

**TENANT-BASED RENTAL ASSISTANCE (TBRA)
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**Michigan State Housing Development Authority (MSHDA)
Tenant-Based Rental Assistance (TBRA) Program Guideline**

1. GENERAL PROGRAM INFORMATION:

MSHDA has allocated HOME funding to support Tenant-Based Rental Assistance (TBRA) Housing Coupons for a two-year (24 months) period for households meeting the Eligibility Requirements identified below.

The TBRA Program allows local flexibility in many program design areas. MSHDA will allow individual Grantees to develop community-specific programs, which will be outlined in the Grantee Action Plan. We will in turn review programs in detail to determine whether or not they comply with all HOME regulations such as tenant occupancy and income requirements, unit and Payment Standards and administrative performance. MSHDA will also examine program performance indicators, such as program participation levels, outreach efforts and the time needed to find suitable housing.

2. HOME TBRA DEFINITION OF HOMELESSNESS:

For purposes of this program, the qualifying definition of ‘homelessness’ may include persons who reside in any of the following places or situations:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street); or
- In an emergency shelter; or
- In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters; or
- In any of the above places but is spending a short time in a hospital or other institution; or
- Is being evicted from a private dwelling unit, and no subsequent residence has been identified, and the person lacks the resources and support networks needed to obtain housing; or
- Is being discharged within a week from an institution (such as a foster care, mental health or substance abuse treatment facility or a jail/prison) in which the person has been a resident for less than 30 consecutive days, and no subsequent residence has been identified, and the person lacks the resources and support networks needed to obtain housing;
- Is fleeing a domestic violence situation, and no subsequent residence has been identified, and the person lacks the resources and support networks needed to obtain housing; or
- As defined by a specific MSDHA initiative.

3. ELIGIBLE HOUSEHOLDS/TARGET POPULATION:

Program benefits will be targeted to homeless (as defined above) households who meet **ALL** of the following criteria:

1. Meet TBRA definition of ‘homelessness’; **and**
2. Are members of a community-identified ‘special needs’ population. Each participating community will designate a targeted special needs population (or populations) in the Grantee Action Plan that might include one or more of the following:
 - Homeless youth or youth-in-transition from foster care; or
 - Families in wraparound services with children who are at risk of placement or institutionalization; or
 - Survivors of domestic violence; or
 - Homeless families with children; or
 - Chronically homeless; or
 - Other special needs (i.e., mentally ill, recovering substance abuser, etc.).

4. GRANTEE ACTION PLAN:

The local Continuum of Care planning body and/or Grantee Agency will be responsible for completing a Grantee Action Plan (the Plan) that is responsive to local needs and priorities and that establishes affirmative outreach, referral and participant selection policies. The Plan must be submitted in the format prescribed by MSHDA.

To assure compliance with HOME rules and regulations, the Plan requires MSHDA approval **prior to implementation**. Once approved, amendments to the Plan can be initiated by the Grantee, but must be submitted to, and approved in writing by, MSHDA **prior to implementation**.

5. PARTICIPANT ELIGIBILITY CERTIFICATION BY GRANTEE:

In order to receive TBRA funds, the Grantee must commit to providing continuing outreach and supportive contact to the applicant household to support success in achieving and maintaining housing stability within a two-year period. Under the Plan, the Grantee will certify that applicant households:

- Meet the HOME TBRA definition of ‘homeless’ (see Section 3 above); **and**
- Have a reasonable likelihood of successfully achieving housing stability either on their own or through acquisition of some other form of permanent housing subsidy; **and**
- Participant eligibility as defined in the MSHDA approved Grantee Action Plan.

6. GENERAL ADMINISTRATIVE STRUCTURE:

- Each program site must secure a letter of support from its local Continuum of Care planning body.
- Each program site must provide and document appropriate supportive services and administrative support as local leverage for eligibility for receipt of TBRA funds.
- MSHDA's primary contract for TBRA administration will be with an identified Grantee that is non-profit or local government agency identified. The Grantee will maintain primary responsibility for all issues of consumer management, housing placement, tenant-landlord relations, and program accountability and documentation.
- Each Grantee will develop a written Memorandum of Understanding with other service providers pertinent to provision of long-term support for tenants when that support is essential to the implementation of the Grantee Plan.
- A Grantee may administer all elements of its TBRA program directly or sub-contract with a local PHA, another public or private agency, or a nonprofit organization. Each Grantee will either: (A) develop a Memorandum of Understanding with an eligible agency who is qualified to administer TBRA Housing Coupons (i.e., income certification, HQS inspections, lead paint certification, owner contracts, etc.); or (B) demonstrate capacity to fulfill the responsibilities of directly administering TBRA Housing Coupons.
- All Grantees must participate in regular statewide forums, maintain common data/documentation and participate in performance outcomes management as defined by MSHDA.

7. ADMINISTRATIVE COSTS:

A participating jurisdiction may expend, for payment of reasonable administrative and planning costs of the HOME program, an amount of HOME funds that is not more than ten percent of the sum. HOME funds may be used to pay for reasonable planning and administrative expenses associated with operating a TBRA program. Examples of eligible administrative costs include, but are not limited to:

1. Salaries, wages, and related costs of the participating jurisdiction's staff.
2. Developing systems and schedules for ensuring compliance with program requirements;
3. Developing interagency agreements and agreements with entities receiving HOME funds;
4. Monitoring HOME-assisted housing for progress and compliance with program requirements;
5. Travel costs incurred for official business in carrying out the program;
6. Other costs for goods and services required for administration of the program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space; and

8. INCOME LIMITS, DEFINITION OF ANNUAL/ADJUSTED INCOME AND VERIFICATION REQUIREMENTS:

Income limits are established by household size and revised annually by the U. S. Department of Housing and Urban Development (HUD). In order to be eligible, program participants' total Gross Annual Income must be at or below the applicable income limit.

Income must be verified with a third party before assistance is provided and re-examined at least annually thereafter. Gross and Adjusted Annual Income are calculated using the Housing Choice Voucher (HCV) definition of income and allowances. Refer to Policy Bulletin "Income and Asset Guidebook" thereto for further guidance on calculating and verifying annual and adjusted income.

Income Limit at Admission: At time of acceptance, household Gross Annual Income must be at or below **20 percent** of the area median income for the youth population, and **30 percent** of the area median income for the domestic violence, families with children, and chronic populations.

Income Limit after Admission: Assistance must be terminated if the household's Gross Annual Income goes above **80 percent** of the area median income. The owner and family must receive at least 30 days written notice of the termination.

All tenants are required to report a change in household size or an increase in income within 30 days. Documentation of this change must remain in the tenant folder and be updated on an annual basis.

Specific income limits may vary depending on the MSHDA initiative in which the Grantee is funded; however it will never exceed the limits outlined above.

9. FAMILY CONTRIBUTION, MINIMUM FAMILY CONTRIBUTION & MAXIMUM TBRA SUBSIDY:

- ***Family Contribution:*** Participating households must pay a minimum of 30% of Adjusted Monthly Income towards rent and utilities.
- ***Minimum Family Contribution:*** Zero (i.e., family reports no income – 30% x \$0 = \$0)
- ***Maximum TBRA Subsidy:*** The TBRA subsidy may not exceed the Payment Standard and Family Contribution identified above.

10. OUTREACH TO ELIGIBLE HOUSEHOLDS:

The Grantee 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 Grantee should identify those households 'least likely to apply' and determine what special outreach activities will ensure that this population is fully informed about the program.

TBRA must be affirmatively marketed to all qualifying members of the target population and/or special needs group identified in the Plan. To assure program access is not be limited to a particular facility's or program's clients, the Grantee's marketing approach must be included in the Plan and must address: (1) *how* the program will be announced (i.e., identify specific marketing sources); (2) *where and for how long* applications will be taken (i.e., at one site or more); (3) *when* applications will be accepted (i.e., daily, during normal working hours or extended hours, for a specific time period, etc.); and (4) the method for taking applications (i.e., in person, by mail).

11. WRITTEN TENANT SELECTION POLICY:

Each Grantee must have a written tenant selection policy that clearly specifies how households will be selected to receive assistance. The tenant selection policy must be clearly identified in the Grantee Action Plan (the Plan). Participation (admission to the waiting list and receipt of program benefits) may be restricted to persons/households in a specific 'class' with an identified special need, so long as basic fair housing requirements are met.

If admission is restricted (targeted), the assistance must be available to all persons who fall into the target class identified in the Plan. **Access to the waiting list and subsequent rental assistance cannot be limited to a particular facility, provider agency or service program.** It can, however, be targeted to a particular category or class (i.e., households participating in transitional housing, family in wrap-around services, etc.). If there is only one relevant facility, provider or program in the community, then this is a non-issue. If there is more than one, access **cannot** be exclusive to a specific facility or program. Although participants may be required to obtain services required to live independently, they must be free to choose where those services are provided.

Requiring Continued Participation in Support Services:

In general, the TBRA program will not mandate that tenants participate in services.

If Housing Coupons are awarded to sub-grantees requiring participation in supportive services (i.e., Family Wraparound Service, etc.), continued participation in those services may be a condition for continued receipt of TBRA assistance if it is:

- ◆ stated in the Grantee Action Plan, Tenant Selection Plan and any other such program and marketing materials;
- ◆ directly related to the strategy for serving special needs;
- ◆ applied to all participants (depending on their needs); and
- ◆ stated in any agreement between the program and the participant;

Requirements for participation in services may vary depending on the MSHDA initiative for which the Grantee is funded.

12. USING A WAITING LIST:

The demand for rental assistance is far greater than available resources. In most instances the Grantee will place the names of all applicants who are apparently eligible on the waiting list, pending verification of the information provided. As a result, a waiting list must be maintained to ensure that families are selected for assistance in a fair and equitable manner. Applicants who are determined ineligible must be notified in writing of this decision and offered the opportunity to appeal the decision (see section entitled ‘Denying and Terminating Assistance’ below for more details).

The Grantee has several options regarding maintenance of the waiting list. Therefore, the Grantee Action Plan must identify how the waiting list will be created and maintained. Identified below are several options the Grantee may want to consider when establishing its waiting list procedures:

- ◆ Order in which assistance is offered (i.e., approved preference selection policy based on aggregate needs, first come-first served; lottery, etc.)
- ◆ Length and time on waiting list (i.e., maintain list for a fixed period of time such as 6 months and then start over; accept applications for a fixed period of time and do not open again until all eligible applicants receive assistance; continuously take applications; etc.)
- ◆ Severity or intensity of need (i.e., household who meets 3 of 5 clearly identified criteria may receive assistance prior to households who meet only 2 of 5 criteria)

The Grantee must document the date on which assistance was offered to all households to verify that the order of selection is consistent with the waiting list. The offer date must be recorded and placed in the applicant’s file.

Effect of TBRA on Household’s Status on Housing Choice Voucher (HCV) Waiting List: The HOME statute requires that TBRA recipients who have also applied for HCV assistance (either project or tenant based) retain, for the purpose of the HCV waiting list, any tenant selection preference for which they qualified at the time TBRA was provided. This policy enables families to receive TBRA without jeopardizing the opportunity to receive HCV assistance. The Grantee should coordinate with local PHA(s) to assure that receipt of TBRA will not affect the status of individuals and families on the HCV waiting list.

13. COUPON ISSUANCE PERIOD:

The initial coupon issuance period must be for a minimum of 60 days with the opportunity for up to two 30-day extensions, or one 60-day extension. The coupon period cannot extend past 120 days.

14. PROHIBITION AGAINST DUPLICATIVE RENTAL ASSISTANCE:

Participating households cannot receive TBRA if they are receiving rental assistance under another Federal, state or local rental assistance program **IF** the HOME subsidy would result in duplicative subsidies. However, if another rental subsidy program does not provide assistance sufficient to lower a tenant’s rental payment to 30 percent of their monthly adjusted income, TBRA could be provided as supplemental assistance to further reduce the tenant’s rent payment to 30 percent of monthly adjusted income.

15. INELIGIBLE USES OF TBRA ASSISTANCE:

TBRA **cannot** be used to:

- Make commitments to specific owners for specific units/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. TBRA may, however, be used by a tenant who is renting from a cooperative unit owner;
- Pay cost overruns, such as late fees.
- 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).

16. RENTAL UNITS OWNED BY A GRANTEE OR SUB-GRANTEE

The assisted unit **cannot** be owned by the Grantee or other partnering agency **unless an exception is approved in writing by MSHDA**. In order to be considered for an exception, the Grantee must submit a written request to MSHDA to be approved by the Director of Supportive Housing. The request must, at a minimum, include the following information:

- An explanation why the exception is necessary/appropriate; **and**
- A rent reasonableness analysis on a form prescribed by MSHDA to demonstrate cost effectiveness; **and**
- Documentation of adequate outreach to owners so as not to limit access; **and**
- Assurance that occupancy of the unit is not a 'requirement' placed on the participating household and that they have a free choice of units.

17. PAYMENT STANDARDS

Payment Standards are established at the **HCV Payment Standards** or any HUD approved community-wide exception rent, whichever is greater. MSHDA will annual provide each Grantee with the maximum Payment Standard amounts for their community.

18. UTILITY ALLOWANCE SCHEDULE – ADJUSTING FOR TENANT-PAID UTILITIES:

Utility Allowance Schedules are used to estimate the average cost of utilities for typical types of housing (single family, duplex/townhouse, apartment, etc.) and for various utilities (natural gas, propane, electricity, etc.). Telephone and cable/dish TV are not considered utilities for this purpose.

The household'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 are responsible for payment of at least some utilities and in some instances may receive a Utility Reimbursement.

Grantee Options for Utility Allowance Schedule:

1. Use MSHDA's Utility Allowance Schedule (same schedule used for MSHDA Housing Choice Voucher Program); **OR**
2. Use local Public Housing Agency's Housing Choice Voucher Program Utility Schedule.

If the Gross Rent (Rent to Owner + Utility Allowance) for the unit is less than the Payment Standard **AND** the Total Tenant Contribution is less than the Utility Allowance, a Utility Reimbursement may occur (NOTE: both of these conditions must exist in order to have a Utility Reimbursement). If a utility reimbursement is due to the tenant, this will be apparent after completing the Calculations Worksheet.

19. OUTREACH TO PROSPECTIVE OWNERS/LANDLORDS:

The willingness of owners to participate in the TBRA program significantly affects the options and opportunities available to coupon holders. Grantees should conduct outreach to owners of rental 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 HCV program as their frame of reference. Grantee staff should be prepared to describe how the TBRA program is similar to, and different from, the HCV Program. For the most part, the Tenant Based Rental Assistance (TBRA) program operates very much like the HUD Housing Choice Voucher (Section 8) Rental Subsidy Program. There are, however, a number of significant differences which make the TBRA program somewhat more flexible and community-responsive. Among the distinctions worth noting, TBRA coupons:

- Are time-limited (renewable one-year terms) -- TBRA is intended to provide temporary housing assistance
- Allow for brief initial term of lease, assuming that the landlord and tenant both agree – TBRA allows for shorter-term commitments.
- Require a special “Lease Addendum” to be attached to the landlord's standard lease – This is a different document than the HCV “Rental Assistance Contract”, but functions in a similar manner.
- Are administered by an established community based sub-grantee -- TBRA is generally NOT administered by the local Public Housing Agency
- Require ongoing attentiveness to tenant concerns on part of sub-grantee – TBRA will insist that the Grantee and partnering agencies maintain ongoing contact with the landlord/management company to promote long-term housing stability and minimize the necessity of costly eviction.

20. UTILITY DEPOSITS:

The family is responsible for payment of any utility deposits. TBRA funds **cannot** be used to pay utility deposits, or past due amounts.

21. NONREFUNDABLE FEES, SECURITY DEPOSITS AND INVENTORY CHECKLISTS:

A. Nonrefundable Fees:

Nonrefundable fees **cannot** be paid from TBRA program funds.

There may be charges in addition to the security deposit at the time tenancy begins. These charges may be reasonable and nonrefundable, such as a cleaning charge or fee for wall washing, carpet cleaning, drapery cleaning, etc. A cleaning fee does not negate the obligation of the tenant to maintain the unit in a normal sanitary manner. These nonrefundable fees or charges are separate items from the security deposit and, as such, are not covered by the security deposit law.

B. Using Program Funds to Pay for Security Deposits:

TBRA funds **may be** used to provide security deposit payments. A security deposit may be provided only **once** to each participating household. If the deposit is paid via program funds, **the deposit must be returned to the Grantee**. Once the security deposit is returned to the Grantee, the Grantee must place these funds in a non-interest bearing account. These returned funds are to be used for security deposits for future tenants.

The Grantee must identify its specific policies regarding payment of security deposits in its Plan submitted to, and approved by, MSHDA. The Grantee's policy must provide for consistent treatment of all program participants (i.e., cannot be based on individual need – must either provide for all households or no households).

C. General Information on Security Deposits:

Michigan law allows up to 1 ½ month's rent but some owners attempt to circumvent that law by giving deposits other names (see Nonrefundable Fees above). Security deposits must be reasonable and consistent with local market practices.

The Michigan security deposit law is quite specific about the procedures governing deposits. This law assigns tenant and owner responsibilities the moment the lease is signed or a unit is occupied. Knowing and following the procedures from the start prevents misunderstandings. It is important that the Grantee fully understand and assist the tenant in following the required procedures. (See booklet entitled *A Practical Guide for Tenants and Landlords.*)

D. Inventory Checklists and Major Tenant Responsibilities Regarding Security Deposits:

In order to protect the deposit and assure its return (whether or not program funds are used), the Grantee should assist the household understand their responsibilities as summarized below:

1. Complete an Inventory Checklist at the start of occupancy (within seven days of moving in);
2. Give the owner a forwarding address within four days after moving out. If the tenant does not do this, the right to an itemized list of damages from the owner is forfeited. However, this requirement only applies if the owner has informed the tenant of this requirement in writing within 14 days after the tenant has moved in;
3. Respond **in writing**, if he or she disputes the charges against the security deposit within 7 days of receipt of notice. It is a good practice to retain some type of proof of mailing.
4. The TBRA administering agency has a right to the refund of the security deposit if the owner does not send a list of damages within 30 days from the end of occupancy and does not file the case within 45 days from the end of occupancy.

22. GRANTEE LEASE REVIEW:

The Grantee must review the owner's lease to assure that it does not include any prohibited lease provisions. The easiest way to accomplish this is to use the required Lease Addendum 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 includes key HOME program requirements that are not routinely included in private sector leases. To this end, the Lease Addendum provided by MSHDA is required for all TBRA-assisted units.

23. TERM OF LEASE:

Minimum Lease Term: The term of the lease must be for not less than 1 year or 12 months (**unless by mutual agreement between the tenant and owner**).

Maximum Lease Term: No more than 1 year or 12 months. The term of the lease must be for at least 12 month, but not to exceed 13 months.

Notice to Terminate: The Lease Agreement must require at least 30 days written notice to terminate.

24. TERM OF RENTAL ASSISTANCE CONTACT:

The term of the TBRA Contract (the Contract) runs in conjunction with the term of the Lease (cannot exceed 1 year or 12 months). The Contract automatically terminates on the last day of the term of the Lease. The Lease and Contract term may be renewed based on the availability of funds but must end no later than the end date on the TBRA Contract between the Grantee and MSHDA. If a Grantee continues to administer a TBRA program and has available funds, assistance on behalf of an individual household **can be extended** under subsequent contracts.

25. TERMINATION OF TENANCY:

The Owner may evict the Tenant following applicable state and local laws.

MSHDA has established the following minimum standards outlining when participating owners may terminate tenancy or refuse to renew a new lease. These minimum standards are included in the Lease Addendum to the Lease Agreement between the owner and participant and the corresponding Rental Assistance Contract between the owner and the Grantee.

During the term of the lease, the owner may terminate the tenancy because of:

- ◆ Serious or repeated violation of the lease;
- ◆ Violation of Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises;
- ◆ Criminal activity; or
- ◆ Other good cause as approved by MSHDA.

Owners must comply with all state and local laws. **Other requirements should only be imposed if the Grantee has a specific reason for intervening in the tenant-landlord relationship.** At a minimum, the owner must provide the tenant with at least 30 days' written notice of the termination. The owner must notify the Grantee in writing when eviction proceedings are begun. This may be done by providing the Grantee with a copy of the required notice to the tenant.

The Grantee's Plan must identify how termination of tenancy will affect the participant's TBRA assistance. For example, if the household is evicted for cause, the Grantee's policy must identify whether assistance will also be terminated or whether the tenant may receive assistance in another unit.

26. NON/ELIGIBILITY REQUIREMENTS FOR UNITS:

TBRA participants may select units that are publicly or privately-owned. TBRA may *not* be provided to a family who proposes to rent a unit that receives project-based rental assistance through Federal, state or local programs, **IF** the HOME assistance would provide a duplicative subsidy (see 'Prohibition Against Duplicative Rental Assistance' above for more details). Under certain circumstances, MSHDA may approve an exception allowing the participant to self-select a unit owned by the Grantee or other participating agency. (See 'Rental Units Owned by Agency Participating in the Continuum' above for more details.)

SRO's (Single Room Occupancy) vs Efficiencies: Tenant selected units must meet housing quality standards, and therefore require each unit to have a separate kitchen and a bathroom. Therefore, SRO's are NOT acceptable on the TBRA program. An efficiency apartment, which usually has a kitchen and bath, is acceptable.

The intent of TBRA funds is meant to temporarily assist families and individuals obtain self-sufficiency, not to make mortgage payments. Therefore, rent-to-own leases, in which monthly rental assistance payment are used as mortgage payment, are not permissible.

Landlords cannot be related to any occupant. This includes parent, grandparent, aunt, uncle or blood relative.

27. RENT REASONABLENESS:

TBRA assisted units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. Grantees must document the basis for their rent reasonableness determinations on a form prescribed by MSHDA. The prescribed form provides a rent analysis for three (3) comparable unassisted units. Key components of a comparability analysis include:

- ◆ Location in Community: In many markets location is the key determinant of housing price (i.e., good/safe neighborhood, close to schools/bus routes, etc.).
- ◆ Size: Only units of comparable size (both in terms of number of bedrooms and square footage) should be used.
- ◆ Rent for Unit: Amount of rent being charged by owner
- ◆ 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.

28. HOUSING QUALITY STANDARDS (HQS):

TBRA assisted units must meet HCV Housing Quality Standards (HQS). The unit must pass an HQS Inspection prior to the effective date of the initial Rental Assistance Contract and corresponding lease. Units must be HQS inspected annually during the length of the TBRA assistance.

If a unit fails to pass an HQS inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action. *Owners* should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. *Tenants* should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies.

29. OCCUPANCY STANDARDS/SUBSIDY ISSUANCE SIZE DETERMINATION:

MSHDA has developed occupancy standards that comply with HQS requirements and specify how the number of bedrooms needed by the household will be determined as related to both: (1) determining the appropriateness of the actual unit size; and (2) calculating amount of TBRA rental assistance. **The following basic standards can be modified to take into consideration specific household composition and circumstances (i.e., pending child custody cases, chronic illnesses, family member who is absent most of the time, etc.).**

General Issuance Size/Occupancy Standard Policy (i.e., criteria used to determine size of Housing Coupon and adequacy of actual unit):

- No more than two persons are required to occupy a bedroom;
- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
- Children of the same sex (regardless of age) and couples co-habiting (whether or not legally married) must share the same bedroom for purpose of assigning the bedroom size on housing coupon;
- A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member.
- Individual medical problems (i.e., chronic illness) sometimes require either separate bedrooms for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment;
- In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. A larger size Housing Coupon may be issued for an absent family member if individual circumstances warrant.

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. A tenant may select a larger unit if it meets the TBRA coupon's Payment Standard. Tenants are not allowed to give landlord additional funds for larger units. In addition to the number of bedrooms, both the size of the unit and the size of the bedrooms should be considered when evaluating the individual circumstances of the family.

The Grantee must annually re-examine the TBRA household's size and composition to determine whether its circumstances have changed. A household whose size or composition has changed may be required to find a unit that is suitable to its current circumstances.

30. IMPACT OF ACTUAL UNIT SIZE ON THE SUBSIDY CALCULATION:

The Payment Standard used to calculate the housing assistance payment is based on the **LESSER OF** the actual unit size or the size of the Housing Coupon issued to the household. In other words:

1. **Undersized Units:** If a family elects to occupy a unit that is **smaller** than the size listed on their Housing Coupon, the following provisions apply:
 - The Payment Standard is based on the **actual** unit size (i.e. # of bedrooms)
 - The Utility Allowance is based on the **actual** unit size (i.e., # of bedrooms)
2. **Oversized Units:** If a family elects to occupy a unit that is **larger** than the size listed on their Housing Coupon, the following provisions apply:

- The Rent Standard is based on the **Housing Coupon eligibility/issuance size** (i.e., size of unit household is eligible for based on above occupancy standards)
- The Utility Allowance is based on the **actual** unit size (i.e., # of bedrooms)

TBRA tenant cannot change size until annual recertification or relocates.

31. ABSENCES FROM THE UNIT:

Program participants are required to notify the Grantee if they will be absent for more than three (3) consecutive weeks. The Grantee may establish a maximum period of time (not to exceed 180 days) that the client may be absent from the unit and continue their rental assistance.

32. KEY PROCESSING STEPS FOR INITIAL LEASE-UP:

Step 1: Marketing and Outreach Activities

- A. Public Announcement of Program.
- B. Outreach to Eligible Households.
- C. Outreach to Prospective Owners.

Step 2: Accept Applications

- A. All Applications must be in writing on a form prescribed by MSHDA. The application includes information that enables the Grantee to determine household income and eligibility.
- B. If long waiting lists are anticipated, Grantees 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, the MSHDA Application is completed, and more current information is used to verify eligibility.
- C. Each Application received must be reviewed for completeness and to determine if the applicant is obviously ineligible. Grantees may elect to fully determine eligibility at the time the household makes application. However, it is rare that households bring or provide sufficient documentation to confirm eligibility at the time of application. Generally speaking, Grantees will place the names of all applicants who are apparently eligible on the waiting list pending verification of information provided.
- D. If an applicant is determined to be ineligible, they must be notified in writing. The written notice must identify the reason(s) the household is ineligible and state that the applicant has 10 days from the date of the notice to request an informal review of the decision.

- E. A tenant file must be created for each application. This file will ultimately contain the application, documentation of the household's eligibility, copies of program forms, unit information (lease/assistance contract, HQS Inspection) correspondence, future recertification paperwork, etc..

Step 3:Determine Eligibility

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

- The household's *eligibility status*. Eligibility is not always verified at the time of application, but it must be verified before the household receives a coupon.
- The household's *size and composition*. This enables the Grantee to determine the unit size for which the household qualifies.
- Household *income and adjustments to income*. This enables the Grantee 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.

Step 4:Issue Housing Coupon

The issuance of a TBRA Housing Coupon 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."

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

- **Roles and responsibilities** of the tenant, owner and Grantee.
- **Limitations on the rent** the owner may charge (i.e., a description of rent reasonableness), including how utility allowances are used in this determination.
- **Subsidy calculations**, including how the Grantee and tenant shares will be calculated.
- **Security deposit policy**, including how much may be charged, who pays, and who receives any refund.
- **Housing Coupon Issuance Period and Extension Policies**.

- **Guidance on selecting a unit**, including HQS requirements and procedures for submitting the Request for Lease Approval/Rental Unit Information form. Families should be counseled against signing any lease until the Grantee has approved the unit.
- **Lead-Based Paint** information.
- **Prohibited Lease Provisions/Lease Addendum**
- **Fair housing information**, including any search assistance that may be available, and the process for filing a complaint in the case of discrimination. The Grantee should consider maintaining a list of available properties to assist households in their search. However, if such a list is provided, the Grantee 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/Rental Unit Information form. This form provides essential information about the property (bedroom size, utility combination, proposed rent, ownership information). The submission of this document triggers the Grantee's inspection, rent negotiations and review of the owner's lease.

Housing Quality Standards: Each unit must be inspected to confirm that it meets 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. A TBRA Contract with an owner must 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 must be recorded on an inspection form prescribed by MSHDA and retained in the participant file.

Rent Determination: The rent for each must be determined to be reasonable when compared to comparable, unassisted units. See above for key components of Rent Reasonable determination.

Lease Review: The Grantee must review the owner's lease to assure that it does not include any of the prohibited lease provisions. The Lease Addendum provided by MSHDA is required for all HOME TBRA-assisted units.

Final Subsidy Calculation: Once the unit has been approved, a final subsidy calculation is required to determine the tenant's share and assistance amount.

Step 6: Contract/Lease Execution

The Lease Agreement and Lease Addendum are executed by and between the tenant and owner only. The TBRA Contract is executed by and between the owner and Grantee on behalf of the tenant. Each Rental Assistance Contract should begin on the first of the month whenever possible.

Step 7: Initiation of Payments

Drawing Down Funds: Draws should be made at least monthly to cover rental assistance payments to landlords. Advanced funds can only be requested to cover 60 days of expenditures, and must be expended within 60 days. Additionally, advanced fund requests will not be honored if the grantee currently has cash-on-hand.

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

33. DENYING AND TERMINATING ASSISTANCE:

The purpose of informal review procedures is to resolve applicant/participant disputes with the Grantee without legal action and, if applicable, to correct errors. In most circumstances when a decision affects eligibility or assistance, families must be notified of their right to an informal review.

The term ‘applicant’ refers to a household who is applying for or whose name is on the waiting list; or whose name has been ‘pulled’ from the waiting list but a TBRA Contract has never been entered on their behalf. The term ‘participant’ refers to a household whose Housing Coupon has been under contract at least once and is still active.

Denial of Assistance (applies to Applicants only) may include any or all of the following:

1. Refusal to place the applicant’s name on an open waiting list;
2. Refusal to issue a Housing Coupon when the applicant’s name reaches the top of the waiting list;
3. Withdrawal of a Housing Coupon;
4. Refusal to enter into a Rental Assistance Contract or approval an owner’s lease; and
5. Refusal to process requests to transfer Housing Coupon to alternative location outside of Grantee’s jurisdiction.

Termination of Assistance (applies to Participants only) may include any or all of the following:

1. Refusal to enter into a new Rental Assistance Contract or approve an owner's lease;
2. Refusal to issue a Housing Coupon;
3. Terminating an existing Rental Assistance Contract; and
4. Refusal to process requests to transfer Housing Coupon to alternative location outside of Grantee's jurisdiction.

34. INFORMAL REVIEW PROCEDURES:

- The Grantee must give applicants/participants a written notice of denial/termination which provides the specific reason(s) for the action and states that the household has 10 days from the date of the notice to request an informal review. All informal reviews must be conducted by any person or persons designated by the Grantee, other than a person who made or approved the decision under review or a subordinate of this person. The review process should be consistent with the Grantee's appeal process for other programs administered by the Grantee and must be included in the Action Plan.
- **Most Common Reasons for Denial/Termination:**
 - Household does not meet established target population eligibility criteria;
 - Household income exceeds the income limit or Total Tenant Contribution exceeds the Payment Standard;
 - Applicant/participant did not respond to requests for information/verification;
- **Informal Review Required for Decisions Concerning:**
 - Denial of listing on waiting list;
 - Refusal to issue a Housing Coupon;
 - Refusal to sign Rental Assistance Contract (i.e., denial of participation);
 - Determination of household's annual or adjusted income, and application of such income to compute the Total Tenant Contribution, tenant rent to owner and assistance payment;
 - Determination of appropriate Utility Allowance (if any);
 - Determination of Housing Coupon size;
 - Determination to deny the household's request for a unit size exception;
 - Decision to terminate a participant's assistance for **ANY** reason;
 - Denial for exceeding income limits
- **Informal Review Not Required for Decisions Concerning:**
 - Establishment of utility allowances;
 - Housing Coupon issuance period expires;
 - Determination to deny an extension or suspension of the Housing Coupon;
 - Determination not to approve a unit or lease;

- Determination that an assisted unit does not comply with HQS. Includes HQS violations due to family size;
- Determination to exercise or not to exercise any right or remedy against the owner under a Rental Assistance Contract;
- Discretionary administrative decision such as the establishment of Payment Standards

35. ONGOING PROGRAM ADMINISTRATION:

- **Annual Housing Quality Standards (HQS) Unit Inspections**

All units assisted with TBRA funds must meet HQS. Each unit under contract must be inspected at least annually to assure all HQS requirements are met. The unit may also be inspected as a result of complaints initiated by the owner or tenant.

If a unit fails to pass an inspection, the owner may be given a reasonable period of time (i.e., 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 Grantee has two options. The Grantee 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. The Grantee 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.) Tenants should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. Documentation must be given to landlord and tenant addressing the suspension of funds for rental payments.

- **Interim Eligibility Determinations**

The family is advised to notify the Program Administrator of all changes in income and family composition. If this occurs, the following procedures apply:

1. **Increase in Family Income:** The family must report an increase in income of \$200 or more per month. Also, the family must report if there is an increase due to the addition of a new family member with income.
2. **Decreases in Family Income:** If the family reports a decrease in income, an interim recertification must be completed. The decrease in tenant payment and subsequent increase in assistance payment must take effect the first month following verification of the decrease. Both the owner and tenant must be notified in writing of the change in the payment structure.

- **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 Low-Income Limit (i.e., 80% of Area Median) the household's assistance must be ended.** The Re-examine process should begin 90-120 days in advance of the household's one year anniversary date to assure that the process 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. (State law requires at least 30 days notice of any rent increases to the tenant.)

- **Moves and Termination of Tenancy**

The tenant may elect to move to another unit as permitted by the lease. The TBRA Rental Assistance Contract contains provisions that terminate the Grantee's agreement with the owner when the household moves out. To assure that TBRA subsidies are not paid on units any longer than occupied by an eligible tenant, the lease agreement must require that the household provide **a minimum** of 30 days written notice of their plans to relocate to both the owner and Grantee.

A tenant who wishes to move may be issued another Housing Coupon following the procedures used to issue the original Coupon.

- **Updating Policies and Procedures**

Key operating procedures will be reviewed at least annually to determine if revisions are necessary. At a minimum, MSHDA, in conjunction with the Grantee, will assess the appropriateness of the Payment Standard and Utility Allowance schedule.

- **Monitoring Performance:** MSHDA will monitor ongoing progress and implementation of the program to assure that the regulatory and statutory requirements are met, and to assess program outcomes. Some key performance indicators that will be considered are identified below:

- **Budget vs. Actual Spending:** Since the initial estimate of funding requires is based upon estimates, close monitoring of actual expenditures is essential. If participating households have incomes that are lower than expected, the number of families assisted may need to be reduced.
- **On Time Payments:** One of the Grantee's most important functions is making sure that rent checks are distributed on schedule because late checks can reduce the credibility of the program with owners willing to rent to those receiving TBRA.
- **Outreach and Success Rates:** Grantees should analyze participant success rates and make use of the results to determine if aspects of program design should be changed to improve the success rate.

- **Administrative Efficiency:** Grantees 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 program administrator's control.

- **Turnover:** Turnover rates alone will reveal little. High turnover could indicate at one extreme that owners are quitting the program out of frustration and the family subsequently leaves the program. At the other extreme, it may be that families are becoming self-sufficient. The Grantee should examine the reasons for turnover in the program.