

Attachment A

Department of Commerce  
Guidelines for Consolidated Homeless Grant  
August 2011

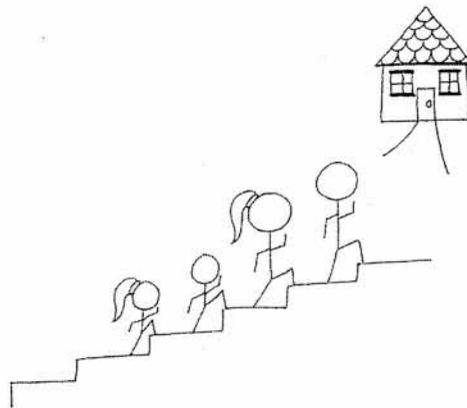


**Department of Commerce**  
Innovation is in our nature.

## **Guidelines**

FOR

## **Consolidated Homeless Grant**



Funded through the  
**Housing Assistance Unit**  
**Community Services and Housing Division**  
**Department of Commerce**  
August 2011

## Table of Contents

1. Overview.....	1
2. Purpose .....	1
3. Who can receive support from CHG funds? .....	2
4. What are the income and other requirements for serving eligible households? .....	3
Income Eligibility for households staying in congregate care.....	3
Income Eligibility for households staying in single household units.....	3
Income Eligibility for households receiving rental assistance .....	3
How to Determine Income Eligibility .....	3
Income Definition .....	3
Annualizing Wages and Periodic Payments.....	4
Eligible Households with Children Composition.....	4
Recertification of Income Eligibility.....	4
5. Eligible Activities and Expenses Overview – What can CHG pay for? .....	6
Rent Assistance .....	7
Allowable Models .....	7
Overarching Lease Requirement.....	7
Allowable Expenses .....	8
Rent Reasonableness.....	9
Rent Limit/Payment Standard.....	9
Rental Arrears .....	9
Temporary Absence .....	10
Portability.....	10
Housing Stability Plan.....	10
Facility Support.....	10
Allowable Expenses.....	10
Maintenance for Facility Support.....	11
Housing Stability Plan.....	12
Program Operations .....	12
Case Management .....	12
Outreach .....	12
Housing Search and Placement.....	12
Staff Costs to Issue Rent Assistance .....	13
Data Collection, Evaluation and Planning .....	14
Administrative .....	14
6. Documentation Standards for Eligibility for Assistance .....	15
Timeliness of Income Documentation .....	15
Self Declaration of Housing Status for Homelessness Prevention Participants.....	15
7. Termination of Participation, Applicant Denial and Grievance .....	16
8. Confidentiality of Client Records .....	16
9. Inspections and Washington Residential Landlord-Tenant Act .....	17
10. Lead Based Paint Requirements.....	18
11. Changes to Guidelines.....	19
Appendix A - Housing Status Documentation Standards .....	21
Appendix B - Income Eligibility Documentation Standards.....	23

Appendix C - Rent Reasonableness Documentation Standards .....	29
Appendix D - Step by Step Guide to Compliance with Lead Based Inspection Requirements.....	32



## 1. Overview

The Consolidated Homeless Grant (CHG) combines state homeless resources into a single grant opportunity to county governments (and other designated entities) under the administration of the Washington State Department of Commerce (Commerce). The CHG is designed to support an integrated system of housing assistance to prevent homelessness and quickly re-house households who are unsheltered. This grant provides resources to address the needs of people who are homeless or at-risk of homelessness, as described in Local Homeless Plans.

### ***Fund Sources:***

Washington State Home Security Fund, Affordable Housing for All Fund, Transitional Housing Operating and Rent Account, Homeless Housing Program authorized by RCW 43.185C

### ***Grant Activities***

CHG funds support a variety of activities, including operations of time-limited housing units, rental assistance, data collection and reporting. Refer to the *Administrative Requirements for Consolidated Homeless Grant* for the administrative and system requirements for grantees and Sub Grantees, coordinated assessments, reporting, legislatively established priorities, and requirements for local homeless plan.

## 2. Purpose

The purpose of the *Guidelines* is to:

1. Provide detail on client eligibility;
2. Outline the allowable activities for Lead Grantees and Sub Grantees; and
3. Provide standards for documenting services and ensuring compliance.

This document is incorporated into Commerce's CHG and may be modified at any time during the grant period.

### 3. Who can receive support from the CHG funds?

Lead /Sub Grantees need to first determine the *Housing Status* of individuals or households they want to support with CHG funds. The information identifies who is homeless and who is at risk of becoming homeless. (*Housing Status* is defined by the federal 2010 HMIS Data Standards.)

**At Risk of Becoming Homeless** These people are currently in housing but are at risk of becoming homeless and need temporary rent or rent/utility assistance to prevent them from becoming homeless. It can be challenging to identify persons who are housed and who have a very high risk of becoming homeless. There are many people who are housed and have great need but would not become homeless if they did not receive assistance. Commerce strongly encourages targeted prevention assistance to those households at the greatest risk of becoming homeless. (The 2010 HMIS data standards identify this population as *imminently losing housing* or *unstably housed and at-risk of losing their housing*.)

**\*Homeless** These people are unsheltered or are temporarily living with friends or family and need assistance in order to obtain housing. (The 2010 HMIS data standards identify this population as *literally homeless*.) \*Commerce is adopting HUD's proposed definitions for homelessness as a placeholder. These are subject to change.

- ✓ People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided for up to 90 days and were homeless immediately prior to entering that institution.
- ✓ People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, in 14 days and lack resources or support networks to remain in housing.
- ✓ Families with children or unaccompanied youth who are unstably housed and likely to continue in that state; families with children and unaccompanied youth who have not had a lease or ownership interest in a housing unit in the last 91 or more days, have had three or more moves in the last 90 days, and who are likely to continue to be unstably housed because of disability or multiple barriers to employment.
- ✓ People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing; this category is similar to the current practice regarding people who are fleeing domestic violence.

For the purpose of these *Guidelines*, the term "household/s" means individual or household unless otherwise specified.

See **Appendix A** for more detail about how to document *Housing Status*.

#### **4. What are the income and other requirements for serving eligible households?**

##### **Income Eligibility for households staying in congregate care facilities supported by CHG Facility Support funds:**

- ✓ There are no income eligibility thresholds for households who are homeless and are living in a congregate care facility (i.e., single room with multiple households) or receive a hotel/motel voucher for 90 days or less because no other housing is available or appropriate.

##### **Income Eligibility for households staying in single-household units (not congregate care) supported by CHG Facility Support funds for less than 90 days:**

- ✓ There are no income eligibility thresholds for households provided single-household units supported by Facility Support funding if upon entry it is expected that they will be staying less than 90 days. If on a rare basis a household unexpectedly needs to stay in the single-household unit more than 90 days, the household's continued stay is subject to the following income thresholds: households with minor children must be at or below the Very Low (50%) income Limits, and households without minor children at or below the Extremely Low (30%) Income Limits.

##### **Income Eligibility for households receiving rental assistance for any of length of time, or more than 90 days of housing in single-household units (not congregate care) supported by CHG Facility Support funds:**

- ✓ Families with children who are homeless or who are at risk of becoming homeless and who have household incomes at or below the Very Low (50%) Income Limits for their county are eligible.
- ✓ Individuals or families without children who are homeless or at risk of becoming homeless and who have household incomes at or below the Extremely Low (30%) Income Limits for their county are eligible.

##### **How to Determine Income Eligibility**

Income limits are established by household size and revised annually by the Department of Housing and Urban Development (HUD). Current income limits for each county can be found at <http://www.huduser.org/portal/datasets/il.html>

##### **Income Definition**

Income is money that is paid to, or on behalf of, the head of household or spouse (even if temporarily absent) or to any other household member. (Victims fleeing domestic violence do not have to report the abuser's income.) Income includes the current (not projected) gross income (annualized) of all adult household members and unearned income attributable to a minor.

The following types of income “inclusions” must be counted when calculating current gross income:

- ✓ Earned Income
- ✓ Self Employment/Business Income
- ✓ Interest and Dividend Income
- ✓ Pension and Retirement Income
- ✓ Unemployment and Disability Income
- ✓ TANF/Public Assistance
- ✓ Alimony, Child Support and Foster Care Income
- ✓ Armed Forces Income

### **Annualizing Wages and Periodic Payments**

When calculating income based on hourly, weekly, or monthly payment information, add the gross amount earned in each payment period that is documented and divide by the number of payment periods. This provides an average wage per payment period. Depending on pay periods used by the employer or the schedule of periodic payments, the following calculations convert the average wage into annual income:

- ✓ Hourly Wage multiplied by Hours Worked per Week multiplied by 52 weeks
- ✓ Weekly Wage multiplied by 52 weeks
- ✓ Bi-Weekly (every other week) Wage multiplied by 26 bi-weekly periods
- ✓ Semi-Monthly Wage (twice a month) multiplied by 24 semi-monthly periods
- ✓ Monthly Wage multiplied by 12 months

See **Appendix B** for more detail about how to document *Income Eligibility*.

### **Eligible Households with Children Composition**

Households with children include persons who are pregnant or who have one or more children under the age of 18. Households whose children are over the age of 18 and under 21 qualify if they are living at home. Pregnant or parenting youth under the age of 18 qualify as independent households if they are legally emancipated or reside in DSHS licensed or approved facilities. Children temporarily absent from the home may be counted as household members.

### **Recertification of Income Eligibility**

A household’s income must be re-certified at least every 12 months or more frequently and must be addressed in the Lead/Sub Grantees CHG policies and/or procedures. To ensure that the re-examination process is completed on time it should begin well in advance of the household’s one-year anniversary date. Recertified income information must be updated in HMIS.

Households are no longer eligible for rent assistance when incomes exceed:

- ✓ Very Low (50%) Income Limits for their county, for families with children.
- ✓ Extremely Low (30%) Income Limits for their county, for individuals or families without children.

When households are determined over income, landlords must be notified immediately. When these notices cannot meet a landlord's requirement of timely notification, payments for the current month and one additional month is allowed. While households may no longer receive rent assistance, case management services can continue for up to 6 months.

***Recommendation*** HMIS Data Standards require that a reassessment be recorded in HMIS every 12 months that a client is engaged in services. Complete the income eligibility recertification at the same time you are completing the 12 month reassessment and record it all at once in HMIS to save you some data entry time.

## 5. Eligible Activities and Expenses Overview – What can CHG pay for?

CHG assistance is not intended to provide long-term support for households, nor will it be able to address all of the financial and supportive services needs of households that affect housing stability. Rather, assistance should be focused on housing stabilization, linking households to community resources and mainstream benefits, and helping them develop a plan for future housing stability.

Below are the five allowable CHG activities plus Incentive Funding. Details and specific information for each activity are explained on the following pages.

### **Rent Assistance for households with minor children with incomes < Very Low (50%) Income Limits**

- Can include security and utility payments, etc.
- Used for rental assistance.

### **Rent Assistance for households with incomes < Extremely Low (30%) Income Limits**

- Can include security and utility payments, etc.
- Used for rental assistance.

### **Program Operations**

- Case management, etc.
- Direct program costs

### **Data Collection, Planning & Evaluation**

- Limited to 5% of grant total

### **Administrative Costs**

- Limited to 15% of grant total

### **Facility Support for Households with minor children for households with minor children with incomes < Very Low (50%) Income Limits**

- In single-household units greater than 90 days

### **Facility Support**

- Congregate care facilities
- Single-household units (not congregate care) less than 90 days
- No income eligibility threshold

**CHG Incentive Funding**  
Any of the previous allowable activities, plus permanent supportive housing.

## Rent Assistance

One of the key objectives of the CHG is for an assisted household to be able to maintain stable permanent housing. Lead/Sub Grantees should strike a balance between promoting self-sufficiency and providing a safety net. Rent assistance must also be fairly and consistently administered.

### Allowable Models

CHG rent assistance may be applied to tenant-based, project-based or master leasing arrangements. The rent assistance model must be consistent for all households within each individual program. Each program (defined by program type and location designated a unique row on the housing inventory chart) is allowed only one model. An agency may employ more than one model, but only one model may be used per program.

The allowable models:

- ✓ Flat Rate
- ✓ Household income
- ✓ A percentage of the rent
- ✓ Graduated subsidy

Lead/Sub Grantee CHG policies and/or procedures must include, at a minimum:

1. A clear description of the model, household's share of rent and utilities and how it is calculated.
2. Any minimum lease periods (i.e. a year's lease) that may be required.
3. Provisions for handling returned deposits made on behalf of clients.
4. An explanation of any tenant escrow accounts that may be established for clients.

When rent assistance is based on a household's income (See Income Definition page 3), the following CHG policies and/or procedures must include, at a minimum:

1. Minimum tenant payments (if any).
2. How utilities impact a household's subsidy.
3. If households are required to report changes in income prior to recertification. If yes, how will it impact tenant share of rent?

### Overarching Lease Requirements

To receive tenant-based rent assistance a lease (or rent agreement) must be between the Lead/Sub Grantee and the landlord or the household and the landlord. Lead/Sub Grantees must review lease agreements prior to signing to ensure the agreement complies with the Landlord-Tenant Law. A copy of the lease must be retained in client files.

## Allowable Expenses

- ✓ Monthly rent, rent and utilities, and any combination of first and last month's rent.
- ✓ Costs of parking spaces when connected to a unit.
- ✓ Security deposits, utility and land line phone deposits, service animal pet deposit for households moving into a new unit (or relocating for health or safety reasons) in conjunction with rental assistance.
- ✓ Security deposits and utility deposits may also be paid for households who are moving into permanent housing or for households who are moving from a time-limited housing facility to a transition-in-place rental assistance model. Households must have participated in good faith with the terms and conditions of their Housing Stability Plan.
- ✓ Costs associated with household credit checks, reasonable storage costs and landlord incentives (provided there are written policies and/or procedures explaining what constitutes landlord incentives, how they are determined, and who has approval and review responsibilities).
- ✓ Reasonable moving costs such as truck rental and hiring a moving company are also allowable. CHG is not a reunification or relocation program and assistance for moving costs related to reuniting households with family members is not eligible unless the participant can live with the family member permanently. If the CHG household has been assessed and determined to meet all eligibility criteria and they have permanent affordable housing identified in another location, funds may be used to pay for reasonable moving costs to another location. However, note that transportation costs (including bus, train, and airplane tickets) for households are not eligible.
- ✓ Other costs as approved by Commerce.

The following expenses are not eligible:

- ☒ CHG rent and rent/utility assistance cannot be combined with CHG funded facility support or project based Section 8, unless approved in advance by Commerce.
- ☒ A household's share of rent and utilities cannot exceed 50 percent of the household's monthly income, unless approved in advance by Commerce.
- ☒ The maximum assistance any household may receive is 24 months of rent and utility assistance.
- ☒ Transportation costs for household members (i.e. bus, train and airplane tickets) related to initial move-in or for any subsequent moves are not eligible CHG costs.

### **Rent Reasonableness**

"Rent reasonableness" means that the total rent charged for a unit must be reasonable in relation to the rents being charged for comparable units in the private unassisted market during the same time period. A Lead/Sub Grantee must determine and document rent reasonableness for all units for which CHG assistance (including arrears) is provided. This requirement applies when participants are moving into units and when there is a current lease in place.

See **Appendix C** for specific information on how to document Rent Reasonableness.

### **Rent Limit/Payment Standard**

In conjunction with determining Rent Reasonableness, the Lead/Sub Grantee must set a Rent Limit/Payment Standard for each unit size based on the number of bedrooms. (Rent Reasonableness helps you determine the market rate, and the Rent Limit asks you to set a limit for what you will pay.) The standard is intended to represent the cost (rent and utilities) in the Lead/Sub Grantee's jurisdiction of moderately priced units.

HUD's Fair Market Rent (FMR) is found at [www.hudclips.org](http://www.hudclips.org). Using this method, the Rent Limit/Payment Standard for each unit size may be no less than 80 percent of the published FMR. Anything lower could seriously impede someone from finding appropriate housing.

Commerce has an interest in capping the amount of CHG funds that is used to subsidize a unit or a household. To that end, Lead/Sub Grantees may allow rents to go higher than 120 percent of the FMR for the jurisdiction overall, however, CHG funds for that unit may not exceed 120 percent of the published FMR. If the rent limit is higher than 120 percent of FMR, the Lead/Sub Grantee must ensure that resources from other entities (not from enrolled households) are available to cover the additional cost of a high-cost unit.

With its own knowledge of market conditions and possibly consulting with local housing authorities who have valuable information about the relationship between actual market rents and the published FMRs, the Lead/Sub Grantee may set the Rent Limit/Payment Standard anywhere within these parameters.

### **Rental Arrears**

Rental assistance may also be used to pay for up to three months of rental arrears. Rental arrears may be paid if the payment enables the household to remain in the housing unit for which the arrears are being paid or move to another unit. If funds are used to pay rental arrears, arrears must be included in determining the total period of the household's rental assistance, which may not exceed 24 months.

In cases where an eviction cannot be prevented, rental arrears can still be paid if it satisfies the grievance with the evicting landlord and thereby allows the household to obtain different housing. Note that rental arrears can be paid on behalf of a household receiving a subsidy from another public program (e.g., Section 8) because it represents a different time period and cost type than the rental subsidy (i.e., the arrears represents a back payment of the household portion, and the current rental assistance is a forward payment).

### **Temporary Absence**

If a household must be temporarily away from his or her unit, but is expected to return (e.g., participant violates conditions of their DOC supervision and is placed in confinement for 30 days), Lead/Sub Grantees may pay for the households rent for up to 60 days and charge the grant for eligible costs. Extensions beyond the 60-day limit must be fully documented in the client file. While a household is temporarily absent, he or she may continue to receive case management.

### **Portability**

Households may not transfer their rent assistance to areas outside of the grantee's jurisdiction.

### **Housing Stability Plan**

Households receiving rent assistance beyond three months must have a Housing Stability Plan. The household, with the assistance of the case manager, must establish and regularly update a housing stability plan that aids the household in transitioning to stable housing and self-sufficiency. If the household has an existing plan developed through a relationship with another service provider, the existing plan may be used, but it must be updated upon enrollment in the program and include specific housing goals.

## **Facility Support**

### **Allowable Expenses (including day shelters and homeless drop-in centers)**

- ✓ Lease or rent payment on a building. (If a Lead/Sub Grantee owns the building or has a mortgage payment on the building, they may not charge the grant "rent" and then reimburse themselves.)
- ✓ Utilities (gas /propane, land line phone, electric, internet, water and sewer, garbage removal).
- ✓ Maintenance (janitorial/cleaning supplies, pest control, fire safety, materials and contract or staff maintenance salaries and benefits associated with providing the maintenance).
- ✓ Security and Janitorial (salaries and benefits associated with providing security, janitorial services).
- ✓ Toiletries and food served in emergency shelters.
- ✓ Expendable transportation costs directly related to the transportation of eligible clients (bus tokens and fuel for a shelter van).
- ✓ Hotel/Motel vouchers (emergency shelter only.)
- ✓ On site and off site management costs related to the building.
- ✓ Facility specific insurance (mortgage insurance is not allowable) and accounting.
- ✓ Marketing.

The following expenses are not eligible:

- Direct client services other than the cost of staff time for housing support and move-in costs (other than rent or deposits) as described above.
- Replacement or operating reserves.
- Debt service.
- Construction or rehabilitation of shelter facilities.
- In combination with rent assistance.
- Any costs that are the responsibility of the tenant.

### Maintenance for Facility Support

Maintenance activities are cleaning activities; protective or preventative measures to keep a building, its systems, and its grounds in working order. Maintenance activities should fix and restore, but not make improvements that would add value to the building.

Maintenance activities do not include the repair or replacement of fixtures or parts of the building. A fixture is an object that is physically attached to the building and cannot be removed without damage to the building. Fixtures also include but are not limited to kitchen cabinets, built in shelves, toilets, light fixtures, staircases, crown molding, sinks and bathtubs.

Maintenance activities do not include systems designed for occupant comfort and safety such as HVAC, electrical or mechanical systems, sanitation, fire suppression, and plumbing. Building rehabilitation is not an acceptable cost.

### Examples of Maintenance Activities

<b>Cleaning Activities</b>	<b>Protective Measures</b> or preventative measures to keep a building, its systems, and its grounds in working order	<b>Replacing Existing Appliances or Objects That are Not Fixtures or Part of the Building.</b> (See preceding paragraph for definition of "fixtures".)
Cleaning gutters and down spouts	Fixing gutters or floors	Kitchen appliances that are not attached to the building where removal would not cause any damage (stoves, refrigerators)
Lawn care (litter pickup, mowing, raking)	Mending cracked plaster	Light bulbs
Cleaning interior or exterior of building*	Fix roofing or plumbing leaks	Washing and drying machines
Washing windows	Caulking, weather stripping, re-glazing	Air filters
Trash collection	Reapplication of protective coatings	HVAC window unit
Trim trees and shrubs	Plywood, alarm systems, or temporary fencing	
Snow/ice removal	Repainting previously painted surface (including limited scraping)*	
Unclog sink and toilet	Waterproofing (sealant)	
Neighborhood cleanup	Servicing and maintenance of mechanical systems	

\*Non-destructive methods only (e.g., no sandblasting or high pressure spraying).

### **Housing Stability Plan**

Households residing in units supported by facility support funds beyond three months must have a Housing Stability Plan. The household, with the assistance of the case manager, must establish and regularly update a housing stability plan that aids the household in transitioning to stable housing and self-sufficiency. If the household has an existing plan developed through a relationship with another service provider, the existing plan may be used, but it must be updated upon enrollment in the program and include specific housing goals.

### **Program Operations**

Operations are costs specifically attributed to case managers, outreach workers, and/or housing locators (and their supervisors); and other related personnel (such as staff who check in shelter clients, staff the overnight shelter hours and day time activities) and costs specifically related to the CHG such as

Salaries and benefits for:

- ✓ Case management, housing search and placement, outreach (described below)
- ✓ Inspections (see Section 9 )
- ✓ Data collection and entry
- ✓ Staff costs to issue rent assistance (described below)
- ✓ Office space,utilities,supplies,telephone,internet,training/conferences/travel/perdiem
- ✓ General liability insurance and automobile insurance
- ✓ Costs of criminal background checks of clients if necessary/required for housing
- ✓ Costs of urinalyses for drug testing of clients if necessary/required for housing
- ✓ Other costs as approved in advance by Commerce

### **Case Management**

Activities for the arrangement, coordination, monitoring, and delivery of services related to meeting the housing needs of households and helping them obtain housing stability. Services and activities may include: counseling; developing, securing, and coordinating services; monitoring and evaluating household progress; assuring that households' rights are protected; and developing an individualized housing and service plan, including a path to permanent housing stability subsequent to assistance.

### **Outreach**

Services or assistance designed to publicize the availability of programs to make persons who are homeless or almost homeless aware of these and other available services and programs. Not all households assessed will be eligible for assistance. Time spent assessing a household is an eligible expense under this activity.

### **Housing Search and Placement**

Services or activities designed to assist individuals or households in locating, obtaining, and retaining suitable housing. Services or activities may include: tenant counseling, assisting individuals and households to understand leases, securing utilities, making moving

arrangements, representative payee services concerning rent and utilities, and mediation and outreach to property owners related to locating or retaining housing.

**Staff Costs to Issue Rent Assistance**

This cost is not for case management or the cost of a bookkeeper whose duties extend beyond CHG related activities. This cost is only associated with the appropriate portion of salary and benefits of the bookkeeper who issues checks to landlords, utility companies or paying hotel or motel bills on behalf of a household because it is directly related to the delivery of rent or rent and utility assistance with the CHG funds.

## Data Collection, Evaluation and Planning

Data collection, evaluation, and planning activities associated with the CHG are eligible for reimbursement. Refer to the *CHG Administrative Guidelines Sections 9-11* for specific information about the following:

- ✓ State Data Warehouse and Homeless Management Information System (HMIS)
- ✓ Point-in-Time Counts
- ✓ Housing Inventory
- ✓ Local Homeless Plans
- ✓ Washington State Quality Award

Up to five (5) percent of the total grant amount may be used for data collection, evaluation and planning costs and may be shared between the Lead/Sub Grantees.

Data collection and entry (the time a case manager or program staff spend collecting and reporting data in HMIS) may be budgeted under *Program Operations* or *Data Collection, Evaluation and Planning*.

## Administrative

Allowable administrative expenses are those expenses that benefit the organization as a whole. They include the following: executive director/accounting/human resources/IT salaries, benefits, office supplies and equipment; general organization insurance; organization wide audits; board expenses; organization-wide membership fees and dues. This list is not all-inclusive.

Facilities expenses are also allowable administrative expenses. They include the following: rent, building use allowances, and operations and maintenance costs such as janitorial and utilities. This list is not all-inclusive.

Administrative and facilities expenses can be charged to grant cost centers by one of three methods. They can be billed directly such as IT services that are billed by the hour. They can be allocated by means of a cost allocation plan. They can be charged by use of an indirect cost rate which has been appropriately negotiated and approved.

Up to 15 percent of the grant total may be used for administrative costs and must be shared between the lead grantee and any sub grantees.

## 6. Documentation Standards for Eligibility for Assistance

Lead/Sub Grantees are responsible for verifying and documenting the eligibility of all households prior to providing CHG funded assistance. They are also responsible for maintaining this documentation in the households' files.

Standards and procedures for documenting *Housing Status* are further detailed in Appendix A. Standards and procedures for documenting *Income* are further detailed in the Appendix B.

Commerce allows various types of documentation, ranging from third party verification to applicant self declaration. Minimum acceptable types of documentation vary depending on the type of income or particular housing status and circumstance being documented. General documentation standards, *in order of preference*, are as follows:

**Written Third Party**—Verification in writing from a third party (e.g., individual employer, Social Security Administration, welfare office, emergency shelter provider, etc.) either directly to staff or via the applicant is most preferred. Written third party documentation may include standardized forms, such as a verification of income statement.

**Oral Third Party**—Verification from a third party (e.g., individual employer, Social Security Administration, welfare office, etc.) provided by the third party over the telephone or in-person directly to staff. Oral third party verification is acceptable only if written third party verification cannot be obtained. *Please note this is different from applicant self-declaration of income. If an applicant orally declares income, it would fall under "applicant self-declaration" below.*

**Applicant Self-Declaration**—an affidavit of income and housing status as reported by the household is allowable, but is only acceptable if written or verbal third party verification cannot be obtained. Self-declaration of housing status (e.g., eviction) should be rare; it is always a reasonable choice for victims of domestic violence.

### **Timeliness of Income Documentation**

The definition of income reflects a household's income at the time they are seeking assistance. Accordingly, documents and information collected to verify income should be recent. Documentation dated within 30 days is acceptable. However, for public assistance benefits, (e.g., SSI, food stamps), a benefits statement received any time within the twelve months prior to the time of application and reflecting current benefits received by a household is allowed. A copy of a recent bank statement indicating direct deposit is also acceptable.

### **Self-Declaration of Housing Status for Homelessness Prevention Participants**

Lead/Sub Grantees should note that self-declaration of housing status for participants who are at-risk of losing housing is acceptable ONLY in very limited circumstances. Commerce recognizes there may be some unusual cases where a third party is not able to provide documentation that a participant is at-risk of losing housing (i.e., death of a landlord). In these rare cases, Lead/Sub Grantees must be sure to clearly document the situation in the case file including all attempts to obtain verification of housing status.

## **7. Termination of Participation, Applicant Denial and Grievance**

Lead/Sub Grantees must have written and available policies and/or procedures for the following:

### **Termination of Participation and Grievance**

Causes for termination may include, but are not limited to, failure to abide by any agreed upon requirements. In terminating assistance to a household, the Lead/Sub Grantees must provide a formal process that recognizes the rights of households receiving assistance. This process, at a minimum, must consist of:

- ✓ Written notice to the household containing a clear statement of the reasons for termination;
- ✓ A review of the decision, in which the household 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. This may include the household's right to question or confront staff involved; and
- ✓ Prompt written notice of the final decision.

### **Applicant Denial and Grievance**

Causes of denial of assistance include, but are not limited to, the household's ineligibility or failure to provide verifiable evidence of eligibility, etc. Lead/Sub Grantees must have in place a procedure that governs applicant denial and grievance process. These procedures should describe the requirements in which a household may not qualify or be denied, notification of denial and should include information about a household's right to review a Lead/Sub Grantee's decision.

The termination, denial, and grievance procedures should be readily available to households either in written information or by posting the policy in a public place. It is important to effectively communicate these procedures to households and ensure that the procedures are fully understood.

## **8. Confidentiality of Client Records**

Lead/Sub Grantees must have policies and/or procedures ensuring client records are maintained in a confidential manner as per RCW 43.185C.030 and keep written records or files pertaining to households under lock and key with designated personnel granted access to those files.

## 9. Inspections and Washington Residential Landlord-Tenant Act

Lead/Sub Grantees providing rental assistance will be required to conduct initial inspections of housing units into which a household will be moving in to and applies only when a household is receiving rent or rent/utility assistance.

- ✓ The unit must pass inspection before the subsidy is paid.
- ✓ Inspections less than 12 months old performed by other housing providers can be used.
- ✓ Complete records of inspections and follow-up actions must be maintained in household file.

Lead/Sub Grantees may adopt the *HUD Housing Quality Standards* (HQS) inspection procedures or the *Commerce Housing Safety Standards* (HSS) procedures. If HQS is adopted, inspectors must be certified.

Commerce does not exempt units from having to be compliant with local housing codes. Therefore, if there are requirements that are in both the local housing code and HQS or HSS, the Lead/Sub Grantee must comply with the more stringent of the two.

Tenants must be made aware of the Washington Residential Landlord-Tenant Act, RCW 59.18, and be informed on how to use this law when problems arise. Copies of the law are available from the Tenant Union of Washington State at 206.723.0500, local branches of Columbia Legal Services, and on the websites for the Office of the Attorney General ([www.atg.wa.gov](http://www.atg.wa.gov)) and NW Justice Project ([www.nwjustice.org](http://www.nwjustice.org)). The Tenant Union website ([www.tenantsunion.org](http://www.tenantsunion.org)) answers tenant's questions. The Attorney General's website ([www.atg.wa.gov](http://www.atg.wa.gov)) is a resource for both landlords and tenants.

## 10. Lead-Based Paint Requirement

The lead-based paint inspection requirement exists to protect vulnerable families from potential health hazards. To prevent lead-poisoning in young children, Lead/Sub Grantees must comply with the Lead-Based Paint Poisoning Prevention Act of 1973 and its applicable regulations found at 24 CFR 35, Parts A, B, M, and R.

A lead-based paint visual assessment must be completed for all units that meet the three following conditions:

1. The household moving into or living in the unit is being assisted with CHG rent assistance.
2. The unit was constructed prior to 1978.
3. A child under the age of six is or will be living in the unit.

This requirement applies regardless of whether a household is remaining in an existing unit or moving to a new unit. The visual assessment must be completed prior to CHG assistance being provided, and annually thereafter.

### Exceptions to the Requirement

There are certain exceptions to the requirement. Visual assessments are not triggered under the following circumstances:

- ✓ It is a zero-bedroom or SRO-sized unit;
- ✓ X-ray or laboratory testing of all painted surfaces by certified personnel has been conducted in accordance with HUD regulations and the unit is officially certified to not contain lead-based paint;
- ✓ The property has had all lead-based paint identified and removed in accordance with HUD regulations;
- ✓ The unit has already undergone a visual assessment within the past 12 months –obtain documentation that a visual assessment has been conducted; or
- ✓ It meets any of the other exemptions described in 24 CFR Part 35.115(a).

If any of the conditions outlined above are met, Lead/Sub Grantees need to document the condition.

For a *Step-by-Step Guide to Compliance* see **Appendix D**.

## **11. Changes to Guidelines**

Commerce may issue revised or new Guidelines at any time. All Lead Grantees will be sent revised copies as they are published. It is the Lead Grantee's responsibility to pass on the revisions to Sub Grantees in a timely manner.



## Appendix A

### Housing Status Documentation Standards

Standards and procedures for documenting housing status are detailed in the tables on the following pages. Documentation standards are organized according to the following:

1. **Homeless:** These people are unsheltered or are temporarily living with friends or family and need assistance in order to obtain housing. (The 2010 HMIS data standards identify this population as *literally homeless*.)
2. **At Risk of Becoming Homeless:** These people are currently in housing but are at risk of becoming homeless and need temporary rent or rent/utility assistance to prevent them from becoming homeless. It can be challenging to identify persons who are housed and who have a very high risk of becoming homeless. There are many people who are housed and have great need but would not become homeless if they did not receive assistance. Commerce strongly encourages targeted prevention assistance to those households at the greatest risk of becoming homeless. (The 2010 HMIS data standards identify this population as *imminently losing housing or unstably housed and at-risk of losing their housing*.)

Commerce has inserted HUD's proposed definitions for homelessness as a placeholder. These are subject to change and the documentation information will be completed in Fall 2011.

#### Homeless:

Current Living Situation	Acceptable Types of Documentation
People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided for up to 90 days and were homeless immediately prior to entering that institution.	To be developed
People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, in 14 days and lack resources or support networks to remain in housing.	To be developed
Families with children or unaccompanied youth who are unstably housed and likely to continue in that state. Families with children and unaccompanied youth who have not had a lease or ownership interest in a housing unit in the last 91 or more days, have had three or more moves in the last 90 days, and/or who are likely to continue to be unstably housed because of disability or multiple barriers to employment.	To be developed

<p>People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing. This category is similar to the current practice regarding people who are fleeing domestic violence.</p>	<p>To be developed</p>
--	------------------------

**At Risk of Becoming Homeless:**

<p><b>Rented by applicant</b> <i>Potential loss of housing due to nonpayment of rent and/or other lease violation.</i></p>	<p>Copy of eviction notice from landlord or property manager of unit or court order based on eviction action that notifies client they must leave AND a copy of lease naming applicant as lease holder or other written occupancy agreement identifying client as legal tenant of unit.</p>
<p><b>Hospital or institution</b> <i>Potential loss of housing due to institutional discharge</i></p>	<p>To be developed</p>
<p><b>Hotel or Motels not paid for by federal, state, local gov't or charitable program</b> <i>Potential loss of housing due to nonpayment of hotel/motel</i></p>	<p>Copy of eviction notice from landlord or property manager.</p>

## Appendix B

### Income Eligibility Documentation Standards

While Commerce has established standards for various types of income, Commerce recognizes that in some instances only applicant self-declaration may be possible. This method should be used only as a *last resort* when all other verification methods are not possible or reasonable. When using applicant self-declaration, Lead/Sub Grantees must document why a higher verification standard was not used. Be sure to include this in the case file.

**Gross Income** is the amount of income earned before any deductions (such as taxes and health insurance premiums) are made.

**Current Income** is the income that the household is currently receiving. Income recently terminated should not be included.

Type of Income	Acceptable Types of Documentation
<b>Wages and Salary</b>	<p>Obtain copy of most recent pay stub(s) and include in client file.</p> <p><i>OR Written 3<sup>rd</sup> Party Verification</i></p> <p>Mail, fax or email verification of income request to employer. At a minimum, written verification must include: name of employer and client name, pay amount and frequency, average hours worked per week, amount of any additional compensation and be signed and dated by employer. Copy kept in client file.</p> <p><i>OR Oral 3<sup>rd</sup> Party Verification</i></p> <p>Contact the employer by phone or in person. At a minimum, oral verification must include: name of employer and client name, pay amount and frequency, average hours worked per week, amount of any additional compensation and be signed and dated by staff who obtained the information. Copy kept in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency, and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>
<b>Self Employment and Business Income</b>	<p>Obtain copy of most recent federal and state tax return from the applicant and keep copy in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>

<p><b>Interest and Dividend Income</b></p>	<p>Obtain copy of most recent interest or dividend income statement from client and keep copy in client file.</p> <p><i>OR</i></p> <p>Obtain copy of most recent federal and state tax return from the applicant and keep copy in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>
<p><b>Pension/Retirement Income</b></p>	<p>Obtain copy of most recent payment statement or benefit notice from Social Security, pension provider or other source. Copy kept in client file.</p> <p><i>OR Written 3<sup>rd</sup> Party Verification</i></p> <p>Mail, fax or email verification of income request to Social Security, pension provider or other source. At a minimum, written verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Oral 3<sup>rd</sup> Party Verification</i></p> <p>Contact the source by phone or in person. At a minimum, oral verification must include: Name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>
<p><b>Unemployment and Disability Income</b></p>	<p>Obtain copy of most recent payment statement and or benefit notice. Copy kept in client file.</p> <p><i>OR Written 3<sup>rd</sup> Party Verification</i></p> <p>Mail, fax or email verification of income request to unemployment administrator, workers compensation administrator of former employer. At a minimum, written verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Oral 3<sup>rd</sup> Party Verification</i></p> <p>Contact the source by phone or in person. At a minimum, oral verification must include:</p>

	<p>Name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>
<p><b>TANF/Public Assistance</b></p>	<p>Obtain copy of most recent payment statement and or benefit notice. Copy kept in client file.</p> <p><i>OR Written 3<sup>rd</sup> Party Verification</i></p> <p>Mail, fax or email verification of income request to welfare administrator. At a minimum, written verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Oral 3<sup>rd</sup> Party Verification</i></p> <p>Contact the source by phone or in person. At a minimum, oral verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>
<p><b>Alimony, Child Support, Foster Care Payments</b></p>	<p>Obtain copy of most recent payment statement, notices or orders. Copy kept in client file.</p> <p><i>OR Written 3<sup>rd</sup> Party Verification</i></p> <p>Mail, fax or email verification of income request to child support enforcement agency, court liaison or other source. At a minimum, written verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Oral 3<sup>rd</sup> Party Verification</i></p> <p>Contact the source by phone or in person. At a minimum, oral verification must include: name of income source, income amount and be signed and dated by income source representative. Copy kept in client file.</p> <p><i>OR Self Declaration</i></p> <p>Obtain signed and dated self declaration from the client. At a minimum must include source of income, income amount and frequency and be signed. Copy kept in client file. Case manager must document attempts to obtain written and oral verification.</p>

**Income Inclusions.** This table presents CHG income inclusions. The following types of income must be counted when calculating gross income for purposes of determining CHG eligibility.

General Category	Description
1. Earned Income	The full amount of gross income earned before taxes and deductions.
2. Self Employment/Business Income	The net income earned from the operation of a business, i.e., total revenue minus business operating expenses. This also includes any withdrawals of cash from the business or profession for your personal use.
3. Interest & Dividend Income	Monthly interest and dividend income credited to an applicant's bank account and available for use.
4. Pension/Retirement Income	The monthly payment amount received from Social Security, annuities, retirement funds, pensions, disability and other similar types of periodic payments.
5. Unemployment & Disability Income	Any monthly payments in lieu of earnings, such as unemployment, disability compensation, SSI, SSDI, and worker's compensation.
6. TANF/Public Assistance	Monthly income from government agencies excluding amounts designated for shelter, and utilities, WIC, food stamps, and childcare.
7. Alimony, Child Support and Foster Care Income	Alimony, child support and foster care payments received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All basic pay, special day and allowances of a member of the Armed Forces excluding special pay for exposure to hostile fire.

**Income Exclusions.** This table presents CHG income exclusions. The following types of income are not counted when calculating gross income for purposes of determining CHG eligibility:

General Category	Description
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Inheritance and Insurance Income	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 number 5 of Income Inclusions).
3. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
4. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
5. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
6. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
7. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Self-Sufficiency Program Income	a) Amounts received under training programs funded by HUD. b) 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). c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to

	<p>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. e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training 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.</p>
9. Other Non Recurring Income	Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparations	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. Income from Full-time Students	Annual earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 annually per adopted child.
13. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
14. Income Tax and Property Tax Refunds	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.
15. Home Care Assistance	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 this developmentally disabled family member at home.
16. Other Federal Exclusions	<p>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 of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The value of the allotment made under the Food Stamp Act of 1977;</li> <li><input type="checkbox"/> Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li> <li><input type="checkbox"/> Payments received under the Alaskan Native Claims Settlement Act;</li> <li><input type="checkbox"/> Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li> <li><input type="checkbox"/> Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;</li> <li><input type="checkbox"/> Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;</li> <li><input type="checkbox"/> Payments received under the Maine Indian Claims Settlement Act of 1980 ( 25 U.S.C. 1721);</li> <li><input type="checkbox"/> The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li> <li><input type="checkbox"/> Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs;</li> <li><input type="checkbox"/> Payments received from programs funded under Title V of the Older Americans Act</li> </ul>

of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);  Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);  Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;  The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;  Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, state job training programs and career intern programs, AmeriCorps);  Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;  Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;  Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;  Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and  Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

## Appendix C

### Rent Reasonableness Documentation Standards

(Adapted from HUD's Homeless Prevention Rapid Re-Housing Grant Guidelines)

**Determining and Documenting Rent Reasonableness:** Determining and documenting rent reasonableness is required under CHG. It is up to the Lead/Sub Grantees to determine exactly what documentation is required in order to ensure the rent reasonableness standard is met.

Lead/Sub Grantees should determine rent reasonableness by considering: "(a) the location, quality, size, type, and age of the unit; and (b) any amenities, housing services, maintenance and utilities to be provided by the owner.

Comparable rents can be checked by using a market study, by reviewing comparable units advertised for rent, or with a note from the property owner verifying the comparability of the rent charged to other units owned."

**Rent Reasonableness Forms and/or Data Sources:** Lead/Sub Grantees must outline requirements for documenting comparable rents and may include specific forms and/or required data sources that must be included in the case file. A common form to collect data on program units will make the data collection process easier. Examples of forms and data resources include:

- The Rent Reasonableness Checklist and Certification, available at [www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablenesschecklist.doc](http://www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablenesschecklist.doc), or other similar forms developed locally;
- Other documentation, such as copies of newspaper advertisements, internet listings, or published rental data sources; and
- Printouts of records from the Lead/Sub Grantees rental housing database (if one exists).

**Tip:** *The Rent Reasonable Checklist is a sample form that is used across different housing programs, and as such, includes some concepts and terms that are not applicable to CHG.*

**Staffing:** The responsibility of determining and documenting rent reasonableness may be assigned to a variety of program staff, including (but not limited to):

- The case manager who will, as part of the eligibility assessment, conduct a telephone survey of the property owner/landlord and also review the rental housing database to find comparable units.
- The housing habitability inspector who will complete the documentation at the time of the inspections.

**Note:** For monitoring purposes, Commerce will look to see that the Lead/Sub Grantee developed and followed a process to determine and document that the rent was reasonable and that the basis for the conclusion reached is supported by the evidence gathered. The documentation in the case files should contain the most complete documentation possible, and should outline staff steps, analysis, and conclusions so that Commerce can understand the factors that contributed to the determination.

**Components of an effective policy:** CHG expects that Lead/Sub Grantee have established a rent reasonableness policy to ensure that rent reasonableness determinations and documentations are defensible, transparent and consistent across their program. At a minimum, an effective policy includes a methodology, documentation requirements, staffing, and strategies for addressing special circumstances.

Policies should provide step-by-step guidance on how comparisons should be made and what documentation should be included in the case file, including any notes from the staff person making the determination. For example, Lead/Sub Grantees could create a policy where a provider must consider three units, but the rent paid must be within \$50 of the average comparable rents. In this example, a rent paid could actually be slightly higher than any of the individual comparable units, which would be fine according to the Lead/Sub Grantee policy.

**Methodology:** Methodologies for obtaining comparable rents include (but are not limited to):

- Using a market analysis or other published data to determine the appropriate rent ranges for units of different sizes, types, locations, and amenities;
- Obtaining documentation from property owners/managers on current rents charged in comparable unassisted units;
- Obtaining comparable rents on a unit-by-unit basis and requiring a check of, for example, at least 3 other units; or
- A combination of these methodologies.

**Strategy for Addressing Special Cases:** There will be instances where the methodology and process adopted by Lead/Sub Grantee is not sufficient to establish rent reasonableness for a particular unit. For example, staff may find that the rental housing database they are required to use does not have comparables for units with 6+ bedrooms. Similarly, rural areas may only find 1 or 2 comparable units instead of the 3 units specified by their protocols. The Lead/Sub Grantee policies should outline how to address these situations and the documentation required in these cases. For example, the policy could allow staff to analyze the impact of an extra bedroom on rent for a particular area and calculate a reasonable rent based on their analysis.

Similarly, staff in rural areas may need to either expand the geographic area used to search for comparables and/or establish rent reasonableness on the basis of fewer comparable units.

Again, the documentation in the case files should contain complete documentation, and should outline staff steps, analysis, and conclusions so that an auditor or supervisor can understand the factors that contributed to the determination.

**Sources of Rental Housing Data:** Regardless of the methodology used to determine rent reasonableness, Lead/Sub Grantees should already be aware of sources of rental housing data to use in establishing comparable rents.

**Public Sources of Data:** There may be organizations within the grantee state, county, or city that collect and aggregate data on the rental housing stock, such as a State or local Public Housing Authority (PHA) or the local Chamber of Commerce.

**Real Estate Advertisements and Contacts:** Ads in newspapers or online are simple ways to find comparable rents. The following are potential sources of information:

- Newspaper ads (including internet versions of newspaper ads);
- Weekly or monthly neighborhood or shopper newspapers that have rental listings;
- "For Rent" signs in windows or on lawns;
- Real estate agents; and
- Property management companies that handle rental property.
- Rental Listing websites including:
  - [www.apartmentguide.com](http://www.apartmentguide.com)
  - [www.apartments.com](http://www.apartments.com)
  - [www.forrentmag.com](http://www.forrentmag.com)
  - <http://www.move.com/apartments/main.aspx>

## **Rental Market Studies and Surveys:**

- A *Rental Market Study* is an in-depth analysis of a particular rental market. These are often prepared by independent organizations for specific communities. Also, commercial firms will frequently conduct these studies before developing rental housing in a particular location. Rental market studies can provide a good source of data upon which to base a rent reasonableness policy. Appraisals of particular properties and market studies for these properties are also useful in establishing comparable rents, but they are generally prepared by certified real estate appraisers or researchers and are both time-consuming and expensive.
- A *Rental Market Survey* is a survey of various landlords and property management companies in the area. Some local governments conduct surveys to assist with planning activities. Additionally, local associations of rental owners and managers may survey their members periodically and publish the results. Many of these surveys report average rents and/or rent ranges by bedroom category and submarket location. However, such surveys frequently do not have all the detailed information required for rent reasonableness comparisons.

When deciding whether to use a study or a survey, it is important to note that many rental market surveys are designed to show the overall picture of the rental market and may not be very useful in evaluating the rent for a particular unit type. On the other hand, a rental market study may be narrowly focused on a particular type of rental housing and might be useful only for certain housing units assisted.

***Tip:*** *When using either a market study or a market survey, it is very important to understand what is and is not included in the rent reported. Some surveys/studies report rents with all utilities included, some without utilities included, and others with only the most typical set of utilities included. When comparing unassisted units with CHG-assisted units, it is important to consider whether utilities and other amenities are included.*

**Rental Database:** Some grantees have found it useful to build a rental database for CHG, in order to search for comparable rents more efficiently. Building a rental database allows the majority of work to be completed on the front end, which eases the rent reasonableness determination and allows assistance to be provided more quickly.

**Data in Rural Areas:** While there may be fewer rental units in rural areas than in urban and suburban areas, it is possible to find comparable rents or establish rent payment standards for different unit types located in these areas.

- One source of rental housing data for rural areas may be the US Department of Agriculture's Rural Development Agency. USDA provides direct and guaranteed loans for single and multi-family housing development in rural areas as well as for farm laborers. Contact information for Rural Development State and Local Offices or USDA Service Centers is available at [http://www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html). Each Rural Development Office, if it has a Rural Housing component, should have information on the types of rental housing available in various communities throughout the state, as well as unit sizes and rents.
- Some rural communities are also under the jurisdiction of Public Housing Authorities (PHAs). In these cases, the PHA may be a source of comparable rent data.
- Another potential source of comparable rent data are real estate agents. Local real estate agents are not only knowledgeable about real estate prices but often are a source of information on rental housing in the area. They may be able to extrapolate rent comparables based on the general cost of housing in the area. To find real estate agents active in particular communities, grantees can consult the National Association of Realtors on the web at <http://www.realtor.org/>. For demographic information on the housing stock, market trends, etc., grantees should access <http://www.realtor.org/research>.

## Appendix D

### Step by Step Guide to Compliance with Lead Based Inspection Requirements

Childhood lead poisoning is a major environmental health problem in the United States, especially for low-income families in poor living conditions. If not detected early, children with high levels of lead in their bodies can suffer from damage to the brain and nervous system, behavioral and learning problems (such as hyperactivity), slowed growth, hearing problems, and headaches. To prevent lead-poisoning in young children, Lead/Sub Grantees must comply with the Lead-Based Paint Poisoning Prevention Act of 1973 and its applicable regulations found at 24 CFR 35, Parts A, B, M, and R.

#### Disclosure Requirements

Disclosure requirements are triggered for ALL properties constructed prior to 1978. These requirements require that lessors (property owners or managers) provide tenants with:

- Disclosure form for rental properties disclosing the presence of known and unknown lead-based paint;
- A copy of the "Protect Your Family from Lead in the Home" pamphlet.

Both the disclosure form and pamphlet are available at:  
<http://www.hud.gov/offices/lead/enforcement/disclosure.cfm>

While this actually relates to property owners/managers, sharing this information with your clients (or ensuring they have received it) is an easy thing to do. This is an important opportunity to educate clients about the potential hazards related to lead and their rights as tenants. Informed tenants are more likely to watch for potential problems in their home and proactively work with landlords to address any issues.

#### Visual Assessment

Visual assessments are only triggered under certain circumstances:

- The leased property was constructed before 1978;
- *AND*
- A child under the age of six will be living in the unit occupied by the household receiving CHG rent assistance.

#### Determining the Age of the Unit

Lead/Sub Grantees should use formal public records, such as tax assessment records, to establish the age of a unit. These records are typically maintained by the state or county and will include the year built or age of the property. In most areas, these records are available online. If you are uncertain where to find this information, a quick internet search should help you locate the data you need. In the search field, try combining your county name with one of the following phrases:

- "property tax records"
- "property tax database"
- "real property sales"

Remember to print out a copy of the screenshot for the case file. If you have trouble finding this information online, contact your local Office of Tax and Revenue for assistance. If not available online, the information is public and can be requested from the local authorities. (Note, the taxing authority and the assessment entity may be separate governmental entities and office names vary by locality).

### **Conducting a Visual Assessment**

A visual assessment must be conducted prior to providing CHG rent assistance to the unit and on an annual basis thereafter (as long as assistance is provided). Visual assessments must be conducted by a HUD-Certified Visual Assessor. It is important to note that a HUD-Certified Visual Assessor is not equivalent to a Certified Clearance Examiner. Anyone may become a HUD-Certified Visual Assessor by successfully completing a 20-minute online training on HUD's website at: <http://www.hud.gov/offices/lead/training/visualassessment/h00101.html>

The training teaches individuals how to identify deteriorated paint and how deteriorated paint must be treated. Lead/Sub Grantees may choose to have their program staff complete the visual assessments, or they may procure services from a contractor.

### **Making Assistance Determinations**

If a visual assessment reveals problems with paint surfaces, Lead/Sub Grantees cannot approve the unit for CHG assistance until the deteriorating paint has been repaired. At this point, Lead/Sub Grantees must make a decision: work with the property owner/manager to complete needed paint stabilization activities and clearance, work with the household to locate a different (lead-safe) unit, or refer the client to a different program if CHG assistance cannot be provided.

### **Locating a Certified Lead Professional and Further Training**

To locate a certified lead professional in your area:

- Call your state government (health department, lead poison prevention program, or housing authority).
- Call the National Lead Information Center at 1-800-424-LEAD (5323).
- Go to the US Environmental Protection Agency website at <http://cfpub.epa.gov/flpp/> and click on "certified abatement/inspection firms."

Lead professionals, training providers, and HUD-sponsored Lead Safe Work Practices training listings can be accessed at [www.leadlisting.org](http://www.leadlisting.org) or 1-888-LEADLIST.

For more information on the Federal training and certification program for lead professionals, contact the National Lead Information Center (NLIC) at <http://www.epa.gov/lead/pubs/nlic.html> or 1-800-424-LEAD to speak with an information specialist.

The Lead Safe Housing Rule as well as a HUD training module to help recipients of funds effectively implement the requirements of the Lead Safe Housing Rule in their programs can be accessed at <http://www.hud.gov/offices/cpd/affordablehousing/training/web/leadsafe/>