

Managing Mental Health Services Act (MHSA) Housing Assistance



A Handbook for
Full Service Partnerships (FSP's)

7/14/09



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A. Introduction to the Alameda County FSP Housing Manual

Purpose of this manual

With funding from the Mental Health Services Act (MHSA), agencies in Alameda County and across the State have been contracted to develop and operate Full Service Partnerships. Full Service Partnerships (FSPs) are programs that focus on providing previously unserved and underserved individuals with serious mental illness or serious emotional disturbances with intensive, wraparound services designed to support wellness, recovery and community integration. FSPs work with participants (also sometimes called partners) to develop individualized strategies and approaches to achieving personally established goals, and provide access to 24 hour, 7 days per week support across multiple domains including housing, mental health, physical health, substance abuse, employment, and education. For target population groups with unmet housing needs, the provision of housing and related resources, directly through the FSP or through strategic partnerships is a critical part of the service package.

Operating a program that is responsible for engaging and assisting participants with mental illness and histories of homelessness to choose, get and keep independent housing can be complicated and may involve different approaches or practices than those associated with other kinds of mental health services. In addition, laws that apply to housing and federal regulations that come into play for FSPs that also receive funding from federal programs such as Shelter Plus Care or the Supportive Housing Program require FSPs to develop a strong set of policies and practices for their housing components. The Alameda County Behavioral Health Care Services (ACBHCS) Housing Services Office (HSO) has issued this manual to: 1) Provide guidance to agencies that operate FSPs about required housing policies and recommended practices; 2) Assist FSPs in managing their housing resources effectively; and 3) Provide tips on how to maximize resources to meet community and participant needs. This manual is intended to provide practical guidance on day-to-day matters that arise in the operation of a housing-connected program.

How to use this manual

This manual follows certain conventions for easy reference.



Where a policy or practice is required by ACBHCS, the policy guidance is preceded by a stop sign.



Policies or practices that are a requirement of the U.S. Department of Housing and Urban Development (HUD) are highlighted with the HUD housing logo.



Recommended practices or policies that FSPs may choose to adopt are indicated by a thumbs-up.



Examples of policies in place in similar programs are indicated by a document icon.



References to additional resources available on-line are indicated with a computer icon.

This manual is designed to be easily updated. The footer in each section shows the date the section was last updated. As information changes or sections are modified, ACBHCS will provide FSP operators with updated materials that can replace out of date sections.

The manual contains 15 sections. The sections are:

Section A. Introduction (this section) describes the purpose of the manual, presents the layout and conventions used, describes the content of each chapter, and summarizes the required policies discussed in greater detail in the manual.

Section B. Background includes information about the Mental Health Services Act and housing, homelessness and mental illness in Alameda County.

Section C. Housing and Housing Functions in FSPs describes MHSA Full Service Partnerships, housing goal planning, and the key housing-related roles and functions within FSPs.

Section D. Allowable Housing Assistance Activities describes the different housing-related activities that may be funded with MHSA funds.

Section E. Permanent Housing Assistance Strategies describes the differences between rental subsidy and master leasing strategies to secure housing units and provides guidance for the kind of documents that FSPs will need to manage either type of program.

Section F. Eligibility, Household and Unit Determinations describes the criteria for eligibility for a housing subsidy and methods for assigning a unit size to a household.

Section G. Maximum Rents and Rent Reasonableness presents information about how total rental subsidies that the FSP will pay can be established.

Section H. Income Verification and Participant Rent Calculation describes how FSPs may set policies to determine the portion of rent that their participants will pay toward housing.

Section I. Security Deposits discusses managing and tracking security deposits and damage claims.

Section J. Housing Quality and Maintenance describes establishing and applying standards for ensuring the quality of housing in the program.

Section K. Fair Housing and Reasonable Accommodation discusses the scope of fair housing laws and the legal requirement to make accommodations in housing policies and practices for persons with disabilities, and provides advice on how to implement a reasonable accommodation policy in an FSP program.

Section L. Housing Files and Documentation provides guidance for maintaining files and documentation specific to FSP participant housing matters.

Section M. Budgeting and Tracking Housing Funds discusses methods for projecting housing costs (and income from rents if master leasing), reconciling costs to budget including rents, damages and vacancy losses and tracking and returning security deposits.

Section N. Reporting Requirements and Housing Outcomes clarifies the housing-related categories and definitions that are part of State-required reporting on FSP clients, and describes how this information is used to evaluate system-wide housing outcomes.

Appendix 1. Glossary of Key Terms and Acronyms provides the full names of certain housing-related agencies, programs and policies which are frequently abbreviated, and defines key terms used in this manual.

Summary of Required Policies

The following table summarizes the policies and procedures that Alameda County FSPs should have in place. The cited section in the manual provides in depth information on the topic and recommended policies and practices.

| Section | Topic | Requirement |
|---------|---|---|
| C | Housing as an FSP Service | FSPs must develop services plans with individual goals with their participants. Key areas of such a plan include housing and employment or income goals. |
| C | Housing as an FSP Service | An FSP must have a policy and a practice of assisting participants to access other housing subsidies. This should include ensuring that members of the FSP team work individually with each participant to apply for housing resources for which they are eligible. |
| C | Key Housing Functions | FSPs must have both a housing policy manual and job descriptions or other methods for documenting how housing responsibilities are covered by the program. |
| D | Temporary Housing | FSPs that fund temporary housing for participants should have policies in place that facilitate the rapid entry into temporary housing for participants who need it, should track how long participants are in temporary housing, and should track how temporary housing funds are expended, including establishing reasonable cost guidance for expenditures. FSPs should also seek to limit the average time spent in temporary housing to 90 days or less. |
| D | Other Client Support | FSPs should have systems in place to track the use of “other client support” funds, including policies that ensure that expenses are reasonable and funds are made available in a manner that is fair to participants. If client support funds are used to purchase furniture for participants receiving housing assistance, the FSP will need a policy to track the expenditures and the location, condition and disposition of furniture items. |
| E | Rental Subsidies – required documentation | FSPs operating a rental subsidy strategy should have documentation in place that clearly delineates the responsibilities and relationships between the participant, the landlord and the FSP. In general, these will include a lease between the participant (as a tenant) and the landlord; a payment letter or agreement between the FSP and the landlord; and a participation agreement between the participant and the FSP. |

| Section | Topic | Requirement |
|----------------|---|--|
| E | Master Leasing – required documentation | FSPs operating a master leasing strategy should have documentation in place that clearly delineates the responsibilities and relationships between the primary landlord, the FSP as the tenant, and the participant as the subtenant. In general these documents will include a lease between the FSP and the landlord, and a sublease between the participant and the FSP. |
| E | Master leasing – vacant units | FSPs that master lease must have a practice of rapidly re-renting units or turning them back over to the landlord. In some cases it may be reasonable to pay for more than one month of vacancy but those cases should be exceptional and documented. |
| F | Eligible Participants | FSPs must have a policy in place to determine and document the eligibility of enrolled participants. This information must be kept in participant specific files, though it does not have to be in the housing-related file. |
| F | Eligible Household | FSPs must define an eligible household in a consistent manner that concretely connects other members of the household to the qualifying individual who meets enrollment criteria for the FSP and has been enrolled. For a child with a serious emotional disturbance the household will necessarily include their parent(s) or guardian and any siblings under the age of 18. |
| F | Unit Size | FSPs must have a policy in place for how they determine the unit size that is permitted for participants. This should include applying a consistent standard, but allow for some flexibility to meet extraordinary needs, such as a live-in aide (see below) or a need for a bedroom to accommodate medical equipment. A program should not prohibit any participant from renting a larger unit that rents for the same amount as the maximum rent permitted for a unit with fewer bedrooms. |
| G | Maximum Unit Rents | FSPs must have a policy to determine what the maximum rents it will pay are and a method for determining whether any particular rent it is paying is “reasonable.” This method must take into consideration what other similar units rent for in the market place. |
| H | Participant Rent | FSPs must have a policy for what percentage of the participant’s income he/she will pay for rent, and a method for defining what is included and excluded from the participant’s household income, and from the rent payment. |
| H | Income Verification | FSPs must have a policy for verifying participant income, including what is counted as income and what is considered adequate documentation of income. |
| H | Calculating Subsidy | FSPs must have a method to calculate participant rent and program subsidy that is consistent and repeatable by a third party based on the information provided by the program and the participant. A simple worksheet (electronic or paper) which shows the steps in the calculation should be adapted or developed. |

| Section | Topic | Requirement |
|----------------|--------------------------|---|
| I | Security Deposits | FSPs must establish policies for covering security deposits, including how frequently participants may receive assistance to cover them and the portion of the security deposit the participant is responsible for. |
| I | Damage Claims | FSPs that elect to offer to cover damage claims <i>in addition</i> to providing security deposits will need to have strong policies and practices for ensuring that all claims are legitimate and reasonable in cost, and that FSP participants are held responsible for damages including establishing payment plans to repay the FSP for the damages. |
| J | Housing Quality | FSPs must adopt a policy for ensuring that units meet a basic quality standard, and that the condition of all units subsidized by FSPs is verified and documented periodically using a consistent process and procedure. |
| K | Reasonable Accommodation | FSPs must have a policy and procedure for notifying applicants and participants of their rights to reasonable accommodation; and for accepting, considering, and responding to requests for reasonable accommodation. |
| L | Housing Files | FSPs must maintain separate housing files for each participant with housing-related documentation, and have a policy or standard for what is kept in the files that is part of its policy and procedure manual. |
| M | Budget Tracking | FSPs must have budget policies in place that distinguish and track MHSA housing funds from any other housing funds the program receives. These policies should make it possible for the housing activities of the program to be audited and all housing expenditures to be consistently monitored. |
| N | Required Reporting | FSPs must prepare Partnership Assessment (PAF), Key Event Tracking (KET), Quarterly Assessment (3M) forms on their participants as mandated by the State. For reporting on residential situation/setting, Alameda County FSPs should refer to the definitions established by ACBHCS. |
| N | Required Reporting | FSPs should check the MHSA Housing Program box on the PAF or the KET only when a partner moves into one of these specially designated units. |
| N | Required Reporting | FSPs should select the Housing Subsidy option under Financial Support only when a partner/client is receiving a housing subsidy from a non-MHSA source, such as Shelter Plus Care, Section 8, or other. |

Section B. Background on the Mental Health Services Act (MHSA) and Housing

The Mental Health Services Act (MHSA) is the result of a California ballot initiative (Proposition 63) approved by the voters in the general election of 2004. The MHSA imposes a 1% tax on personal incomes in excess of \$1 million in order to increase funding to expand mental health services to children, youth, adults and older adults who have severe mental illness and whose service needs are not being met through other funding sources.

Most of the state's MHSA funds are distributed to local mental health departments according to formulas established by the state. The majority of locally controlled funds are available for Community Services and Supports, i.e. direct services to persons living with mental illness. Other eligible activities include prevention and early intervention, education and training, capital and technology, and innovation.

In Alameda County, some MHSA funds have been dedicated to Full Service Partnerships (FSPs) to meet the housing needs of their participants, and also to the creation of additional housing units for MHSA-eligible persons through one-time system development funds. This manual focuses on MHSA-related housing supports that are part of FSPs and are administered locally. The basis for these programs in Alameda County is the County's Community Services and Support Plan, submitted to the State in 2005.



A copy of this plan can be found at <http://www.acbhcs.org/MHSA/DocCtr/docCtr.htm>

In addition to locally-administered MHSA funds for housing, in 2007 the State established the "MHSA Housing Program." The program is funded with MHSA dollars that have been set aside to develop, acquire, construct, or rehabilitate units dedicated to individuals with serious mental illness or serious emotional disturbances. Funds can also be utilized as capitalized operating reserves to subsidize rents at particular housing projects. These funds also come from a county's Community Services and Supports allocation but are administered by the state Department of Mental Health (DMH) and California Housing Finance Agency (CalHFA). Most of the units created through the MHSA Housing Program in Alameda County will be linked with the programs discussed in this document.



More detailed information about the *MHSA Housing Program* is available at: http://www.dmh.ca.gov/prop_63/MHSA/Housing/default.asp

Homelessness and Mental Illness

Individuals with disabilities living on fixed incomes experience extreme difficulties obtaining housing in high cost housing markets such as Alameda County. An estimated 16,000 people are homeless in Alameda County each year with 5,000 homeless on any given night. Over the course of one year, an estimated 1,000 individuals with serious mental illness experience homelessness in Alameda County. Nationally, studies indicate that between 20 - 50% of individuals with serious mental illness experience an

episode of homelessness in their lifetime. Homeless individuals with serious mental illness are much more likely to remain homeless for long-periods of time and to have multiple episodes of homelessness.

To address these and other housing issues for low-income households with disabilities, Alameda County cities, County agencies including Behavioral Health Care Services, and community partners have adopted the EveryOne Home homeless and special needs housing plan. The EveryOne Home Plan to end homelessness calls for the creation of 15,000 new affordable housing opportunities linked with appropriate services by the year 2020. Units secured through Full Service Partnerships, and units created with local MHSA one-time dollars and through the MHSA Housing Program will help achieve this goal. Additional EveryOne Home activities that will assist persons with mental illness include the development of standards and incentives for community living facilities and the expansion of homelessness prevention and re-housing activities, through programs such as the Behavioral Health Care Services EveryOne Home emergency housing loan fund.



A copy of the EveryOne Home Plan and information about current activities can be found at www.everyonehome.org

Section C: Housing and Housing Functions in Full Service Partnerships

The intent of the Mental Health Services Act as described by the State Department of Mental Health (DMH) in its 2005 planning guidance to counties¹ is transformation of the mental health system from one that focuses primarily on clinical services into one in which mental health programs enter into partnerships with clients, their families and their communities to provide, under client and family direction, whatever it takes to enable people to attain their goals. Recognizing that the resources were not adequate for the entire system to be transformed at once, DMH directed counties to develop “small and smart” Full Service Partnerships (FSPs) for particular target populations of persons with serious mental illness who have historically been unserved or underserved by the public mental health system. Examples of underserved target populations for FSPs include older adults with frequent, avoidable emergency room and hospital admissions; adults who are homeless or incarcerated or at risk of homelessness or incarceration; transition age youth exiting the juvenile justice or child welfare systems or experiencing their first episode of major mental illness; children and youth in the juvenile justice system or who are uninsured; and individuals with co-occurring substance use disorders.

To be considered a FSP, programs must incorporate the following structures and practices:

- Individuals must have an individualized service plan that is person-centered, and individuals and their families are given sufficient information to allow them to make informed choices about the services in which they participate.
- The program agrees to work with the individual and his/her family, as appropriate, to provide all necessary and desired appropriate services and supports in order to assist that person/family in achieving the goals identified in their plan.
- All fully served individuals have a single point of responsibility – Personal Service Coordinators (PSCs) for adults– with a caseload that is low enough so that: (1) their availability to the individual is appropriate to their service needs, (2) they are able to provide intensive services and supports when needed, and (3) they can give the individual served considerable personal attention.
- Services must include the ability of PSCs or team members known to the participant to respond to clients 24 hours a day, 7 days a week. For transition age youth, adults and older adults this service must include the ability to respond to landlords and/or law enforcement.
- PSCs/case managers must be culturally competent, and know the community resources of the client’s racial/ethnic community.

¹ California Department of Mental Health, Mental Health Services Act Community Services and Supports, Three-Year Program and Expenditure Plan Requirements, August 1, 2005

- Services also include linkage to, or provision of, all needed services or benefits as defined by the client and or family in consultation with the PSC/case manager. This includes the capability of increasing or decreasing service intensity as needed.

Housing as an FSP service

In Alameda County, FSPs were developed to serve adults with histories of chronic homelessness, adults with criminal justice histories, and older adults and transition-age youth who are homeless or at high-risk of homelessness. Every FSP target population is very likely to have unmet housing needs. FSPs are therefore charged with, and have been funded to, ensure that the housing needs of participants are met.

Housing is an included service area within FSPs because it is an integral part of what it means to provide “whatever it takes” to support wellness, recovery and community integration. But housing is both expensive and, unlike other services which can be more easily increased or decreased as needed, requires an ongoing commitment of resources or a long-term plan for transition.

ACBHCS expects FSPs to manage housing and housing resources as an integral but distinct service within the array of services provided by the FSP. In order to maximize housing resources and promote greater independence and community integration of participants, FSPs are expected to provide housing support in a manner that:

- ✓ assists a partner to stabilize
- ✓ provides an appropriate home from which a participant can recover
- ✓ increases independence, including where possible from subsidy



FSPs must develop services plans with individual goals with their participants. Key areas of such a plan include housing and employment or income goals.

Establishing housing goals and objectives with participants is a key element of services planning. FSPs should work with participants to establish housing goals, including identifying both immediate and long-term housing desires and realistic expectations about how to get there.

The expectation of the FSP is to work with participants to increase their incomes and/or find other sources for subsidy to minimize MHSA funds for housing. This includes working consistently and aggressively to get participants who are eligible and may continue to require a housing subsidy onto other housing subsidies, including Section 8, Shelter Plus Care, or other affordable housing programs.



An FSP must have a policy and a practice of assisting participants to access other housing subsidies. This should include ensuring that members of the FSP team work individually with each participant to apply for housing resources for which they are eligible.

Differentiating housing and services roles

Housing with support attached to it is often referred to as supportive housing or supported housing. Generally, what is called “supportive” housing has services that are connected specifically with a building or housing program, while “supported” housing refers to programs that provide services to people in housing in the community in which the services are not directly tied to the housing. Both terms recognize that for some persons with disabilities and barriers to housing, the ability to find, get and keep housing over time requires access to ongoing supportive services.

While supportive or supported housing programs provide both housing and services, the responsibilities under the housing function are different in significant ways from other aspects of the programs. In some cases, the housing and services functions are provided by different organizations. Where they are not, many programs find that the best way to manage the distinct responsibilities is to differentiate clearly between housing and other services, including identifying separate staff roles and, where possible, individuals in each area, and making the rules and responsibilities for obtaining and retaining housing explicit and distinct from other services.

Key housing functions

Whether an FSP owns housing and provides it directly, master leases units or buildings, or provides rental subsidies to participants, the housing–related responsibilities of the program are different from those related to the provision of other services. Key housing responsibilities include:

- collecting rents from participants and paying rents or rent subsidies to landlords
- ensuring that units are kept in good condition
- ensuring that housing funds are well-spent and appropriately managed
- removing participants from housing units if they violate the terms of tenancy
- ensuring that applicable landlord/tenant laws are followed in enforcing all of the above.

Sometimes the need to carry out a housing responsibility may conflict with other goals of the program. For example, the overall goal of the program may be to assist a participant to keep them safe and in the most independent setting possible. However, the housing responsibility means that the program may not allow the participant to continue to reside in a subsidized unit if the participant does not meet the rent requirements.



FSPs must have both a housing policy manual and job descriptions or other methods for documenting how housing responsibilities are covered by the program.

 It is recommended that key housing roles/functions of an FSP be distinguished from other functions. A separate housing division or housing coordinator function allows the organization to develop housing expertise and to help participants understand the

requirements of housing. Such a division mirrors the way housing is provided in the greater community –separate from other services and from service-related requirements. All FSP staff, however, should have an understanding of the importance of housing and basic information about its specific rules and requirements.



For more information on supportive housing and separate housing and services, see documents on the Corporation for Supportive Housing website, www.csh.org, especially “Not a Solo Act.”

Section D. Allowable MHSA Housing Assistance Expenditures for Full Service Partnerships (FSPs)

MHSA funds for FSPs may cover a range of costs necessary to do “whatever it takes” to work with a participant and meet their needs. This includes funding for a range of services, for employment, for housing and for other one time or ongoing needs. There are different ways that MHSA Community Services and Supports (CS&S) funds may be used to provide housing. The State has issued guidance, Department of Mental Health (DMH) Information Notice 08-12 to distinguish between eligible Outreach and Assistance, General System Development and FSP housing expenses.

DMH provides four examples of housing costs that MHSA FSP funds may cover. These are:

| | |
|--------------------|---|
| Move-in Assistance | Security deposit, first and last month’s rent and any other fees required prior to moving into a housing unit. |
| Motel Vouchers | Certificates worth a specific monetary value that must be used on housing, such as motels. |
| Rental Subsidies | Tenant based rental subsidies are CSS funds given to an individual household for the costs of housing. Rental subsidies may only be used for individuals and/or families served in CSS Full Service Partnership programs. Does not allow trust funds. |
| Master Leasing | Master leasing of housing units for individuals participating in Full Service Partnerships who need housing. Master leasing of housing to provide temporary housing for individuals as an outreach and engagement strategy. |

Source: Excerpted from DMH Information Notice 08-12, Enclosure 1, April 21, 2008

Each of these eligible costs are considered “individually-based.” That is, the housing expenses are tied to the specific needs of an individual and, when appropriate, their family. Other housing costs related to construction and operations of dedicated housing are eligible under General System Development funds and under the State MHSA Housing Program, but may not be covered with FSP funds, because they are part of developing housing for the entire system and are not tied specifically to the needs of an enrolled individual.

In addition to funding for housing expenditures, FSPs generally have other client support funds (sometimes called “flex funds”) that may be used for costs associated with moving into or out of housing, such as the costs of renting a truck or van, purchasing furniture and cleaning supplies, or for costs of starting utility services or extraordinary payments for utilities. While these costs are not considered “housing costs” they should also be tracked and reported on.

More on eligible housing costs

Temporary housing payments: MHSA housing funds may be used for the short-term costs of providing emergency or temporary housing for FSP participants. The typical use of such funding, as shown in the above example provided by DMH, is for a hotel or motel stay of short duration. It is possible that emergency housing funds may be used to cover short stays in other temporary settings where there would be a cost to the participant to stay there.

For FSPs contracted with ACBHCS, housing is considered emergency/temporary if the participant has no other housing option and is expected to be in the temporary site for a short period of time while a more permanent housing situation is developed. In temporary housing the full cost of the housing is paid for by the FSP and the participant does not have tenancy rights. [Note that legally, if a participant stays in a housing situation for longer than 30 days and is paying rent they will be considered a tenant under tenant/landlord law *even if they have not signed a lease.*]

Participants may go into emergency/temporary housing at the time of entry into the program if no permanent housing is available or may enter emergency/temporary housing during their time in the program if they lose their housing and an alternative situation cannot be established in time. BHCS will generally allow FSPs to use funds for temporary housing without the participant contributing to rent for a period of up to 90 days.



FSPs that fund temporary housing for participants should have policies in place that facilitate the rapid entry into temporary housing for participants who need it, should track how long participants are in temporary housing, and should track how temporary housing funds are expended, including establishing reasonable cost guidance for expenditures. (See Section M on housing cost tracking and billing.) FSP's should also seek to limit the average time spent in temporary housing to 90 days or less.

Permanent housing subsidies or master leases: Permanent housing refers to rental housing where the participant holds a lease (or has obtained the rights of tenancy) and can stay as long as they continue to pay rent and abide by the terms of the lease. The majority of Alameda County's FSP housing funds are used for providing subsidies to participants in permanent housing. In some cases the participant will have a lease directly with the landlord and will pay a portion of the rent, and the FSP will pay the landlord a **subsidy** (i.e. a portion of the rent) on behalf of the participant. In other cases, the FSP may sign a **master lease** with the landlord, pay the entire rent for the unit and then enter into a sublease with and collect rent from the participant.

Both master leasing and subsidy strategies are permitted by ACBHCS. Advantages and disadvantages of these strategies and recommended practices associated with each are described in greater detail in Section E.

Security deposits/move-in costs: FSPs may expend funds on security deposits that are required to be paid to a landlord prior to move-in. For FSPs contracted with ACBHCS, funding for security deposits for participants receiving an ongoing permanent

housing subsidy should be treated for billing purposes as a cost of permanent housing, though it will need to be specifically tracked. If a participant receives *only* a deposit or one-time assistance with move-in costs for housing that does not require an ongoing subsidy from the FSP this would be recorded and tracked separately. See Section I for more information on security deposits.

Other client support: This category refers to MHSA funds that can be utilized for a variety of miscellaneous, special or extraordinary expenses. These funds are not restricted to uses related to housing and can cover personal needs including materials for outreach and engagement such as food and clothing; fees for registration in classes, tools or materials needed for work or study; emergency repairs to a vehicle or any similar expenditure that the FSP and the participant deem is reasonable and necessary to support the participant in their individually-developed plan for wellness, recovery and community integration. As related to housing, these funds will likely be used for one-time assistance to participants, such as the costs of moving, temporary storage of personal items, or purchasing furniture.



FSPs should have systems in place to track the use of all client support funds, including policies that ensure that expenses are reasonable and funds are made available in manner that is fair to participants. If client support funds are used to purchase furniture for participants receiving housing assistance, the FSP will need a policy to track the expenditures and the location, condition and disposition of furniture items. See Section M for further information on financial tracking and a discussion about furniture. FSP's should ensure that their financial procedures meet County audit requirements.

Section E. Permanent Housing Assistance Strategies

As described in Section D, MHSA housing funds may be used by an FSP to support participants in permanent housing either through providing a rental subsidy on behalf of the participant, or through a master leasing arrangement with the landlord. Some of the benefits and challenges of these two approaches are listed below.

| Strategy | Benefit | Challenge |
|---|---|---|
| <p>Rental Subsidy – participant holds lease with landlord directly and FSP pays a portion of the rent to the landlord on behalf of the participant</p> | <ul style="list-style-type: none"> - Participant holds lease – most like “the real world” - FSP not responsible for rent if participant doesn’t pay or if participant moves out; - More flexible if FSP doesn’t want to continue to use unit - Landlords who work with Section 8 are used to this system | <ul style="list-style-type: none"> - Landlords may be unwilling to rent to participants with negative rental, credit or criminal histories - Participants may fall behind in rent without FSP being aware - Without a commitment to cover damages, securing units may be difficult or units which have been available may be withdrawn |
| <p>Master Lease – FSP holds lease directly with landlord and subleases to participant</p> | <ul style="list-style-type: none"> - Landlord may be willing to rent to FSP if FSP takes on some landlord responsibilities such as damage repairs - Generally, landlord does not screen subtenant for past rental history or ability to meet terms of lease - FSP has control of unit; may re-rent it to another participant if empty - FSP may be able to negotiate a better rent, or secure units at a set rent for a longer period - FSP may be able to master lease several units in a single building or an entire building | <ul style="list-style-type: none"> - Program must be able to fill units quickly or pay rent while units are empty - Program often agrees to take on responsibility for damages to units which can be substantial - Program has the legal responsibility to follow tenant/ landlord law including following eviction procedures. |

In both models, participants pay a portion of their income for rent. In the rental subsidy model the participant pays their portion of the rent directly to the landlord, while in a master lease model the FSP pays the entire rent to the landlord and then collects the participant’s portion. Section G of this manual discusses income verification and rent calculation policies and practices for subsidy and leasing programs.

Required and suggested practices for rental subsidy programs:

Under a rental subsidy model the participant enters into a lease with the landlord and the FSP pays a portion of the participant's rent on their behalf.



An FSP operating a rental subsidy strategy should have documentation in place that clearly delineates the responsibilities and relationships between the participant, the landlord and the FSP. In general, these will include a lease between the participant (as a tenant) and the landlord; a payment letter or agreement between the FSP and the landlord; and a participation agreement between the participant and the FSP.

- ❖ **Lease:** The lease may be a standard lease the landlord uses or may be provided by the FSP. The lease is signed between the tenant and the landlord. The FSP should review the lease with the participant to ensure that the participant understands the terms of the lease. The FSP should also review the lease to make sure that there are no prohibited lease terms. (More information about leases and a list of HUD prohibited lease terms are included later in this section.)
- ❖ **Landlord letter or Housing Assistance Payment (HAP) contract:** The FSP should have a written agreement with the landlord that spells out the payment commitment the program is making on behalf of the participant and any other responsibilities of the FSP. At a minimum this should be a letter notifying the landlord that the FSP will be providing a determined portion of the rent on behalf of the participant and notifying the landlord that by accepting the payment they agree to attribute it to the participant's rent.
- ❖ **Participation Agreement:** The participation agreement spells out the requirements for the participant to continue receiving the rental subsidy. This should include the required tenant portion of rent and terms such as compliance with the lease, notification of the program if there are problems, willingness to work with the program to address tenancy issues if they arise, and a clear statement that the participant understands that receipt of the subsidy is contingent on meeting the terms of the lease and the participation agreement.

 While a letter to the landlord may be an easier practice for FSPs and may make landlords less hesitant than a contract, most programs that provide rental subsidies on behalf of participants enter into more detailed agreements or contracts with landlords. These agreements spell out the responsibilities of the program. In the HUD Section 8 program (and in most Shelter Plus Care programs) these are called Housing Assistance Payments (HAP) contracts. A HAP typically contains provisions that include the amount of the full rent and the program and tenant portions, the inclusion or exclusion of utilities and appliances, the requirement that the unit meet Housing Quality Standards and rent reasonableness, limitations of the program operator's liability, and provisions dealing with assignment and recourse.



The standard HAP format used in the Housing Choice Voucher (Section 8) program can be downloaded from <http://www.hud.gov/offices/adm/hudclips/forms/files/52641.pdf>



The Shelter Plus Care regulations require that the participant sign an “occupancy agreement.” The agreement must be good for at least a month and must be renewable upon expiration except by prior notice by either party. In addition to “standard lease provisions” the occupancy agreement may also include a provision requiring the participant to take part in the supportive service provided by the program as a condition of continued occupancy. This provision applies whether the program is using a rental subsidy or master leasing strategy. In practice, in Alameda County the Shelter Plus Care program requires participants to sign a “Statement of Household Responsibility” which delineates the terms under which the participant is receiving the subsidy and also incorporates the lease between the tenant and the landlord by reference.

Note that under the MSHA, enrollment in an FSP may be a condition of receipt of an individual-based subsidy but participation in specific services would be inconsistent with the MSHA principle of voluntary services.

Required and suggested practices for master leasing:

As described above, master leasing can be an effective strategy for securing units that might otherwise not be available to FSP participants, may provide greater control to the FSP over access to housing, and may be financially attractive if the FSP can negotiate favorable rental terms. However, master leasing puts the FSP into the legal position of acting as the landlord for some or all of its participants.



An FSP operating a master leasing strategy should have documentation in place that clearly delineates the responsibilities and relationships between the primary landlord, the FSP as the tenant, and the participant as the subtenant. In general these documents will include a lease between the FSP and the landlord, and a sublease between the participant and the FSP.

- ❖ Lease: The lease between the FSP and the landlord may be a standard lease the landlord uses or may be provided by the FSP. The lease must include a provision that allows the FSP to sublet the unit and should spell out clearly the responsibilities of the FSP in maintaining the units and addressing any damages or repairs necessitated due to the occupancy of its subtenants which would normally be the responsibility of the landlord. The lease should make clear that any normal responsibility of the landlord not *explicitly assigned to the FSP* remains the responsibility of the landlord.
- ❖ Sublease: The sublease with the participant should cover all of the general terms of a standard lease, including establishing the rent, what is included, and what constitutes a lease violation. The FSP should ensure that nothing in the sublease conflicts with the primary lease between the FSP and the

landlord and may wish to incorporate the terms of the primary lease by reference or by attachment.

- ❖ The FSP may wish to also have a separate participation agreement or an addendum to the lease that spells out program terms under which the participant is eligible for housing support. (See Participation Agreement above.)

 A program that is going to employ a master leasing strategy should understand its legal responsibility in acting as a landlord and review its documents and policies carefully to ensure that it is acting in a way that protects the participants and the agency and reduces liability. An attorney familiar with landlord-tenant law should be consulted. In addition, FSPs that master lease should have insurance that covers any increased liability.



See <http://www.dca.ca.gov/publications/landlordbook/index.shtml> for information about landlord-tenant law in California. Nolo Press also publishes a variety of resource books related to landlord-tenant law in California.

Vacant housing in a master lease program

FSPs that master lease are responsible for the rent to the landlord whether the unit is occupied or not. Being able to retain a vacant unit for another participant can be an advantage, but if the FSP has difficulty filling units in a timely fashion it can be a drain on the program budget.



An FSP that master leases must have a practice of rapidly re-renting units or turning them back over to the landlord. In some cases it may be reasonable to pay for more than one month of vacancy but those cases should be exceptional and documented. An FSP that is regularly paying rent on vacant units may have trouble in a financial audit and may be in danger of losing housing funding.



Shelter Plus Care funds may only pay for 30 days of vacancy if the unit has been vacated by the tenant. If an FSP is master leasing with Shelter Plus Care it will have to pay close attention to this issue.

Types of housing

Master leasing and/or housing subsidy funding may be used for apartments, single room occupancy (SRO) units, single family homes, or shared housing arrangements where each participant has their own bedroom. Participants that desire to have their own bathroom and/or kitchen should be assisted in finding and renting such a unit. Housing opportunities in which the participant has their own bedroom, bathroom, and kitchen or consumer-directed shared arrangements where the bathroom and kitchen are intended to be shared reflect greater levels of housing independence. SRO housing and group housing arrangements without roommate choice reflect less independent

housing. All of these housing arrangements are eligible for MHSA housing support funds.

In limited situations, funds may be used for more restrictive settings such as licensed board and care homes and boarding homes. The intention in such situations should be to assist the participant to get into more independent housing. The need for the more restrictive setting should be documented and agreed to by the participant.

In some housing situations, such as boarding homes, food may be included in the fee. If the total cost for both food and rent does not exceed the maximum rents established by the program, or “reasonable rents” (see Section G) the FSP does not need to separate the cost of food or services from the rent subsidy provided. However, if the costs exceed reasonable or maximum rents the FSP must use housing funds only for the portion of the fee that is attributable to rent.

Location

Housing units must be located within Alameda County. To the extent possible, providers should work to help participants find housing in their home or desired communities.

Nonprofit landlords/units with other subsidies

MHSA housing funds may be used in nonprofit-owned and/or already subsidized housing, provided such units are not already *fully* subsidized, such as through Section 8 or Shelter Plus Care, under which tenants pay only 30% of their adjusted income for rent. Housing units with shallow subsidies or with fixed rents that are considered affordable to households at higher income levels may be appropriate for FSP participants in certain circumstances and can reduce the rent burden on the FSP. They may also be a good opportunity for participants who are able to raise their incomes during their participation in the program to be able to take over the full rent in the future.



Note that Shelter Plus Care may not be used to subsidize housing that is currently receiving federal funding for rental assistance or operating costs under other HUD programs.

About leases

While there is no single lease format that landlords or program must use, legally, there are certain things that a landlord is required to put in writing and either give to the tenant or post in the building, even if the rest of the agreement is oral. This includes the name, phone number and address of the manager, the name, phone number and address of the owner or authorized representative, the name, phone number and address of the person authorized to receive rent, and the form in which rent may be paid.

The following are some of the provisions that are most commonly found in a lease or rental agreement.

Name and address: The lease or rental agreement will start by identifying the names of the landlord and the tenant as well as the address of the property to be rented. It will also state if there is any furniture or appliances included with the rental.

Term: The agreement will say when it starts and when it ends. If it is a fixed-term lease there will be a specific end date to the lease. If the agreement is month-to-month there will only be a start date. Sometimes a fixed-term lease will say that at the end of the fixed term lease the agreement becomes month-to-month. Other times the landlord will ask tenants to sign a new fixed-term lease after the current lease expires.

Rent: The rent amount will be stated as well as the due date and what forms of payment are accepted (for example check, money order, cash, etc.). If there are any penalties for paying late this will be stated as well. It may also state the tenant's liability for rent if they move out before the lease expires.

Utilities: The lease or rental agreement will generally state who (the landlord or tenant) is responsible for paying utilities such as water, gas and electric and trash removal.

Deposit: The amount that the tenant is paying as a security deposit will be stated. It may also describe what is required in order to have the deposit returned to the tenant upon departure (for example it may say that any unpaid rent or charges for damages will be deducted from the deposit)

Other conditions: The lease may describe other conditions such as

- Whether the tenant is allowed to sublet the property to a third party
- An agreement to keep the property in good condition and not to alter it
- Whether pets are allowed or not
- A provision that allows the landlord to enter the unit to make repairs with advance notice, or in an emergency
- An agreement that the landlord will make repairs in a timely manner
- An agreement that the tenant will not make excessive noise, disturb other tenants or engage in illegal activity on the premises
- A statement that the tenant agrees to leave the unit in the same condition that they found it in when they move out
- A prohibition against allowing other people to occupy the unit for more than a temporary period
- A prohibition against changing the locks
- Rules about use of on-site facilities such as laundry machines
- A provision stating that if there is a dispute that goes to court the losing party must pay the attorney's costs for the winning party
- A statement that all notices must be given in writing

- A description of what point the landlord can take back the unit if it appears abandoned

The lease or rental agreement is signed and dated by both the tenant and landlord.

Prohibited lease terms¹

Federal law and regulations prohibit leases from containing any of the following terms. Even if included in a lease, these terms are legally not enforceable.

- Agreement by tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit in connection with the lease.
- Agreement by tenant that owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner must dispose of this personal property in accordance with State law.
- Agreement by tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
- Agreement of the tenant that the owner may institute a lawsuit without notice to tenant.
- Agreement by tenant that the owner may evict tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- Agreement by tenant to waive any right to a trial by jury.
- Agreement by tenant to waive tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- Agreement by tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

¹ From the State of California Housing and Community Development Department HOME Contract Management Manual: <http://www.hcd.ca.gov/fa/home/manual/09/>

Section F. Eligibility, Household Composition and Unit Size Determination

Eligible participants

To be eligible for assistance with FSP housing funds an individual must qualify for and enroll in an FSP approved as part of the County's Community Services and Support Plan. The enrollment requirements vary for each FSP depending on the program target population. For example, the Supportive Housing for Transition Age Youth (STAY) program targets homeless transition-age youth (16-25 years old) with a serious emotional disturbance or serious mental illness as defined by state statutes. STAY housing resources are only available to individuals that meet criteria for and enroll in the STAY services program.

In addition to program-specific eligibility criteria, FSPs with housing budgets share some basic eligibility criteria:

- Adults or Older Adults with serious mental illness as defined in Welfare and Institutions Code Section 5600.3 (b) (1); or, Families with children or adolescents with severe emotional disorders as defined in Welfare and Institutions Code 5600.3 (a) (1).
- Uninsured or Medi-Cal health insurance coverage
- Currently unserved or underserved by the mental health system
- Enrollment approval from an approved BHCS screening entity
- Completion of required enrollment paperwork and data entry
- Participant interest and willingness to participate in the FSP



FSPs must have a policy in place to determine and document the eligibility of enrolled participants. This information must be kept in participant specific files, though it does not have to be in the housing-related file.



For programs that receive a Shelter Plus Care or other HUD subsidy, participants who receive these subsidies must also be eligible for them under HUD and S+C program guidelines. This means meeting the HUD definition of disability and of homelessness, and in most cases, the definition of chronic homelessness.

Disability: The HUD definition of person with a disability is an individual who:

- has a disability as defined in Section 223 of the Social Security Act; OR
- is determined to have a physical, mental, or emotional impairment which is:
 - expected to be of long, continued and indefinite duration; AND
 - substantially impedes his or her ability to live independently; AND
 - is of such a nature that such ability could be improved by more suitable housing conditions; OR

- has a developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Homelessness: The HUD definition of "homeless" or "homeless individual or homeless person" includes

- (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and
- (2) an individual who has a primary nighttime residence that is:
 - (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
 - (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

A "**chronically homeless**" person is defined by HUD as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years.



The Technical Assistance Collaborative has developed a guidance document and tool to assist agencies in appropriately documenting "chronic homelessness" under HUD regulations. <http://www.tacinc.org/Docs/HH/HUDChronicHomelessness.pdf>

In Alameda County, data on all participants in SHP and Shelter Plus Care programs must be entered into the InHOUSE homeless management information system (HMIS). Agencies that already participate in the InHOUSE system will be expected to enter this information in directly. Agencies that do not participate in InHOUSE will need to work with Alameda County Housing and Community Development to establish how HMIS data will be collected and entered.

Eligible household

MHSA housing funds may be used to assist an individual or the members of an eligible household.



FSPs must define an eligible household in a consistent manner that concretely connects other members of the household to the qualifying individual who meets enrollment criteria for the FSP and has been enrolled. For a child with a serious emotional disturbance the household will necessarily include their parent(s) or guardian and any siblings under the age of 18.



In HUD programs such as Shelter Plus Care and SHP, two or more persons whose income and resources are available to meet the household's regular living expenses, and who are related by blood, marriage, adoption, or operation of law, are

considered a household. When a household of more than one is enrolled in a subsidy program, income and subsidy calculations must be based on the total income of the household. A roommate relationship in which a participant and another person share an apartment but do not share expenses and where responsibility for the rent is divided between the tenants does not constitute a household, and the roommate is not eligible to be subsidized for their portion of the rent.

Most of the Shelter Plus Care funding attached to Alameda County FSPs is specifically for chronically homeless persons. Part of the definition of chronic homelessness is that the person is an “unaccompanied individual.” See above for the definition of chronic homelessness. This means that at the time they begin to receive S+C assistance they cannot be part of a household. However, once they are enrolled in the program they may form a household as defined above, and the household will be eligible to receive a housing subsidy. If the eligible member of the household leaves the program, however, the remainder of the household is no longer eligible for subsidy. If the eligible member of the household dies, the right to rental assistance terminates at the end of the grant period under which the deceased member was a participant.

 FSPs should adopt a policy that clearly defines the members of a household and the method by which eligible household members may be added or removed. The HUD definition of a household is a well establish operational definition that distinguishes between a household and a roommate situation. It is a good practice to make the addition of household members a formal process which requires the participant and the new member(s) to present specific information about persons joining the household, minimally including identification, relationship to the participant, and income verification. The documentation should be reviewed and the participant provided with a formal notice that specific persons have or have not been approved for addition to the eligible household, with an explanation if there is a denial. Having no formal policy, or a policy and practice that makes adding household members very easy, may result in participants claiming others to be members of their household in order to simply share subsidy benefits with them, resulting in a higher cost to the program. However, being too restrictive in permitting changes to households may be contrary to the goals of encouraging wellness and recovery for participants and could also result in charges of discrimination.

 The Berkeley Shelter Plus Care program uses the following guidelines for adding persons to a Shelter Plus Care household

For additions to the household other than the birth or legal adoption of a child:

- The participant must be in good standing in the program
- The person to be added to the household must be related by blood, marriage, or operation of law
- Anyone to be added to the household who is age 18 or older must have a stable income, or be a fulltime student, or be participating in services related to a disability

- The participant’s provider must determine whether the addition to the household is recommended, and if so, the provider must be available to provide appropriate services to the entire household
- The property owner must give written consent to add the person to the lease

Alameda County Shelter Plus Care extends the definition of a household to also include persons who give evidence of a stable relationship, for example by showing past shared residency or pooled income sources, which has existed for a period of at least six months.

Unit size

Making sure people are given the opportunity to live in an appropriately sized unit is important for the FSP and for the participants. The law regarding occupancy limits is intended to prevent the unhealthy and dangerous results of overcrowding, while protecting tenants from unlawful discrimination based on household size or composition. The Uniform Housing Code establishes a minimum square footage per occupant in rooms “designed or intended to be used as bedrooms.” In practice, however, unit size is generally used to refer to the number of bedrooms included, as opposed to the square footage.

FSPs have some competing motivations in establishing unit sizes. Participants will generally prefer a larger unit and to be allowed one bedroom per person. Providing participants with sufficient space and comfortable living conditions is part of supporting recovery. On the other hand, larger size units are more expensive and providing a larger unit will reduce the resources available to the program.



FSPs must have a policy in place for how they determine the unit size that is permitted for participants. This should include applying a consistent standard, but allow for some flexibility to meet extraordinary needs, such as a live-in aide or a need for a bedroom to accommodate medical equipment. (See Section K for a discussion of reasonable accommodations). A program should not prohibit any participant from renting a larger unit that rents for the same amount as the maximum rent permitted for a unit with fewer bedrooms. (See Section G for a discussion of setting maximum rents).



HUD states in its Supportive Housing Desk Guide that “absent special circumstances, it is the Department’s position that a maximum of two persons in a bedroom is a reasonable occupancy standard. Bedroom size, unit size, age of children, and other circumstances might affect the reasonableness of a two person per bedroom occupancy rule.”



In the Berkeley Shelter Plus Care program the two people per bedroom standard is generally used, with the following variations.

- Two adults who are not part of a couple, or a single adult with one child, will be issued a certificate for a two-bedroom unit.

- Two adults who are a couple will be issued a certificate for a one-bedroom unit.
- Children of the same gender or children under the age of three regardless of gender will be expected to share a bedroom.

To prevent overcrowding of units, or under-utilization of units, the following guidelines shall determine the minimum and maximum number of occupancy per unit size:

| Number of bedrooms | Minimum family size | Maximum family size |
|--------------------|---------------------|---------------------|
| 0 | 1 | 1 |
| 1 | 1 | 2 |
| 2 | 2 | 4 |
| 3 | 3 | 6 |
| 4 | 4 | 8 |

Larger units for live-in aides

Legally, a person with a disability must be allowed to live with an aide. FSP participants may qualify for a live-in aide if such a person is determined to be essential for the care and well-being of the participant. A live-in aide is not counted as part of the person's household, but would entitle the participant to a larger unit. See Section K for a discussion of reasonable accommodation practices to permit larger units in these cases.

Section G. Maximum Rents and Rent Reasonableness

To manage the housing subsidy funds, FSPs need to be able to determine if the rents they and participants pay are set at an appropriate level; not too low so that very few acceptable housing options are available to participants, but not higher than needed to secure decent, safe and comfortable housing. This means knowing something about the rental market and about the program's housing budget.



The FSP must have a policy to determine what the maximum rents it will pay are and a method for determining whether any particular rent it is paying is “reasonable.” This method must take into consideration what other similar units are renting for in the market place.



HUD programs that involve leasing generally use either one or two standards for establishing allowable rents, “Reasonable Rent” and payment standards based on the Fair Market Rents.

Reasonable rent

The Shelter Plus Care (S+C) Program requires only the standard of “rent reasonableness.” To determine rent reasonableness a program must consider if the rent is:

- reasonable in relation to rents being charged for comparable unassisted units with similar features and amenities; **and**
- not more than rents currently being charged by the same owner for comparable unassisted units.

If the S+C program determines that the rent requested is reasonable on these two bases it may accept the rent.

In determining whether a rent is reasonable, the program must compare the unit that is proposed to be subsidized to other units on the market, taking into consideration factors that affect comparability such as:

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made.
- Amenities, services, and utilities included in the rent



HUD provides a basic form that programs can use to make a rent reasonableness determination through comparison with three other units on the market. The form is included in this section and can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc>

Fair Market Rents

In addition to requiring that rents be reasonable on a case-by-case basis, many HUD programs, including the Supportive Housing Program, also apply a maximum allowed rent known as the Fair Market Rent (FMR.) In practice many Shelter Plus Care programs also use the Fair Market Rents as a standard since this is the basis on which the programs are awarded funding and it serves as a practical maximum.

FMRs are based on a combination of survey data, trending and adjustments to estimate rents at the 40th percentile in a given geographic area. This means that roughly 40% of units on the market in that area should rent for at or below the FMR. FMRs are published annually in the Federal Register, and are also occasionally adjusted during the year, or for a sub-portion of a large geographic region, to reflect differences in the market.

For 2009 the FMR's in effect in Alameda County are:

| Final FY 2009 FMRs By Unit Bedrooms | | | | | |
|-------------------------------------|------------|-------------|-------------|---------------|--------------|
| | Efficiency | One-Bedroom | Two-Bedroom | Three-Bedroom | Four-Bedroom |
| Final FY 2009 FMR | \$905 | \$1,093 | \$1,295 | \$1,756 | \$2,174 |

Housing Authorities have some flexibility in applying the Fair Market Rents and may set a payment standard that is between 90% and 110% of FMR.



FMRs are available on HUD's web site, at <http://www.huduser.org/datasets/fmr.html>. The published FMRs are gross rent estimates, and include the rent for the unit and the cost to the tenant of necessary utilities (except telephone).



For FSPs that have received Shelter Plus Care funds it is recommended that the HUD method of determining rent reasonableness be used before entering into a subsidy or lease agreement for both S+C and MHSA units. Applying the same standard will ensure that participants are treated similarly irrespective of their source of subsidy and will provide a method for ensuring that MHSA funds are being prudently spent. This documentation should be kept in the housing file. If a given rent does not meet rent reasonableness but the FSP has other reasons for choosing to subsidize the unit this should be explained and documented. Programs with an SHP grant will need to also apply Fair Market Rents and other FSPs may wish to use the FMRs as a rental maximum as a way to control costs and a double check on reasonableness. However, the FMRs should not be the only basis for determining if a rent is allowed. Some type of market-based reasonableness determination should also be used. If a program chooses to use a method other than the one prescribed by HUD it must document that method.

RENT REASONABLENESS CHECKLIST AND CERTIFICATION

| | Proposed Unit | UNIT #1 | UNIT #2 | UNIT #3 |
|----------------------------------|----------------------|----------------|----------------|----------------|
| ADDRESS | | | | |
| NUMBER OF BEDROOMS | | | | |
| SQUARE FEET | | | | |
| TYPE OF UNIT/CONSTRUCTION | | | | |
| HOUSING CONDITION | | | | |
| LOCATION/ACCESSIBILITY | | | | |
| AMENITIES | | | | |
| UNIT: | | | | |
| SITE: | | | | |
| NEIGHBORHOOD: | | | | |
| AGE IN YEARS | | | | |
| UTILITIES (TYPE) | | | | |
| UNIT RENT | | | | |
| UTILITY ALLOWANCE | | | | |
| GROSS RENT | | | | |
| HANDICAP ACCESSIBLE? | | | | |

CERTIFICATION:

A. COMPLIANCE WITH PAYMENT STANDARD

PROPOSED CONTRACT RENT+ UTILITY ALLOWANCE= PROPOSED GROSS RENT

APPROVED RENT DOES NOT EXCEED APPLICABLE PAYMENT STANDARD OF

\$_____.

B. RENT REASONABLENESS

Based upon a comparison with rents for comparable units, I have determined that the proposed rent for the unit [] is [] is not reasonable.

Comments:

| | | |
|--------------|-------------------|--------------|
| NAME: | SIGNATURE: | DATE: |
|--------------|-------------------|--------------|

[http://www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonabl
echecklist.doc](http://www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonabl
echecklist.doc)

Section H. Participant Rent Guidelines, Income Verification and Rent Determination

Establishing a participant rent guideline

Under the MHSA Community Services and Support guidelines, an FSP participant may pay between 30% and 50% of their income for rent. In the Alameda County housing market, this means the FSP will generally need to provide a subsidy either using MHSA funds, through another source of housing subsidy it controls such as Shelter Plus Care, or by helping the participant to gain access to other affordable housing. An important goal of every FSP should be to work with participants to obtain other housing subsidies and/or to increase incomes in order to decrease their need for ongoing services and housing supports and ultimately to exit public mental health services.



In order to determine the amount the FSP will need to subsidize the participants' housing, the FSP must have a policy for what percentage of the participant's income he/she will pay for rent, and a method for defining what is included and excluded from the participant's household income, and from the rent payment.



Under the HUD Shelter Plus Care participants may only pay, and must pay, 30% of their adjusted gross income as the tenant portion of rent.¹ Under the SHP program they may pay *up to* 30% of their income. Housing expenditures that exceed 30% of household income have historically been viewed as an indicator of a housing affordability problem, and household with costs higher than this are said to be cost burdened.



Under the State of California MHSA Housing Program regulations for projects receiving capitalized operating subsidies stipulate that tenants must pay 30% of the current SSI/SSP grant amount for a single individual living independently for a studio unit/one bedroom unit, or 30% of total household income, whichever is higher.



To ensure that FSP participants are treated fairly and similarly within a single program, and are not unduly cost burdened, the following practice is recommended.

1. In FSPs with a dedicated allocation of Shelter Plus Care or Supportive Housing Program funds, participants pay 30% of their adjusted income, less the applicable utility allowance, using the HUD income determination and rent calculation methodology.
2. In FSPs without a dedicated allocation of Shelter Plus Care, participants pay an established percentage of their income, recommended not to exceed 40% and adjusted as determined by the FSP provider.

¹ HUD actually has three methods for determining possible tenant rent and requires that programs utilize the one that results in the tenant paying the highest rent. The other two are 10% of gross income or the payment amount received for housing through a welfare program. Practically in Alameda County, however, these other two standards are never used.

The participant rent guideline should be described in the participation agreement and other associated documents.

Income limits

Enrollment in an FSP is limited to persons with incomes at or below 200% of the poverty line.



For Shelter Plus Care, participants must be very low-income, meaning they may not have incomes higher than 50% of the area median income. Practically speaking this is not an issue, as persons who are homeless almost always have incomes that are well below the very low-income standard. The SHP program does not have an income limit.

Income verification

To establish the rent the participant will pay requires determining individual or household income. Determining income can be challenging. Payment from work or government benefits are clearly included, but do occasional gifts or inheritances count? What about stipends paid by the program to the participant? or the income of children under 18?



FSPs must have a policy for verifying participant income, including what is counted as income and what is considered adequate documentation of income.



HUD has a very detailed method for determining what is counted as income and also provides several allowances for deductions from income, such as disability, child care and medical cost deductions. HUD also dictates what may be excluded from income and provides an opportunity to exclude certain stipends or earned income for persons with disabilities. Third-party documentation of all income is required, and generally must be current within the past 60 days.

Below is a document which contains information on calculating resident rents in the SHP program that describes what is included and excluded as income. It also describes how programs should apply an earned income disallowance for persons with disabilities.

 Programs that include Shelter Plus Care or Supportive Housing Funds must use a method consistent with HUD requirements for determining income for persons receiving those subsidies, and should consider using the same income determination and rent calculation formats for all participants to ensure that some participants do not pay more of their income for housing than others. If a program elects not to use the HUD methodology for all participants, it will need to document its method for determining income.

Utility Allowances



A utility allowance is used by HUD to protect against tenants of properties in which utilities are not included paying significantly more of their income for housing than those who secure units where some or all utilities are included. Under the Section 8/Housing Choice Voucher program HUD gives latitude to Public Housing Authorities to establish utility allowances but expects them to reflect “reasonable” utility costs and to take into account differences associated with energy source types (i.e. gas versus electric heat or cooking facilities) and other variables.

👍 Programs that have S+C or SHP funds should apply the utility allowances established by the Public Housing Authority with jurisdiction over the city in which the unit is located. It is recommended that this allowance be applied to both MHSA and HUD subsidized households to ensure fairness across the program. Programs that apply utility allowances should not use flex funds for assisting participants with utility costs unless extraordinary circumstances apply and are well documented. Programs without a HUD subsidy component may elect not to apply utility allowances.

Below are the phone numbers and websites for Public Housing Authorities in Alameda County. The Housing Authority of the County of Alameda covers the following jurisdictions: Albany, Dublin, Emeryville, Fremont, Hayward, Newark, Pleasanton, San Leandro, Union City, Ashland (unincorporated Hayward), Castro Valley, Cherryland (unincorporated Hayward), Livermore Valley (unincorporated Livermore), San Lorenzo, Sunol, and all other unincorporated areas of the county. The other housing authorities listed below cover their particular city.

| | | |
|--|----------------|--|
| Housing Authority of the County of Alameda | (510) 538-8876 | www.haca.net |
| City of Alameda Housing Authority | (510) 747-4300 | www.alamedahsg.org |
| Berkeley Housing Authority | (510) 981-5470 | www.ci.berkeley.ca.us/BHA/ |
| Dublin Housing Authority | (925) 833-6650 | www.ci.dublin.ca.us/DepartmentSubLevel2.cfm?PL=gov&SL=brd&dsplyID=406 |
| Livermore Housing Authority | (925) 447-3600 | www.livermorehousingauthority.com |
| Oakland Housing Authority | (510) 874-1500 | www.oakha.org |

Calculating participant rent and program subsidy

Calculating the participant's share of rent and thus the amount of the program subsidy requires applying all of the information described above. For a master lease program, the FSP will pay the gross rent and will charge the participant for their portion. In a rental subsidy model, the FSP subtracts the participant's rent from the gross rent to determine the subsidy portion.

In practice all of these calculations can be made and documented on one form. The form will:

- document the amounts and sources of all participant income
- reflect any deductions/allowances
- subtract allowances from gross income to establish the adjusted gross income of the participant
- apply the percentage of income required for rent to calculate the maximum participant contribution
- deduct any applicable utility allowance and establish the adjusted participant rent

For a rental subsidy program, the format may also include a place for the total rent on the participant's unit and a place to subtract the participant portion from the total rent to establish the program subsidy.

These calculations may be done electronically through a spreadsheet, database or other calculation form, or on paper forms.



FSPs must have a method to calculate participant rent and program subsidy that is consistent and repeatable by a third party based on the information provided by the program and the participant. A simple worksheet (electronic or paper) which shows the steps in the calculation should be adapted or developed.



This section contains a form used to calculate Shelter Plus Care rents and a list of income that is included and excluded by HUD. An electronic spreadsheet that performs the calculations using the HUD methodology is available through the ACBHCS Housing Services Office.



Programs that have S+C or SHP funds must use a format (paper or electronic) to calculate participant rent that includes all of the required HUD steps. It is recommended that these programs utilize the same format for MHSA and HUD funded subsidies. Programs without HUD funds may use another format.

Shelter Plus Care Tenant Rent Calculation Worksheet

| | | | |
|-----|----|---|--------------------------------|
| (1) | | | Annual Income from all sources |
| (2) | | | Income Exclusions |
| (3) | \$ | - | Annual Income |

Calculating Adjusted Income Dependent Allowance

| | | | |
|-----|----|---|--------------------------|
| (4) | | | Number of Dependents |
| (5) | \$ | - | Multiply Line 4 by \$480 |

Child Care Allowance

| | | | |
|-----|--|--|--|
| (6) | | | Anticipated Unreimbursed Expenses for Care of Children |
|-----|--|--|--|

Disabled Assistance Allowance

| | | | |
|------|----|---|---|
| (7) | | | Disabled Assistance Expenses |
| (8) | \$ | - | Multiply Line 3 by 0.03 |
| (9) | \$ | - | Subtract Line 8 from Line 7 |
| (10) | | | Family Member Earnings which were dependent on the disabled assistance expenses |
| (11) | \$ | - | Lesser of Lines 9 or 10 |

Medical Expenses/Elderly Family Allowances

| | | | |
|------|----|---|--|
| (12) | | | List Total for Medical Expenses |
| (13) | \$ | - | If Line 9>0, enter amount from Line 12, otherwise add Line 7 and 12 and subtract Line 8. |
| (14) | | | Elderly/Disabled Allowance (Enter \$400 for ALL S+C Participants) |

Adjusted Income

| | | | |
|------|----|---|---|
| (15) | \$ | - | Total Income Adjustments (Add Lines 5, 6, 11, 13, and 14) |
| (16) | \$ | - | Adjusted Income (Subtract Line 15 from Line 3) |

Resident Rent Determination

| | | | |
|------|----|---|--|
| (17) | \$ | - | 30% of Monthly Adjusted Income (Divide Line 16 by 12 and multiply by 0.3) |
| (18) | \$ | - | 10% of Monthly Income (Divide Line 3 by 12 and multiply by 0.1) |
| (19) | | | Portion of welfare payment designated by the agency to meet the family's housing cost, if applicable. |
| (20) | \$ | - | Enter the Largest of Lines 17, 18 or 19. This is the Maximum amount per month that may be charged for resident rent. |

Determining Resident Rent for Units where Utilities are not included in Rent

| | | | |
|------|----|---|--|
| (21) | | | Utility Allowance |
| (22) | \$ | - | Resident Rent (Subtract Line 21 from Line 20) |
| (23) | \$ | - | Utility Reimbursement (if Line 22<0, this amount must be sent to a utility provider of the tenant's choice (not paid directly to the tenant)). |

Annual income includes:

- (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 full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including lump sum payment for delayed start of a periodic payment;
- (3) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- (4) Welfare assistance. Welfare or other payments to families or individuals, based on need, that are made under program funded, separately or jointly, by Federal, State or local governments (e.g, Social Security Income (SSI) and general assistance available through state welfare programs);
- (5) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- (6) Net income from the operation of a business or profession;
- (7) Interest, dividends, and other net income of any kind from real and personal property;
- (8) All regular pay, special pay and allowances of a member of the Armed Forces, except special hostile fire pay.

Income That Must Be Excluded

Annual income does not include:

- (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 individuals 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;
- (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 Sec. 813.102;
- (6) The full amount of student assistance paid directly to the student or to the educational institution;
- (7) Amounts received under training programs funded by HUD;
- (8) Amounts received by a disabled person that are disregarded for a limited time for purposes of SSI income eligibility and benefits because they are set aside for use under a Plan for Achieving Self-Support (PASS); or
- (9) 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;
- (10) 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 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 and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;
- (11) Compensation from state or local employment training programs 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 a limited period as determined in advance;
- (12) Temporary, non-recurring or sporadic income (including gifts);

- (13) For all initial determinations and reexaminations of income carried out on or after April 23, 1993, 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;
- (14) Earnings in excess of \$480 for each full time student 18 years old or older (excluding the head of household and spouse);
- (15) Adoption assistance payments in excess of \$480 per adopted child;
- (16) Deferred periodic payments of SSI income and social security benefits;
- (17) 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;
- (18) Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
- (19) 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 included assistance under the U.S. Housing Act of 1937:
 - (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));
 - (b) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C.5044, 5058);
 - (c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626);
 - (d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
 - (e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
 - (f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b));
 - (g) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Public Law 94-540, 90 Statute 2503-2504);
 - (h) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
 - (i) 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 that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of a student at an educational institution (20 U.S.C.1087uu);
 - (j) Payments received from programs funded under Title V of the Older Americans Act of 1965 (U.S.C. 3056(f));
 - (k) Payments received 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.); and
 - (l) Payments received under Maine Indian Claims Settlement Act of 1980 (Pub.L. 96-420, 94 Statute 1785);
 - (m) Earned income tax credit refund payments received from the Internal Revenue Service on or after January 1, 1991. Payments may be received in a resident's regular pay or as a single sum payment;
 - (n) Payments received as AmeriCorps Living Allowances (29 U.S.C. Sec.1552);
 - (o) Payments received under WIC-Supplemental Food Program for Women, Infants, and Children;
 - (p) Payments received under the National School Lunch Program (42 U.S.C. 175-176);
 - (q) Payments received under the Child Nutrition Act (42 U.S.C. 1771-1778);
 - (r) Payments received under the Child Care Block Grant Act of 1990.

Section I: Security Deposits and Damage Claims

It is standard practice for landlords to require that tenants provide a security deposit when leasing a unit. The security deposit ensures the landlord against at least some potential losses if the tenant damages the unit beyond “ordinary wear and tear” and may also provide for some rent recuperation if the tenant leaves without paying rent. State law governs how large the deposit can be, how the landlord may apply it, and by when he/she must return it. Some basic information about security deposits include:

- The maximum security deposit is two times the rent for an unfurnished unit and three times the rent for a furnished unit. (A landlord may also require one-half of a month’s rent if a tenant has a waterbed.)
- A landlord may raise the deposit amount when the rent goes up. This is not automatic and he/she must provide a 30 day notice to collect the increase.
- A landlord may use deposit money to:
 - Cover defaults in payment of rent
 - Repair damage to the premises cause by the tenant (other than normal wear and tear)
 - Clear the premises after the tenant leaves “to the same level of cleanliness it as in at the inception of tenancy”
- A landlord may require the tenant to replenish the security deposit if damage is caused during tenancy and security deposit funds are applied to the damage.
- Within three weeks of when the tenant moves out the landlord must return the deposit or give the tenant an itemized statement in writing saying why the landlord is retaining all or part of the deposit.
- In Berkeley and Hayward, landlords must make periodic payments of interest on security deposits to tenants.

FSP housing funds may be used to pay a security deposit equivalent to one month of the unit rent, or up to the equivalent of two month’s rent if requested by the landlord. FSPs may be able to negotiate with the landlord reduced deposit amounts if the deposit is intended to cover last month’s rent. In the event that a participant vacates the unit without a proper 30-day written notice, the FSP can guarantee to the owner that the rental subsidy will be provided for at least 30 days from the date the participant vacated the unit. Landlords may be willing to accept this guarantee in lieu of requiring the equivalent of an additional month’s rent as part of the deposit amount.

Participant contribution to security deposits

Participants in the MHSA Full Service Partnerships are eligible to receive financial assistance to help cover the cost of the security deposit. In general, participants should receive this assistance only once during their participation in the program. Ensuring the unit is maintained is part of the participant’s responsibility under the lease. An FSP may decide on a case by case basis to provide a second security deposit, but the reasons

for this should be documented including what efforts (such as creation of a repayment plan or enrollment by the participant in a representative payee program) have been made to ensure that funds are used prudently.



FSPs must establish policies for covering security deposits, including how frequently participants may receive assistance to cover them and what portion of the security deposit the participant is responsible for.

In some programs, participants may be expected to pay the entire security deposit, and the FSP may “lend” the deposit to the participant. As the participant pays it back to the program over time, they become eligible to receive the entire amount of deposit back from the landlord at the end of their tenancy. In other programs, the participant may pay the equivalent of the participant rent amount (30% of adjusted income) for deposit, and the program may cover the difference.

If the FSP runs a rental subsidy program in which the participant pays their portion of rent directly to the landlord then the tenant will also pay their portion of the security deposit to the landlord. The Housing Assistance Payment agreement or other agreement between the FSP and the landlord should state that the landlord agrees to charge the tenant portion of the deposit first and then the program portion. The landlord will be responsible to follow the law regarding returning the deposit in a timely fashion and accounting for its use.

If the FSP is master leasing and subleasing to participants then the FSP will have to provide the entire deposit to the landlord. The FSP will also probably wish to take a deposit from the participant, at an amount that the program determines, and will be responsible for following the rules that govern security deposits including conducting a move out inspection, accounting for the use of any of the deposit, returning any remaining deposit to the tenant within 21 days of their departure, and providing interest on deposits in the Cities of Berkeley and Hayward.



The Shelter Plus Care program may pay a security deposit of up to one month’s rent only. If funds are billed for security deposit and later recaptured by the program from the landlord the amount returned must be “returned” to the Shelter Plus Care program (usually by deducting the amount from the next billing. See Section M on fund tracking.)

Damage claims

In the typical rental situation there is not a separate provision for damage claims, though a landlord could decide to take action against a tenant if they caused significant damage beyond what the security deposit will cover. Some subsidy programs, however, do cover damage claims. Damage claims may be used instead of a security deposit or in addition to a security deposit. When used in lieu of a deposit, the damage claim process allows the landlord to bill the program for costs, much the way the accounting

for the security deposit documents the charges. Damage claims typically have a maximum that is similar to the amount covered with a security deposit.



If an FSP elects to offer to cover damage claims *in addition* to providing security deposits it will need to have strong policies and practices for ensuring that all claims are legitimate and reasonable in cost, and that FSP participants are held responsible for damages including establishing payment plans to repay the FSP for the damages. FSPs should be very careful about incurring regular or excessive damage claim costs. Excessive funds paid out to landlords for damages may be seen as a imprudent use of MHSA funds. Programs that are master leasing should also understand what costs may be covered by insurance and have a policy about how insurance funds are used.



The Shelter Plus Care program allows programs to cover damage claims up to one month's rent. In Alameda County the Shelter Plus Care program uses a damage claim approach rather than a security deposit to simplify accounting.

Move out inspections and handling repairs

As described under Section J: Housing Quality, FSPs should conduct inspections of units before move in and on a periodic basis thereafter. The condition of the unit should be documented at the time of move in to ensure it meets minimum standards and to ensure that landlords may not later claim that conditions present in the unit at the time of entry were caused by the tenant.

When it is known that a participant is going to move out, the FSP should inspect the unit and work with the participant to ensure cleaning and repairs of any damage created by the tenant. If a tenant is not being evicted, the program and the participant have a right to request a pre move-out inspection of the unit by the landlord. The landlord must provide an itemized statement of intended deductions. Provided the work to remedy them does not constitute an alteration of the unit, the program and participant may undertake to do the work and reduce the charges. Even major repairs may be undertaken with the landlord's permission. Many FSPs will prefer to offer to handle the repairs in order to preserve relations with the landlord. As stated above under damage claims, programs will need to be vigilant about frequent or significant repair costs becoming a regular cost to MHSA housing. However, preserving good relationships with landlords is an important aspect of the program to be successful in housing MHSA clients.

Section J. Housing Quality and Maintenance

It is important for FSPs to ensure that the housing units that participants live in meet a basic standard of safety and comfort. Through master leasing units or paying a portion of the tenant's rent the FSP may be seen as vouching for the suitability and quality of the unit. The use of public funds to subsidize a unit that does not meet a basic standard could be seen as irresponsible or imprudent.

The MHSA does not establish a specific standard for rental housing or a frequency for inspection.



FSPs must adopt a policy for ensuring that units meet a basic quality standard, and that the condition of all units subsidized by FSPs is verified and documented periodically using a consistent process and procedure.



HUD has a required standard for leased units under its subsidy programs known as Housing Quality Standards, or HQS. This standard applies to HUD Shelter Plus Care, Supportive Housing Program, Section 8 and other HUD-subsidized housing.

Housing units leased using HUD funds must meet HQS at initial occupancy and continue to meet it throughout the tenant's residency. To ensure that this is the case, HUD requires that units be inspected by a trained inspector prior to entering into a lease or subsidy agreement, and on at least an annual basis thereafter. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and security
- Thermal environment
- Illumination and electricity
- Structure and materials
- Interior air quality
- Water supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke detectors

Units that don't meet the HQS standard may not be leased. In general, the owner is responsible for making the repairs or otherwise bringing the unit into compliance (though an FSP may find if the violations are minor and easily correctible that it chooses to correct the problems).



FSPs must adopt a housing quality standard and inspection process for housing receiving FSP subsidies and must adopt a written policy that reflects the practice. If the agency is receiving Shelter Plus Care funds or other HUD subsidies then some of the units in the program will need to meet the federal HQS. Adopting a different standard for other units could be problematic if some participants are permitted to lease units that fail to meet a well-established floor of what is considered safe and decent and to which other units in the program are restricted. Therefore it is recommended that such programs use HQS for all of the units, whether rented with HUD or MHSA funds. Programs without HUD subsidies may also wish to use HQS as a basic standard.



The HQS form required by HUD for the Section 8 voucher program can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/52580-a.pdf>

A copy of the HUD HQS checklist can be found at

<http://www.hud.gov/offices/cpd/affordablehousing/library/forms/hqschecklist.pdf>

If an FSP chooses not to use HQS, the FSP should develop or adopt another inspection tool. The inspection tool should be based on ensuring that the unit meets State laws defining habitability. Nolo Press provides a summary of the requirements of the State Housing Law and a Checklist for the General Condition of Rental Unit and Premises, in its guide “California Tenant’s Rights.”

HQS certification or subcontracting

To conduct HQS inspections, HUD requires that inspectors be certified. A certification course typically runs three days and costs \$800. An alternative to becoming certified is to contract the inspection work to a certified inspector. Some businesses in Alameda County offer this service. For more information, contact the ACBHCS Housing Services Office.

Documenting the condition of the unit at move-in

Using the HQS form or another inspection form is a good way to document the condition of the unit. The return of the security deposit is dependent on whether the unit has been maintained in good condition. Thus, FSPs should be sure that in addition to ensuring that the unit meets HQS or another quality standard it has adopted, that any defects or unusual conditions are noted at move in. A summary inspection report that describes any existing conditions which is also provided to the landlord may serve as a record of the condition at move-in. Taking photographs is also a good idea. (See Section I regarding security deposits for more information on this topic.)

Responsibility for maintenance and repairs

Depending on whether the unit is master leased or part of a rental subsidy program the responsibility for maintenance and repairs may be different for different FSPs and even from site to site. Typically, the leasee (whether the FSP or the participant) is responsible for:

- Arranging for the start-up and installation of tenant-paid utilities not in service
- Provision and maintenance of household-supplied appliances
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. “Normal wear and tear” is defined as items which would not be charged against the participant’s security deposit under state law or court practice.

All other maintenance and repairs, both routine and extraordinary, are the legal responsibility of the owner. If the FSP has agreed to be responsible for some of the maintenance or repair functions normally undertaken by the owner, this should be clearly documented in the master lease. It should also be stated that any responsibility not specifically assumed by the FSP remains with the owner.

Any problems that arise with a unit after move-in should be documented, including with a photograph if possible, and a maintenance request submitted immediately. Landlords will generally have their own process for reporting problems and scheduling maintenance. FSPs that are master leasing will make the requests to the landlord or, if they have assumed responsibility for the work, will create their own work order form. FSPs that master lease should have a process for documenting requests from the participant (as the subtenant) and track and document all repairs made, whether they made by the FSP or by the landlord. In a rental subsidy program, the FSP may assist the participant to submit maintenance or repair requests. Again, the FSP should keep copies of the documentation and help the participant to follow-up to ensure that repairs are made fully and in a timely manner.

Section K: Fair Housing and Reasonable Accommodation

FSPs provide housing to their participants, directly and indirectly, and may be seen by the law as a “housing provider.” They must be sure to follow the laws that establish the obligations of housing providers as they relate to the access and provision of housing. As FSPs serve a disabled population, they must be particularly aware of the laws that entitle persons with disabilities to accommodation to guarantee their access to and enjoyment of housing.

Fair housing

Housing providers are prohibited by law from engaging in practices that are discriminatory against members of protected classes. Federal fair housing laws protect many protected classes from discrimination in housing and in California these laws are extended to include additional groups. The California Fair Employment & Housing Act (FEHA) prohibits discrimination in housing based on a person's race, religion, national origin, color, sex, marital status, ancestry, family status, disability, sexual orientation, and source of income.

Fair housing laws prohibit housing providers from discriminating in how they select tenants and how they treat them once they are housed. The prohibitions include: ¹

- It is illegal for a housing provider to refuse to rent to someone because they have a disability or for any other prohibited reason such as race, family status, religion, etc.
- It is illegal for a housing provider to offer a tenant inferior facilities or offer inferior terms in a lease due to the tenant's disability or any of the other protected classes.
- It is illegal for a housing provider to segregate certain people in certain areas of the building. For example a housing provider cannot put all of the people with a disability in one area.
- A housing provider cannot treat someone differently while they are a tenant because of their disability or other protected status.
- A housing provider cannot terminate someone's tenancy based on their disability or because they are a member of a protected class.

An FSP will need to be sure that it is not discriminating in how it makes rental subsidies or master leased units available to its participants. For example, if an FSP decides not to offer a participant a rental subsidy because it believes that the person's mental illness could preclude them from successfully living independently, this could constitute a fair housing violation. Issues of discrimination can arise in how an FSP directs a participant towards particular housing as well. For example if an FSP decides that because a participant is in a wheelchair the FSP will only refer the client to housing within one

¹ Adapted from Legal Services of Northern California, *Fair Housing in California: Families with Children*, 2004

block of a bus stop and the client has not requested this restriction, this may be a fair housing violation.

While FSPs may not think they are discriminating, certain practices that are intended to assist the participant may have a discriminatory impact and be challenged as a violation of fair housing. For example, an FSP must be careful not to “steer” its participants to or away from certain housing sites because they believe that a person will do better elsewhere due to their mental illness or drug addiction. This does not mean that an FSP may not work with a participant to identify housing options that are most suitable to the participant’s needs, but FSPs that rent units in the community or have links to multiple housing sites must offer choices to their participants and allow participants to determine for themselves the type and location of housing they prefer.

 FSPs are strongly encouraged to become familiar with fair housing law and to engage legal counsel that can assist the FSP to ensure that its policies and practices are consistent with fair housing.

 Additional information about fair housing may be found at National Fair Housing Advocates Online <http://ndfhc.fairhousing.com/>. Information about laws in California can be found at http://www.lsnr.net/housing/fh_manual/fh_manual_chap_03_2004.pdf

Reasonable Accommodation²

Persons with disabilities are legally entitled to reasonable accommodations in order to have the full use and enjoyment of housing, including the housing opportunities made available by an FSP. The term reasonable accommodation refers to modifications or measures taken to make a program or facility serving the public accessible and usable by persons with disabilities. An individual with a disability is defined by law as a person who:

- Has a physical or mental impairment that substantially limits one or more major life activities;
- Has a record of such an impairment; or
- Is regarded as having such impairment.

The legal obligation to provide reasonable accommodations stem from the Fair Housing Act, the Americans with Disabilities Act (ADA), and Section 504 of the Rehabilitation Act of 1973. The fair housing act creates an affirmative duty for housing providers to accommodate persons with disabilities. “Failure to accommodate” is a separate and distinct charge under the Fair Housing Act. Section 504 applies only to housing developments that receive federal funds. Section 504 includes an implicit reasonable accommodation requirement which generally has a broader scope than the Fair Housing Act provisions, requiring that a provider that receives federal funds pay the cost of the accommodation as long as it does not create an undue financial burden.

² Much of the information in this section is taken from the Corporation for Supportive Housing website www.csh.org

Under the ADA, public entities are required to “make reasonable modifications in policies, practices, or procedures when the modifications are necessary to avoid discrimination on the basis of disability.” If non-federal public funds (including MHSA funds) are received, the assisting public agency’s obligations under Title II of the ADA impose reasonable modification requirements similar to Section 504. Such programs and facilities are required to make reasonable accommodations under the ADA unless they can demonstrate “that making the modifications would fundamentally alter the nature of the program, service, or activity.” (28 CFR Part 35 § 35.130(7))

What is reasonable?

In order to deny a request, a housing provider or landlord must demonstrate that the accommodation would pose an undue financial or administrative burden. It is unclear under current law what the threshold is for “undue” financial or administrative burden.

A housing provider is not obligated to make a change that would fundamentally alter the nature of the program. For example, if the housing has on-site case management services but does not provide transportation assistance, a housing provider would not be required to assist a disabled tenant to get to the grocery store.

Types of accommodations

Reasonable accommodations can take many forms, as in the following examples:

- **Physical:** Alterations to units or common areas (for example, the installation of grab bars in a bathroom or a strobe light doorbell for a hearing impaired tenant).
- **How information is shared:** Programs may make their written materials and other information available in Braille, large print, or on audio-tape for residents with visual impairments, or through a sign language interpreter for the hearing impaired.
- **Policies/rules:** Exceptions to or waivers of certain policies or rules (for example, allowing service animals in a building that does not otherwise allow pets or providing additional assistance completing application materials).

Reasonable accommodation in tenant screening

If an applicant with disabilities who would otherwise be rejected based on the housing provider’s screening criteria asserts that mitigating circumstances would overcome or outweigh the negative information obtained in screening, the provider must consider the information presented. If the Applicant’s claim of mitigating circumstances is based on a disability, the provider may make inquiries about the applicant’s assertions and request verification, but only to the extent necessary to confirm the applicant’s assertions.

For example, an applicant may have a bad tenancy record as a result of a failure to take medication. If the applicant provides evidence that they have made arrangements that

ensure they will now take the needed medication, such as daily nurse visits, the housing provider may need to waive rules requiring rejection of applicants with bad tenancy records.

Past drug addiction and active or past alcohol addiction are considered by law to be disabilities. If previous evictions or criminal activity were the result of a drug addiction and the applicant is no longer actively using drugs, the tenant is entitled to request that the landlord waive their usual screening criteria as a reasonable accommodation.

Master leasing vs. rental subsidy programs

The obligations under reasonable accommodation laws will be different depending on if an FSP is master leasing units or providing rental subsidies. If an FSP is providing rental subsidies it does not control the housing and the FSP does not have the same obligation related to reasonable accommodation; however the FSP can serve as an advocate to ensure that private or non-profit landlords comply with reasonable accommodation requirements, including in the application of tenancy screening criteria. FSPs should assist their participants to make reasonable accommodation requests. At the end of this section is a Sample Request for Reasonable Accommodation form.

If the FSP is master leasing units and is therefore conducting tenant screening it will need to have a policy for incorporating reasonable accommodation into the tenant screening process and ensure that screening procedures make provisions for requests for reasonable accommodations.

Once a tenant is occupying a unit, whether the unit is master leased or only subsidized, the landlord who owns the unit will have the obligation to allow tenants to make reasonable changes to the unit (such as installing grab bars) or to policies or procedures (such as waiving a no pet rule) that are required as a reasonable accommodation. If the unit is only subsidized by the FSP, the landlord, while required to allow the accommodation, is not required to pay the cost of implementing the accommodation. Private landlords are also allowed to require that the tenant return the unit to its original state upon move out if physical alterations were made.

If the housing is master leased however, the program is considered to be receiving government funds and the FSP may be required to bear reasonable costs of the accommodation. Programs that are master leasing should confer with an attorney regarding their responsibility to pay for accommodations.



FSPs must have a policy and procedure for accepting, considering, and responding to requests for reasonable accommodation.

The FSP should institute reasonable accommodation policies and procedures that, at a minimum:

- Notify applicants and residents of their rights to reasonable accommodation;
- Provide applicants and residents with disabilities an opportunity to request and verify the need for reasonable accommodations; and
- Formally respond to requests by either granting the reasonable accommodation OR stating a reason for the denial and providing access to a grievance process.

Since FSPs document disability and provide services related to mental illness and other disabilities, it may seem simple to grant or deny an accommodation based on the provider's knowledge of the participant. However, in addressing the accommodation request the FSP is acting as a *housing provider*. There are restrictions on what type of information may be requested in order to verify the request. The only information that may be requested from a tenant or potential tenant is information that:

- is necessary to verify that the person meets the definition of disability,
- describes the needed accommodation, and
- shows the relationship between the person's disability and the need for the requested accommodation.

Housing providers cannot request additional details such as the severity or type of disability unless the specific information relates to the provision of an accommodation. The reasonable accommodation must be an accommodation that is related to the applicant's residency in the housing and is designed to enable the applicant to reside in and have full enjoyment of the housing.

While it is helpful if a request can be made in writing, FSPs cannot require that requests be made in writing. If a request is made verbally to a staff person, the staff person should document the request and is obligated to respond to the request. A tenant is not required to use the term "reasonable accommodation" in order to make a request. Any request that would be construed by a reasonable person to be a request for a modification to accommodate a disability must be considered as a reasonable accommodation request.

 All staff should be trained to recognize when a participant is making a request for an accommodation based on a disability and be able to direct or assist the participant accordingly.

 While an FSP is not required to offer an accommodation if the tenant/participant has not requested one, if an FSP sees a way to accommodate a tenant with a disability that will enable him or her to function more successfully in housing, it is recommended that FSPs be pro-active in offering accommodations. Note that implementing an "accommodation" that is not wanted by the tenant would be a violation of fair housing, so the FSP may offer but not require any particular accommodation.

A word on specific accommodations

There are particular circumstances during occupancy where reasonable accommodation may play a role that is important to highlight. These are requests for service animals and live-in care givers.

Service animals

Note that even when a housing provider has a No Pet policy, it may be required to allow companion or service animals as a reasonable accommodation for tenants with a disability who request an exception to the No Pet policy. A tenant requesting such an exception must demonstrate that the animal is necessary for coping with the tenant's disability and for the tenant to be able to enjoy the full benefits of the housing being provided.

The housing provider can request documentation of the need for the animal from a medical provider and can require that the tenant abide by rules such as properly caring for the animal and keeping the animal leashed in common areas.

Larger units for in-home care providers/live-in aides

The ability to live independently cannot be a requirement of housing. This does not mean that a housing provider must allow occupancy to a tenant who clearly cannot care for him or herself and is not receiving the assistance necessary to enable the occupant to live in the unit. However, if the applicant requires care and supervision and has made arrangements to receive this care and supervision, the housing provider would be required to accept the applicant.

If the tenant's disability requires a live-in care attendant, the housing provider may have to waive occupancy rules to allow the live-in attendant. However, a waiver of health and safety code requirements, such as allowing a live-in care attendant in a room limited by law to one person, would not be reasonable if it violates applicable building code requirements. It is reasonable to ask a care provider to agree to certain guidelines including acknowledgement that he or she does not have tenant's rights, agreement to abide by the house rules, etc.

 Under the Berkeley Shelter Plus Care Program participants requiring a live-in aide must submit a reasonable accommodation request for a live-in aide and the request should be submitted by an appropriately licensed clinician. The accommodation request should state that the participant requires a live-in aide to safely manage their medical and health care needs. Additional space requirements resulting from the need for medical or other equipment should also be included in the reasonable accommodation request.

If the participant qualifies for a live-in aide, their approved subsidy will allow for an additional bedroom. The live-in aide is not included in determining the household's rent obligation, and does not have any rights of tenancy if the program participant loses their housing for any reason. A relative may be considered as a live-in aide, provided that: 1)

s/he is not the primary source of financial support for the participant; and 2) s/he signs a waiver to any residual rights to the rental subsidy upon participant's exit from the program.

Below is a sample form adapted from the Berkeley Shelter Plus Care program certifying the approval of a live-in aide.



Additional information about reasonable accommodation requirements can be found on the website of the Corporation for Supportive Housing , especially "Between The Lines" <http://www.csh.org/index.cfm?fuseaction=Page.viewPage&pageID=3248>

Sample Notice of Right to Reasonable Accommodation

Note: This document is a sample of a notice that could be made available to all participants. All reasonable accommodation policies and forms should be reviewed by legal counsel prior to implementation.

If you have a physical or mental health problem or disability, and you need...

- A change in the rules or policies or in how we do things that would give you an equal chance to find, get and keep housing within our program; or
- A change in the way we communicate with you or give you information as it relates to housing; or
- A physical change to your housing unit,

You may ask for this kind of change, which is called a **Reasonable Accommodation**.

Your Request

If you can show that you have a disability or health problem that interferes with your use of our services, program, or housing, and if your request is reasonable, we will try to make the changes you request.

You can ask for this change by contacting the Housing Coordinator or a Personal Services Coordinator. These staff can assist you in filling out a Reasonable Accommodation Request Form.

Our Response

We will give you an answer in 14 days, unless there is a problem getting the information we need, or unless you agree to a longer time. We will let you know if we need more information or verification from you or if we would like to talk with you about other ways to meet your needs.

If we turn down your request, we will explain the reasons in writing and you can give us more information, if you think that will help. You may also appeal our decision and we will tell you how.

Confidentiality

All information you provide will be kept confidential and be used only to help you have an equal opportunity to enjoy our services and programs. It is illegal for us to deny you any services or retaliate against you because you made a Reasonable Accommodation Request.

*Note: This document is included adapted from *Housing Operations* section of CSH's *Toolkit for Developing and Operating Supportive Housing*, which is available at www.csh.org/toolkit2*

Sample Request for a Reasonable Accommodation Form

*Note: This document is a sample form that could be made available to participants requesting reasonable accommodation. Staff should assist the participant in completing a request form if s/he is unable to do so independently. **All reasonable accommodation policies and forms should be reviewed by legal counsel prior to implementation.***

Participant Request for a Reasonable Accommodation

The following tenant, applicant or participant claims a physical or mental impairment that limits his or her ability to access or occupy housing through our program.

Name: _____ Date: _____

As a result of the disability, this person is requesting the following Reasonable Accommodation(s):

___A change in a policy, practice or procedure: (Please specify, e.g., a change in visitor procedures.)

___A physical change in a housing unit or access to another unit: (please explain):

Verification of Need:

You MAY be asked to allow us to verify the need for this accommodation. If so, the information we obtain will be kept completely confidential and used solely to determine that the accommodation is needed.

Providing the Accommodation:

If we cannot provide this accommodation immediately, you will get an answer to this request within 14 days. If you do not agree with the response, you may appeal the decision to:

[Insert name of executive staff or appeals committee as appropriate, or the Housing Services Office of Behavioral Health Care Services.]

Note: This document is adapted from the *Housing Operations* section of CSH's *Toolkit for Developing and Operating Supportive Housing*, which is available at www.csh.org/toolkit2.

SAMPLE
CERTIFICATION FOR PARTICIPANT WITH LIVE-IN AIDE

FSP Participant _____ has been approved for inclusion of a live-in aide in his/her MHSA subsidized housing unit.

By completing this form the participant and the designated aide affirm that we understand and certify the following about the live-in aide and the care he/she provides for the disabled person listed above:

- This live-in aide is essential to the care and well being of the disabled person;
- This live-in aide is not obligated for the support of the disabled person;
- This live-in aide understands that only he or she, and no additional family members may reside in the assisted unit;
- This live-in aide would not be living in the home except to provide necessary supportive services;
- This live-in aide does not have employment or obligations that would interfere with meeting the needs of the disabled person;
- This live-in aide is capable of providing the required care for the disabled person;
- This live-in aide will occupy the MHSA-assisted home as his or her sole residence;
- This live-in aide will maintain his or her finances separately from the disabled person's household and will provide required care purely as a business transaction;
- The live-in aide is not now, nor will ever be recognized as a member of this assisted household for purpose of qualifying for the rental assistance;
- This live-in aide will not be eligible to remain in the assisted unit with rental assistance in the event the disabled person and/or household no longer requires assistance

WARNING: Any person who signs this statement and who willfully states as true any material matter which he/she knows to be false, is subject to the penalties prescribed for Perjury in Section 118 of the California Penal Code and Section 11054 of the Welfare and Institutions Code. NOTE: By signing below, the head of household and the live-in aide acknowledge that violations of the MHSA subsidy program obligations by the live-in aide can result in termination of the MHSA housing assistance for the assisted household.

Participant Signature

Date

Live-In Aide Signature

Date

L. Maintaining Files with Required Housing Documentation

In order to ensure that information about participant's housing is kept in a consistent manner and is easily reviewed and updated, FSPs should maintain housing files for each participant. While the program will likely keep participant files or charts that cover a range of issues and information, a practice of having separate housing files that contain the critical information needed for housing purposes helps to reinforce the separation of housing and services roles, makes monitoring more efficient, and protects participant confidentiality. Housing files should not contain specific clinical information.



FSPs must maintain separate housing files for each participant with housing-related documentation, and have a policy or standard for what is kept in the files that is part of its policy and procedure manual.

Information for participant housing files

Eligibility: As described above, eligibility for MHSA housing subsidies in an FSP is the same as eligibility for entry into the FSP. It is not necessary to keep separate MHSA eligibility information in the housing file, provided that this information is kept in a consistent way in another file or chart and can be easily referenced. However, if an FSP imposes any specific eligibility requirements for receiving housing assistance in addition to enrollment then this special eligibility would need to be documented in the housing file. (Note that any policy of additional eligibility requirements should be reviewed by the Housing Services Director to ensure that restrictions on housing access do not violate the purpose of MHSA housing assistance or run afoul of fair housing laws.)

For FSPs with a Shelter Plus Care or SHP grant, housing files should contain all eligibility information for those programs. This would include homeless or chronic homelessness verification, income verification, disability verification (unless kept in another file and incorporated by reference), and household composition.

Rent calculation and rent reasonableness forms: Housing files should have information about the rent and calculations done to determine the participant and program portions. They should also include a copy of the form or method used to determine that the unit rents are reasonable rents and any explanation for exceptions.

Program agreements and leases: The housing file should include a copy of the participant's lease or rental agreement, as well as any participation agreement. Files should also contain agreements between the landlord and the FSP including master leases or housing assistance payment agreements. Amendments and extensions to these documents and correspondence about them should also be retained.

Inspection and repair documentation: Housing files should contain copies of all inspections done, whether failing or passing, and include move in, annual and extraordinary inspections. Photos of the unit may also be kept. Documentation should include documentation of damages, repairs requested and made, and any other information regarding the unit condition and upkeep.

Security deposit information: Documentation of the amount that the participant has paid toward security deposit, any amounts owed to the program, payment plans or other information related to deposits with participants and correspondence with landlord regarding the return of the deposit.

Changes to household: Files should include documentation of any requested changes to the household, who is a member of the household, and any changes to the unit size as a result. Documentation for adding a live-in aide or other special changes also should be kept.

Housing issues/status: Correspondence regarding any housing issues, including lease violations or other issues that may threaten the participant's housing. This should include informal communication, formal warnings, and letters to and from the landlord and to and from the participant regarding housing matters, formal notices issued by the landlord and any behavior plans and repayment agreements.



It is recommended that FSPs have a standard format for housing-related files and a key or legend that notifies users of what should be placed where within the file, for easy reference and retrieval. Multiple flap folders are often a good way to organize the information.

Sample File Organization (six flaps) for program using rental subsidy method:

- Flap 1: Chronic homeless verification; income verification; copy of HMIS intake form; documentation of any changes in income; changes in household; request for live-in aide.
- Flap 2: Copy of tenant lease; rent reasonableness determination for the unit; participant rent calculation.
- Flap 3: Housing Assistance payments contract, master lease or rent payment letter to landlord; updates or amendments to any of these; other correspondence with landlord regarding lease (for master leasing programs some of this may be kept in the landlord file).
- Flap 4: Original and follow up HQS inspections, documentation of any repairs requested by program or tenant and follow up.
- Flap 5: Security deposit agreement with tenant; furniture inventory and agreement.

Flap 6: Participation agreement; correspondence with participant re rent payment or lease violations; warnings, “behavior contracts” or plans to cure lease violations; repayment agreements with participant for damages or other costs.

Landlord/housing site files

In programs that master lease and even rental subsidy programs that have ongoing relationships with landlords, the FSP may also want to keep master landlord files in addition to participant housing files. These files will likely contain copies of the executed master leases, information about the properties, and correspondence with the landlord on general matters (not specific to a particular participant.)

Section M. Tracking and Budgeting Housing Funds

Tracking housing funds

As with all public funds, MHSA housing funds and expenditures must be tracked according to established accounting standards so that it is clear how all funds were expended. Financial personnel will need to set up systems that appropriately track housing expenditures and allow for invoicing. This section does not discuss general accounting or invoicing practices, but highlights some of the key issues with housing funds.

- Rents paid to landlords (sometime called contract rents) and rents collected from participants (if the FSP collects rent) should be clearly distinguishable and tracked separately.
- Billing to MHSA, Shelter Plus Care or another funder should show the amount paid out minus the amount collected from participants and only bill for the difference from the funding source. For Shelter Plus Care, the difference is all that may be billed even if the participant portion is never collected.
- Note that late fees on rent payments are generally not an eligible expense so programs should avoid late fees.
- Even if FSPs are not billing for housing costs on a monthly basis, because a month is the time frame for rents and landlords are paid monthly, housing funds should be budgeted and tracked on a monthly basis.
- Security deposits to landlords should be tracked as a separate line item from rent payments. When security deposits are repaid to the FSP the returned funds should be credited to this line item. When partial security deposits are repaid, back up documentation from the program or the landlord that support the deducted costs must be maintained.
- Amounts paid out in damage claims should have back up documentation for the costs incurred.
- If participants pay their share of rent to the FSP, the program should track receipt of payments and notify participants in writing of late payments.
- Funds owed to the program from participants who are paying the program back for a security deposit, damage, or overdue rent should be carefully tracked by participant, and an individual accounting for payments received and amount still owed to the program should be kept.
- When a subsidy or rent begins in the middle of a month, sometimes payment is made to the landlord for a month plus a partial payment. To avoid confusion, the amounts should be recorded separately even if the funds are given in a single payment.



FSPs must have budget policies in place that distinguish and track MHSA housing funds and any other housing funds the program receives. These policies should make it possible for the housing activities of the program to be audited and all housing expenditures to be consistently monitored.

Budgeting housing assistance funds

In order to ensure that the MHSA funds are adequate to support subsidies that the FSP commits to, the agency must be able to project with some accuracy its future housing expenditures. BHCS is looking for FSPs to effectively house participants with the fewest resources necessary and to work toward utilizing non-MHSA funds for housing over time.

A budget forecast must take into account a number of factors, including:

- Anticipated rental amounts,
- Anticipated participant payments
- Assumptions about vacancies
- Assumptions about damages
- The availability of other sources of housing

Budgeting conservatively will more likely ensure that the program is not unexpectedly short on housing funds, but may mean that fewer participants receive subsidy, participants are restricted to unrealistically low rents, and may also result in significant unspent funds at the end of a year. Less conservative assumptions may come closer to the actual costs for housing participants but risk that unexpected increases in costs or decreases in income from participants result in expenditures that exceed funds available. Below are some examples of assumptions that might be made in projecting housing funds.

| Issue | Most conservative | Middle | Least conservative |
|----------------------------|---|---|--|
| Rents | All rents will be high (at or near the FMR or above) | Rents will vary but some units will rent for less than our maximum | All rents will be low (we will find units that rent for significantly below FMR) |
| Participant incomes | All participants will have no income | Participants will have a range of incomes including 0 income, GA income, SSI income and other sources | All participants will have at least SSI income |
| Damages | All units will be damaged and we will pay out maximum security deposits/damage claims | Many units will be damaged and some will be damaged significantly | Most units will not be significantly damaged |
| Vacancies | It will take an average of 30 days or more to fill empty units | We will fill units within 30 days or less | We will fill empty units immediately |

| | | | |
|--|--|---|--|
| Number of participants we will assist | No participants will obtain housing without FSP assistance | Some participants will receive housing without MHSA assistance | Many participants will receive housing without MHSA assistance |
| Rents and income over time | Rents will go up and participant incomes will not | Rents and participant incomes will go up, but rents may outpace participant incomes | Rents will not go up significantly relative to incomes |

Projecting the budget relies on determining your assumptions, developing averages based on the assumptions that you can budget with, and then projecting them over time. Whatever assumptions you make should be clearly stated. If you are basing your assumptions about costs, the market, etc. on an external source, it is recommended that you cite your information source so that you can tell why that assumption was used. Over time your budget projections can be refined as you have actual information.

Example of budget projection and assumptions:

Here are some sample assumptions for a 50 person program without another funding source. Following is a basic housing budget calculated using these assumptions

- We will need to use MHSA funds to house 95% of our participants (based on two of our participants now having Section 8)
- 75% of those we house will get one bedroom units, 20% will get studios and 5% will get two bedrooms (based on having two couples in the program and one person with a caregiver, and preferences expressed by participants for one bedrooms)
- We will need to pay between 90 and 100% of the Fair Market Rent on average to get decent units, and more for larger units (experience plus being conservative)
- 60% of our participants will have SSI income, 20% will have GA or close to that, 20% will have no income (based on current incomes of participants).
- 90% of participants will pay their portion of the rent

In addition, projections will need to include an estimate of how many security deposits and/or damage claims will be paid, and how much will be returned. This will vary depending on the number of new move ins in a given year and the program’s policies for how many times a participant may receive assistance with a deposit. In the example below, the estimate is based on assuming four move-ins/deposits per month at a full one-month rental amount.

The more specific you are in building in your assumptions the more accurate you are likely to be.

Sample housing budgeting format:

| | |
|----------------------|-----|
| Total Participants: | 50 |
| Percent to be housed | 90% |
| Number to be housed | 45 |

| Units needed | % of our units | number of units | FMR | Avg. % of FMR we pay | We pay |
|--------------|----------------|-----------------|------|----------------------|---------|
| Studio | 20% | 9 | 905 | 90% | \$815 |
| one bedroom | 75% | 34 | 1093 | 95% | \$1,038 |
| two bedroom | 5% | 2 | 1295 | 100% | \$1,295 |

Average rent

| |
|---------|
| \$1,006 |
|---------|

| Participant incomes | Amount | Percent | Number with this income |
|---------------------|--------|---------|-------------------------|
| SSI | \$860 | 60% | 27 |
| General Assistance | \$229 | 20% | 9 |
| None | \$0 | 20% | 9 |

| | |
|--------------------------------------|-------|
| Average Income | \$562 |
| Average participant payment (at 30%) | \$169 |

Projected Monthly Housing Budget

| Total Amount for Rent | Rent from participants | Monthly subsidy | Monthly estimate of deposits/damages | Total monthly housing expenditures |
|-----------------------|------------------------|-----------------|--------------------------------------|------------------------------------|
| | | | | |

| | | | | |
|----------|---------|----------|---------|----------|
| \$45,289 | \$7,584 | \$37,704 | \$4,026 | \$41,730 |
|----------|---------|----------|---------|----------|

An electronic version of the Excel spreadsheet used to develop the sample budget presented above can be obtained from the ACBHCS Housing Services Office.

For programs that also have funds from another source you will need to build in additional assumptions:

- The percentage of participants that will be eligible for the other funding source
- Which source will you expend first
- Any restrictions on source (such as maximum rents or minimum participant contributions to rent) that you are not applying to MHSA

Building the budget projection is the same, but the spend out rate for the two sources may be different based on decisions about which source to use first or limitations on one source or another.

Most important however, is to track expenditures against the budget you project and to look for where your assumptions were not accurate. If you make the above budget projection and you find at the end of the month you have actually spent \$48,000 you will need to determine if rents are higher projected, is your unit mix focused on more expensive units, is your tenant income lower, or are your collection rates less. If you spend less, you will need to ask similar questions: are the rents you are paying actually lower, is your unit mix more toward smaller units, are your participants having higher incomes or paying you more than you projected. And finally, are these trends likely to continue or are they aberrations?



Communication between finance staff and housing program staff is essential for making this kind of analysis. Regular check-ins, especially during the first years of the program when the patterns are not clear, and then when significant changes occur are important to making sure that the budget process reflects reality.

A note on expenditures for furniture

Some FSPs provide residents with furniture and/or household supplies at the time they move into permanent housing. Household supplies are generally consumable items that cannot be reused in the program. Basic tracking of amounts spent, a policy for allowable and maximum expenditures, and a budget for these items should be kept.

Unlike household items, furniture may be reused in the program. If an FSP has a policy of furnishing units for its participants it will need to have both specific policies about what is provided on a standard basis to participant households, as well as policies about whether participants are responsible for damages to furniture, replacement, whether

items that are broken are replaced by the FSP, and so on. In addition, as participants move, change household size, leave and enter the program, furniture may need to be stored or reallocated.

👉 FSPs that provide furniture should establish a basic furniture package that is provided to participants by the program. Treating participants consistently is important. When furniture is provided to a participant the participant should receive and sign an inventory which describes:

- The items that they have received
- The condition the items are in

Participants will need to understand that the furniture belongs to the program and that they will owe the program for the furniture if it disappears or is unreasonably damaged. FSPs should consult their accountants about depreciating furniture.

N. Required Reporting and Housing Outcomes

Alameda County Behavioral Health Care Services and the State of California require that MHSA-funded FSPs report regularly on the conditions and activities of enrolled clients. Required reports include the Partnership Assessment Form (PAF), Key Event Tracking (KET) and Quarterly Assessment Forms (3M).

- The PAF provides baseline and historical data about the client/partner at and before entry and is completed once, when the partnership is first established.
- The KET is completed each time specific significant events occur, such as a change in residence, employment or hospitalization.
- The 3M is completed every three months and includes information on changes in financial support, education, legal status, and other areas.

Separate forms have been developed by the State for each of the MHSA target age groups: children/youth, transition-age youth, adults and older adults.



The required forms can be found at
http://www.dmh.ca.gov/POQI/Full_Service_Forms.asp

Reporting residential situation in PAF and KET reports

Partnership Assessment and Key Event Tracking forms include under the question related to Residential Situation a list of “settings” in which a participant may be living or staying at the time of the report. The State has grouped these settings into seven broad categories, including:

- General Living Arrangements (own apartment, with family, etc.)
- Shelter/Homeless
- Supervised Placement
- Hospital
- Residential Program
- Justice Placement
- Other

Depending on the age group, different possible settings are included under each larger category.

The State has not issued formal definitions of the terms used on these forms. To ensure consistency in reporting, ACBHCS has established a list of local definitions for each of the settings, and a hierarchy of values associated with each setting to be able to track changes and improvements in housing status over time.



FSPs must prepare PAF's and KET's on their participants as mandated by the State. For reporting on residential situation/setting, Alameda County FSPs should refer to the definitions in Table 1 below.

Tracking housing outcomes from KET's

In order to track changes in housing outcomes over time, and the overall movement of the system toward more independent and preferred living situations, Behavioral Health Care Services Housing Services Office (HSO) is using a quantified housing "hierarchy" to measure changes in living situation and outcomes. As FSPs submit KETs, HSO will analyze changes and the increase or decrease in average housing values. A larger "housing status value" indicates a more preferable housing status from a system-wide perspective. A preferable housing status for the system may not be preferable for an individual client. A partner's individual housing preferences and desired supports should guide partners and staff to set goals related to that individual's housing. The housing status values that HSO will use are provided for reference in Table 2 below.

Enrollment in MHSA Housing Program

The PAF and KET's for transition-age youth, adults and older adults collect administrative information, including whether a client/partner is enrolled or has disenrolled from another state-funded housing-related program, including the Governor's Homeless Initiative (GHI) and the MHSA Housing Program. The MHSA Housing Program refers specifically to housing units created and set aside with MHSA Housing development funds. MHSA Housing Program apartments will have rents below market rate and access to the apartments will be restricted to MHSA Housing Program eligible tenants.



Check the MHSA Housing Program box on the PAF or the KET only when a partner moves into one of these specially designated units. Examples include HOST partners that have moved into Oxford Plaza and STAY partners that have moved into Mission Bell apartments. If you have questions regarding whether a building is in the MHSA Housing Program, contact the Housing Services Office.

Housing-related financial support in Quarterly Assessment reports

While changes in housing status are tracked in the KET, changes in financial support, including certain housing subsidies, are captured in the quarterly assessment. The quarterly assessment form asks the provider to identify "all the sources of financial support used to meet the needs of the partner." One of the options on the response list for this question is "Housing Subsidy."



FSPs should select the Housing Subsidy option under Financial Support only when a partner/client is receiving a housing subsidy from a **non-MHSA source**, such as Shelter Plus Care, Section 8, or other. Do not check this box for partners/clients receiving an MHSA-funded housing subsidy or for individuals living in affordable housing, unless the affordable housing has a project-specific Shelter Plus Care, Support Housing Program, Section 8, or other housing subsidy where the tenant is expected to pay 30% of their adjusted gross income toward rent. If you have questions regarding whether a building has a project-specific subsidy, contact the Housing Services Office.

Table 1. Definitions of Residential Situations/Settings

| Residential Situation (List of Settings) | Setting appears for these age groups | ACBHCS Definition /Comments |
|---|---|---|
| <i>General Living Arrangement</i> | | |
| In an apartment or house alone / with spouse / partner / minor children / other dependents / roommate - must hold lease or share in rent / mortgage | ALL | This category applies if partner is making some contribution toward the rent. If partner is not contributing to rent and does not have a lease or rental agreement in his/her name then this category would not apply. |
| With one or both biological/adoptive parents | ALL | Check this category if partner is living with biological/adoptive parents regardless of whether the partner is on the lease and/or sharing in the rent/mortgage. |
| With adult family member(s) other than parents | Adult, Older Adult | Check this category if an adult or older adult partner is living with adult family members other than parents, regardless whether the participant is on the lease and/or sharing in the rent/mortgage. |
| With adult family member(s) other than parents- non-foster care | Child/Youth, TAY | Check this category if a child or youth partner is living with adult family members other than parents in a non-foster care situation |
| Foster Home (with relative) | Child/Youth, TAY | In a family foster care placement with a relative arranged through Child and Family Services of the Department of Social Services |
| Foster Home (with non-relative) | Child/Youth, TAY | In a family foster care placement with a non-relative arranged through Child and Family Services of the Department of Social Services (but not a group home.) |
| Single Room Occupancy (must hold lease) | TAY, Adult, Older Adult | A single room occupancy unit is a unit that lacks a private bathroom and/or kitchen and is designed for use by a single individual. An individual is considered to hold a lease if they have a written or verbal rental agreement with the property owner OR they have paid for part or all of the cost of housing and have lived there for 30 days or more. DO NOT check this category if the full cost of rent is covered by the program and the participant does not have a lease or the rights associated with a lease. |

| Residential Situation (List of Settings) | Setting appears for these age groups | ACBHCS Definition /Comments |
|---|---|--|
| <i>Shelter/Homeless</i> | | |
| Emergency Shelter / Temporary Housing (includes people living with friends but paying no rent) | ALL | This category includes: emergency shelters for homeless persons, individuals living in hotels or other temporary situations where the full cost of the housing is paid for by the agency and the partner does not have tenancy rights, and people living with friends/paying no rent/and told that it is a temporary time-limited situation. |
| Homeless (includes people living in their cars) | ALL | This category refers to individuals living in places not meant for human habitation, e.g., cars, outdoors, transportation stations, abandoned buildings, etc. |
| <i>Supervised Placement</i> | | |
| Unlicensed but supervised individual placement (includes paid caretakers, personal care attendants, etc.) | TAY, Adult, Older Adult | This category should only be used for individuals that need care and supervision and are not living in a licensed facility because their care and supervision are provided by an individual caretaker. |
| Assisted Living Facility | Adult, Older Adult | This category refers to shared housing that is licensed by California Department of Social Services Community Care Licensing as a Residential Care Facility for the Elderly (RCFE) or a Residential Care Facility for the Chronically-III (RCF-CI). |
| Unlicensed but supervised congregate placement (includes group living homes, sober living homes) | TAY, Adult, Older Adult | This option should be selected for room and board, shared housing situations that are not licensed but have some level of services or staffing. This category also includes transitional housing for homeless persons that receive public funds to serve homeless households and have time limits on maximum length of stay, e.g., BOSS housing. |
| Licensed Community Care Facility (Board and Care) | TAY, Adult, Older Adult | This category refers to shared housing/facility, frequently called "Board and Care" which is licensed by the California Department of Social Services Community Care licensing as an Adult Residential Facility (ARF). NOTE: Residential Care Facilities for the Elderly (RCFE) should be checked as "assisted living facility" rather than this category. |
| <i>Hospital</i> | | |
| Acute Medical Hospital | ALL | Examples: Highland Hospital, Alta Bates, Eden Hospital, Kaiser, etc. |
| Acute Psychiatric Hospital/ Psychiatric Health Facility (PHF) | ALL | Examples: John George, Willow Rock, Alta Bates Herrick Campus, etc. |
| State Psychiatric Hospital | ALL | Example: Napa State Hospital |

| Residential Situation (List of Settings) | Setting appears for these age groups | ACBHCS Definition /Comments |
|--|---|---|
| <i>Residential Program</i> | | |
| Licensed Residential Treatment (includes crisis, short-term, long-term, substance abuse, dual diagnosis residential programs) | ALL | Examples: Bonita House, Woodroe Place, Cronin House, etc. |
| Skilled Nursing Facility (physical) | TAY, Adult, Older Adult | Licensed residential, short-term treatment facilities focused on physical rehabilitation, 24/7 care. Residents may have psychiatric issues but are primarily staying at facility for physical reasons. Ex. Medical Hill Rehabilitation Center. |
| Skilled Nursing Facility (psychiatric) | TAY, Adult, Older Adult | Licensed residential, short-term treatment facilities focused primarily on psychiatric rehabilitation, 24/7 care. Residents may have medical issues as well but are primarily staying at facility for psychiatric reasons. Ex. Garfield Neurobehavioral Center, Morton Bakar Center. |
| Long-Term Institutional Care [Institution for Mental Disease (IMD), Mental Health Rehabilitation Center (MHRC)] | TAY, Adult, Older Adult | A hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. 24/7 staffing, focusing on rehabilitation. Ex. Villa Fairmont, Gladman |
| Group Home (Level 0-11) | Child/Youth, TAY | Licensed by California Department of Social Services, Community Care Licensing. Level refers to the rate classification level. A higher level means more support and professional care. |
| Group Home (Level 12-14) | Child/Youth, TAY | Licensed by California Department of Social Services, Community Care Licensing. |
| Community Treatment Facility | Child/Youth, TAY | A residential facility that provides mental health treatment services to children in a group setting and that has the capacity to provide secure containment. Certified by the California Department of Mental Health. |
| <i>Justice Placement</i> | | |
| Jail | TAY, Adult, Older Adult | County, local |
| Prison | TAY, Adult, Older Adult | State, federal |
| Juvenile Hall/Camp/Ranch | Child/Youth, TAY | |
| Division of Juvenile Justice | Child/Youth, TAY | |
| <i>Other</i> | | |
| Other | Adult | Avoid using because cannot be used to adequately categorize housing; treated as equivalent to marking unknown. Try to find a category that best represents the residential situation. |

| Residential Situation (List of Settings) | Setting appears for these age groups | ACBHCS Definition /Comments |
|---|---|--|
| Unknown | Adult | Residential situation not known by provider. Should be rarely used. |

Table 2. Housing Status Values

| State FSP Reporting Categories | Group Value (STATE CATEGORIES) | Continuous Value (LOCAL) |
|---|---------------------------------------|---------------------------------|
| <i>Living Independently</i> | | |
| In an apartment or house alone / with spouse / partner / minor children / other dependents / roommate - must hold lease or share in rent / mortgage | 10 | 16 |
| Single Room Occupancy (must hold lease) | 10 | 15 |
| <i>Living with Parents/Family</i> | | |
| With one or both biological/adoptive parents | 9 | 15 |
| With adult family member(s) other than parents | 9 | 15 |
| With adult family member(s) other than parents- non-foster care | 9 | 15 |
| <i>Assisted Living</i> | | |
| Unlicensed but supervised individual placement (includes paid caretakers, personal care attendants, etc.) | 8 | 14 |
| Unlicensed but supervised congregate placement (includes group living homes, sober living homes) | 8 | 13 |
| Assisted Living Facility | 8 | 12 |
| Licensed Community Care Facility (Board and Care) | 8 | 12 |
| Skilled Nursing Facility (physical) | 8 | 11 |
| Skilled Nursing Facility (psychiatric) | 8 | 11 |
| <i>Foster Home</i> | | |
| Foster Home (with relative) | 7 | 11 |
| Foster Home (with non-relative) | 7 | 10 |
| <i>Group Home</i> | | |
| Group Home (Level 0-11) | 6 | 9 |
| Group Home (Level 12-14) | 6 | 8 |
| <i>Treatment Facility</i> | | |
| Community Treatment Facility | 5 | 7 |
| Licensed Residential Treatment (includes crisis, short-term, long-term, substance abuse, dual diagnosis residential programs) | 5 | 7 |
| <i>Acute Inpatient Hospitalization</i> | | |
| Acute Medical Hospital | 4 | 6 |
| Acute Psychiatric Hospital/Psychiatric Health Facility (PHF) | 4 | 6 |
| <i>Psychiatric Hospital/Long Term Care</i> | | |
| Long-Term Institutional Care [Institution for Mental Disease (IMD), Mental Health Rehabilitation Center (MHRC)] | 3 | 5 |
| State Psychiatric Hospital | 3 | 4 |
| <i>Homeless/Emergency Shelter</i> | | |
| Emergency Shelter / Temporary Housing (includes people living with friends but paying no rent) | 2 | 3 |
| Homeless (includes people living in their cars) | 2 | 2 |
| <i>Juvenile Criminal Justice</i> | | |
| Juvenile Hall/Camp/Ranch | 1b | 1 |
| Division of Juvenile Justice | 1b | 1 |
| <i>Adult Criminal Justice</i> | | |
| Jail | 1a | 1 |
| Prison | 1a | 1 |
| <i>Other</i> | | |
| Other | 0 | 0 |
| Unknown | 0 | 0 |

Appendix 1: Glossary

The following important terms and acronyms are used in manual

Acronyms:

ACBHCS: Alameda County Behavioral Health Care Services

ADA: Americans with Disabilities Act

CalHFA: The California Housing Finance Agency

DMH: The State of California Department of Mental Health

FMR: Fair Market Rent

FSP: Full Service Partnership

HMIS: Homeless Management Information System

HQS: Housing Quality Standards

HUD: The United States Department of Housing and Urban Development

KET: Key Event Tracking, a required reporting form for FSPs

MHSA: Mental Health Services Act

PAF: Partnership Assessment Form, a required reporting form for FSPs

PSC: Personal Services Coordinator

S+C: Shelter Plus Care

SHP: Supportive Housing Program

SSI: Supplemental Security Income, a federal disability benefits program

TAY: Transition-age youth

Key Terms:

Chronically homeless: An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years.

Fair Housing: The Federal laws and regulations that provide for equal access to housing and determine what is considered illegal discrimination in the provision of housing.

Fair Market Rent: The basis for the payment standard in the Section 8 program and other HUD-funded housing programs. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented.

Full Service Partnership: A mental health program funded under the MHSA that enters into partnerships with clients, and their families, to provide, under client and family direction, whatever it takes to enable people to attain their goals.

Homeless: lacking a fixed, regular, and adequate nighttime residence; and residing in:

(A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(B) an institution that provides a temporary residence for individuals intended to be institutionalized; or

(C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Master Lease: A lease between a landlord and a program which permits the program to sublease the unit to persons selected by the program.

MHSA Housing Program: A program jointly administered by the California Housing Finance Agency (CalHFA) and the Department of Mental Health (DMH) which offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing, including both rental housing and shared housing, to serve persons with serious mental illness who are homeless, or at risk of homelessness.

Permanent Housing: Housing where the resident has the rights and obligations of tenancy and may remain for as long as the terms of the tenancy are met.

Reasonable Rent: A rent that does not exceed the rent charged for comparable, unassisted units in the same market area.

Rental Subsidy: A payment to a landlord on behalf of an eligible program participant to cover a portion of the participant's rent.

Security Deposit: A payment required by a landlord to ensure that a tenant pays rent on time and keeps the rental unit in good condition. If the tenant damages the property or leaves owing rent, the landlord can use the security deposit to cover what the tenant owes.

Serious Mental Illness, (SMI): A mental disorder that is severe in degree and persistent in duration, which may cause behavioral functioning which interferes substantially with the primary activities of daily living, and which may result in an inability to maintain stable adjustment and independent functioning without treatment, support, and rehabilitation for a long or indefinite period of time. Serious mental disorders include, but are not limited to, schizophrenia, bipolar disorder, post-traumatic stress disorder, as well as major affective disorders or other severely disabling mental disorders.

Seriously Emotional Disturbed (SED) Child or Adolescent: minors under the age of 18 years who have a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, which results in behavior inappropriate to the child's age according to expected developmental norms.

Section 8: A federal housing program that provides rental assistance to low-income households.

Shelter Plus Care: A federal housing program that provides rental assistance and supportive services to homeless persons with disabilities.

Supportive Housing Program: A federal housing program that provides transitional and/or permanent housing and/or supportive services to persons who are homeless.

Temporary housing: A housing location, including a hotel or emergency shelter, where the participant is expected to be for a short period of time while a more permanent housing situation is developed, and where the participant does not have the rights of tenancy.

Transition-age Youth: A youth between the ages of 16 and 24.

Utility Allowance: If the cost of utilities (except telephone) is not included in the tenant rent but is the responsibility of the household occupying the unit, an amount equal to the estimate made or approved by a Public Housing Authority or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.