



Balance of State Continuum of Care Program Standards for Permanent Supportive Housing Programs

The Balance of State Continuum of Care developed the following Permanent Supportive Housing Program standards to ensure:

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

DEFINITIONS:

Chronically Homeless (prior to 1/15/16) – (1) An individual who: (i) is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and (ii) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years; and (iii) can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 USC 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability; (2) an individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, or other similar facility for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or (3) A family with an adult head of household who meets all of the criteria in paragraph (1) of this definition, including a family whose composition has fluctuated while the head of the household has been homeless. 24 CFR 578.3.

Chronically Homeless (as of 1/15/16) – (1) A “homeless individual with a disability,” as defined in section 401(9) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)), who: (i) Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and (ii) Has been homeless and living as described in paragraph (1)(i) of this definition continuously for at least 12 months or on at least 4 separate occasions in the last 3 years, as long as the combined occasions equal at least 12 months and each break in homelessness separating the occasions included at least 7 consecutive nights of not living as described in paragraph (1)(i). Stays in institutional care facilities for fewer than 90 days will not constitute as a break in homelessness, but rather such stays are included in the 12-month total, as long as the individual was living or residing in a place not meant for human habitation, a safe haven, or an emergency shelter immediately before entering the institutional care facility; (2) An

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individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or (3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) or (2) of this definition, including a family whose composition has fluctuated while the head of household has been homeless. 24 CFR 578.3.

Developmental Disability – means, as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002): (1) A severe, chronic disability of an individual that— (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) Is manifested before the individual attains age 22; (iii) Is likely to continue indefinitely; (iv) Results in substantial functional limitations in three or more of the following areas of major life activity: (A) Self-care; (B) Receptive and expressive language; (C) Learning; (D) Mobility; (E) Self-direction; (F) Capacity for independent living; (G) Economic self-sufficiency. (v) Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated. (2) An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting three or more of the criteria described in paragraphs (1)(i) through (v) of the definition of “developmental disability” in this section if the individual, without services and supports, has a high probability of meeting these criteria later in life. 24 CFR 578.3.

Disabling Condition – (1) a condition that: (i) is expected to be long-continuing or of indefinite duration; (ii) substantially impedes the individual’s ability to live independently; (iii) could be improved by the provision of more suitable housing conditions; and (iv) is a physical, mental, or emotional impairment, including an impairment caused by alcohol or drug abuse, post-traumatic stress disorder, or brain injury; or (2) a developmental disability, as defined above; or (3) the disease of Acquired Immunodeficiency Syndrome (AIDS) or any conditions arising from the etiologic agent for Acquired Immunodeficiency Syndrome, including infection with the Human Immunodeficiency Virus (HIV). 24 CFR 583.5.

Family - includes, but is not limited to the following, 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) A group of persons residing together, and such group includes, but is not limited to: (i) A family with or without children (a child who is temporarily away from the home because of placement in foster care is



considered a member of the family); (ii) An elderly family; (iii) A near-elderly family; (iv) A disabled family; (v) A displaced family; and (vi) The remaining member of a tenant family. 24 CFR 5.403.

Homeless – means (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: (i) 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; (ii) 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 (iii) 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; (2) An individual or family who will imminently lose their primary nighttime residence, provided that: (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance; (ii) No subsequent residence has been identified; and (iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing; (3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who: (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a); (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance; (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or (4) Any individual or family who: (i) 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

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nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; (ii) Has no other residence; and (iii) Lacks the resources or support networks, e.g., family, friends, and faith-based or other social networks, to obtain other permanent housing. 24 CFR 578.3.

Permanent Supportive Housing – means community-based housing without a designated length of stay, and includes both permanent supportive housing and rapid re-housing. To be permanent housing, the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long, and is terminable only for cause. Permanent supportive housing means permanent housing in which supportive services are provided to assist homeless persons with a disability to live independently. 24 CFR 578.3.

Housing First - an approach to quickly and successfully connect individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.

Housing First is premised on the following principles:

- Homelessness is first and foremost a housing crisis and can be addressed through the provision of safe and affordable housing.
- All people experiencing homelessness, regardless of their housing history and duration of homelessness, can achieve housing stability in permanent housing. Some may need very little support for a brief period of time, while others may need more intensive and long-term supports.
- Everyone is “housing ready.” Sobriety, compliance in treatment, or even criminal histories are not necessary to succeed in housing. Rather, homelessness programs and housing providers must be “consumer ready.”
- Many people experience improvements in quality of life, in the areas of health, mental health, substance use, and employment, as a result of achieving housing.
- People experiencing homelessness have the right to self-determination and should be treated with dignity and respect.
- The exact configuration of housing and services depends upon the needs and preferences of the population.

Housing First core features include:

- Few to no programmatic prerequisites to permanent housing entry
- Low barrier admission policies
- Rapid and streamlined entry into housing

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- Supportive services are voluntary, but can and should be used to persistently engage tenants to ensure housing stability
- Tenants have full rights, responsibilities, and legal protections
- Practices and policies to prevent lease violations and evictions
- Applicable in a variety of housing models

<https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf>

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, 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. For programs that use HMIS, 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.
5. 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 experience working with individuals and families experiencing homelessness and/or other issues that put individuals or families at risk of housing instability.
6. 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.
7. 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.
8. The program operates under an affirmative action/civil rights compliance plans or letters of assurance.



9. Case supervisors review current cases and individual service plans on a regular and consistent basis to ensure quality/coordinated services.

CLIENT INTAKE PROCESS

STANDARD: The program will be an active member in its local Coordinated Assessment system as defined by the Balance of State COC. The program will have no entry requirements other than those required for eligibility purposes and in compliance with CoC policy to ensure the most vulnerable of the population are being served. The program will ensure active client participation and informed consent.

CRITERIA:

1. All adult program participants must meet the following program eligibility requirements:
 - a. 18 years old or older
 - b. Literally Homeless (Category 1 of HUD homeless definition)
 - c. Adult household members are able to participate in developing and carrying out an appropriate participation plan and maintain accountability of said plan
2. Programs may only require participants to meet specific subpopulation criteria if such requirement was previously identified in the agency's HUD Project Application and/or HUD contract.
3. The only reasons programs may have the option to disqualify an individual or family from program entry are:
 - a. Household make-up, provided it does not violate HUD's Fair Housing and Equal Opportunity requirements (Singles-Only programs can disqualify households with children, Families-Only programs can disqualify single households, etc.)
 - b. If the housing has in residence at least one family with a child under the age of 18, the housing may exclude registered sex offenders and persons with a criminal record that includes a violent crime from the project so long as the child resides in the housing. (CFR 578.93).
4. Programs cannot disqualify an individual or family from program entry for lack of income, employment status, evictions, or poor rental history.
5. The program explains the services that are available and the requirements for participation and secures a commitment from each adult household member to participate in program services prior to admitting the individual or family into the program.
6. The program will maintain a Release of Information that allows the sharing of information with relevant people and/or agencies. Program participants have copies of all Releases of Information that they have signed, and have the right to revoke any Release of Information without penalty.



More information about fair housing can be found at:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/LGBT_Housing_Discrimination

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/ReasonableAccommodations15

PERMANENT SUPPORTIVE HOUSING

STANDARD: The program will provide safe, affordable housing that meets participants' needs in accordance with client intake practices and within HUD guidelines for permanent supportive housing programs.

CRITERIA:

1. In providing or arranging for housing, the program considers the needs of the individual or family experiencing homelessness.
2. The program provides assistance in accessing suitable housing.
3. The program may provide assistance with moving costs.
4. The program enters into a lease agreement with program participant for a term of at least one year, which is terminable for cause. The lease must be automatically renewable upon expiration for a minimum term of one month. Assistance may be extended as stated in 24 CFR 578.79.
5. In accordance with CFR 578.77, agencies are not required to impose occupancy charges on program participants as a condition of residing in the housing. However, if occupancy charges are imposed, they may not exceed the highest of:
 - a. 30% of the household's monthly adjusted gross income;
 - b. 10% of the household's monthly income; or
 - c. If the household is receiving payments for welfare assistance from a public agency and a part of the payments is specifically designated by the agency to meet the household's housing costs, the portion of the payments that is designated for housing costs.
6. In accordance with CFR 578.77, income must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a). Projects must examine a program participant's income initially. If there is a change in family composition (e.g. birth of a child) or a decrease in the participant's income, the occupancy charge shall be re-examined and adjusted accordingly.
7. Specific process and policy requirements are covered in the Appendix as follows:

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- Rent Calculations - Appendix A
- Utility Allowances - Appendix B
- Fair Market Rent and Rent Reasonableness - Appendix C
- Housing Quality Standards - Appendix D

Examples provided by HUD:

<https://www.hudexchange.info/resource/2894/coc-program-leasing-rental-assistance-examples-of-lease-agreements/>

CASE MANAGEMENT SERVICES

STANDARD: The program shall provide access to case management services by trained staff to each individual or family participating in the program.

CRITERIA (Required):

1. Individual case management is provided to program participants on a regular and consistent basis as determined by the individual's case plan. Case management includes the following:
 - a. Assessing, planning, coordinating, implementing and evaluating the overall service delivered to the participant.
 - b. Helping participants learn to live in housing, maintain their housing in a safe manner, get along with fellow tenants and the landlord.
 - c. Helping participants create support systems and participate in the community as they desire.

RECOMMENDED SERVICES:

1. Individualized budgeting and money management services are provided to project participants as needed.
2. Representative payee services may be provided.
3. Basic life skills information, including housekeeping, menu planning and food preparation, consumer education, leisure-time activities, transportation, and obtaining vital documents (Social Security card, birth certificate, etc.) may be provided.
4. Interpersonal skill building, such as developing positive relationships with others, parenting skills, effective communication, decision making, conflict resolution, and stress management may be provided.
5. Educational advancement, such as GED preparation and attainment, post-secondary training, and vocational education may be provided.

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6. Job preparation and attainment, such as career counseling, job preparation training, dress and grooming, job placement and job maintenance may be provided.
7. Assistance in accessing mainstream benefits, including food stamps, child care assistance, and health insurance, may be provided.
8. Mental Health services, such as relapse prevention, crisis intervention, outpatient therapy, psychiatric services, medication monitoring and/or dispensing, may be provided.
9. AODA services, such as outpatient treatment, relapse prevention and crisis intervention, may be provided.
10. Physical health care, such as routine physicals, health assessments, and family planning education may be provided.
11. Legal Services related to civil (rent arrears, family law, uncollected benefits) or criminal (warrants, minor infractions, etc.) matters may be provided.
12. Assistance with food, clothing and/or transportation may be provided.

SERVICE COORDINATION

STANDARD: The program shall coordinate with community agencies and individuals for the provision of those services needed and requested by the individual or family, but that are not directly provided by the program.

CRITERIA:

1. Arrangements shall be made as appropriate with community agencies and individuals for the provision of medical services, mental health services, legal services, and other assistance requested by the participant, which are not provided directly by the program.

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. If the project terminates services, it is responsible for providing evidence that it considered extenuating circumstances and made significant attempts to help the client continue in the program.
2. In termination assistance to a program participant, the agency must follow the due process provisions outlined in 24 CFR 578.91. This includes a formal process that recognizes the rights of individuals receiving assistance under the due process of law. This process, at minimum, must



consist of: (i) providing the program participant with a written copy of the program rules and the termination process before the participant begins to receive assistance; (ii) written notice to the program participant containing a clear statement of the reason for termination; (iii) 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 (iv) prompt written notice of the final decision to the program participant.

3. Termination under this section does not bar the recipient or sub-recipient from providing further assistance at a later date to the same individual or family.
4. Projects should not terminate clients from services because of entry into an institution (medical, mental health, substance abuse, jail). Providers can maintain open units for individuals and families who are institutionalized for a maximum of 90 days.

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.
3. Services may be provided to formerly homeless individuals or families for up to six months after their exit from 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, 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. At a minimum, programs must record the date the client enters and exits the program, and update the client's information as changes occur.
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 Continuum of Care funds must be retained for the greater of 5 years or the participant records 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. Where Continuum of Care funds are used for the acquisition, new construction, or rehabilitation of a project site, records must be retained until 15 years after the date that the project site is first occupied, or used, by program participants. 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.
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 goal, objectives and activities are made based on program evaluation.
3. The program exhibits due regard for participant privacy in conducting and reporting its evaluation.



APPENDIX

Appendix A

Rent Calculations

1. 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.
 - a) 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.
 - b) 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.
 - i) 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:
 - 1) 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.
 - 2) Employment wages – Two months of most current consecutive pay stubs.
 - 3) 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.
 - 4) 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.
 - 5) Self-reporting 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, child care, contract labor), a verification letter from customer/client to prove continuing, discontinued, or temporarily discontinued self-employment services.

6) Unemployment benefits – Unemployment benefits verification letter.

7) 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.

c) 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.

d) 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.

e) The policies shall identify any additional deductions the project allows for all participants. For example, an agency can elect to deduct the amount of child support paid out in determining adjusted gross income.

2. 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:

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- (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).

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(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;

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- (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

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 child care expenses necessary to enable a member of the family to be employed or to further his or her education.

(b) *Additional deductions.*

(1) For public housing, a PHA may adopt additional deductions from annual income. The PHA must establish a written policy for such deductions.

(2) For the HUD programs listed in §5.601(d), the responsible entity shall calculate such other deductions as required and permitted by the applicable program regulations.

[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>



Appendix B

Utility Allowances

1. 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.
2. 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.
3. 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. Using Fair Market Rent Value for the smaller unit size (either the unit size the household is actually eligible or the unit size selected by the household). The utility allowance used is always based on the actual size of the selected unit.
4. 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.
5. 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.
6. 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.

EXAMPLE: CALCULATING ACTUAL TENANT PAYMENT

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Full Rent	\$450
Less Rent Subsidy Payment	<u>- \$240</u>
Actual Tenant Payment	\$210

7. 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.

EXAMPLE: CALCULATING A UTILITY ALLOWANCE PAYMENT

Rent Subsidy Payment	\$415
Less Full Rent	<u>-\$390</u>
Utility Allowance Payment	\$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>



Appendix C

Fair Market Rent and Rent Reasonableness

1. 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.
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 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: Proposed Unit Gross Rent: \$640.00**
 - i. Unit 1 Gross Rent: \$650.00
 - ii. Unit 2 Gross Rent: \$630.00
 - iii. Unit 3 Gross Rent: \$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.

This is a rent amount based on unit size and geographic location 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>

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>



Appendix D

Housing Quality Standards

1. Each project must have specific policies and procedures created in accordance with the COC interim rule and the Balance of State written standards regarding housing quality standards (HQS) inspections.
2. HQS inspections must be completed by a certified and/or trained HQS inspector.
3. A unit must pass HQS before a lease can be signed. An HQS inspector must complete an annual re-inspection of the unit. If while the client is on a program, staff observes a potential HQS fail, or if the client or landlord reports a concern that may be fail, the HQS inspector will inspect the unit.
4. If the HQS inspector fails the unit during an initial or re-inspection, an owner (or tenant if it is their damage) has 30 days to fix those issues. The repair checklist requires that both the owner and tenant sign, but an HQS inspector *must* do a re-inspection once the repairs are reported complete.
 - a. If the repairs are not complete within 30 days of notification to the owner, the project cannot pay any rent to the owner. If the client is in the unit, rent must be withheld until the unit passes an HQS inspection. If it is a new unit that has not been leased up, the project should encourage the client to look at other units. No lease may be signed until the unit passes an HQS inspection, including lease renewals.
5. The policies must include a description of the annual quality assurance check process for HQS inspections. The purpose of the quality assurance check is to ensure inspectors are consistently following the HQS guidelines. A quality assurance check includes an HQS inspect inspecting a unit that has been inspected by a different HQS inspector in the past 30 days.
6. The policies must include a description of general inspection process of units. Any agency can choose to conduct these monthly, quarterly, or not at all. This inspection can be done by a non-HQS trained staff. The purpose is to look for any new damage or anything causing the unit to fail an inspection. This can include an infestation, housekeeping issues, leaks, appliance issues, etc.

HUD-52580 or HUD-52580-A are the approved HUD forms. They can be found at:

<http://portal.hud.gov/hudportal/documents/huddoc?id=52580.pdf>

<http://portal.hud.gov/hudportal/documents/huddoc?id=52580-a.pdf>



The “A” form provides more instruction as to what the inspector is looking for in each area, etc. I would recommend the A form whenever possible as it gives examples, and breaks down the information that is being gathered by room.

You can tell if it is the approved form by looking in two places.

First, in the top right corner, it will tell you when the form expires (4/30/2018).

OMB Approval No. 2577-0169
(Exp. 04/30/2018)

for reviewing instructions,

Second, on the bottom left hand corner, it will tell you that all previous editions are obsolete.

Third, on the bottom right hand corner, it will tell you that this form was developed (4/2015).

form HUD-52580 (4/2015)
ref Handbook 7420.8

It is important that the entire document is completed. The summary should be done on page 8. This identifies the inspection, the date, and an area to note deficiencies or concerns.

Additional information can be found at:

https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9143.pdf

<http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420g10GUID.pdf>

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