Monthly Subsidy Cost to the PJ [(1) minus (2)]					
(4) Enter number of months (Length of subsidy contract)					
(5) Total Per Household Cost [(3) x (4)]					
(6) Enter number of families to be assisted					
(7) Basic Cost by BR Size [(5) x (6)]					
(8) Enter inflation/contingency amount [Use 1.xx format] ³					
(9) Adjusted Costs by BR size [(7) x (8)]					
(10) Per Household Deposit Cost ⁴					
(11) Total Deposit Costs [(10) x (6)] ⁵					
(12) Total Cost by BR Size [(11) + (9)]					
(13) Total Estimated Cost (Add all costs in Row (12))					

NOTES:

¹ Use the FMR, PJ adopted payment standard, or another estimate based upon experience.

² Use data by household size if available. Absent specific data, \$1,000/household in adjustments is not a bad "rule of thumb". For elderly households, this would cover the \$400 elderly household deduction and some medical expenses. For families, it would cover deductions for two children.

³ Enter the appropriate contingency figure expressed as 1.xx. For example, if a 3 percent contingency is needed, enter 1.03.

⁴ Use only if the PJ will use subsidy funds for deposits. Use local real estate practice as a guide.

⁵ If not all households will receive deposit assistance, multiply Item 10 by the estimated number of families to be assisted.

KEY PROCESSING STEPS AND PROGRAM DOCUMENTS

Exhibit 3.3 lists the basic documents that are needed to administer a TBRA program. The use of each is explained in the implementation steps that follow. Exhibit 3.4 summarizes key processing steps.

Exhibit 3.3—Key TBRA Forms

Application Form
HOME Rental Assistance Coupon
HOME Rental Assistance Contract
Request for Unit Approval
HOME Rental Assistance Lease Addendum
HQS Inspection Form
Rent Reasonableness Checklist/Certification

A sample format for each of these documents is provided in the Appendix. These forms have been developed using Section 8 program forms as a model. They can easily be adapted for either subsidy model or the PJ's own program design. The formats also assume that the PJ's subsidy payment will be made to the owner. These formats should be reviewed by each PJ's counsel to assure that the they are not in conflict with state or local laws, and that they adequately reflect the PJ's program design.

KEY PROCESSING STEPS



Step 1: Marketing and Outreach Activities

The nature of PJ marketing and outreach depends upon whether a separate waiting list is established for the HOME TBRA program or the Section 8 waiting list is used. When the Section 8 waiting list is used, the PJ must coordinate with the PHA to assure that HOME requirements are incorporated into the PHA's procedures.

Outreach to Eligible Households

The PJ's marketing approach must address: (1) *how* the program will be announced (e.g., which media and other sources); (2) *where* applications will be taken (e.g. at one site or more); (3) *when* applications will be accepted (e.g., daily, during normal working hours or extended hours for a specified period); and (4) the method for taking applications (e.g., in person, by mail).

Generally, the demand for rental assistance is far greater than available resources. As a result, a public announcement of the availability of TBRA in newspapers and other media of general circulation usually provides an ample supply of applicants. However, the PJ also has an obligation to assure that information about the program reaches the broadest possible range of potentially qualified applicants.

To further fair housing objectives, the PJ should identify those households that have been determined to be "least likely to apply," and determine what special outreach activities will ensure that this population is fully informed about the program. When the Section 8 waiting list is used, the process of determining who is least likely to apply and the marketing strategies will already have been addressed by the PHA. The PJ should work with the PHA to assure that all marketing initiatives and materials adequately reflect the availability of HOME assistance.

Outreach to Prospective Owners

The willingness of owners to participate in the HOME TBRA program significantly affects the options and opportunities available to coupon holders. PJs should conduct outreach to owners of rental

Exhibit 3.4–Key Processing Steps



MARKETING AND OUTREACH

Publicly announce availability of TBRA
Outreach to prospective applicants
Outreach to prospective owners



APPLICATION

Accept applications
Initial screening
Place apparently eligible applicants on waiting list
Notify ineligible applicants



ELIGIBILITY DETERMINATION

Select households based upon preference
Verify household preferences, composition, income
Notify ineligible applicants



COUPON ISSUANCE

Conduct briefing for coupon holders
Issue coupon
Provide assistance to coupon holder during search



REQUEST FOR UNIT APPROVAL

Applicant/owner submit request
PJ conducts HQS inspection
PJ determines rent reasonableness
PJ reviews owner lease



EXECUTION OF DOCUMENTS

HOME Rental Assistance Contract
HOME Lease Addendum



PAYMENTS BEGIN

property to stimulate their interest in the program. Mailing program notices to owners using tax or PHA records as sources, and participating in meetings of owner and realtor associations are often effective outreach methods.

Many owners will use the Section 8 program as their frame of reference. PJs staff should be prepared to describe how the HOME TBRA program is similar to and different from Section 8. Key differences that are likely to be of concern to owners are summarized in Exhibit 3.5.

Exhibit 3.5—Summary of Key Owner Concerns

Many owners will use the Section 8 program as the frame of reference. PJs staff should be prepared to describe how the TBRA program is similar to and different from Section 8. Key issues that are likely to be of interest to owners include:

Rent limitations. (Both the Section 8 and HOME programs require the rent to be "reasonable" in comparison to comparable, unassisted units. Fair Market Rent limitations apply to Certificates but not Vouchers.) PJs must explain whether rents for TBRA units also will be limited by the Fair Market Rent limitations or the PJ's payment standards.

Who receives the payment? (Section 8 payments go to the landlord.)

How prompt will the payment be? (Providing checks regularly and on time is essential.)

Who makes the payment? (An owner with no previous exposure to the PJ will wonder about responsiveness.)

Length of the contract. (Section 8 contracts are opened ended, rather than limited to 24 months. Owners may see this different policy as either positive or negative. Owners seeking longer-term commitments may prefer the Section 8 rule. However, many owners prefer a defined period.)

Lease provisions. (The prohibited lease provisions are the same as Section 8.)


Annual Income and Rent Determinations. Like the Section 8 program, the HOME TBRA program requires annual re-examination of tenant income and permits owners to request rent increases on an annual basis.

Interim Income Re-examinations. The Section 8 program provides for interim redeterminations of income if the household's circumstances change between annual re-examinations. The HOME Program regulation is silent on this point. PJs may develop their own policies. (Owners may be concerned if the PJ does not provide for interim adjustments when household income goes down.)

Evictions and Tenant Disputes. (Like Section 8, the TBRA program assumes a private relationship between owner and tenant. Evictions are determined by the courts, not the PJ.)


Note: The Section 8 program is currently undergoing changes. This list will need to be updated periodically. Check with the PHA for updated information.

Step 2: Accept Applications




All applications must be in written form. (See Appendix 2 for a sample format.) If long waiting lists are anticipated, PJ's may elect to use a short form of the application to accept a preliminary application. Using this method, potentially eligible applicants are placed on the waiting list based upon the preliminary application. Nearer the time that an applicant would be selected from the list, a more detailed application is taken, and more current information is used to verify eligibility.

Applications must contain, at a minimum, information that enables the PJ to determine household income and eligibility. A tenant file should be created for each application. This file ultimately should contain the application, documentation of the household's eligibility, copies of program forms, and correspondence.




Each application received should be reviewed for completeness and to determine if the applicant is obviously ineligible. PJs may elect to fully determine eligibility at the time the household makes application. However, it is rare that households bring or provide at the time of application sufficient documentation to confirm eligibility. Generally speaking, PJs will place all applicants who are apparently eligible on the waiting list, pending verification of the information provided.

Step 3: Determine Eligibility



Applicants are selected from the waiting list in the order established by the PJ's preference policy. To determine a household's eligibility, the PJ must verify:

- 
- the household's *eligibility for its preference* status. Generally preferences are not verified at the time of application, but must be verified


before the household receives assistance. (If an applicant does not qualify for the preference claimed, the application is returned to the waiting list.)

- the household's *size and composition*. This enables the PJ to determine the unit size for which the household qualifies.
- household *income and adjustments to income*. This enables the PJ to determine if the household is income eligible, and to calculate the subsidy amount for which the household qualifies.

Verification of the information provided by the household can be accomplished through a variety of sources and documents. For example, a birth certificate or custody agreement verifies that a minor child is part of the household; employers should be asked to provide verification of income; and bank statements can provide documentation of some assets. Appendix 9 contains a sample format for calculating tenant annual and adjusted income and for calculating the tenant and PJ share of the rent for both Options 1 and 2. Detailed guidance on the income verification and calculation processes is provided in *HUD-1470-CPD, Technical Guide for Determining Income and Allowances for the HOME Program*.

Applicants who are determined ineligible should be notified in writing of this decision, and should be given an opportunity to appeal the decision. Applicants who are determined eligible will be issued coupons.

Step 4: Issue Coupons



The issuance of a HOME Rental Assistance Coupon (see Appendix 3) authorizes the household to begin the search for housing. The coupon

is generally issued in person, during a counseling session with the household, often called the "TBRA Briefing." Appendix 10 provides a sample handout for new coupon recipients.

The Briefing

The purpose of the briefing is to ensure that the household (1) understands its responsibilities, as well as those of the PJ and the owner, and (2) has sufficient guidance to make an informed choice of housing. The briefing should cover:

- *roles and responsibilities* of the tenant, owner, and PJ.
- *limitations on the rent* the owner may charge, including how utility allowances are used in this determination.
- *subsidy calculations*, including how the PJ and tenant shares will be calculated. Appendix 10 provides sample explanations for both subsidy options.
- *security deposit policy*, including how much may be charged, who pays, and who receives any refund.
- *coupon expiration and extension policies*. (The PJ may decide the initial period during which the coupon is valid and extension approval criteria.)
- *guidance on selecting a unit*, including HQS requirements and procedures for submitting the Request for Unit Approval. Families should be counseled against signing any lease until the PJ has approved the unit.
- *lead-based paint* information.⁵
- *fair housing information*, including any search assistance that may be available, and the process for filing a complaint in the case of discrimination.

The PJ should consider maintaining a list of available properties to assist households in their search. However, if such a list is provided, the PJ must make it clear that the coupon holder is free to choose units other than those on the list.

STEP 5: UNIT/LEASE APPROVAL



Once the household has located a unit and the owner has agreed to participate, the household and the owner jointly submit the Request for Unit Approval.

The Request for Unit Approval (Appendix 4) provides essential information about the property (bedroom size, utility combination, proposed rent, ownership information). The submission of this document triggers the PJ's inspection, rent negotiations, and review of the owner's lease.

Housing Quality Inspection

Each unit must be inspected to confirm that it meets Section 8 HQS. If the unit initially fails HQS, the owner may be given a reasonable amount of time to correct deficiencies, or the coupon holder may elect to look for another unit. Generally speaking, an agreement with the owner should not be executed until the owner has made all repairs. (An exception may be made for corrections to defective exterior paint during the winter in climates where the weather makes this impossible.) The results of each inspection should be recorded on an inspection form and retained in the tenant's file. Appendix 5 provides a sample HQS inspection form.

Rent Determination

The rent for each unit must be determined to be reasonable when compared to comparable, unassisted units. The chart below highlights key components of the comparability analysis. Appendix 6

provides a sample format for determining comparability and certifying to the reasonableness of the rent.

Key Components of Comparability

Location - in many markets location is the key determinant of housing price.

Size - only units of comparable size (both in terms of number of bedrooms and square footage) should be used.

Utilities included - consider the type and fuel source of utilities.

Condition - only units in similar condition should be compared.

Amenities - consider such amenities as garage, appliances, and lot size.

Depending upon the PJ's TBRA design, the owner's rent plus an allowance for tenant-paid utilities may have to remain below the Fair Market Rent limitation. (See Chapter Two for additional information on rent limitations.)

Lease Review

The PJ must review the owner's lease to assure that it does not include any of the prohibited lease provisions. The simplest way to accomplish this is to use a Lease Addendum (Appendix 7) that nullifies any such provisions that exist in the owner's lease. This eliminates the need for an in-depth legal review of the owner's lease. In addition, the Lease Addendum should cover key HOME program requirements that, of course, are not routinely included in private sector leases.

The term of the lease between the tenant and the owner must be for not less than one year, unless another term is mutually agreed upon by the tenant and the owner.

Final Subsidy Calculation

Once the unit has been approved, a final subsidy calculation is required to determine the PJ's and the tenant's share of the rent.

STEP 6: CONTRACT/LEASE EXECUTION

Both the Lease Addendum and the "HOME Rental Assistance Contract" (Appendix 8) are signed by all three parties (the owner, the tenant, and a PJ representative). Each Rental Assistance Contract should begin on the first day of the lease and on the first of the month whenever possible.

STEP 7: INITIATION OF PAYMENTS

Setup in IDIS or C/MI

In order to access funds, information concerning the project must first be provided through the HOME C/MI or IDIS systems. Until a PJ has been converted to IDIS, all TBRA projects set up through the HOME C/MI system should be reported on Form HUD-40095. Each TBRA project may include several hundred individual households. Once a TBRA project has been set up, PJs may add families to the project for up to six months. The form requires each tenant's Social Security Number and certain demographic information.

The setup of TBRA projects in IDIS is similar to the setup in the HOME C/MI system. However, there is no limitation on the number of households which can be included in a single project (referred to as an activity in IDIS), nor any time limitation.

Drawing Down Funds

As with all HOME funds, TBRA funds drawn down from the U.S. Treasury must

be expended within 15 days. Draws must be made at least monthly to cover rental assistance payments.

Owner Acknowledgement

Many PHAs include special endorsement language on owner checks in which the owner acknowledges receipt of the funds, certifies that the payments received are correct, and commits to return any excess amounts paid.

Financial Records

PJs should maintain their financial records in such a manner that is easily possible to summarize subsidy amounts provided by household and by owner. PJs must report to the Internal Revenue Service annually the amount of rental income paid to owners.

Chapter Four

ONGOING PROGRAM ADMINISTRATION

Execution of key program documents and the start of subsidy payments is the end of one important phase of TBRA, but only the beginning of another. For the full term of the TBRA contract, the PJ has important operational responsibilities.

ANNUAL HQS UNIT INSPECTIONS

The HOME Program regulation requires that all units assisted with HOME funds meet Section 8 HQS. Each unit under contract must be inspected, at least annually, to assure that this requirement is met. Units may also be inspected as a result of housing quality complaints initiated by the owner or the tenant.

If a unit fails to pass an inspection, the owner may be given a reasonable period of time (e.g., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. If the owner fails to make the needed corrections, the PJ has several options.

1. The PJ may, with adequate notice to the owner and household, terminate the HOME Rental Assistance Contract and require the household to move to another location in order to continue to receive assistance.
2. The PJ may also temporarily suspend its payments until the owner remedies the HQS deficiencies. (Note: If this second approach is taken, the tenant should be encouraged to continue to pay its share of the rent in order to prevent eviction.)

ANNUAL ELIGIBILITY DETERMINATIONS

Each household's eligibility to participate in the program and its share of the rent must be confirmed annually. If a participating household's income exceeds the Section 8

Low-Income Limit the household's assistance must be ended. In order to assure that the re-examination is completed on time and that adequate notice is given to both the owner and tenant of changes in the household's eligibility or share of the rent, the re-examination process should begin 60-90 days in advance of the household's one-year anniversary date.

Using the same basic procedures described in Chapter Two to determine the household's initial eligibility and share of the rent, the PJ must reverify household size, composition, and income.

The Section 8 program provides for interim redeterminations of income if the household's circumstances change between annual re-examinations. Since the HOME Program regulation is silent on this point, PJs may develop their own policies.

PROCESSING REQUESTS FOR RENT INCREASES

Typically, owners offer leases that specify the rent for one year. This means that, unless the PJ has negotiated a two-year rent, most owners will request a rent increase at the end of the first year of the contract. The PJ must again determine that the proposed rent is reasonable in comparison to rents charged for comparable, unassisted units, and also that it is within any other limitations established in the PJ's program.

For the Section 8 program, HUD publishes annually an Annual Adjustment Factor that is used to adjust contract rents. PJs may use this Annual Adjustment Factor to determine the maximum allowable contract

rent increase or develop its own standard for rent increases based upon a market analysis.

MOVES AND TERMINATION OF TENANCY

Tenants may elect to move to another unit, as permitted by the lease. The HOME Rental Assistance Contract contains provisions that terminate the PJ's agreement with the owner when the household moves out. To assure that subsidy is not paid on units no longer occupied by an eligible tenant, the PJ should require tenants to give advance notice of their plans to move out, and owners to inform the PJ when tenants move out.

A tenant who wishes to move may be issued another coupon following the same procedures used to issue the original coupon. However, the PJ must make it clear to the tenant and the new owner whether the tenant is entitled to receive assistance only for the balance of months remaining in its original contract, or for another initial assistance period.

Each PJ must develop standards outlining when owners participating in the TBRA program may terminate tenancy or refuse to renew a lease. If a coupon holder is evicted for cause, the PJ must determine whether assistance also will be terminated or whether the tenant may receive assistance in another unit.

UPDATING POLICIES AND PROCEDURES

At least annually the PJ should review key program operating procedures to determine if revisions are required. At a minimum, the PJ should assess the appropriateness of its payment standards and utility allowance schedule. Changes to either should be implemented in an equitable fashion. This may be done by making the

changes effective for all participating households immediately, or at each household's next annual re-examination.

MONITORING PERFORMANCE

As with any activity, program administrators should monitor progress on an on-going basis to assure that the regulatory and statutory requirements are met, and to assess program outcomes. Key performance indicators that should be considered are discussed in this section.

Budget vs. Actual Spending


Since the initial estimate of funding required is based upon theoretical program participants, close monitoring of actual expenditures is essential. If participating households have incomes that are lower than expected, the PJ may need to allocate more funds, or reduce the number of families to be assisted.

On-Time Payments

One of the PJ's most important administrative jobs is making sure that rent checks are distributed on schedule because late checks can reduce the credibility of the program with owners, and decrease the number of owners willing to rent to those receiving TBRA.

Outreach and Success Rates

The PJ should analyze participant success rates, and make use of the results to determine if aspects of program design could be changed to improve the success rate. For example, if most of those who fail to make use of the coupon are households requiring large units, it may be that the PJ's payment standard for such units is too low. Similarly, if minority families disproportionately require time extensions in order to find acceptable units, the PJ may need to increase marketing to potential owners and review the briefing




process to ensure that all applicants are receiving high-quality information and know how to file fair housing complaints.

Administrative Efficiency

PJs should review the length of time that various aspects of the TBRA program take, including the time between initial application and coupon issuance, and between coupon issuance and lease-up.

While many factors can affect these time frames, this information can give clues about ways to improve the administrative efficiency of the program. For example, if the time between coupon issuance and lease-up is lengthy, it could be attributable to slow HQS monitoring procedures, poor communication with property owners, or slow paperwork processing, all of which are within the PJ's control.



Similarly, if applicants are on the waiting list for significant periods before assistance is available, the PJ may need to expand the program in the future, or tailor its eligibility requirements more narrowly.

Turnover

Turnover rates alone will reveal little. High turnover could indicate at one extreme that owners are quitting the program out of frustration, requiring their tenants leave the

program. At the other extreme, it may be that families are becoming self-sufficient.

The PJ should examine the reasons for turnover in the program to determine whether involuntary terminations are being administered fairly, and to assess whether the program could be improved. For example, numerous owners may refuse to renew TBRA leases, resulting in tenants who leave the program rather than move again. High turnover for this reason might prompt the PJ to investigate the reason for high owner terminations, for example whether PJ payments have consistently been late.

CONCLUSION

This model has provided guidance for designing and implementing a HOME TBRA program based upon current HOME rules.

The current regulations may not address all possible design options or operational considerations. PJs that wish to structure TBRA programs in a manner that is not entirely consistent with current HOME regulations may request waivers of certain regulatory requirements. If the PJ can demonstrate good cause and if statutory flexibility exists, HUD will consider the waiver.

In addition, your comments and recommendations are welcome. Please use the evaluation form at the end of this document.

Endnotes

1. Throughout this document the word "Coupon" is used to describe the piece of paper issued to the family that signifies its eligibility for tenant-based rental assistance and authorizes the coupon holder to select a unit in which to be assisted. Appendix 3 provides a Sample Coupon. "Coupon" is not a mandatory term; PJs may use "certificate" or "voucher", as are used for Section 8 tenant-based assistance, or may select another term that is descriptive.
2. The Section 8 Definition of income previously located at 24 CFR Part 813 was amended on April 5, 1995 to add nine exclusions to the definition of income. A rule published on October 18, 1996 moved that definition to 24 CFR 5.609.
3. The HOME regulation uses the terms "payment standard" and "rent standard" interchangeably. This model uses the term "payment standard" throughout.
4. For detailed guidance on calculating annual income and adjusted income using the Section 8 method, refer to *HUD-1470-CPD, Technical Guide for Determining Income and Allowances for the HOME Program.*
5. See the EPA brochure "Protect Your Family from Lead in Your Home," EPA-747-K-94-001



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APPENDIX 1

SAMPLE OUTLINE FOR TENANT SELECTION PLAN AND OUTREACH STRATEGY

Note: Program administrators must have a written description of how tenants will be selected for the TBRA program. Program administrators must also develop a marketing and outreach strategy that specifies how the program will be marketed, playing particular attention to fair housing issues and requirements. This outline assumes a single document that is used for both of these purposes.

I. KEY TBRA POLICIES AFFECTING MARKETING AND TENANT SELECTION

- A. Preferences. Describe any established local preferences and how they will be used.
- B. Application Procedures. Describe the waiting list that will be used and, if a separate TBRA waiting list is established, describe:
- how the program will be announced. (Opening and closing of waiting lists must be publicly announced.)
 - where applications will be taken (e.g., in one central location; accommodations for elderly/handicapped, etc).
 - when applications will be accepted (e.g., on a continuing basis, for a limited time, only during certain hours, etc.).
 - the method of application (e.g., in-person; by mail; using interviews, etc.).
- C. Occupancy Standards (sample only).

Coupon Size	Persons in Household	
	Minimum	Maximum
0BR	1	1
1BR	1	2
2BR	2	4
3BR	4	6
4BR	6	8
5BR	8	10

Unit Assignment Policies (sample only). Units assignments will be made on the following basis:

- Persons of the opposite sex, other than spouses, will not be required to share the same bedroom.
- Children of the opposite sex above the age of six will not be required to share the same bedroom.
- Children will not be required to share a bedroom with a parent.
- An unborn child may be considered for the purpose of assigning the bedroom size.
- Larger size units than indicated by these policies may be assigned if the applicant provide documentation that a larger unit is needed for health/medical reasons.

D. Coupon Expirations and Extensions.

The program administrator should establish a deadline for use of the Coupon, and describe the circumstances under which extensions will be granted. (Include any other established policies that affect how program participants will be selected.)

E. Termination of Tenancy and Tenant Moves.

State the PJ's policy with respect to owner termination of tenancy.

State the PJ's policy with respect to tenant evictions. Will the family be permitted to receive assistance in another dwelling, or will a tenant-caused eviction also terminate the household's eligibility for assistance?

State the PJ's policy with respect to tenant moves. What kind of notice must the family give? Under what circumstances will the household be eligible for continued assistance?

II. OUTREACH TO POTENTIAL APPLICANTS

A. Demographic Description of Eligible Households.

Provide a brief description of the demographic characteristics of the potentially eligible population.

B. Least Likely to Apply Households.

Identify which households by reason of race/ethnicity, age, gender, handicap, familial status, or income source are least likely to apply for assistance.

C. Outreach Activities.

Describe the outreach steps that will be taken to reach potential applicants, especially those identified as least likely to apply. For example:

- media (newspaper, television, radio, etc.) advertisement, news releases, and public service announcements. (Be sure to include both media serving the population in general, and media sources that support a particular group.)
- public meetings and/or contacts with appropriate community organizations and institutions (e.g., social service providers, churches, community/resident groups, etc.).

III. OUTREACH TO Owners

A. Identify barriers to landlord participation.

B. Outreach Activities.

Describe the outreach steps that will be taken to reach owners of rental property throughout the community. For example:

- media (newspaper, television, radio, etc.) advertisement, news releases and public service announcements. (Be sure to include both media serving the population in general and media sources that support a particular group.)
- public meetings and/or contacts with appropriate community organizations and institutions (e.g., apartment managers associations, chamber of commerce, etc.).
- identify any special outreach planned for owners of units outside of areas of low-income and minority concentration.

IV. COMPLIANCE WITH SECTION 504 ACCESSIBILITY REQUIREMENTS

Describe how the program administrator will comply with Section 504 requirements including:

- providing information materials in alternative formats (large print, on tape, etc.).
- communicating with hearing impaired applicants; and
- making reasonable accommodations to applicants with handicaps.

Unit Assignment Policies (sample only). Units assignments will be made on the following basis:

- Persons of the opposite sex, other than spouses, will not be required to share the same bedroom.
- Children of the opposite sex above the age of six will not be required to share the same bedroom.
- Children will not be required to share a bedroom with a parent.
- An unborn child may be considered for the purpose of assigning the bedroom size.
- Larger size units than indicated by these policies may be assigned if the applicant provide documentation that a larger unit is needed for health/medical reasons.

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The program administrator should establish a deadline for use of the Coupon, and describe the circumstances under which extensions will be granted. (Include any other established policies that affect how program participants will be selected.)

E. Termination of Tenancy and Tenant Moves.

State the PJ's policy with respect to owner termination of tenancy.

State the PJ's policy with respect to tenant evictions. Will the family be permitted to receive assistance in another dwelling, or will a tenant-caused eviction also terminate the household's eligibility for assistance?

State the PJ's policy with respect to tenant moves. What kind of notice must the family give? Under what circumstances will the household be eligible for continued assistance?

II. OUTREACH TO POTENTIAL APPLICANTS

A. Demographic Description of Eligible Households.

Provide a brief description of the demographic characteristics of the potentially eligible population.

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Identify which households by reason of race/ethnicity, age, gender, handicap, familial status, or income source are least likely to apply for assistance.

APPENDIX 2

SAMPLE HOME RENTAL ASSISTANCE APPLICATIONS

[This appendix includes a short form of application that may be used to make a preliminary determination of eligibility to place an applicant on the waiting list, and a more extensive application to capture current income, asset, and expenses information at the time the household's eligibility is formally determined.]

SAMPLE TBRA APPLICATIONS

APPLICATION FOR RENTAL ASSISTANCE (Pre-Application Version)

APPLICANT NAME: _____
Current Address: _____
City, State, Zip Code: _____
Home Phone No.: _____ Alternate Phone No.: _____

HOUSEHOLD COMPOSITION

(List the Head of Household and all other members who will be living in the unit. Give the relationship of each family member to the head.)

Member's Full Name	Relationship	Birthdate	Age	Sex	Social Security No.

Race of Head of Household (Check One) - Optional

(This information is being collected to assure compliance with fair housing and equal opportunity rules.)

- ☐ White ☐ Black ☐ Asian/Pacific Islander
☐ Native American/Alaskan Native ☐ Hispanic

Preference Information.¹ You may qualify for a preference for housing assistance if any of the following circumstances can be verified for your family. Please check any that apply to you.

- ☐ Are you currently homeless or living in substandard housing?

If yes, please explain: _____

- ☐ Have you been (or are you about to be) displaced from your housing? If yes, please explain: _____

What is the total annual income of all household members? (Include wages, salaries and tips; other income such as alimony, child support; and Social Security, AFDC or other benefits) \$ _____

APPLICATION CERTIFICATION: I/we understand that the above information is being collected to determine if I/we are eligible to receive rental assistance. I/we authorize the (Program Administrator) to verify all information provided on this application.

Head of Household Signature	Date	Spouse Signature	Date
-----------------------------	------	------------------	------

¹ Note: These are examples only. Insert the appropriate local preferences.

SAMPLE TBRA APPLICATIONS

APPLICATION FOR RENTAL ASSISTANCE

(Full Application Version)

APPLICANT NAME: _____

Current Address: _____

City, State, Zip Code: _____

Home Phone No.: _____ Alternate Phone No.: _____

HOUSEHOLD COMPOSITION

(List the Head of Household and all other members who will be living in the unit. Give the relationship of each family member to the head.)

Member's Full Name	Relationship	Birthdate	Age	Sex	Social Security No.

Race of Head of Household (Check One) - Optional

(This information is being collected to assure compliance with fair housing and equal opportunity rules.)

- ☐ White ☐ Black ☐ Asian/Pacific Islander
☐ Native American/Alaskan Native ☐ Hispanic

Preference Information.² You may qualify for a preference for housing assistance if any of the following circumstances can be verified for your family. Please check any that apply to you.

- ☐ Are you currently homeless or living in substandard housing?

If yes, please explain: _____

- ☐ Have you been (or are you about to be) displaced from your housing? If yes, please explain: _____

² Note: These are examples only. Insert the appropriate local preferences.

SAMPLE TBRA APPLICATIONS

APPLICATION FOR RENTAL ASSISTANCE

(Full Application Version)

APPLICANT NAME: _____

Current Address: _____

City, State, Zip Code: _____

Home Phone No.: _____

Alternate Phone No.: _____

HOUSEHOLD COMPOSITION

(List the Head of Household and all other members who will be living in the unit. Give the relationship of each family member to the head.)

Member's Full Name	Relationship	Birthdate	Age	Sex	Social Security No.

Race of Head of Household (Check One) - Optional

(This information is being collected to assure compliance with fair housing and equal opportunity rules.)

- ☐ White ☐ Black ☐ Asian/Pacific Islander
☐ Native American/Alaskan Native ☐ Hispanic

Preference Information.² You may qualify for a preference for housing assistance if any of the following circumstances can be verified for your family. Please check any that apply to you.

- ☐ Are you currently homeless or living in substandard housing?

If yes, please explain: _____

- ☐ Have you been (or are you about to be) displaced from your housing? If yes, please explain: _____

² Note: These are examples only. Insert the appropriate local preferences.

INCOME INFORMATION

What is the total annual income of all household members? (Include wages, salaries and tips; other income such as alimony, child support; and Social Security, AFDC or other benefits) \$ _____

Member's Full Name	Source of Income	Annual Amount	Payment Basis (weekly, monthly, etc.)

ASSET INFORMATION

List the type and source of any family assets. Provide both the current cash value and the estimated annual income from the asset.

Member's Full Name	Type and Source of Asset (e.g.bank accounts, investments)	Cash Value of Asset	Annual Income from Asset

EXPENSE INFORMATION

- ☐ Yes ☐ No Does your household have un-reimbursed medical expenses in excess of 3 percent of annual income?
- ☐ Yes ☐ No Does your household pay child care expenses for children under the age of 13 that enable a family member to work or go to school?
- ☐ Yes ☐ No Does your household pay care expenses for the care of a family member with disabilities that enable a family member to work?

APPLICATION CERTIFICATION: I/we understand that the above information is being collected to determine if I/we are eligible to receive rental assistance. I/we authorize the [Program Administrator] to verify all information provided on this application.

Head of Household Signature	Date	Spouse Signature	Date
-----------------------------	------	------------------	------

APPENDIX 3

HOME RENTAL ASSISTANCE COUPON

TENANT NAME	Unit Size:*	Coupon No:
Number of Household Members:		Issued On: Expires On:
* This is the number of bedrooms for which the tenant family qualifies.		

1. HOME Rental Assistance Program

This Coupon has been issued by [program administrator] to the Tenant identified above who is eligible to participate in the Home Rental Assistance Program. Under this program, the program administrator makes monthly payments to a Landlord on behalf of an eligible Tenant. The tenant selects a decent, safe and sanitary dwelling unit and the [program administrator] makes payments to the Landlord to help the Tenant to afford the rent.¹

When the [program administrator] issues this Coupon, it fully expects to have money available to provide assistance. However, the [program administrator] is under no obligation to the Tenant or the Landlord or any other party until the [program administrator] has approved the unit and entered into an Agreement with the Landlord and the Tenant.

2. Key Steps in Using this Coupon

- A. The Tenant must select a rental unit within the City/County limits of _____² that meets the program's housing quality standards and has a reasonable rent. When the Tenant finds a suitable unit, the Tenant must give the (program administrator) a "Request for Unit Approval" form, signed by the Landlord and also provide a copy of the Landlord's lease.

(Note: The Tenant has ____³ days to use the Coupon. If a Request for Unit Approval has not been submitted by the expiration date shown above, the Coupon will expire unless the [program administrator] approves an extension.)

- B. After the (program administrator) receives the Request for Unit Approval, the [program administrator] will inspect the unit and review the Landlord's lease. If the unit meets the program's standards and the rent for the unit is reasonable, the (program administrator) will notify the Landlord and the Tenant that the unit has been approved.

¹ Note: This document assumes payments will go to the landlord.

² Note: This paragraph may need to be adjusted depending upon the extent of portability permitted by the PJ.

³ Note: Enter the number of day permitted before the coupon expires.

Home Rental Assistance Coupon (Page Two)

[Note: If the unit or lease cannot be approved, the (program administrator) will give the Landlord an opportunity to correct the problem, or the Tenant can begin to look for another unit.]

- C. The (program administrator) will then work with the Landlord and the Tenant to execute all of the necessary documents as follows:
- The Landlord and the Tenant must sign a (program administrator) approved lease.
 - The Landlord and the (program administrator) must sign a HOME Coupon Contract.
 - Once all necessary documents have been signed and the Tenant moves into the unit, payments to the Landlord will begin.

3. Security Deposit⁴

The (program administrator) will pay a security deposit to the Landlord consistent with local market practices. When the Tenant moves out, any reimbursement of the deposit that are due from the Landlord under state and local laws will be paid to [the Tenant/the (program administrator)].

4. Tenant and (program administrator) Share of the Rent

- A. The portion of the rent payable by the Tenant to the Landlord ("tenant's share") is calculated based upon the Tenant's ability to pay. The Tenant must provide the (program administrator) with information about income, assets and other family circumstances that affect the amount the Tenant will pay. The Tenant's Share may change as a result of changes in income or other family circumstances. The Tenant is also responsible for payment of all utilities not included in the rent.
- B. Each month the program administrator will make a rental payment to the Landlord on behalf of the Tenant. The monthly payment will be equal to the difference between the approved rent the Landlord is charging and the Tenant's share of the rent.

5. Requirements for Participating Tenants

The Family must:

- supply information about the family's income, assets, and other family circumstances that affect eligibility and the amount of the Tenant's share, and cooperate fully with annual and interim re-examinations;

⁴ Note: Amend this paragraph to conform with the PJ policy.

APPENDIX 4

HOME RENTAL ASSISTANCE PROGRAM REQUEST FOR UNIT APPROVAL

TENANT NAME & APPLICATION NO.	LANDLORD NAME	NO. OF BEDROOMS
UNIT NO. & ADDRESS		LANDLORD'S ADDRESS
		Telephone No. _____

INSTRUCTIONS:

This form should be completed by the Tenant and the Landlord to request the (program administrator's) approval of the unit for which the Tenant has elected to receive rental assistance.

Landlord: Please read the sample Lease Addendum and information about Housing Quality Standards provided in the Tenant's Rental Packet. After the Tenant submits this request to the (program administrator), a staff member will contact you to arrange for an inspection. The (program administrator) is not responsible for any part of the rent prior to unit approval and execution of the HOME Coupon Contract. Please attach a copy of your proposed lease to this form.

Tenant: With the Landlord, fill out this form completely and return it to: _____. Do not sign a lease until the (program administrator) has inspected and approved the unit.

(1) Type of Unit: ☐ Single Family ☐ Semi-detached/Row House ☐ Garden/Walk up
 ☐ Elevator/High Rise ☐ Mobile Home Date Constructed: _____

(2) Most recent rent charged: _____
 Were the same utilities/appliances included in the rent: ☐ Yes ☐ No

(3) Utilities and Appliances	<u>Provided by Owner</u>	<u>Provided by Tenant</u>
Heating (fuel type: _____)	<input type="checkbox"/>	<input type="checkbox"/>
Cooking (fuel type: _____)	<input type="checkbox"/>	<input type="checkbox"/>
Electric	<input type="checkbox"/>	<input type="checkbox"/>
Hot Water (fuel type: _____)	<input type="checkbox"/>	<input type="checkbox"/>
Water	<input type="checkbox"/>	<input type="checkbox"/>
Refrigerator	<input type="checkbox"/>	<input type="checkbox"/>
Range	<input type="checkbox"/>	<input type="checkbox"/>
Trash Collection	<input type="checkbox"/>	<input type="checkbox"/>

OWNER CERTIFICATION: By executing this request, the owner agrees that the required Lease Addendum is acceptable and certifies that: (1) the information provided on the form is accurate and true; (2) the proposed unit is not assisted or covered by any other federally funded rental subsidy contract; (3) the unit currently meets Housing Quality Standards (or will be brought to HQS standard before the Rental Assistance Contract is executed; and (4) this unit is made available, managed, and operated regardless of race, color, creed, religion, sex, national origin, handicap, or familial status.

Tenant Name (Type or Print):	Landlord Name (Type of Print):
(Signature/Date)	(Signature/Date)

APPENDIX 5

HOUSING QUALITY STANDARD (HQS) INSPECTION FORM

A. GENERAL INFORMATION

Date of Inspection: _____

Address of Inspected Unit: Street: _____

City: _____ County: _____ State: _____ Zip: _____

Name of Family _____

Current Address of Family: Street: _____

City: _____ County: _____ State: _____ Zip: _____

Current Telephone of Family: _____

B. HOW TO FILL OUT THIS CHECKLIST

- Proceed through the inspection as follows:

Area

Checklist Category

- Room by room
 - 1. Living Room, 2. Kitchen, 3. Bathroom, 4. All Other Rooms Used for Living, 5. All Secondary Rooms Not Used for Living
 - Basement or utility room
 - 6. Heating and Plumbing
 - Outside
 - 7. Building Exterior
 - Overall
 - 8. General Health and Safety
- Each part of the checklist will be accompanied by an explanation of the item to be inspected.
 - **Important:** For each item numbered on the checklist, check one box only (e.g., check one box only for item 1.4 "Security," in the Living Room).
 - In the space to the right of the description of the item, if the decision on the item is "Fail" write what repairs are necessary.
 - Also, if "Pass" but there are additional code items or items not consistent with rehab standards or area codes, write these in the space to the right.

1. LIVING ROOM

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
1.1	LIVING ROOM PRESENT Is there a living room?			
1.2	ELECTRICITY Are there at least two working outlets or one working outlet and one working light fixture?			
1.3	ELECTRICAL HAZARDS Is the room free from electrical hazards?			
1.4	SECURITY Are all windows and doors that are accessible from the outside lockable?			
1.5	WINDOW CONDITION Is there at least one window, and are all windows free of signs of severe deterioration or missing or broken-out panes?			
1.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
1.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
1.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
1.9	LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead-based paint hazards?			
1.10	WEATHER-STRIPPING Is weatherstripping present and in good condition on all windows and exterior doors?			
1.11	OTHER			
1.12	OTHER			

Notes: (Give Item #)

2. KITCHEN

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
2.1	KITCHEN AREA PRESENT Is there a kitchen?			
2.2	ELECTRICITY Is there at least <i>one</i> working electric outlet and <i>one</i> working, permanently installed light fixture?			
2.3	ELECTRICAL HAZARDS Is the kitchen free from electrical hazards?			
2.4	SECURITY Are <i>all</i> windows and doors that are accessible from the outside lockable?			
2.5	WINDOW CONDITION Are all windows free of signs of deterioration or missing or broken out panes?			
2.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
2.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
2.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
2.9	LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead-based paint hazards?			
2.10	STOVE OR RANGE WITH OVEN Is there a working oven and a stove (or range) with top burners that work?			
2.11	REFRIGERATOR Is there a refrigerator that works and maintains a temperature low enough so that food does not spoil over a reasonable period of time?			
2.12	SINK Is there a kitchen sink that works with hot and cold running water?			
2.13	SPACE FOR STORAGE AND PREPARATION OF FOOD Is there space to store and prepare food?			

2. KITCHEN

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
2.14	WEATHER-STRIPPING Is weather-stripping present and in good condition on all windows and exterior doors?			
2.15	OTHER			
2.16	OTHER			

Notes: (Give Item #)

3. BATHROOM

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
3.1	BATHROOM PRESENT Is there a bathroom that includes a working toilet, sink and tub or shower?			
3.2	ELECTRICITY Is there at least <i>one</i> permanently installed light fixture?			
3.3	ELECTRICAL HAZARDS Is the bathroom free from electrical hazards?			
3.4	SECURITY Are <i>all</i> windows and doors that are accessible from the outside lockable?			
3.5	WINDOW CONDITION Are all windows free of signs of deterioration or missing or broken out panes?			
3.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
3.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
3.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
3.9	LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead-based paint hazards?			
3.10	FLUSH TOILET IN ENCLOSED ROOM IN UNIT Is there a working toilet in the unit for exclusive private use of the tenant?			
3.11	FIXED WASH BASIN OR LAVATORY IN UNIT Is there a working, permanently installed wash basin with hot and cold running water in the unit?			
3.12	TUB OR SHOWER IN UNIT Is there a working tub or shower with hot and cold running water in the unit?			

3. BATHROOM

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
3.13	VENTILATION Are there openable windows or a working vent system?			
3.14	WEATHER-STRIPPING Is weather-stripping present and in good condition on all windows and exterior doors?			
3.15	OTHER			
3.16	OTHER			

Notes: (Give Item #)

4. OTHER ROOMS USED FOR LIVING AND HALLS

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
4.1	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div> ROOM CODE and ROOM LOCATION: right/left _____ front/rear _____ floor level _____ </div> <div style="text-align: center;"> <input type="checkbox"/> </div> </div>	ROOM CODES 1 = Bedroom or any other room used for sleeping (regardless of type of room) 2 = Dining Room, or Dining Area 3 = Second Living Room, Family Room, Den, Playroom, TV Room 4 = Entrance Halls, Corridors, Halls, Staircases 5 = Additional Bathroom 6 = Other		
4.2	ELECTRICITY IF Room Code = 1, are there at least two working outlets or one working outlet and one working, permanently installed light fixture? If Room Code not = 1, is there a means of illumination?			
4.3	ELECTRICAL HAZARDS Is the room free from electrical hazards?			
4.4	SECURITY Are <i>all</i> windows and doors that are accessible from the outside lockable?			
4.5	WINDOW CONDITION If Room Code = 1, is there at least one window? And, regardless of Room Code, are all windows free of signs of severe deterioration or missing or broken-out panes?			
4.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
4.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
4.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
4.9	LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead-based paint hazards?			
4.10	WEATHERSTRIPPING Is weatherstripping present and in good condition on all windows and exterior doors?			
4.11	OTHER			
4.12	OTHER			

Notes: (Give Item #)

5. ALL SECONDARY ROOMS (Rooms not used for living)

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
5.1	NONE <input type="checkbox"/> GO TO PART 6			
5.2	SECURITY Are all windows and doors that are accessible from the outside lockable in each room?			
5.3	ELECTRICAL HAZARDS Are all these rooms free from electrical hazards?			
5.4	OTHER POTENTIALLY HAZARDOUS FEATURES IN ANY OF THESE ROOMS Are all of these rooms free of any other potentially hazardous features? For each room with an "other potentially hazardous feature" explain hazard and means of control of interior access to room.			
5.5	OTHER			
5.6	OTHER			

Notes: (Give Item #)

6. BUILDING EXTERIOR

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
6.1	CONDITION OF FOUNDATION Is the foundation sound and free from hazards?			
6.2	CONDITION OF STAIRS, RAILS, AND PORCHES Are all the exterior stairs, rails and porches sound and free from hazards?			
6.3	CONDITION OF ROOF AND GUTTERS Are the roof, gutters and downspouts sound and free from hazards?			
6.4	CONDITION OF EXTERIOR SURFACES Are exterior surfaces sound and free from hazards?			
6.5	CONDITION OF CHIMNEY Is the chimney sound and free from hazards?			
6.6	LEAD PAINT: EXTERIOR SURFACES Are all exterior surfaces which are accessible to children under seven years of age <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated or covered</i> to prevent exposure of such children to lead-based paint hazards?			
6.7	MOBILE HOMES: TIE DOWNS If the unit is a mobile home, it is properly placed and tied down? If not a mobile home, check "Not Applicable."			
6.8	MOBILE HOMES: SMOKE DETECTORS If unit is a mobile home, does it have at least one smoke detector in working condition? If not a mobile home, check "Not Applicable."			
6.9	CAULKING Are all fixed joints including frames around doors and windows, areas around all holes for pipes, ducts, water faucets or electric conduits, and other areas which may allow unwanted air flow appropriately caulked.			
6.10	OTHER			
6.11	OTHER			

Notes: (Give Item #)

7. HEATING, PLUMBING AND INSULATION

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
7.1	ADEQUACY OF HEATING EQUIPMENT a. Is the heating equipment capable of providing adequate heat (either directly or indirectly) to all rooms used for living? b. Is the heating equipment oversized by more than 15%? c. Are pipes and ducts located in unconditioned space insulated?			
7.2	SAFETY OF HEATING EQUIPMENT Is the unit free from unvented fuel burning space heaters, or any other types of unsafe heating conditions?			
7.3	VENTILATION AND ADEQUACY OF COOLING Does this unit have adequate ventilation and cooling by means of operable windows or a working cooling system?			
7.4	HOT WATER HEATER Is hot water heater located, equipped, and installed in a safe manner?			
7.5	WATER SUPPLY Is the unit served by an approvable public or private sanitary water supply?			
7.6	PLUMBING Is plumbing free from major leaks or corrosion that causes serious and persistent levels of rust or contamination of the drinking water?			
7.7	SEWER CONNECTION Is plumbing connected to an approvable public or private disposal system, and is it free from sewer back-up?			
7.8	INSULATION Are the attic and walls appropriately insulated for regional conditions?			
7.9	OTHER			
7.10	OTHER			

Notes: (Give Item #)

8. GENERAL HEALTH AND SAFETY

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
8.1	ACCESS TO UNIT Can the unit be entered without having to go through another unit?			
8.2	EXITS Is there an acceptable fire exit from this building that is not blocked?			
8.3	EVIDENCE OF INFESTATION Is the unit free from rats or severe infestation by mice or vermin?			
8.4	GARBAGE AND DEBRIS Is the unit free from heavy accumulation of garbage or debris inside and outside?			
8.5	REFUSE DISPOSAL Are there adequate covered facilities for temporary storage and disposal of food wastes, and are they approved by a local agency?			
8.6	INTERIOR STAIRS AND COMMON HALLS Are interior stairs and common halls free from hazards to the occupant because of loose, broken or missing steps on stairways, absent or insecure railings; inadequate lighting, or other hazards?			
8.7	OTHER INTERIOR HAZARDS Is the interior of the unit free from any other hazards not specifically identified previously?			
8.8	ELEVATORS Where local practice requires, do all elevators have a current inspection certificate? If local practice does not require this, are they working and safe?			
8.9	INTERIOR AIR QUALITY Is the unit free from abnormally high levels of air pollution from vehicular exhaust, sewer gas, fuel gas, dust, or other pollutants?			
8.10	SITE AND NEIGHBORHOOD CONDITIONS Are the site and immediate neighborhood free from conditions which would seriously and continuously endanger the health or safety of the residents?			

8. GENERAL HEALTH AND SAFETY

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
8.11	LEAD PAINT: OWNER CERTIFICATION If the owner of the unit is required to treat or cover any interior or exterior surfaces, has the certification of compliance been obtained? If the owner was not required to treat surfaces, check "Not Applicable."	<input type="checkbox"/>	<input type="checkbox"/>	
8.12	OTHER			
8.13	OTHER			

Notes: (Give Item #)

APPENDIX 6

RENT REASONABLENESS CHECKLIST AND CERTIFICATION

	Proposed Unit	Unit #1	Unit #2	Unit #3
Address				
Number of Bedrooms				
Square Feet				
Type of Unit/Construction				
Housing Condition				
Location/Accessibility				
Amenities				
Unit:				
Site:				
Neighborhood:				
Age in Years				
Utilities (type)				
Unit Rent Utility Allowance Gross Rent				
Handicap Accessible?				

CERTIFICATION:

A. Compliance with Payment Standard

 + =
 Proposed Contract Rent + Utility Allowance = Proposed Gross Rent

Approved rent does not exceed applicable Payment Standard of \$_____.

B. Rent Reasonableness

Based upon a comparison with rents for comparable units, I have determined that the proposed rent for the unit [] is [] is not reasonable.

Name:	Signature:	Date:
-------	------------	-------

APPENDIX 7

NOTES ON SAMPLE LEASE ADDENDUM

This Sample Lease Addendum should be reviewed carefully for consistency with the (PJ's) design and also reviewed by legal counsel for consistency with state and local laws.

- This Lease assumes that the PJ will make the rental payment directly to the Landlord. (See alternate sample language below for a lease when the (PJ) will make payments to the Tenant.)
- Paragraph E must be edited based upon three (PJ) policy decisions:
 1. Does the (PJ) intend to pay for security deposits from HOME funds? If not, paragraph E can be eliminated. The Landlord and Tenant can negotiate security deposit amounts and reimbursements based upon state/local laws and market practices.
 2. If the (PJ) makes security deposit payments will the payment be directly to the Landlord or to the Tenant? Paragraph E currently shows this as a choice: [Tenant/(PJ)].
 3. If a security deposit refund is due, will the (PJ) permit the Tenant to keep the refund, or must the owner repay any balance of the deposit to the (PJ)? Paragraph E also shows this as a choice.

Paragraph J must be edited based upon the PHA's policy regarding termination of tenancy.

Alternate Language When Payment Goes Directly to Tenant

- A. **Purpose of the Addendum.** The lease for the above-referenced unit is being amended to include the provisions of this addendum because the Tenant has been approved to receive rental assistance under the (PJ's) HOME Rental Assistance Program. Under the Rental Assistance Program, the (PJ) will make monthly payments to the Tenant to enable the Tenant to afford the Rent.

The Lease has been signed by the parties on the condition that the (PJ) will send written confirmation to the Landlord of the Tenant's eligibility to receive rental assistance in the above-referenced unit. This Lease shall not become effective unless the Landlord and Tenant receive an "Authorization to Enter into Lease" from the PJ, effective the first day of the term of this Lease.

- D. **Rental Assistance Payment.** Each month the (PJ) will make a rental assistance payment to the Tenant. The Tenant is responsible for payment in full of the rent to the Landlord. Should the Tenant fail to pay rent as required by this Lease, the Landlord may take appropriate legal action in accordance with state and local laws.

LEASE ADDENDUM

TENANT	LANDLORD	UNIT NO. & ADDRESS
--------	----------	--------------------

This lease addendum adds the following paragraphs to the Lease between the Tenant and Landlord referred to above.

- A. **Purpose of the Addendum.** The lease for the above-referenced unit is being amended to include the provisions of this addendum because the Tenant has been approved to receive rental assistance under the (program administrator's) HOME Rental Assistance Program. Under the Rental Assistance Program, the (program administrator) will make monthly payments to the Landlord on behalf of the Tenant.

The Lease has been signed by the parties on the condition that the (program administrator) and Landlord will promptly execute a HOME Rental Assistance Contract. This Lease shall not become effective unless the Contract has been executed by both the Landlord and the (program administrator), effective the first day of the term of the Lease.

- B. **Conflict with Other Provisions of the Lease.** In case of any conflict between the provisions of this Addendum and other sections of the Lease, the provisions of this Addendum shall prevail.

- C. **Terms of the Lease.** The term shall begin on _____ and shall continue until: (1) the Lease is terminated by the Landlord in accordance with applicable state and local Tenant/Landlord laws; (2) the Lease is terminated by the Tenant in accordance with the Lease or by mutual agreement during the term of the Lease; or (3) termination of the HOME Rental Assistance Program Contract by the (program administrator).

- D. **Rental Assistance Payment.** Each month the (program administrator) will make a rental assistance payment to the Landlord on behalf of the Tenant. This payment shall be credited by the Landlord toward the monthly rent payable by the Tenant. The balance of the monthly rent shall be paid by the Tenant.

E. **Security Deposit**

- (1) The [Tenant/(program administrator)] has deposited \$_____ with the Landlord as a Security Deposit. The Landlord will hold this security deposit during the period the Tenant occupies the dwelling unit under the Lease. The Landlord shall comply with state and local laws regarding interest payments on security deposits.
- (2) After the Tenant has moved from the dwelling unit, the Landlord may, subject to state and local laws, use the security deposit, including any interest on the deposit, as reimbursement for rent or any other amounts payable by the tenant under the Lease. The Landlord will give the Tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the Landlord, the Landlord shall promptly refund the full amount of the balance to the [Tenant/(program administrator)].

- F. **Utilities and Appliances.** The utilities and appliances listed in Column 1 are provided by the Landlord and included in the rent. The utilities and appliances listed in Column 2 below are not included in the rent and are paid separately by the Tenant.

UTILITY/APPLIANCE	Included in Rent	Tenant Paid
Garbage Collection		
Water/Sewer		
Heating Fuel (specify)		
Lights, electric		
Cooking Fuel (specify)		
Other (specify)		
Refrigerator		
Stove/Range		

- G. **Household Members.** Household members authorized to live in this unit are listed below. The Tenant may not permit other persons to join the Household without notifying the (program administrator) and obtaining the Landlord's permission. Household members:

- H. **Housing Quality Standards.** The Landlord shall maintain the dwelling unit, common areas, equipment, facilities and appliances in decent, safe, and sanitary condition (as determined by Section 8 Housing Quality Standards).
- I. **Termination of Tenancy.** The Landlord may evict the Tenant following applicable state and local laws. The landlord must provide the Tenant with at least 30 days' written notice of the termination. The Landlord must notify the (program administrator) in writing when eviction proceedings are begun. This may be done by providing the (program administrator) with a copy of the required notice to the Tenant.

J. Prohibited Lease Provision. Any provision of the Lease which falls within the classifications below shall not apply and not be enforced by the Landlord.

- (1) *Confession of Judgment.* Consent by the Tenant to be sued, to admit guilt, or to a judgment in favor of the landlord in a lawsuit brought in connection with the Lease.
- (2) *Treatment of Property.* Agreement by the Tenant that the Landlord may take or hold the Tenant's property, or may sell such property without notice to the Tenant and a court decision on the rights of the parties.
- (3) *Excusing the Landlord from Responsibility.* Agreement by the Tenant not to hold the Landlord or Landlord's agent legally responsible for any action or failure to act, whether intentional or negligent.
- (4) *Waiver of Legal Notice.* Agreement by the Tenant that the Landlord may institute a lawsuit without notice to the Tenant.
- (5) *Waiver of Court Proceedings for Eviction.* Agreement by the Tenant that the Landlord may evict the Tenant Family (i) without instituting a civil court proceedings in which the Family has the opportunity to present a defense, or (ii) before a decision by the court on the rights of the parties.
- (6) *Waiver of Jury Trial.* Authorization to the Landlord to waive the Tenant's right to a trial by jury.
- (7) *Waiver of Right to Appeal Court Decision.* Authorization to the Landlord to waive the Tenant's right to appeal a court decision or waive the Tenant's right to sue to prevent a judgment from being put into effect.
- (8) *Tenant Chargeable with Cost of Legal Actions Regardless of Outcome of the Lawsuit.* Agreement by the Tenant to pay lawyer's fees or other legal costs whenever the Landlord decides to sue, whether or not the Tenant wins.

K. Nondiscrimination. The Landlord shall not discriminate against the Tenant in the provision of services, or in any other manner, on the grounds of age, race, color, creed, religion, sex, handicap, national origin, or familial status.

TENANT SIGNATURES	LANDLORD SIGNATURES
By: (Type or Print Name of Tenant Representative)	LANDLORD NAME:
(Signature/Date)	By: (Type or Print Name of Landlord Representative)
By: (Type or Print Name of Tenant Representative)	(Signature/Date)
(Signature/Date)	

Community Services and Workforce Development Dept for City of Hillister

70-HOME Tenant-Based Rental Assistance by *[Signature]* *Time Point* Date: *[Date]*

sign: [Signature]

APPENDIX 8

HOME RENTAL ASSISTANCE CONTRACT

LANDLORD NAME & ADDRESS Telephone No. _____	UNIT NO. & ADDRESS	TENANT NAME
--	--------------------	-------------

This HOME Rental Assistance Contract ("Contract") is entered into between the "City of Anytown, Department of _____" (program administrator) and the Landlord identified above. This Contract applies only to the Tenant family and the dwelling unit identified above.

1. TERM OF THE CONTRACT

The term of this Contract shall begin on _____¹ and end no later than _____.²
The Contract automatically terminates on the last day of the term of the Lease.

2. SECURITY DEPOSIT³

- A. The (program administrator) will pay a security deposit to the Landlord in the amount of \$_____. The Landlord will hold this security deposit during the period the Tenant occupies the dwelling unit under the Lease. The Landlord shall comply with state and local laws regarding interest payments on security deposits.
- B. After the Tenant has moved from the dwelling unit, the Landlord may, subject to state and local law, use the security deposit, including any interest on the deposit, as reimbursement for rent or any other amounts payable by the Tenant under the Lease. The Landlord will give the Tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the Landlord, the Landlord shall promptly refund the full amount of the balance to the [Tenant/program administrator].
- C. The Landlord shall immediately notify the (program administrator) when the Tenant has moved from the Contract unit.

3. RENT AND AMOUNTS PAYABLE BY TENANT AND (program administrator)

- A. *Initial Rent.* The initial total monthly rent payable to the Landlord for the first twelve months of this Contract is \$_____.
- B. *Rent Adjustments.* With no less than ___⁴ days' notice to the Tenant and the (program administrator), the owner may propose a reasonable adjustment to be effective no earlier than the 13th month of this Contract. The proposed rent may be rejected by either the Tenant or the (program administrator). The Tenant may reject the proposed rent by providing the Landlord

¹ Insert the first day of the term of the Lease.

² The maximum allowable length of a HOME Coupon Contract is two years.

³ Modify the paragraph based on PJ policy.

⁴ Insert the number of days notice the owner must provide of a rent increase. At least 60 days is recommended to enable the program administrator 30 days to review the rent and still enable the landlord to give the tenant 30 days notice.

HOME Rental Assistance Contract (Page Two)

with 30 days' written notice of intent to vacate. If the program administrator rejects the proposed rent, the program administrator must give both the Tenant and the Landlord 30 days' notice of intent to terminate the Contract.

- C. *Tenant Share of the Rent.* Initially, and until such time as both the Landlord and the Tenant are notified by the (program administrator), the Tenant's share of the rent shall be \$_____.
- D. *Program Administrator Share of the Rent.* Initially, and until such time as both the Landlord and Tenant are notified by the (program administrator), the (program administrator's) share of the rent shall be \$_____. Neither the (program administrator) nor HUD assumes any obligation for the Tenant's rent, or for payment of any claim by the Owner against the Tenant. The (program administrator's) obligation is limited to making rental payments on behalf of the Tenant in accordance with this Contract.
- E. *Payment Conditions.* The right of the owner to receive payments under this Contract shall be subject to compliance with all of the provisions of the Contract. The Landlord shall be paid under this Contract on or about the first day of the month for which the payment is due. The Landlord agrees that the endorsement on the check shall be conclusive evidence that the Landlord received the full amount due for the month, and shall be a certification that:
1. the Contract unit is in decent, safe and sanitary condition, and that the Landlord is providing the services, maintenance and utilities agreed to in the Lease.
 2. the Contract unit is leased to and occupied by the Tenant named above in this Contract.
 3. the Landlord has not received and will not receive any payments as rent for the Contract unit other than those identified in this Contract.
 4. to the best of the Landlord's knowledge, the unit is used solely as the Tenant's principal place of residence.
- F. *Overpayments.* If the (program administrator) determines that the Landlord is not entitled to any payments received, in addition to other remedies, the (program administrator) may deduct the amount of the overpayment from any amounts due the Landlord, including the amounts due under any other Rental Assistance Coupon Contract.

4. HOUSING QUALITY STANDARDS AND LANDLORD-PROVIDED SERVICES

- A. The Landlord agrees to maintain and operate the Contract unit and related facilities to provide decent, safe and sanitary housing in accordance with 24 CFR Section 882.109, including all of the services, maintenance and utilities agreed to in the Lease.
- B. The (program administrator) shall have the right to inspect the Contract unit and related facilities at least annually, and at such other times as may be necessary to assure that the unit is in decent, safe, and sanitary condition, and that required maintenance, services and utilities are provided.
- C. If the (program administrator) determines that the Landlord is not meeting these obligations, the program administrator shall have the right, even if the Tenant continues in occupancy, to terminate payment of the (program administrator's) share of the rent and/or terminate the Contract.

5. TERMINATION OF TENANCY

The Landlord may evict the Tenant following applicable state and local laws. The Landlord must give the Tenant at least 30 days' written notice of the termination and notify the (program administrator) in writing when eviction proceedings are begun. This may be done by providing the (program administrator) with a copy of the required notice to the tenant.

6. FAIR HOUSING REQUIREMENTS

- A. *Nondiscrimination.* The Landlord shall not, in the provision of services or in any other manner, discriminate against any person on the grounds of age, race, color, creed, religion, sex, handicap, national origin, or familial status. The obligation of the Landlord to comply with Fair Housing Requirements insures to the benefit of the United States of America, the Department of Housing and Urban Development, and the (program administrator), any of which shall be entitled to involve any of the remedies available by law to redress any breach or to compel compliance by the Landlord.
- B. *Cooperation in Quality Opportunity Compliance Reviews.* The Landlord shall comply with the (program administrator) and with HUD in conducting compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders and all related rules and regulations.

7. (Program administrator) AND HUD ACCESS TO LANDLORD RECORDS

- A. The Landlord shall provide any information pertinent to this Contract which the (program administrator) or HUD may reasonably require.
- B. The Landlord shall permit the (program administrator) of HUD, or any of their authorized representatives, to have access to the premises and, for the purposes of audit and examination, to have access to any books, documents, papers, and records of the Landlord to the extent necessary to determine compliance with this Contract.

8. RIGHTS OF (Program administrator) IF LANDLORD BREACHES THE CONTRACT

- A. Any of the following shall constitute a breach of the Contract:
 - (1) If the Landlord has violated any obligation under this Contract; or
 - (2) If the Landlord has demonstrated any intention to violate any obligation under this Contract; or
 - (3) If the Landlord has committed any fraud or made any false statement in connection with the Contract, or has committed fraud or made any false statement in connection with any Federal housing assistance program.
- B. The PHA's right and remedies under the Contract include recovery of overpayments, termination or reduction of payments, and termination of the Contract. If the (program administrator) determines that a breach has occurred, the program administrator may exercise any of its rights or remedies under the Contract. The (program administrator) shall notify the Landlord in writing of such determination, including a brief statement of the reasons for the determination. The notice by the PHA to the landlord may require the Landlord to take corrective action by a time prescribed in the notice.
- C. Any remedies employed by the (program administrator) in accordance with this Contract shall be effective as provided in a written notice by the (program administrator) to the Landlord. The (program administrator's) exercise or non-exercise of any remedy shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

9. PHA RELATION TO THIRD PARTIES

- A. The (program administrator) does not assume any responsibility for, or liability to, any person injured as a result of the Landlord's action or failure to act in connection with the implementation of this Contract, or as a result of any other action or failure to act by the Landlord.
- B. The Landlord is not the agent of the (program administrator) and this Contract does not create or affect any relationship between the (program administrator) and any lender to the Landlord, or any suppliers, employees, contractors or subcontractors used by the Landlord in connection with this Contract.
- C. Nothing in this Contract shall be construed as creating any right of the Tenant or a third party (other than HUD) to enforce any provision of this Contract or to assess any claim against HUD, the (program administrator) or the Landlord under this Contract.

10. CONFLICT OF INTEREST PROVISIONS

- A. No employee of the (program administrator) who formulates policy or influences decisions with respect to the Rental Assistance Program, and no public official or member of a governing body or state or local legislator who exercise his functions or responsibilities with respect to the program shall have any direct or indirect interest during this person's tenure, or for one year thereafter, in this contract or in any proceeds or benefits arising from the Contract or to any benefits which may arise from it.

11. TRANSFER OF THE CONTRACT

The Landlord shall not transfer in any form this Contract without the prior written consent of the (program administrator). The (program administrator) shall give its consent to a transfer if the transferee agrees in writing (in a form acceptable to the (program administrator)) to comply with all terms and conditions of this Contract.

12. ENTIRE AGREEMENT: INTERPRETATION

- A. This Contract contains the entire agreement between the Landlord and the program administrator. No changes in this Contract shall be made except in writing signed by both the Landlord and the (program administrator).
- B. The Contract shall be interpreted and implemented in accordance with HUD requirements.

13. WARRANTY OF LEGAL CAPACITY AND CONDITION OF UNIT

- A. The Landlord warrants the unit is in decent, safe, and sanitary condition as defined in 24 CFR Section 882.109, and that the Landlord has the legal right to lease the dwelling unit covered by this Contract during the Contract term.
- B. The party, if any, executing this Contract on behalf of the Landlord hereby warrants that authorization has been given by the Landlord to execute it on behalf of the Landlord.

Landlord Name (Type or Print):	(Program administrator) Representative (Type of Print):
(Signature/Date)	(Signature/Date)

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statements or entries, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000, or imprisoned for not more than five years, or both.

LANDLORD'S CHECK TO BE MAILED TO: SS NO. _____

NAME(S) _____

ADDRESS _____

SIGNATURE OF OWNER DATE

SIGNATURE OF OWNER DATE

Agreement by Tenant:

Name _____

Sign _____ *Date:* _____

APPENDIX 9

SAMPLE FORMAT FOR CALCULATING ANNUAL AND ADJUSTED INCOME AND TENANT PAYMENT USING SECTION 8 DEFINITIONS

PART I. SUMMARY OF FAMILY INCOME DATA

1. Name		2. Identification			
ASSETS					
Family Member	Asset Description	Current Cash Value	Income from Assets		
3. Total Net Family Assets		3.			
4. Total Actual Asset Income.....			4.		
5. If line 3 is greater than \$5,000, multiply line by _____ (Passbook Rate) and enter result here; otherwise, leave blank.			5.		
ANTICIPATED ANNUAL INCOME					
Family Member	a. Wages/Salaries	b. Benefits/Pensions	c. Public Assistance	d. Other Income	e. Asset Income
					Enter the greater of lines 4 or 5 from above in e.
6. Totals	a.	b.	c.	d.	e.
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .					7.

PART II. CALCULATING ADJUSTED INCOME

8. Annual Income (from line 7).

8.

9. Number of family members (except head or spouse)
under 18, disabled, handicapped, or full-time students.

9.

10. Multiply line 9 by 480.

10.

11. Child care deduction (reasonable expenses for children
age 12 and under). [If family has Handicap Assistance
Expenses or qualified as an elderly family, proceed to line
12; otherwise, skip to line 20.]

11.

12. Enter Handicap Assistance Expense.

12.

13. Multiply line 8 by 0.03.

13.

14. Subtract line 13 from line 12, if negative, enter 0.

14.

15. Enter amount earned by family member enabled to work
as a result of Handicap Assistance Expenses.

15.

16. Enter the lesser of lines 14 or 15. This is the Handicap
Assistance Allowance.

16.

FILL IN LINES 17 THROUGH 19 FOR ELDERLY FAMILIES ONLY.

17. Enter total medical expenses.

17.

18. Allowable medical expenses:

- If the household reported no expenses in line 12,
enter line 17 minus line 13.
- If the household reported expenses in line 12, but line
14 is zero, enter line 17 minus (line 13 minus 12).
- If the household reported expenses in line 12 and line
14 is greater than zero, enter line 17.

18.

19. Enter \$400

19.

20. Add lines 10, 11, 16, 18, and 19.

20.

21. Subtract line 20 from line 8. This is Adjusted Income.

21.

**PART III. TTP CALCULATION AND PJ SUBSIDY
RENTAL VOUCHER MODEL**

22. Rent Standard	22.	
23. 30% of Monthly Adjusted Income (line 21 ÷ 12) x 0.30).	23.	
24. Maximum Subsidy (line 22 minus line 23).		24.
25. Rent Charged by Owner.*	25.	
26. Utility Allowance -- if any.	26.	
27. Gross Rent for the Unit (line 25 plus line 26).		27.
28. Gross Rent minus Maximum Subsidy (line 27 minus line 24).		28.
29. 10% of Monthly Gross Income (line 8 ÷ 12) x 0.10).	29.	
30. Total Family Contribution (higher of line 28 or line 29).		30.
31. Gross Rent minus Family Contribution (line 27 minus line 30).	31.	
32. Total Voucher Subsidy (lower of line 24 or line 31).		32.
33. PJ Payment to Owner (lower of line 25 minus line 32).		33.
34. Family Rent to Owner (line 25 minus line 33).		34.
35. Utility Reimbursement -- if any (line 32 minus line 33).		35.

* If this is a Section 236 or FmHA Section 515 project, enter the lower of the project's Market Rent or line 22, *but* never less than the project's Basic Rent.

**PART III. TTP CALCULATION AND PJ SUBSIDY
RENTAL CERTIFICATE MODEL ***

- 22. 30% of Monthly Adjusted Income (line 21 ÷ 12) x 0.30).
- 23. 10% of Gross Monthly Income (line 8 ÷ 12) x 0.30).
- 24. Welfare Rent -- if applicable.
- 25. TOTAL TENANT PAYMENT (greater of lines 22, 23, or 24).
- 26. Contract Rent to Owner.
- 27. Utility Allowance.
- 28. Gross Rent (line 26 plus line 27).
- 29. Tenant Rent (line 25 minus line 27)
If line 27 is greater than line 25, enter zero, and enter the
difference in line 30.
- 30. Utility Reimbursement to Tenant (line 27 minus line 25 only if
line 27 is greater than line 25).
- 31. PJ Payment to Owner (line 26 minus line 29).


22.	
23.	
24.	
	25.
26.	
27.	
	28.
	29.
	30.
	31.

* Must be used for calculation of TTP when required for antidisplacement activities.



APPENDIX 10

IMPORTANT INFORMATION ABOUT YOUR RENTAL ASSISTANCE



[This appendix includes two versions of a Sample Information Brochure for TBRA participants. The first summarizes program rules for subsidy option 1 (certificate method); the second summarizes program rules for subsidy option 2 (voucher method). PJs should adjust the information provided to match their program designs.]

IMPORTANT INFORMATION ABOUT YOUR HOME RENTAL ASSISTANCE

(Subsidy Method Option 1)

Congratulations! You have been selected to participate in the Home Rental Assistance Program. The following information is provided to help you understand how the program works.

FINDING A PLACE TO LIVE

The HOME Rental Assistance Coupon that you have received means that you are eligible to receive rental assistance. In order to receive that assistance, you must find a unit that (1) is the right size for your family; (2) is in good condition; and (3) rents for a reasonable amount. The landlord must be willing to sign a Rental Assistance Contract. If the landlord agrees, both you and [program administrator] will pay a portion of the rent and utility costs.

If the unit you are now living in meets these requirements, you may receive rental assistance without moving. If your current unit does not meet these requirements or if you want to move, you can now begin to look for another place to live. Please remember that you must meet your lease obligations to your current owner.

You have been approved for a ____ bedroom unit. It may be possible for us to approve a smaller unit if this does not result in serious overcrowding of your family, or a larger unit if the rent is not excessive.

HOW MUCH CAN THE RENT BE FOR THE UNIT I SELECT?

First, the amount that the owner may charge must be reasonable, based upon its quality, size, condition, and location. An inspector will determine whether the rent is reasonable.

Second, the payment standard for the size unit you have been assigned is: ____
The amount the owner charges for rent plus the amount you will have to pay separately for utilities cannot exceed this payment standard. Attached is a utility allowance schedule that will help you figure out how much the utilities may be for the unit you select.


HOW MUCH WILL I HAVE TO PAY?

Based upon the information you provided to us, your payment for rent and utilities will be: ____.

You may also be responsible for security deposits and deposits required to connect utilities.
[Indicate whether or not the agency will provide assistance with these deposits.]

After the first year of assistance, you will be asked to provide new information about your household's income, and your rent may be adjusted based upon the new information.

HOW MUCH TIME DO I HAVE TO FIND A UNIT?




You have up to _____ days to find a unit. Please don't wait until the last minute because if the unit you select doesn't pass inspection, you may not have enough time to find for another unit. If you are having problems finding a unit, please contact _____, and we will try to assist you.

WHAT SHOULD I DO WHEN I FIND THE UNIT I WANT?

- (1) Ask the owner to fill out and sign the **Request for Unit Approval** form that is included in this package. By signing this form, the owner shows he/she is willing to rent the unit to you and to receive rental assistance.
- (2) Return the Request for Unit Approval to:

Our inspectors will schedule an inspection of the unit as soon as possible. If the unit passes the inspection and the rent the owner is charging is found to be reasonable, we will notify both you and the owner. **DO NOT SIGN A LEASE WITH THE LANDLORD BEFORE RECEIVING OUR APPROVAL UNLESS YOU ARE PREPARED TO RENT THE UNIT WITH OR WITHOUT ASSISTANCE.**



If the unit does not pass our inspection, we will give the owner a chance to make repairs or adjust the rent before rejecting the unit.

If you or the owner of a unit you want to rent has questions, please contact:

Name:
Address:
Telephone No.:
Contact Person:

FAIR HOUSING

It is against the law to discriminate in the selection of tenants for rental housing. Owners are permitted to screen applicants to determine if they will be good tenants by checking on such things as how well you have maintained your housing in the past, and whether you pay your rent on time. However, landlords are not permitted to reject applicants on the basis of race, ethnicity, religion, national origin, sex, handicap, or familial status. If you believe that you have been discriminated against, you may file a complaint by contacting _____ or _____.

IMPORTANT INFORMATION ABOUT YOUR HOME RENTAL ASSISTANCE

Subsidy Method Option 2

Congratulations! You have been selected to participate in the Home Rental Assistance Program. The following information is provided to help you understand how the program works.

FINDING A PLACE TO LIVE

The HOME Rental Assistance Coupon that you have received means that you are eligible to receive rental assistance. In order to receive that assistance you must find a unit that (1) is the right size for your family; (2) is in good condition; and (3) rents for a reasonable amount. The owner must be willing to sign a rental assistance contract. If the owner agrees, both you and [program administrator] will pay a portion of the rent and utility costs.

If the unit you are now living in meets these requirements you may receive rental assistance without moving. If your current unit does not meet these requirements or if you want to move, you can now begin to look for another place to live. Please remember that you must meet your lease obligations to your current owner.

You have been approved for a ____ bedroom unit. You may select a larger unit but, in this case, you will have to pay a larger share of the rent. It may be possible for us to approve a smaller unit if this does not result in serious overcrowding of your family.

HOW MUCH CAN THE RENT BE FOR THE UNIT I SELECT?

The amount that the owner may charge must be reasonable based upon its quality, size, condition, and location. An inspector will determine whether the rent is reasonable.

HOW MUCH WILL I HAVE TO PAY?

The exact amount you must pay will depend upon the cost of the housing you select. These three numbers and the discussion which follows will help you understand how much rent you are likely to pay.

\$_____ This is the Payment Standard for the unit size for which you are eligible.

\$_____ This is 30 percent of your monthly adjusted income, based upon the income and other household information that you provided.

\$_____ The maximum amount the PJ can pay.

If the rent and utilities for the unit you select are more than the payment standard, you will have to pay more than 30 percent of your adjusted income. If the rent and utilities for the unit you select are less than the payment standard, you will pay less than 30 percent of your adjusted income. However, your share of the rent can never be less than \$_____.

You may also be responsible for security deposits and deposits required to connect utilities.
[Indicate whether or not the agency will provide assistance with these deposits.]

After the first year of assistance, you will be asked to provide new information about your household's income, and your rent may be adjusted based upon the new information.

HOW MUCH TIME DO I HAVE TO FIND A UNIT?

You have up to _____ days to find a unit. Please don't wait until the last minute because if the unit you select doesn't pass inspection, you may not have enough time to find for another unit. If you are having problems finding a unit, please contact _____, and we will try to assist you.

WHAT SHOULD I DO WHEN I FIND THE UNIT I WANT?

- (1) Ask the owner to fill out and sign the **Request for Unit Approval** form that is included in this package. By signing this form, the owner shows he/she is willing to rent the unit to you and to receive rental assistance.
- (2) Return the Request for Unit Approval to:

Our inspectors will schedule an inspection of the unit as soon as possible. If the unit passes the inspection and the rent the owner is charging is found to be reasonable, we will notify both you and the owner. **DO NOT SIGN A LEASE WITH THE LANDLORD BEFORE RECEIVING OUR APPROVAL UNLESS YOU ARE PREPARED TO RENT THE UNIT WITH OR WITHOUT ASSISTANCE.**

If the unit does not pass our inspection, we will give the owner a chance to make repairs or adjust the rent before rejecting the unit.

If you or the owner of a unit you want to rent has questions, please contact:

Name:
Address:
Telephone No.:
Contact Person:

FAIR HOUSING

It is against the law to discriminate in the selection of tenants for rental housing. Owners are permitted to screen applicants to determine if they will be good tenants by checking on such things as how well you have maintained your housing in the past, and whether you pay your rent on time. However, landlords are not permitted to reject applicants on the basis of race, ethnicity, religion, national origin, sex, handicap, or familial status. If you believe that you have been discriminated against, you may file a complaint by contacting _____ or _____.

APPENDIX 11

UNDERSTANDING PHA WAITING LISTS AND FEDERAL PREFERENCES

I. PHA WAITING LISTS

Each PHA establishes its tenant selection policies in an Administrative Plan. This plan, like the PJ's tenant selection plan, establishes preferences and describes how names will be selected from the PHA waiting list. Until recently PHA tenant selection plans were required to incorporate the three mandatory Federal preferences that are discussed in detail in Section II of this appendix. The Federal preference requirements were suspended in FY 1996 and the FY 97 VA/HUD Appropriations Act (P.L. 104-204) continued the suspension. While the Federal preferences are suspended PHAs have the option of continuing to use them (as local preferences) or to revise their Administrative Plans to eliminate or adjust the preference system.

It is important for PJs to understand the provisions of the local PHA's Administrative Plan for two reasons. First, the PJ must understand how families are selected from the list in order to decide whether it is appropriate to use the Section 8 list for TBRA. Second, even when the Section 8 list is not used, PJs should understand how the PHA Administrative Plans will treat receipt of HOME TBRA assistance in order to appropriately counsel TBRA applicants. PHAs are likely to have different policies, depending upon whether the Section 8 waiting list is used to select HOME TBRA participants. The following examples illustrate this concept.

Example 1: The PJ uses the Section 8 waiting list to select HOME TBRA recipients. The PHA has revised its Administrative Plan and uses only a preference for households living in substandard housing. Family A's name comes to the top of the PHA's waiting because they are living in substandard housing and, at that time, no Section 8 assistance is available. The family is offered and accepts HOME TBRA, but is still interested in receiving Section 8 assistance when it is available. The PHA could adopt any of the following policies:

- Permit the family to remain at the top of the Section 8 waiting list, still qualifying for the local preference -- even though the TBRA unit will not be substandard -- to enable the family to receive Section 8 when it is available;
- Permit the family to remain on the waiting list but no longer qualify for a preference; or
- Consider the family's housing problem solved and remove the family's name from the waiting list.

If the PHA decides to permit families to remain on the Section 8 list, a system for periodically offering Section 8 assistance to TBRA recipients is needed. A family whose name is removed from the waiting list may reapply at any time.

Example 2: The PJ uses a separate waiting list to select HOME TBRA recipients. After receiving HOME TBRA, Family B decides to apply for Section 8 assistance. Assuming the family is otherwise eligible, receipt of HOME TBRA assistance does not affect the family's eligibility for Section 8. However, if the family is receiving HOME rental assistance, it is unlikely to qualify for a local preference based upon housing quality. If the family receives only deposit assistance, the family might still qualify for a local preference based upon rent burden.

II. FEDERAL PREFERENCES

The FY 97 HUD/VA Appropriations Act suspends the implementation of Federal preferences for FY 1997. This description of Federal preferences is provided because some PHAs may elect to retain the preference system, even though it is no longer mandated by the Federal government and because it provides an example on how preferences can be used that may assist PJs in developing their own tenant selection policies.

The Federal preference system, before it was suspended, established preferences for three broad categories of families:

- Families paying more than 50% of gross income for housing costs (rent and utilities);
- Families who are involuntarily displaced (or about to be displaced), including victims of domestic violence; and
- Families living in substandard housing, including the homeless.

It is important to note that the preferences do not qualify for assistance a household that is not otherwise eligible. Rather, the preferences determine the order in which eligible households will be assisted. For example, an over-income household that is living in substandard housing would not qualify for a preference.

PHAs and PJs were given some flexibility in the way the Federal preferences were administered. PHAs and PJs could:

- *Treat all preferences equally* by assisting families with one or more Federal preferences in the order in which they applied, before assisting any families not in a preference class;
- *Rank the preferences* according to documented local need. For example, the PJ could give first preference to displacees, second preference to those living in substandard housing, and third preference to families who were paying at least 50 percent of income for housing.
- *Aggregate the preferences* so that families receive assistance based upon the number of preferences for which they qualify. For example, an applicant that both lived in substandard housing and paid more than 50% of income for housing costs would be assisted before families who qualified for only one of the preferences.