



Balance of State Continuum of Care Program Standards for ESG-Funded Rapid Re-Housing Programs (Version 3)

The WI Balance of State Continuum of Care developed the following ESG-funded Rapid Re-Housing Program standards to insure:

- Program accountability to individuals and families experiencing homelessness
- Program compliance with HUD and State of Wisconsin rules
- Program uniformity
- Adequate program staff competence and training, specific to the target population being served

Written Standards shall be followed in conjunction with the WI BOSCOCC Coordinated Entry Policy and Procedure manual. This includes, but is not limited to, waivers and exceptions approved by the CoC.

DEFINITIONS:

Family - Family includes, but is not limited to, regardless of actual or perceived sexual orientation, gender identity, or marital status, (1) a single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or (2) any group of persons presenting for assistance together with or without children and irrespective of age, relationship, or whether or not a member of the household has a disability. A child who is temporarily away from the home because of placement in foster care is considered a member of the family. *24 CFR 5.403.*

Homeless – To be eligible for ESG-funded Rapid Re-Housing, the individual/family must meet HUD’s homeless definition under Category 1 or Category 4 (see below). If the individual/family meets the definition under Category 4, they must also meet the definition under Category 1. *24 CFR 576.104, 24 CFR 576.2*

Category 1 – An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(1) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground; or

(2) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low- income individuals); or



(3) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Category 4 – Any individual or family who:

- (1) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; and
- (2) Has no other residence; and
- (3) Lacks the resources or support networks, *e.g.*, family, friends, faith-based or other social networks, to obtain other permanent housing.

Rapid Re-Housing – A program designed to help individuals and families exit homelessness as quickly as possible, move to permanent housing, and achieve stability in that housing. Rapid re-housing assistance is offered without preconditions (such as, but not limited to, employment, income, absence of criminal record, disability status, gender identity, youth without rental history, or sobriety), and the resources and services provided are typically tailored to the unique needs of the household. The core components of a rapid re-housing program are housing identification and relocation, short-and/or medium-term rental assistance, move-in (financial) assistance, and case management and housing stabilization services. *24 CFR 576.104 & Core Components of Rapid Re-Housing*, National Alliance to End Homelessness

PERSONNEL

STANDARD: The program shall be adequately staffed by qualified personnel to ensure quality service delivery, effective program management, and the safety of program participants.

CRITERIA:

1. The agency selects, for its service staff, only those employees and/or volunteers with appropriate knowledge or experience of working with individuals and families experiencing homelessness and/or other issues that put individuals or families at risk of housing instability.
2. The program provides training to all paid and volunteer staff on both the policies and procedures employed by the program and on specific skill areas as determined by the program.
3. All paid and volunteer service staff participate in ongoing and/or external training and development to further enhance their knowledge and ability to work with individuals and families experiencing homelessness and/or other issues that put individuals or families at risk of housing instability.
4. Agency staff with responsibilities for supervision of the casework, counseling, and/or case management components have, at a minimum, a bachelor's degree in a human service-related



field and/or demonstrated ability and experience that qualifies them to assume such responsibility.

5. Staff with supervisory responsibilities for overall program operations shall have at a minimum, a bachelor's degree in a human service-related field and/or demonstrated ability and experience that qualifies them to assume such responsibility.
6. All staff have a written job description that at a minimum addresses the major tasks to be performed and the qualifications required for the position.
7. The program operates under an affirmative action/civil rights compliance plans or letters of assurance.
8. Case supervisors review current cases and individual service plans on a regular and consistent basis to ensure quality/coordinated services.

CLIENT INTAKE PROCESS

STANDARD: Programs are required to enroll participants exclusively through the WI BOSCO Coordinated Entry Prioritization List. Programs will follow the prioritization standards set forth by the WI BOSCO and will enroll the highest prioritized household when there are program openings.

CRITERIA:

1. The program will be an active member of the WI BOSCO Coordinated Entry System. Expectations for participating agencies and staff are detailed in the WI BOSCO Coordinated Entry System Policies and Procedures. The program will have a current signed Agency Agreement and current signed Staff Agreements on file.
2. The program will be in good standing with the WI BOSCO with regards to participation in the Coordinated Entry System.
3. The program will use the WI BOSCO Coordinated Entry System Prioritization List to identify the highest prioritized household for program openings.
4. If the program does not enroll the highest prioritized household into the program, the client file will have documentation explaining why this happened.

STANDARD: The program will have minimal entry requirements to ensure the most vulnerable of the population are being served. The program will assist participants in locating safe, affordable housing that meets participants' needs in accordance with client intake practices and within ESG guidelines for Rapid Re-Housing Programs.

CRITERIA:

1. All adult program participants must meet the following program eligibility requirements:
 - a. The household must meet either category 1 or category 4 of the homeless definition, set forth by HUD in 24 CFR 576.2. If the household meets category 4, they must also reside in one of the places set forth in category 1 at the time eligibility is determined.
 - b. Adult household members must participate in developing and carrying out an appropriate housing stability plan and maintain accountability of said plan.



2. Programs cannot disqualify an individual or family because of evictions or poor rental history, criminal history, or credit history.
3. The program explains the services that are available and the requirements for participation and secures a commitment to participate in program services from each adult household member prior to admitting the individual or family into the program. A copy of the program requirements is given to the household.
4. The program will maintain Releases of Information that allow the sharing of information with relevant people and/or agencies. Program participants are offered copies of all Releases of Information that they have signed and have the right to revoke any Release of Information without penalty.

PROGRAM OPERATIONS

STANDARD: The program will assist participants in locating safe, affordable housing that meets participants' needs in accordance with client intake practices and within ESG guidelines for Rapid Re-Housing programs.

CRITERIA:

1. The program explains the program rules and expectations prior to admitting the individual or family into the program. These rules and expectations should attempt to assure fairness, to avoid arbitrary decisions that may vary from client to client, or staff to staff.
2. The program helps participants in identifying and accessing suitable housing.
3. In locating housing, the program considers the needs of the individual or family experiencing homelessness.
4. Programs will assess potential housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness and fair market rent standards prior to the participant signing a lease with the landlord, and the program signing a rental assistance agreement with the landlord.
 - a. It is preferred that assisted units meet HQS requirements to facilitate easier transfers to other HUD-funded housing options (i.e., Housing Choice Vouchers).
5. The program signs a rental assistance agreement with the landlord. The program participant signs a lease with the landlord. The program and the participant sign a housing stabilization plan.

STANDARD: The program will enter data on all persons served and all activities assisted under ESG in HMIS. Domestic Violence Service Providers will, and legal services providers may, use a comparable database in accordance with HUD's standards.

CRITERIA:

1. All HMIS users must abide by the standard operating procedures found in the HMIS Policies and Procedures manual. Additionally, users must adhere to the privacy and confidentiality terms set forth in the User Agreement.



2. Domestic Violence Service Providers (DVSP) are prohibited by law from using HMIS. In place of HMIS, they are required to use a comparable database.
3. Legal service providers may choose to use either HMIS or an HMIS-comparable database. Legal service providers shall designate whether they will use HMIS or an HMIS-comparable database in their program policies and procedures.
4. All other ESG-funded RRH providers must use HMIS.

STANDARD: The program will re-evaluate the program participant's eligibility for Rapid Re-Housing assistance and the amount and types of assistance the program participant needs not less than once annually.

CRITERIA:

1. The program will re-evaluate the household for continued eligibility a minimum of every 12 months. To continue to receive Rapid Re-Housing assistance, the household must demonstrate:
 - a. **Income eligibility.** The household's annual income must be at or below 30% CMI.
 - b. **Lack of resources and support networks.** The household must continue to lack sufficient resources and support networks to retain housing without program assistance.
 - c. **Need.** The program must determine the amount and type of assistance that the household needs/wants to (re)gain stability in permanent housing.

RENTAL ASSISTANCE

STANDARD: The program will provide short and/or medium-term rental assistance as necessary to help a program participant move as quickly as possible into permanent housing and achieve stability in that housing.

CRITERIA:

1. Short-term assistance is up to three months of rent.
2. Medium-term assistance is for more than three up to a maximum of 24 months of rent.
3. Programs can provide a maximum of 24 months of rent assistance during any three-year period.
4. The program will pay 100% of the participant's first month's rent. Thereafter, participant contribution toward rent will be 30% of the household's monthly adjusted gross income, payable directly to the landlord until the Rapid Re-Housing program ends.
 - a. If the household moves into housing between the 1st and the 15th of the month, that month will be considered the "first month." If the household moves into housing between the 16th and the end of the month, the following month will be considered the "first month." In this situation, the program will provide 100% of the prorated rent in addition to the first month's rent.
 - b. The participant's rent contribution will be calculated using the process identified in the Appendices: *Rent Calculations, Utility Allowances*
5. Up to 100% of the security deposit may be paid with ESG dollars, as based on available funding. Programs are strongly encouraged to leverage other sources of funding to pay for security deposits.



STANDARD: The program will have a written policies and procedures for determining program participants' contribution to their rent obligation.

CRITERIA:

1. The policy for calculating participants' rent obligation will conform to the standard described in the appendix, *Rent Calculations*.
2. The policy for calculating utility allowances will conform to the standard described in the appendix, *Utility Allowances*.

STANDARD: Rental assistance will only be provided after the program has documented the participant's unit meets Fair Market Rent and Rent Reasonableness standards.

CRITERIA:

1. The program will document in each client file proof that the assisted unit falls below both Fair Market Rent and rent reasonableness standards.
2. The program will have a written policy and procedure for determining Rent Reasonableness that conforms to the standard described in the appendix, *Fair Market Rent and Rent Reasonableness*.

HOUSING RELOCATION AND STABILIZATION SERVICES

STANDARD: The program will assist program participants in identifying and obtaining suitable housing with the goal that the participant will be able to maintain that housing after program exit.

CRITERIA:

1. Financial Assistance:
 - a. Rental application fees that are charged by the owner to all applicants.
 - b. Security deposits equal to no more than two months' rent.
 - c. Last month's rent only if necessary to obtain housing for a participant. This amount must be included in calculating the participant's total rental assistance.
 - d. Utility deposits required by the utility company of all customers.
 - e. Utility payments for the following utilities: gas, electric, water, and sewage
 - (1) Assistance can only be provided if the program participant or a member of the same household has an account in their name.
 - (2) No more than 24 months of assistance can be provided in a three-year period.
 - (3) Payments may be made for all of the approved utilities.
 - (4) A partial payment counts as one month
2. Housing Search and Placement assists participants in locating and obtaining suitable permanent housing, which may include:
 - (1) Assessment of housing barriers, needs, and preferences
 - (2) Development of an action plan for locating housing
 - (3) Housing search
 - (4) Outreach to and negotiation with owners
 - (5) Assistance with submitting rental applications and understanding leases



- (6) Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness
 - (7) Assistance with obtaining utilities and making moving arrangements
 - (8) Tenant counseling
3. Programs can provide a maximum of 24 months of housing relocation and stabilization services during any three-year period.

HOUSING STABILITY CASE MANAGEMENT

STANDARD: The program shall provide access to case management services by qualified staff to each individual or family participating in the program. While services are voluntary for people participating in the program, they are required to be offered by case managers.

CRITERIA:

1. Individual case management is provided to program participants based on household need at least monthly and until the Rapid Re-Housing program ends.
2. Housing stability case management services can be provided for a maximum of 24 months while the participant is living in permanent housing.
3. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing.
4. Services include assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
5. Component services consist of:
 - a. Using the WIBOSCOC Coordinated Entry System to identify households for enrollment into the program.
 - b. Verifying and documenting eligibility for the program.
 - c. Developing an individualized housing and service plan, including planning a path to permanent housing stability.
 - d. Developing, securing, and coordinating services.
 - e. Obtaining Federal, State, and local benefits.
 - f. Monitoring and evaluating program participant progress.
 - g. Providing information about, and referrals to, other providers.
 - h. Conducting re-evaluations to determine on-going program eligibility.
6. Programs can provide a maximum of 24 months of housing relocation and stabilization services during any three-year period.

OTHER STABILIZATION SERVICES

STANDARD: The program may provide additional services to help program participants achieve housing stability.



CRITERIA:

1. Mediation between the program participant and the owner or person(s) with whom the participant is living
2. Legal Services to resolve a legal problem that prohibits a program participant from obtaining or retaining permanent housing, including:
 - a. Client intake
 - b. Preparation of cases for trial
 - c. Provision of legal advice
 - d. Representation at hearings
 - e. Counseling
 - f. Filing fees and other necessary court costs
3. Credit Repair, including:
 - a. Credit counseling
 - b. Accessing a free personal credit report
 - c. Resolving personal credit problems
 - d. Other services needed to assist with critical skills related to household budgeting and money management
4. Programs can provide a maximum of 24 months of other stabilization services during any three-year period.

SERVICE COORDINATION

STANDARD: The program will assist program participants, pursuant to 24 CFR §576.400, in obtaining appropriate supportive services and other Federal, State, local, and private assistance available for such individuals as needed and requested by the household. Staff should be knowledgeable about mainstream programs and services in the community.

CRITERIA:

1. Arrangements shall be made as appropriate with community agencies and individuals for the provision of education, employment, and training; schools and enrichment programs; healthcare and dental clinics; mental health resources; chemical dependency assessments and treatment; legal services; budgeting and credit repair; and other assistance requested by the participant, which are not provided directly by the program.
2. Other homeless and mainstream resources for which, if eligible, a client should be assisted in obtaining, include: Emergency Financial Assistance; domestic abuse-related programming (includes advocacy, support groups, children's services, etc.) and shelter; local Housing Authorities, public housing, rent subsidies and subsidized housing; temporary labor agencies; childcare resources and public programs that subsidize childcare; consumer credit counseling service agencies; youth development and child welfare; Community Support Programs; WIC; Food Share; Unemployment Insurance; Social Security benefits; Badgercare; Medicaid/Medicare.



EMERGENCY TRANSFERS

STANDARD: The program must have and implement an emergency transfer plan that meets the requirements of 24 CFR 5.2005(e) and 24 CFR 576.409(d)(3).

CRITERIA:

1. All projects shall comply with the WI BOSCO Emergency Transfer Plan policy. Program participants requesting an emergency transfer will be prioritized above other households and are exempt from coordinated entry.
2. The program's emergency transfer plan must specify what will happen with respect to the non-transferring family member(s), if the family separates in order to effect an emergency transfer.
 - a. When a family participating in ESG-funded Rapid Re-Housing separates in response to domestic violence, dating violence, sexual assault, or stalking, the program will bifurcate the lease and continue providing rental and utility assistance (at minimum) for the family members who are not evicted or removed.
3. If a program participant meets the conditions for an emergency transfer, ESG funds may be used to pay amounts owed for breaking a lease to effect an emergency transfer. These costs are not subject to the 24-month limit on rental assistance.

TERMINATION

STANDARD: Termination is expected to be limited to only the most severe cases. Programs will exercise judgment and examine all extenuating circumstances when determining if violations are serious enough to warrant termination.

CRITERIA:

1. In terminating assistance to a program participant, the agency must follow the due process provisions set forth in 24 CFR 576.402, as well as the following process: (1) providing the program participant with a written copy of the program rules and the termination process before the participant begins to receive assistance; (2) written notice to the program participant containing a clear statement of the reason for termination; (3) a review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and (4) prompt written notice of the final decision to the program participant.
2. Termination under this section does not bar the program from providing further assistance at a later date to the same individual or family.
3. Programs are required to re-house, rather than terminate assistance to households that are evicted from their housing while participating in the Rapid Re-Housing program.

FOLLOW-UP SERVICES



STANDARD: The program shall provide a continuity of services to all participants following their exit from the program. These services can be provided directly and/or through referrals to other agencies or individuals.

CRITERIA:

1. The program develops exit plans with the participant to ensure continued housing stability and connection with community resources, as desired.
2. The program should attempt to follow up with phone or written contact at least once after the client exits the program. A program may provide follow-up services that include identification of additional needs and referral to other agency or community resources in order to prevent future episodes of homelessness.

CLIENT FILES

STANDARD: The documentation necessary for the effective delivery and tracking of service will be kept up to date and the confidentiality of program participants will be maintained.

CRITERIA:

1. The file maintained on each participant should, at a minimum, include information required by HUD, the CoC, and the State EHH Grant Administrator. This includes, but is not limited to, participation agreements, service plans, case notes, information on the services provided both directly and through referrals to community agencies and individuals, and any follow-up and evaluation data that are compiled.
2. Client information must be entered into HMIS in accordance with the data quality, timeliness and additional requirements found in the HMIS Policies and Procedures manual. If an organization is prohibited from using HMIS, the organization is required to fully participate in HMIS through the use of a comparable database. At a minimum, programs must record the date the client enters and exits the program and update the client's information as changes occur. This criterion applies only to those agencies which use HMIS.
3. The program will maintain each participant file in a secure place and shall not disclose information from the file without the written permission of the participant as appropriate except to project staff and other agencies as required by law. Participants must give informed consent to release any client identifying data to be utilized for research, teaching and public interpretation.
4. All records pertaining to ESG funds must be retained for 5 years after the expenditure of all funds from the grant under which the program participant was served. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records. Records pertaining to other funding sources must adhere to those record retention requirements.

EVALUATION AND PLANNING:

STANDARD: Ongoing program planning and evaluation will be conducted.



CRITERIA:

1. The program has written goals and objectives for its services to meet the outcomes required by HUD and the State of Wisconsin.
2. The program reviews the case management, housing, and follow-up needs of program participants and the existing services that are available to meet these needs. As appropriate, revisions to goals, objectives and activities are made based on program evaluation.
3. The program exhibits due regard for participant privacy in conducting and reporting its evaluation.

RENT CALCULATIONS

Each project must have specific policies and procedures created in accordance with the COC interim rule and the Balance of State written standards regarding rent calculations.

1. The policies shall include the frequency of rent re-calculation. At minimum, rent calculations must be done initially, when a household composition changes, and when household income changes.
2. The policies shall include a description of the income verification collection process that includes acceptable source documentation. If a household does not provide income verification, the household may be required to pay full rent the following month. If an adult household member does not have income, s/he shall sign a zero-income certificate form or declaration of no income form.
3. The following are examples of acceptable proof of income. This is not a complete list of all acceptable documentation types but describes many of the most common sources of income:
 - a. **Public benefits** (i.e., SSI, SSDI, Child Support, Veterans benefits, etc.) – Verification letter/statement from a caseworker of the agency indicating the amount of benefits received, and the start date of the benefit. If out-of-date benefits income is a barrier to obtaining available housing, applications can be processed with SSI/SSDI income verification that is up to 12 months old.
 - b. **Employment wages** – Two months of most current consecutive pay stubs.
 - c. New employment wages (if a participant recently started a new job and has not received at least one month of pay stubs) – Employment verification letter from employer, stating gross wages and hours, overtime pay for this year, or annual salary.
 - d. **Seasonal/irregular employment** (if a participant is seasonally/irregularly employed) – Most current Federal Income Tax Return Form 1040; AND most current two months of paystubs for the employment; AND employment verification from employer, which indicates the period of the year that the participant will work as a seasonal employee, or discontinued employment.
 - e. **Self-reported income** – For self-declaration income such as recycling, day labor, etc., most current Federal Income Tax Return Form 1040 with 1040 Schedule C and/or Form 8829 and self-declaration verification letter from customer/client or certified self-affidavit letter. For self-employment (i.e., housekeeping, childcare, contract labor), a verification letter from customer/client to prove continuing, discontinued, or temporarily discontinued self-employment services.
 - f. **Unemployment benefits** – Unemployment benefits verification letter.
 - g. If a student age 18 and older is receiving financial aid, it is recommended that the provider obtain a current school schedule and school year financial aid letter. Although financial aid (grants, school loans, work-study programs) is not considered income as long as a participant is school, the program operator should obtain financial aid statements for their records.

- h. The policies shall describe which income is included for which month's rent calculation. For example, to determine rent for July, the household provides their income verification from May by a date set in June.
- i. The policies shall identify what occurs if a participant quits his/her job voluntarily or if a participant is fired, laid off, or has hours significantly reduced by the employer or doctor's recommendations. For example, in a voluntary separation from employment, income would continue to be used to calculate rent. However, in involuntary separation or reduction, income can be zeroed out or the lower amount used in the rent calculation.

HUD (24 CFR 5.609 and 24 CFR 5.611) states what should be counted and excluded for income and what allowable adjustments include:

§5.609 Annual income

(a) *Annual income* means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) *Welfare assistance payments.*

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31;

and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in §5.403;

(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

- (8) (i) Amounts received under training programs funded by HUD;
- (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
- (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (9) Temporary, nonrecurring or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) [Reserved]
- (14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.
- (15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- (16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

§5.611 Adjusted income

APPENDIX A



Adjusted income means annual income (as determined by the responsible entity, defined in §5.100 and §5.603) of the members of the family residing or intending to reside in the dwelling unit, after making the following deductions:

(a) *Mandatory deductions.* In determining adjusted income, the responsible entity must deduct the following amounts from annual income:

- (1) \$480 for each dependent;
- (2) \$400 for any elderly family or disabled family;
- (3) The sum of the following, to the extent the sum exceeds three percent of annual income:
 - (i) Unreimbursed medical expenses of any elderly family or disabled family; and
 - (ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- (4) Any reasonable childcare expenses necessary to enable a member of the family to be employed or to further his or her education.

[66 FR 6223, Jan. 19, 2001]

Sample rent calculation form:

<https://www.hudexchange.info/resources/documents/incomeresidentrentcalc.pdf>

Examples of source documentation:

http://www.in.gov/ihcda/files/Accepted_Forms_of_Income_Verification_and_Expense_Documentation.pdf

<http://www.snohomishcountywa.gov/DocumentCenter/View/25234>

UTILITY ALLOWANCES

Each project must have specific policies and procedures created in accordance with the COC interim rule and the Balance of State written standards regarding utility allowances.

1. The utility allowance is calculated for each participating household based on the local Public Housing Authority (PHA)'s schedule of utility allowances.
 - a. If the tenant (for example) is expected to pay hot water, heat, and other electric, the Case Manager or other staff will use the utility schedule for the appropriate unit size, add the amounts allowed on the utility schedule for each of the utilities to be paid by the tenant to determine the total utility allowance for the tenant.
 - b. If all the utilities are included in the unit rent, there is no utility allowance.
2. The full rent amount is the full rent the owner is charging for the unit including any utilities the owner provides under the lease. The gross rent represents the entire housing cost. It is calculated by adding the full rent amount and the utility allowance for the unit. If all the utilities are included in the rent, the full rent amount and the gross rent amount will be the same.
 - a. If a program participant selects a unit with a different number of bedrooms than the household is eligible for, the project is required to re-calculate the maximum gross rent. The program will use the Fair Market Rent Value for the smaller unit size (either the unit size for which the household is eligible, or the unit size selected by the household). The utility allowance used is always based on the actual size of the selected unit.
3. The rent subsidy payment can be calculated only after the participant has selected a unit and the gross rent for the unit is known. The rent subsidy payment is calculated by subtracting the total tenant payment from the gross rent amount.
4. The total tenant payment is the greater of 10% of the household's monthly gross income or 30% of the household's adjusted gross income. The total tenant payment is the participant's contribution toward the gross rent.
5. The actual tenant payment (household share of rent) is the participant's portion of the full rent that is paid to the agency for rent. If the participant is not responsible for paying any utilities under the lease, the actual tenant payment will equal the total tenant payment. Where participants are responsible for directly paying some or all of the utilities, actual tenant payment is calculated by subtracting the rent subsidy payment (agency share of rent) from the full rent amount

a. **EXAMPLE: CALCULATING ACTUAL TENANT PAYMENT**

| | |
|---------------------------|---------|
| Full Rent | \$450 |
| Less Rent Subsidy Payment | - \$240 |
| Actual Tenant Payment | \$210 |

6. If the rent subsidy payment exceeds the full rent amount, a utility allowance payment will need to be made. The project pays the full rent amount to the owner and sends the utility allowance payment to the utility company.

APPENDIX B



a. **EXAMPLE:** CALCULATING A UTILITY ALLOWANCE PAYMENT

| | |
|---------------------------|------------|
| Rent Subsidy Payment | \$415 |
| Less Full Rent | - \$390 |
| Utility Allowance Payment | <hr/> \$25 |

Additional information can be found at:

http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11762.pdf

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/phec/c/allowances

<https://www.huduser.gov/portal/resources/utilallowance.html>

FAIR MARKET RENT AND RENT REASONABLENESS

Each project must have specific policies and procedures created in accordance with the COC interim rule and the Balance of State written standards regarding fair market rent and rent reasonableness.

Compliance with rent reasonableness must be documented prior to executing a lease for a unit.

1. Fair Market Rent is a rent amount based on unit size and geographic location. It is determined by HUD annually. FMRs for each fiscal year can be found by visiting HUD's website at: <https://www.huduser.gov/portal/datasets/fmr/fmrs/docsys.html?data=fmr16>
2. Rent reasonableness is defined as reasonable in relation to rents being charged for comparable unassisted units in the same market. Rent reasonableness is determined by considering the gross rent of the proposed unit and the location, quality, size, type, and age of the unit, any amenities, maintenance, and utilities to be provided by the owner.
3. The gross rent of the proposed unit must be compared to three similar unit. "Similar" is defined as:
 - a. Same location as the proposed unit (either neighborhood or town)
 - b. Same number of bedrooms
 - c. Same type of unit (multi-family, duplex, single family home, etc)
4. To calculate the gross rent for purposes of determining whether it meets the rent reasonableness standards, project must consider the entire housing cost:
 - a. Rent plus the cost of any utilities that must, according to the lease, be the responsibility of the tenant.
 - b. Utility costs may include gas, electric, water, sewer, and trash. However, telephone, cable or satellite, television service, and internet service shall be excluded.
 - c. The gross rent does not include pet fees or late fees that the program participant may accrue for failing to pay the rent by the due date established in the lease.
5. Comparable rents can be checked by any of the following methods:
 - a. By reviewing advertisements for comparable rental units.
 - b. Completed Owner's Certification on the Request for Tenancy Approval form.
 - c. Written verification signed by the property owner or management company, on letterhead, affirming that the rent for a unit assisted with CoC Program funds is comparable to current rents charged for similar unassisted units managed by the same owner
6. To keep the administrative burden to a minimum, rent reasonableness documentation does not have to be collected for each individual unit. Rather, rent data may be collected at the neighborhood or community level, as long as the case manager or other staff making the determination verifies the documentation is appropriate for the proposed unit and includes the documentation in each client file.
7. Rent reasonableness must be reviewed annually.

8. The rent reasonableness standard is determined by averaging the gross rent of the three comparison units. The proposed unit meets the rent reasonableness standard if it is lower than \$50 above the average of the three comparable rents.

a. **Example:**

| | Gross Rent |
|---------------|------------|
| Proposed Unit | \$640.00 |
| Unit 1 | \$650.00 |
| Unit 2 | \$630.00 |
| Unit 3 | \$625.00 |

To calculate the average, you add the unit 1 gross rent (\$650) plus unit 2 gross rent (\$630) plus unit 3 gross rent (\$625) equals = \$1,905 and divide by the number of units used (3) equals = \$635.

Add the \$50 standard ($\$635 + \$50 = \685). \$685 is the maximum allowable rent that meets the rent reasonableness standard for this unit.

In the example, the proposed unit meets the rent reasonableness standard because it is lower than \$685. It is \$640.

9. The policies must include a description and process for addressing special circumstances. For example, in some cases it may be difficult to identify units that match on location, building type, and number of bedrooms. A policy could include supervisor approval to review a broader geographic range or look at units that have the same number of bedrooms and are in the same geographic location but are in other types of buildings.

A sample “Rent Reasonableness Checklist and Certification” form is available at www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc

Information about FMR and rent reasonableness:

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