

## ***Since 2012, this is the HUD Definition***

HUD has issued the final regulation to implement changes to the definition of homelessness contained in the Homeless Emergency Assistance and Rapid Transition to Housing Act. The definition affects who is eligible for various HUD-funded homeless assistance programs. The new definition includes four broad categories of homelessness:

- People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided. The only significant change from existing practice is that people will be considered homeless if they are exiting an institution where they resided for up to 90 days (it was previously 30 days), and were in shelter or a place not meant for human habitation immediately prior to entering that institution.
- People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, within 14 days and lack resources or support networks to remain in housing. HUD had previously allowed people who were being displaced within 7 days to be considered homeless. The proposed regulation also describes specific documentation requirements for this category.
- Families with children or unaccompanied youth who are unstably housed and likely to continue in that state. This is a new category of homelessness, and it applies to families with children or unaccompanied youth who have not had a lease or ownership interest in a housing unit in the last 60 or more days, have had two or more moves in the last 60 days, and who are likely to continue to be unstably housed because of disability or multiple barriers to employment.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing. This category is similar to the current practice regarding people who are fleeing domestic violence.



## IMPLEMENTING A SHIP RENTAL ASSISTANCE PROGRAM FOR SPECIAL NEEDS AND HOMELESS HOUSEHOLDS:

### FREQUENTLY ASKED QUESTIONS

#### ***Technical Compliance Issues:***

**Q1: When spending SHIP on rent subsidy assistance, does the monthly rent have to pass the rent limits?**

A1: Yes, this is required by section 67-37.005 of the SHIP Rule, which addresses rent affordability as a topic to be included in the Local Housing Assistance Plan:

(5)(e) The statement that monthly rents or monthly mortgage payments, including taxes and insurance, do not exceed 30 percent of an amount representing the percentage of the area's median Annual Gross Income for the household as indicated in Section 420.9071(19), (20) or (28), F.S. However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing. Housing for which a household devotes more than 30 percent of its income shall be deemed affordable if... in the case of rental housing does not exceed those rental limits adjusted for bedroom size established by the Corporation;

When spending SHIP on rent subsidies, compliance is achieved if the rent does not surpass the 120% AMI amount on the rent limits chart, irrespective of the household income.

Comments: Communities may be hesitant to help place a very low income household in a unit with rent at the 120% rent limit amount. However, the experience with other rent assistance programs similar to this (e.g., ESG for homeless households) is that once a family or individual is moved into a rental unit with short term assistance, they will make things happen to be able to sustain it - get a second job, get disability income for a family member, get a roommate, and so on. Many households in high rent communities already pay 50% of their income for rent; they have to make it work because there are no other options. While this isn't ideal, it's the best that can happen without sufficient affordable housing stock for ELI and VLI households. At least for homeless households, the research shows that getting them into a unit and providing short term assistance are the keys to enabling them to get other things in place to sustain. But if they are shut out altogether due to rent limits, they will remain homeless and unable to move toward self-sufficiency.

**Q2: May SHIP program dollars (not admin) pay for services as part of a service delivery fee to a sub-recipient organization?**

A2: To an extent. First, the fee must be reasonable and directly related to services provided. Second, the services provided must be limited in scope. While SHIP program dollars cannot support "case management" in the broad sense of that term (e.g., providing mental health and substance abuse counseling), SHIP funding may be used for "housing stability counseling." This includes staff time used for budgeting assistance, understanding the terms of the lease, and/or linking up the participant with community-based providers that could assist with disability income, employment, benefits, and other

services that are directly related to housing stability for that participant. The housing stability counselor should use SHIP funding to leverage case management resources and other community –based assistance.

Comments: Because housing stability counseling is an allowable program cost (not admin) for sub-recipients, and because such counseling may be an essential element of housing success, it is often best for SHIP communities use sub-recipient organizations to administer the rental subsidy program. It is especially helpful if the sub-recipient administers similar rental assistance programs and works with similar populations in those programs.

**Q3: How much SHIP money may be expended on rent subsidies?**

A3: While the SHIP statute states that up to 25% of the allocation may be used for rental assistance, in practical terms that is unlikely. Because 75% of the allocation is reserved for new construction and rehab activities, and another 10% is commonly reserved for administration, there is only 15% of the allocation remaining to be available for rent subsidies.

Therefore, up to 15% of the allocation, plus all program income, may pay for rent subsidies, which is a type of assistance that does not comply with the Construction/Rehabilitation set-aside. The full amount of program income may be spent on rent subsidies, since program income is not subject to the construction/rehabilitation and homeownership set-asides.

***Guidance for Best Practices:***

**Q1: How does this SHIP rental assistance program complement or duplicate rental assistance programs funded through other sources? How can those programs work together?**

A1: It is recommended highly that the SHIP office consult closely with the local Homeless Continuum of Care (CoC) to coordinate efforts, standards, and processes. In most communities, the CoC oversees a wide variety of funding streams aimed at eviction prevention and rapid rehousing. (Rapid Rehousing is the term in CoCs for programs that offer short-term financial assistance like deposits and rent subsidies, as well as ‘light touch’ case management or housing stability counseling.) The CoC programs might be funded by HUD CoC funds, Emergency Solutions Grant (ESG), and Supportive Services for Veterans Families (SSVF), and private funding such as United Way.

Collaboration with the CoC is critically important to coordinate the SHIP rental assistance program with these other programs, so that the programs are complementary, use similar processes, and have similar standards. It is for this reason that we recommend that the SHIP office utilize the CoC’s Coordinated Entry system for referrals. It is further recommended that the SHIP office use a sub-recipient nonprofit organization that has experience in these types of programs.

**Q2: Why should we do rental assistance for homeless households if it’s not required?**

A2: You’re right that rental assistance for homeless households is not a required program under SHIP. However, the language in the statute says: “Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan which provides program funds for reducing homelessness.” The legislature has explicitly “encouraged” this program and has explicitly

said in statute that “Rapid Rehousing” (like deposits and rent subsidies) is a good tool to end homelessness.

**Q3: Aren’t we just setting people up for failure if they have little or no income and we help them move into apartments they can’t afford?**

A3: This is less a problem than it seems. While we might second-guess households and worry that they may not be able to sustain their housing, national and Florida data show that the vast majority of households that receive rapid rehousing type assistance are able to sustain their housing once the temporary financial assistance ceases. They tend to get second or third jobs, obtain disability income or child support or TANF, find roommates, or make other changes in their households that help them sustain housing. It should also be noted that there are no proven predictors that can be used to predict “success” of a household. In studies of these types of programs, for instance, employment at intake was not predictive of housing stability. The research in this area indicates that rent subsidies should be targeted to households who have great need. Especially for those households that are homeless, the mere fact of having housing drastically improves the ability of tenants to address the difficulties in their lives.

**Q4: How should we go about setting the parameters for assistance?**

A4: Best practices in these types of programs call for some level of flexibility in determining the level and time period of assistance. While it may be straightforward to offer every household the same level of assistance (for instance, \$5,000 total or deposit plus three month’s rent), households vary in terms of need.

As an example, you may want to offer rent and utility deposit to all eligible households moving into a rental unit. But you may want to gauge the rent subsidy based on the household’s current income, such that they are required to pay 30% of their income towards the rent and the SHIP funding provides the rest of the rent as a subsidy. In this way, you pay full rent for those with zero income and less for those who have income. You may also choose to gradually reduce the rent subsidy over time, so the first month you pay the full rent, the second month you pay 50% of the rent, the third month 25%, and then nothing.

Whatever your approach, the guidelines should be written and clear to those administering the program, as well as to consumers. In addition, it is recommended that housing stability counseling be offered to tenants by the sub-recipient organization or a partner agency. This “case management light” should be focused on housing stability exclusively, rather than case management in the usual sense of the word, which tends to address many non-housing issues.

Data from other rapid rehousing programs indicates that assistance typically lasts 4-6 months, and averages to about \$4,000-\$8,000 per household, excluding housing counseling costs. It should be noted, however, that these averages may not hold true in areas with high rental rates and/or low employment availability or pay.

**SAMPLE Rental Assistance Strategy:**

**Includes recommendations, not statutorily required. See footnotes for explanations.**

<i>Rental Assistance</i>	<i>Code 13</i>
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- a. Summary of Strategy:<sup>1</sup> Funds will be awarded to renter households that are in need of assistance for: (1) security and utility deposit assistance; (2) eviction prevention not to exceed 6 months' rent; and/or (3) rent subsidies for up to 12 months. To be eligible for rent subsidies, the household receiving assistance must include at least one adult who is a person with special needs as defined in S. 420.0004 or homeless as defined in S. 420.621.
- b. Fiscal Years Covered:
- c. Income Categories to be Served:<sup>2</sup> Very-low
- d. Maximum award:<sup>3</sup> \$6,000
- e. Terms:
  1. Loan/grant: Funds will be awarded as a grant.
  2. Interest Rate: N/A
  3. Term: N/A
  4. Forgiveness/Repayment: N/A
  5. Default/Recapture: N/A
- f. Recipient Selection Criteria:<sup>4</sup> Applicants who are homeless or at risk of homelessness (i.e., seeking eviction prevention) will be referred by the local Continuum of Care Coordinated Entry system, and be assisted on a first-qualified, first-served basis. Applicants with one or more special needs household members may apply directly or may be referred by a special needs service provider.

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<sup>1</sup> You may choose to have a separate strategy for eviction prevention, which is assistance for a household currently occupying rental housing. Alternatively, you may include all three rental assistance methods in one strategy, as we have here, because it is possible that the same household, if eligible, could receive both eviction prevention and rent subsidy assistance.

<sup>2</sup> It is recommended that all three types of rental assistance (deposits, eviction prevention, and rent subsidies) be provided to those who are very low income because they tend to be those who have the greatest need and the fewest resources. In terms of the statute, however, only the third category of assistance (e.g., rent subsidies) must be restricted to very low income applicants.

<sup>3</sup> The maximum award will vary by jurisdiction, level of SHIP funding, and rental market rates. It should be noted that for other rapid rehousing programs similar to the SHIP rental assistance program, the average level of financial assistance per household is \$4,000-\$8,000 over an average of 4-6 months. This cost excludes the cost of housing stability counseling.

<sup>4</sup> While not required by statute, it is recommended that applicants who are homeless be referred through the local homelessness Continuum of Care (CoC) Coordinated Entry system. CoC Coordinated Entry systems should be designed such that applicants for housing assistance are assessed with a common assessment tool, and triaged in terms of need. Utilizing the Coordinated Entry system will provide a single referral source and will help reduce the possibility that households are ineligible and/or are accessing multiple streams of assistance. If the local jurisdiction decides against utilizing the Coordinated Entry system for referrals, they are encouraged strongly to consult with the local Continuum of Care so that the SHIP Rental Assistance program will be coordinated with other forms of rental assistance, such as Emergency Solutions Grant, SSVF, and/or HUD CoC Rapid Rehousing programs. Coordinating such programs will increase the effectiveness and consistency of those programs.

- g. Sub-Recipient Selection Criteria:<sup>5</sup> Sub-Recipient nonprofit organization(s) may be selected to administer the Rental Assistance program. Criteria for selection of Sub-Recipient organization will include: (1) past experience working with the target population; (2) past experience administering similar rental assistance programs; (3) financial and human resource capacity to administer the program; (4) participation in the Continuum of Care Coordinated Entry system; and (5) such other criteria as may be determined appropriate.
- h. Additional Information:
  - 1. The lease must be at least twelve months in duration.

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<sup>5</sup> While not required by statute, it is recommended that local governments utilize sub-recipients to administer the rental assistance strategy. Local nonprofit organizations have a wealth of experience managing similar types of programs, possess background information on many applicants (e.g., through the Homeless Management Information System), and have the capacity to provide housing stability counseling, which is a key component for success of rental assistance programs.