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# Indiana Housing First Program Administration Manual



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An amended Administration Manual will be released periodically, and the newest edition overrides all previous editions. Except where otherwise noted, all amendments to the Administration Manual apply to all awards, regardless of year of funding.

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# Section 1: Program Introduction

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This is the Indiana Housing First Program Administration Manual (“Manual”) which governs the Indiana Housing First Program (“the Program”).

The Program was established 2017 to increase housing stability for individuals and households with a serious and persistent mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction, who are also facing a housing crisis, exiting a residential treatment program, or could exit a residential treatment program with access to affordable housing and supportive services.

The Program offers rental assistance and supportive services to eligible households for a period not to exceed 24 months. The amount of subsidy varies per household and is based upon the adjusted income of the household and the rent requested by the landlord. As a “tenant-based” subsidy, the assistance is attached to the household. Households may utilize their assistance at a qualified unit of their choosing, and upon lease expiration, may move with their assistance to another eligible unit given that they remain eligible for the Program. While all households should be offered supportive services, receipt of housing assistance may not be contingent upon participation in services. Furthermore, households are not required to receive rental assistance to receive supportive services and be enrolled in the Program.

Program regulations may be found in [Indiana Code 5-20-9](#).

## Section 2: Request for Qualifications

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### 2.1 Eligible Applicants

Eligible applicants are nonprofit corporations recognized as tax exempt under Section 501(c)(3) of the U.S. Internal Revenue Code, public housing agencies, or units of local government. Each applicant that is awarded funding under the Program may award portion(s) of its awards to one or more sub-grantees to carry out eligible Program activities. The types of eligible sub-grantees are represented in the list below. If an applicant designates a sub-grantee responsible for any eligible Program activity, the applicant still holds responsibility for ensuring that those activities are carried out and comply with all relevant policies and laws.

For the purposes of delivering comprehensive services and building community support networks, applicants are encouraged to have formal and informal relationships with the following organizations:

- Nonprofit or faith-based organizations providing services to individuals and families in the Program's target population.
- Units of local government.
- School corporations and schools.
- Businesses.
- Public housing agencies.
- Social service providers.
- Mental health providers.
- Hospitals.
- Affordable housing developers and providers.
- Law enforcement agencies and correctional facilities.
- Organizations serving homeless veterans.
- Organizations serving victims of domestic violence.
- Universities.
- Other public or private entities IHCDA considers appropriate to partner with to accomplish the purposes of the Program.

Current Indiana Housing First recipients must be compliant with the benchmarks and requirements of its award agreement to request an additional Housing First Award.

### 2.2 Application Process

A Requests for Qualifications (“RFQ”) is released annually to announce the funding and solicit applications from eligible applicants. An eligible applicant (as defined in Section 2.1) may request an amount in funding in the form of a grant from the Indiana Housing and Community Development Authority (“IHCDA”) under the Program. The amount of funding available per applicant varies annually. Recipients will be selected through a competitive scoring process and may only use grant funds for the eligible activities defined in Section 4 of this policy.

## Section 3: Program Model and Strategy

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The Program provides rental assistance and supportive services to individuals and families with serious mental illness and/or chronic chemical addiction who are also facing a housing crisis (as defined in Section 5.1). The Program uses a housing first model, meaning that services provided are voluntarily selected by Program participants and are predicated on a harm reduction approach to addiction, rather than mandating abstinence. Assistance is time-limited with the goal of increasing self-sufficiency and building support networks.

### 3.1 Housing First

Housing First is an approach to quickly connect individuals and families experiencing a housing crisis to permanent housing without preconditions and barriers to entry, such as sobriety, treatment, or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.<sup>1</sup>

Central to the Housing First model is the belief that all individuals are “ready” for housing and can achieve stability in permanent housing with the right supports. Additionally, housing should be provided prior to attempting to identify and address the causes of a housing crisis.

This program follows the Housing First philosophy by having low-barrier entry criteria and providing supportive services. Program recipients may not add additional barriers to program entry (such as sobriety, no criminal history, minimum income, etc.). Supportive services are available, but not required, to allow participants to maintain and achieve housing stability. If a household elects to receive services, those services must be individually tailored to the needs and goals of each household.

### 3.2 Critical Time Intervention

The Program follows a Critical Time Intervention (“CTI”) approach to providing assistance. CTI is an evidence-based practice that has been demonstrated to be effective at providing housing assistance to individuals with serious mental illness.<sup>2</sup>

The goal of CTI is to build long-lasting stability and increase the impact of assistance provided by developing a community support network around the individual or household, and by providing support during the time of transition. The supports established are expected to last long after the financial assistance and relationship with the case manager are terminated. CTI is typically split into three phases (Table 1), with each phase typically expected to last two to three months. In practice, an individual may need a longer or shorter duration of assistance, and a case manager should discuss progress with a client to determine when it is appropriate to move to the next phase. CTI case

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<sup>1</sup> <https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf>

<sup>2</sup> Susser, E., Valencia, E., Conover, S., Felix, A., Tsai, W., & Wyatt, R. (1997). Preventing recurrent homelessness among mentally ill men: A “critical time” intervention after discharge from a shelter. *American Journal of Public Health*, 87(2), 256–262.

managers typically have small caseloads of approximately 15 clients.

<b>Pre-CTI: Housing Placement</b>	<b>Phase One: Transition</b>	<b>Phase Two: Try Out</b>	<b>Phase Three: Transfer of Care</b>
Varies	1-3 Months	4-6 Months	7-9 Months
<ul style="list-style-type: none"> <li>• Case manager begins building a relationship with the client and developing the client’s understanding of CTI</li> <li>• Case manager and client identify goals and begin developing housing plan</li> </ul>	<ul style="list-style-type: none"> <li>• Case manager provides special support to client</li> <li>• Case manager makes connections to community providers and services</li> <li>• Client meets with providers and starts to build a community support network</li> <li>• Case manager makes frequent home visits</li> <li>• Case manager accompanies client to appointments</li> </ul>	<ul style="list-style-type: none"> <li>• Case manager evaluates operation of support network</li> <li>• Case manager makes adjustments and changes as necessary</li> <li>• Case manager still meets with client regularly, but less frequently</li> </ul>	<ul style="list-style-type: none"> <li>• Case manager monitors connections to community support network</li> <li>• Case manager develops plan with client for long-term goals and begins to set that plan in motion</li> <li>• Project ends support once community support networks are safely in place</li> </ul>

Table 1 CTI Phases<sup>3</sup>

In depth CTI training opportunities will be offered by IHCD through the grant term and will be required for any agencies and staff that have not yet had CTI training. Some trainings may be required for all agencies, regardless of former training or experience.

The CTI model should be employed for all program participants, with the goal of transitioning participants off the program within the nine-month CTI timeframe. However, some participants may require a more intensive level of services, and no participant should be terminated from the program for failure to achieve stability in nine months. Likewise, program recipients should not have to push participants to exit the program when there is still a need for services and/or housing assistance. To account for the variability in the needs of program participants, the program can provide assistance for up to 24 months.

<sup>3</sup> Table adapted from “Critical Time Intervention: An Empirically Supported Model for Preventing Homelessness in High Risk Groups,” by Herman, D., Conover, S., Felix, A., Nakagawa, A., and Mills, D. (2007). *The Journal of Primary Prevention*, 28:295-312: 298.

## Section 4: Program Activities

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Program funds may be used to pay for rental assistance, associated housing costs, and certain supportive services for eligible participants. Administrative costs are also available for administering services pursuant to the Program. Participants are not required to receive rental assistance to receive supportive services.

While supportive services must be offered to all assisted households, participation in those services cannot be required. If a household chooses not to engage in any supportive services at the time of enrollment, the recipient must offer services at least monthly throughout the duration of the time that the individual/household receives assistance. Programs must operate on a harm reduction approach to addiction, rather than abstinence, while supporting a Program participant's commitment to recovery. Regardless of service participation, Program participants must meet with a case manager at least monthly.

### 4.1 Rental Assistance

A minimum of 60% of the overall grant amount must be used for rental payments and other eligible housing costs as defined below:

#### **Rental Payments**

Eligible rental payments include:

- Monthly rental payments and first and last month's rent if required by the owner are eligible rental assistance costs.
- Utilities which are included in the rent.
- Up to three months of rental arrears and associated late fees may be paid if this payment is necessary for the household to obtain or maintain permanent housing. If the arrears are paid, the amount of the arrearage must be considered when determining the total number of months of rental assistance that the household is eligible to receive.
- Lot rent for mobile homes or RVs.

Payments must be paid directly to a third-party on behalf of the household and must be paid one month at a time. Pro-rated rents and rental arrears payments may be included with the first month's rent. Rental payments are limited to 24 months per household per episode of housing crisis.

#### **Security Deposits**

Eligible payments include:

- Security deposits of up to the value of two months of rent.

Payments must be paid directly to a third-party on behalf of the household. Any amount of the security deposit returned to the recipient following a tenant's lease termination or expiration should be returned in full to the tenant.

## Other Eligible Housing Costs

- Up to three months of utility arrears if this assistance is necessary for the household to obtain or maintain utilities in a unit for which they are receiving rental assistance. If the arrears are paid, the amount of the arrearage must be considered when determining the total number of months of rental assistance that the household is eligible to receive.
- Utility deposits and ongoing utility payments (not to exceed the IHCDA published utility allowance for the county) for households receiving rental assistance. The recipient may not pay utilities if the Program participant is receiving utility assistance from another source.
- Application fees or background checks required by the property owner to obtain housing.
- One-time moving fees.
- Costs for housing search, conducting Housing Quality Standards (HQS) assessments, and calculating participant income may be considered either administrative or rental assistance costs. It is at the recipient's discretion to determine how file claims for these activities.

## 4.2 Supportive Services

A maximum of 30% of the overall grant amount may be used for supportive services costs as defined below:

- Employment assistance and job training,
- Substance abuse and addiction treatment,
- Educational assistance,
- Life skills assistance,
- Treatment for, and the management of, mental and physical health problems,
- Developing individualized housing and service plans,
- Transportation assistance,
- Assessment of service needs,
- Legal services,
- Childcare assistance,
- Provide housing stability case management services,
- Costs of acquiring essential household items, to be provided to the participant as a grant and not to exceed \$250 without written permission from IHCDA,
- Developing plans, making referrals, or connecting to the types of services listed above (e.g., internet or phone services).

## 4.3 Administrative Costs

A maximum of 10% of the overall grant amount may be used for administrative costs as defined below:

- Processing claims,
- Supervision of Program staff,
- Reporting, including IHCDA required program evaluation and HMIS costs (see sections 9 and 10),
- Conducting Housing Quality Standards (HQS) assessment,
- Housing search,

- Mediation with property owners and/or landlords,
- Determining participant eligibility, and
- IHCDA-approved training.

#### 4.4 Ineligible Costs

- Mortgage assistance, utility payments for homeowners, other costs related to homeownership.
- Rent or utility assistance for households receiving other housing subsidy.
- Hotel/motel payments.
- Cable or satellite services.
- Monthly utility payments for households not receiving rental assistance.
- Renter's insurance, unless included in rent.
- Furniture and other household items costing more than \$250 without specific written permission from IHCDA.
- Any other costs not listed in this document without specific written permission from IHCDA.

## Section 5: Participant Eligibility & Selection Plan

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### 5.1 Participant Eligibility & “Housing Crisis” Definition

As defined in [Indiana Code 5-20-9](#), an eligible person is an individual with a serious mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction, resulting in a housing crisis as defined below. Eligible participants in this program are households in which at least one member is an eligible person as defined above, and all members are experiencing a housing crisis.

For the purposes of this Program, **Housing Crisis** is defined as a situation in which a household does not have sufficient resources or support networks immediately available to maintain safe and affordable housing or to prevent the individual or household from requiring emergency housing. A household will be determined to be in a housing crisis if they meet one of the following conditions:

- They are residing on the street or a place not meant for human habitation;
- They are residing in temporary housing, including emergency shelter, transitional housing, or are currently staying with family or friends on a temporary basis and must vacate within 2 weeks;
- They are facing an imminent court-ordered eviction. A household served under this definition is only eligible for a one-time arrears payment to prevent the eviction and prevent homelessness but can be served with ongoing services.
- They are exiting a residential treatment program within 30 days and do not have immediate access to permanent housing, or
- They are living in an institution or other restrictive setting and could, with stable and affordable housing provided by this Program, along with community and home-based supports, live independently in the community.

The recipient must use the Housing Crisis Verification form provided by IHCD to document the Housing Crisis status. Furthermore, the recipient must document the eligibility by having third party documentation from a knowledgeable third-party to verify that one of the above diagnoses applies. Form HUD-90103 Verification of Disability may be used as documentation. The recipient should not keep detailed medical records or information about the specific disability in the client file.

### 5.2 Income Eligibility

There is no income qualification for initial enrollment. Rather, initial eligibility is based solely on qualifying as an “eligible person” experiencing a “housing crisis” as described in Section 5.1 above. However, income must still be calculated at initial enrollment to determine the participant’s rent contribution. Recipients may not establish a minimum income requirement for the Program and must accept households with little or no income.

To receive rental assistance for more than 12 months, the participant household’s income must be certified (in accordance with the Section 8 Methodology per 24 CFR 5.609 and 24 CFR 5.611(a)) as having an annual income at or below 50% of the area median income (AMI) as published annually

by HUD. This income certification must be conducted no more than 120 days prior to the end of the first year of assistance to determine eligibility for a second year of assistance. Under no circumstances shall the rental assistance for a household extend beyond 24 months.

Recipients must document recertification of Program participant eligibility at least once annually. To receive rental assistance beyond 12 months, the recertification must establish, in addition to the initial eligibility criteria, that:

- The Program participant’s annual income does not exceed 50% of the AMI as published by HUD, using the Section 8 methodology of calculating and verifying income.
- The Program participant does not have sufficient resources or support networks immediately available to maintain safe and affordable housing or to prevent the individual or household from requiring emergency housing.

Documentation of serious mental illness and/or chronic chemical addiction does not need to be re-obtained at recertification if the qualifying individual is still a member of the household.

If a participant household's income exceeds 50% AMI at recertification but the household is otherwise eligible for the Program, then the household is not eligible for an additional 12 months of rental assistance but may continue to receive supportive services for an additional 12 months. In this case, the participant household may receive rental assistance for one month following the recertification to promote housing stability. If the participant household’s income is later reduced below 50% AMI following the annual recertification, the participant household may receive rental assistance for the remainder of their term of assistance. Income documentation must be retained in the client file.

Participant households will be determined to be ineligible for continued participation in the Program at recertification or at any time during their period of assistance if the Program participant has sufficient resources or support networks immediately available to maintain safe and affordable housing and/or if the participant household no longer has at least one member with a serious and persistent mental illness and/or chronic chemical addiction.

Households determined ineligible at recertification or at any time during their period of assistance may continue to receive rental assistance for one month and may continue to receive supportive services for an additional three months following the date of determination of ineligibility to support the household’s transition to long-term stability.

### 5.3 Participant Selection Plan

Prior to enrolling applications, each recipient must develop a participant selection plan which clearly describes the process by which households are selected for participating in the Indiana Housing First program. The plan must be approved by IHEDA prior to implementation.

All participant selection plans must:

- Include this Program’s definition of “eligible participants” and “housing crisis”,
- Describe how eligible persons who are medically vulnerable and either experiencing homelessness or immediately exiting a residential treatment program will be prioritized,

- Describe how eligible persons who are medically vulnerable and experiencing a housing crisis otherwise will be prioritized,
- Identify any method by which potential participants are identified and apply to the program, describing the role of Coordinated Entry, and
- Acknowledge that the program follows the nondiscrimination requirements included in the Fair Housing Act.

## Section 6: Parameters of Assistance

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### 6.1 Length and Termination of Assistance

Eligible households may be enrolled in the Program for a maximum of 24 months per Housing Crisis. Enrollment includes receipt of rental assistance and other housing costs, supportive services, or both. Housing First participants are any household that is the beneficiary of at least one eligible cost. Households who have exited the Program but in the future experience a new and distinct Housing Crisis may be enrolled in the Program for a period not to exceed 24 months.

The recipient may terminate assistance to a participant if the participant violates Program rules. Recipients must establish written standards and formal processes for terminating assistance which must be conveyed to the participant prior to termination. This process must consist of:

- Written notice to the participant clearly explaining the reason for termination.
- A review of the decision, in which the participant has at least 10 days to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision.

Termination does not bar a participant from receiving assistance at a later date from any recipient of this Program, including the recipient who terminated assistance.

The recipient must carefully consider the reason for termination and all extenuating circumstances so that termination only occurs in the most severe cases.

#### **Definition of Temporarily Absent**

Generally, an individual who is or is expected to be absent from the Unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a member of the household.

#### **Definition of Permanently Absent**

Generally, an individual who is or is expected to be absent from the Unit for more than 180 consecutive days is considered permanently absent and is no longer considered a member of the household.

If an individual will be absent from the Unit for more than 180 days, and there are no remaining household members in the Unit, then the recipient must terminate rental assistance payments.

The Tenant must provide notice to the Recipient when he, she or another member of the household will be absent from the Unit for an extended period of time. An extended period of time is defined as any period greater than 30 calendar days. The Tenant must provide written notice to the Recipient at the beginning of his, her or another member of the household's absence. The Recipient is under no obligation to continue to provide rental assistance to a vacant unit. If the Tenant fails to provide notice of his or her absence, the Recipient can immediately terminate his or her rental assistance.

The Tenant and/or other members of the household that remain in the Unit during the absence, must ensure that the following activities are being performed during the absence:

- (a) Payment of utility bills;
- (b) Maintaining any appliances that the landlord is not required to provide under the lease;
- (c) Payment of the tenant’s portion of rent as detailed in Rental Assistance Payment Contract; and
- (d) Notifying the landlord of the absence.

Whenever possible, households should be given the opportunity to complete a client feedback form when exiting the Housing First Program (see Section 10.4).

## 6.2 Lease and Rental Assistance Payment Contracts

Program participants receiving rental assistance (except for those receiving eviction prevention assistance only) must execute a lease with the property owner. Initial lease terms must be for no less than 12 months, and leases must be renewable. Leases must be reviewed by the recipients to ensure that lease terms are not overly burdensome on the program participant. Participants may identify a guarantor or non-resident co-signor if requested by the landlord to help secure a lease. Leases should not include co-signors who are not members of the eligible household.

In addition to the lease, recipients and households must also complete the Housing First Rental Assistance Payment (“RAP”) Contracts. The Rental Assistance Payment (RAP) Contracts are two agreements, the first between the landlord and the recipient and the second between the recipient and the participant. These documents describe the responsibilities of each party and should be retained in each participant file in addition to the lease.

The participant’s file should be updated annually with renewed documentation.

## 6.3 Payment Standard

Rent must be determined to be reasonable to ensure that a fair rent is paid for each unit rented under this Program. The contract rent charged by the landlord, plus a utility allowance if utilities are not included in the rent, must be determined to be reasonable. The recipient must use Go Section 8 to search for comparable units to determine if the rent plus utility allowance is reasonable.

The following factors will be taken into consideration when determining rent reasonableness:

- Location and age of unit,
- 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 unit including the quality of the original construction, maintenance and improvements made, and,
- Amenities, services, and utilities included in the rent.

Please use [www.AffordableHousing.com](http://www.AffordableHousing.com) (formerly [GoSection8.com](http://GoSection8.com)) to determine rent reasonableness. To request a username and get access to the website, please email the Supportive Housing Analyst. Refer to the Rent Reasonableness User Manual (available via the [Housing First](#)

[Web Page](#)) for guidance regarding rent reasonableness determinations. Rent reasonableness must be re-determined annually. Print out the rent reasonableness determination from the AffordableHousing.com website and place it in the tenant's file. If the comparable units available on AffordableHousing.com do not reflect local market conditions, recipients may contact the Supportive Housing Analyst to request an alternate method for calculating reasonable rent.

The recipients must also review and approve rent increases by landlords renting to tenants participating in the Program. Owners may adjust rents as leases are renewed (generally annually). The recipient generally should disapprove a lease/unit if the rent is not reasonable. The recipient may approve a lease/unit that is not reasonable only if the participant agrees to pay the difference between the rent reasonableness determination and the rent being charged by the landlord, in addition to their calculated contribution. In these cases, the recipient is strongly encouraged to evaluate all available housing options and to employ the CTI Model to ensure that the increased cost contributes to the long-term housing stability of the tenant. The recipient is also encouraged to establish guidelines for disapproving units based on the participant's income. For example, recipients may implement a policy where they will approve leases that are not reasonable in limited instances, but only if the tenant contribution will not exceed 50% of the participant's income.

## 6.4 Calculation of Rental Subsidy

Recipients must evaluate a Program participant's income at initial enrollment, at recertification, and anytime there is an increase or decrease in household income. The participant's rent contribution must be at least 30% of the household's monthly adjusted income (adjustment factors include the number of people in the household, the age of household members, medical expenses, and child-care expenses). Income must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a). Income should be recalculated whenever there is a change in the household's status (household size, employment, etc.) that would lead to an increase or decrease in income.

While Program participants must pay a portion of their income as rent, the nature of this Program allows for flexibility in calculating the amount the participant will pay. It may be unrealistic for a household to make the necessary increases in income before assistance ends for the household to pay their full monthly rent with only 30% of their income. Therefore, recipients may require the participant to pay an amount above 30% of their income, so long as that amount:

- Is based on a percentage of the household's income, not a specific dollar amount.
- Is reasonable for the household to pay and still meet basic needs.
- Is conducive to the recovery and long-term stability of the household.
- Takes into consideration any utilities, medical costs, education costs, childcare costs, or other reasonable reoccurring fees that the household pays.

Participant rent contribution may change as income changes, or over time as the participant moves through the Program. Changes in rent contributions should be reasonable and account for all the factors listed above. Additionally, if a participant's income decreases, the participant's rent contribution should decrease to reflect this change in status, as long as the decrease does not go below 30% of the participant's monthly income. The method used to calculate the participant rent may vary by household. **IHCDA requires the recipient to document the determined structure for each household and document when the standard is deviated from.** In addition, if certain exceptions to the determined structure are made for one household, the same exceptions must be

considered for all households in similar circumstances.

### **Rental Subsidy Examples**

IHCDA encourages recipients to work with individual households to identify the financial resources needed to assist in returning to housing as quickly as possible. Recipients should be transparent and realistic when working with households to identify what financial assistance is available. Examples of subsidy models include gradually decreasing the amount of subsidy the household receives over the course of rental assistance or requiring the household to pay an increasing percentage of income the longer they receive the subsidy. It is recommended that recipients establish an initial period of assistance and revisit the potential for extension based on household needs as the subsidy limit is reached.

**Subsidy Model Examples:** *Below are common models used to establish subsidy guidelines. Recipients can adjust model amounts or percentages based on the individual needs of households.*

**Decreased subsidy approach:** This model is focused on decreasing the amount of subsidy the recipient provides. The recipient establishes a percentage of rent that will be subsidized for the household for a determined period of time. The recipient communicates with the household how the subsidy provided will decrease over time to support the household in preparing to take over the full rent amount when the subsidy ends.

**Example:** Recipient pays 50% of the rent for months 1-3. The ongoing subsidy need is reviewed at the end of month two and determined that the household is not yet ready to take on the full amount of rent. The recipient agrees to subsidize months 4-6 by paying 35% of the rent. In month five the Recipient revisits the need for ongoing assistance, and it is determined that the household can take over the full rent amount after month 7. The recipient agrees to pay 20% of the rent in month 7. The household pays 100% of their rent in month 8.

**Increased tenant income approach:** This model focuses on increasing the percentage of income the household contributes to their rent over the period of time assistance is provided. The recipient will work with the household to determine what percentage of their income will be dedicated to the total rent amount once the subsidy ends and gradually increases the percentage of income the household pays toward their monthly rent with the goal of preparing the household to take over the full rent amount at the end of the subsidy period.

**Example:** Prior to moving in, it is determined that the rent of the selected unit is the equivalent of 65% of the household's adjusted monthly income. The household contributes 50% of their adjusted income to their rent in months 1-3 and the recipient subsidizes the remaining portion of the rent. Ongoing subsidy need is reviewed at the end of month two and determined that the household is not yet ready to take on the full amount of rent. The recipient agrees to subsidize months 4-6 and the household contribution is increased to 55% of their adjusted income. In month five the recipient revisits the need for ongoing assistance, and it is determined that the household can take over the full rent amount after month 7. The household contributes 60% of their monthly income to rent in

month 7. The household pays 100% of their rent which is the equivalent to 65% of their monthly income in month 8.

**Setting Limits/Thresholds for Assistance:** Recipients are required to set a threshold for assistance, for example, if a household's rent is less than an equivalent of 50% of its income it is recommended that ongoing monthly assistance is not provided but that move in-assistance is provided to support the household in obtaining permanent housing.

Assistance thresholds should be documented in the recipient's program manual and communicated to potential and enrolled households seeking assistance.

The tenant's portion of the rent is paid directly to the landlord and is subject to the same timeliness requirements as the overall rent. In other words, failure to pay the tenant portion of the rent for an assisted unit can be a reason for eviction.

## Section 7: Income Eligibility

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### 7.1 Overview of Income Eligibility Requirements

While there is no income qualification for initial enrollment, income must still be calculated at initial enrollment to determine the participant's rent contribution. To receive rental assistance for more than 12 months, the participant household's income must be certified (in accordance with the Section 8 Methodology per 24 CFR 5.609 and 24 CFR 5.611(a)) as having an annual income at or below 50% of the area median income (AMI) as published annually by HUD. This income certification must be conducted no more than 120 days prior to the end of the first year of assistance to determine eligibility for a second year of assistance. Under no circumstances shall the rental assistance for a household extend beyond 24 months.

### 7.2 Recertification

Recipients must document recertification of Program participant eligibility at least once annually if the assisted household is going to receive more than 12 months of rental assistance. The recertification must establish, in addition to the initial eligibility criteria, that:

- The Program participant's annual income does not exceed 50% of the AMI as published by HUD, using the Section 8 methodology of calculating and verifying income.
- The Program participant does not have sufficient resources or support networks immediately available to maintain safe and affordable housing or to prevent the individual or household from requiring emergency housing.

Documentation of serious mental illness and/or chronic chemical addiction does not need to be re-obtained at recertification if the qualifying individual is still a member of the household.

If a participant household's income exceeds 50% AMI at recertification but the household is otherwise eligible for the Program, then the household is not eligible for an additional 12 months of rental assistance but may continue to receive supportive services for an additional 12 months. In this

case, the participant household may receive rental assistance for one month following the recertification to promote housing stability. If the participant household's income is later reduced below 50% AMI following the annual recertification, the participant household may receive rental assistance for the remainder of their term of assistance. Income documentation must be retained in the client file.

Participant households will be determined to be ineligible for continued participation in the Program at recertification or at any time during their period of assistance if the Program participant has sufficient resources or support networks immediately available to maintain safe and affordable housing and/or if the participant household no longer has at least one member with a serious and persistent mental illness and/or chronic chemical addiction.

Households determined ineligible at recertification or at any time during their period of assistance may continue to receive rental assistance for one month and may continue to receive supportive services for an additional three months following the date of determination of ineligibility to support the household's transition to long-term stability.

### 7.3 Definition of Annual Income and Determination of Household Size

Annual income is the amount of income that is used to determine a household's amount of rental assistance. Annual income is defined as follows:

1. All amounts, monetary or not, that go to or are received on behalf of the head of household, spouse or co-head (even if the household member is temporarily absent), or any other household member; or
2. All amounts anticipated to be received from a source outside the household during the twelve (12) month period following admission or annual recertification effective date.

Earned income is counted for all household members aged 18 or older. Unearned income (such as benefits and asset income) is counted for all members of the household regardless of age. Annual income includes the amount derived (during the 12-month period) from assets to which any member of the household has access. The recipient must obtain third party verification of income sources of all adult household members aged eighteen (18) or older, as well as benefits paid on behalf of minors in the household.

- **Regular Cash Contribution and Gifts:** All income received on a regular basis from persons not living in the units must be counted. These sources may include rent and utility payments paid on behalf of the household, and other cash or non-cash contributions provided on a regular basis. The only exceptions are childcare expenses paid directly to the child care provider on behalf of the household or groceries given to the household (actual grocery items, not money for groceries). For example, the father of a young single parent pays her monthly utility bills. On average he provides \$100 each month. The \$100 must be included in the household's annual income. In another example, the daughter of an elderly tenant pays her mother's \$175 share of rent each month. The \$175 value must be included in the tenant's annual income.
- **Welfare Assistance as Income:** Welfare assistance is counted as income. Most recipients

will use the actual gross amount of welfare assistance the household received. In certain “as-paid” localities, however, a special calculation is required. In an as-paid jurisdiction, welfare assistance for housing costs is established separately from the rest of the welfare assistance and may be adjusted based on the actual cost of the household’s housing. For welfare recipients, Housing First award recipients in as-paid jurisdictions must count as income the amount of general assistance the household received plus the maximum amount of housing assistance the household could receive (rather than the amount the household is actually receiving).

- ***Self-Employed Persons:*** Self-employment net income (after business expenses) from non-farm business, including proprietorship and partnership must be counted. Also, farm self-employment net income (after operating expenses) must be counted. Include amounts from land rented for shares.
- ***Military Income:*** All regular pay, special pay, and allowances of a member of the Armed Forces must be counted. The exception to this rule is special pay to a household member serving in the Armed Forces who is exposed to hostile fire.
- ***Adults:*** Count the annual income (earned and unearned) of the head, spouse, co-head, and any other adult members of the household. In addition, persons under the age of eighteen (18) who have entered into a lease, under state law, are treated as adults and their annual income must also be counted. These persons will be the head, spouse, or co-head; they are sometimes referred to as emancipated minors.
- ***Minor children:*** Benefits or other unearned income, including income from assets, of minors is counted. This includes child support, AFDC payments, Social Security, and other benefits paid on behalf of the minor.
- ***Temporarily absent household members:*** The income of temporarily absent household member is counted in Part 5 definition of annual income – regardless of the amount the absent household member contributes to the household. For example, a construction worker employed at a temporary job on the other side of the state earns \$600 per week. He keeps \$200 per week for expenses and sends \$400 per week to his household. The entire amount (\$600 per week) is counted in the household’s income.
- ***Adult students living away from home:*** If an adult full-time student is counted as a member of the household in determining the household size (to compare against the HUD income limits), only the first \$480 of the student’s income must be counted in the household’s income. However, if the student is the head, co-head or spouse you must count the full amount of income. (NOTE: Verification must be obtained from the school verifying the student is full time.)
- ***Adult student living at home:*** Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who is not the head of the household, co-head, or spouse. (NOTE: Verification must be obtained from the school verifying the student is full time.)
- ***Permanently absent household members:*** If a household member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

The following persons shall not be included when calculating the household size for purposes of determining income eligibility: live-in aides (as defined in 24 CFR 5.403), unborn children, and

children being pursued for legal custody or adoption who are not currently living with the household.

The income of the following persons should not be counted:

- ***Income of live-in aides:*** If a household includes a live-in aide as a reasonable accommodation under Fair Housing, the income of the live-in aide, regardless of the source, is not counted.
- ***Earned income of minors:*** Earned income of minors (age 17 and under) is not counted. However, unearned and asset income of minors is included in total household income.

## 7.4 Income Inclusions

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. Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining the net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the household.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the household. Where the household has net household assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net household assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a period payment (except as provided in number 14 of Income Exclusions).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
  - The amount of allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
  - The maximum amounts that the welfare assistance agency could in fact allow the household for shelter and utilities. If the household's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one (1) application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the

- dwelling.
8. All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

## 7.5 Income Exclusions

1. Income from employment of children (including foster children) under the age of eighteen (18) years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant household, who are unable to live alone).
3. Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member.
5. Income of live-in aide (as defined in [24 CFR 5.403](#)).
6. Certain increases in income of a disabled member of qualified families receiving TBRA (24 CFR 5.67(a))
7. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a household member serving in the Armed Forces who is exposed to hostile fire.
9. Amounts received under training programs funded by HUD.
10. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
11. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program.
12. Amounts received under a resident service stipend (as defined in [24 CFR 5.609\(c\)\(8\)\(iv\)](#)).
13. Incremental earnings and benefits resulting to any household member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a household 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 of the period during which the household member participates in the employment-training program.
14. Temporary, nonrecurring, or sporadic income (including gifts).
15. Reparation payments paid by foreign government pursuant to claims under the laws of the government by persons who were persecuted during the Nazi era.
16. Earnings in excess of \$480 for each full-time student eighteen (18) years old or older (excluding the head of household or spouse).
17. Adoption assistance payments in excess of \$480 per adopted child.
18. Deferred period amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
19. Amounts received by the household in the form of refunds or rebates under state or local law

- for property taxes paid on the dwelling unit.
20. Amounts paid by a state agency to a household member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled household member at home.
  21. Amount specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of [24 CFR 5.609\(c\)](#) apply, including,
    - (i) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
    - (ii) Payments to Volunteers under the Domestic Volunteer Services Act of 1973;
    - (iii) Payments received under the Alaska Native Claims Settlement Act;
    - (iv) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
    - (v) Payments or allowances received under the Department of Health and Human Services' Low-Income Home Energy Assistance Programs;
    - (vi) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
    - (vii) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
    - (viii) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs. For Section 8 programs, the exception found in [Section 237 of Public Law 109-249](#) applies and requires the amount of financial assistance in excess of tuition shall be considered income in accordance with the provisions codified at [24 CFR 5.609\(b\)\(9\)](#), except for those persons with disabilities as defined by [42 U.S.C. 1437a\(b\)\(3\)\(E\)](#);
    - (ix) Payments received from programs funded under Title V of the Older Americans Act of 1965;
    - (x) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange liability litigation, M.D.L. No. 381 (E.D.N.Y.);
    - (xi) Payments received under the Maine Indian Claims Settlement Act of 1980 (Public Law 96-420, 25, U.S.C. 1721) pursuant to [25 U.S.C. 1728\(c\)](#);
    - (xii) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
    - (xiii) Earned income tax credit (EITC) refund payments received on or after January 1, 1991;
    - (xiv) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
    - (xv) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
    - (xvi) Any amount of crime victim compensation (under the Victims of Crime Act) received

- through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act;
- (xvii) Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998;
  - (xviii) Any amount received under the School Lunch Act and the Child Nutrition Act of 1966 ([42 U.S.C 1780b](#)), including reduced-price lunches and food under the Special Supplemental Food Program for Woman, Infants, and Children (WIC);
  - (xix) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990;
  - (xx) Payments from any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts as provided by an amendment to the definition of annual income in the U.S. Housing Act of 1937 ([42 U.S.C. 1437](#)) by Section 2608 of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, [42 U.S.C. 4501](#));
  - (xxi) Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 ([25 U.S.C 4101](#)) and administered by the Office of Native American Programs; and
  - (xxii) A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, United States District Court, District of Columbia, as provided in the Claims Resolution Act of 2010 (Pub. L 111-291).

## 7.6 Treatment of Assets

### What to Include as an Asset

In general terms, an asset is a cash or non-cash item of value that can be converted to cash. It is the income earned on the asset that is included in annual income (e.g. count the interest earned on the savings account), not the value of the asset itself.

The market value of an asset is its dollar value on the open market. The cash value of an asset is the market value minus reasonable expenses incurred to convert the asset to cash, including for example:

- Penalties or fees for converting financial holdings. Any penalties, fees or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value.
- Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property and any legal fees associated with the sale of real property are deducted from the market value to determine equity in real estate.

For the purposes of calculating annual income, the cash value of an item is counted as the asset, not the market value.

Any asset source that is not specifically excluded must be included. For more information regarding

net household asset inclusions and exclusions, and how to determine the value of income from assets, see [Chapter 5 of HUD Handbook 4350.3](#) in Appendix A, specifically Section 5-7 and Exhibit 5-2.

### **Actual Income from Assets**

Actual income from assets is the income generated by the asset, such as interest or a dividend. This is counted as income even if the income is not received by the household, for example, if the interest or dividend is automatically reinvested into the asset. When net household assets (cash value of all assets) are up to \$5000, the actual income from assets is always the income used. When net household assets exceed \$5000 then the actual income must be compared to the imputed income from assets (see below) and the higher amount is used for income determination.

### **Imputing Income from Assets**

If net household assets (cash value of all assets) is greater than \$5000, asset income (which must be included as part of total gross household income) will be the greater of: a) actual asset income; or b) net household assets multiplied by the HUD approved passbook rate (the “Imputed Income from Assets”). The current passbook rate is 0.06%.

### **Disposed of Assets**

Assets disposed of for less than fair market value are included as assets for a period of two (2) years from the date of disposal. The amount to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset. This rule only applies if the difference between the cash value and the amount received is greater than \$1000.

Assets disposed of for less than the fair market value as a result of foreclosure or bankruptcy or those lost through a divorce or separation settlement are not included in this calculation.

### **Asset Inclusion**

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average six (6) month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Equity in a household’s primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement accounts and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one (1) time receipts, such as inheritances, capital gains, lottery winnings, victim’s restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

## **Asset Exclusion**

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated from the asset.
4. Equity in cooperatives in which the household lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

## **7.7 Calculation of Adjusted Income**

IHCDA requires recipients to deduct from annual income any of five mandatory deductions for which a household qualifies. The resulting amount is the household's adjusted income. Mandatory deductions are found in 24 CFR 5.611.

- (1) \$480 for each dependent;
- (2) \$400 for any elderly household or disabled household;
- (3) Unreimbursed medical expenses, to the extent the sum exceeds 3% of annual income;
- (4) Disability assistance deduction; and
- (5) Any reasonable childcare expenses necessary to enable a member of the household to be employed or to further his or her education.

### **Dependent Deduction**

An allowance of \$480 is deducted from annual income for each dependent [24 CFR 5.611(a)(1)]. Dependent is defined as any household member other than the head, spouse, or co-head who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b)].

### **Elderly or Disabled Household Deduction**

A single deduction of \$400 is taken for any elderly or disabled household [24 CFR 5.611(a)(2)]. An elderly household is a household whose head, spouse, co-head, or sole member is 62 years of age or older, and a disabled household is a household whose head, spouse, co-head, or sole member is a person with disabilities [24 CFR 5.403].

### **Medical Expense Deduction** [24 CFR 5.611(a)(3)(i)]

Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed 3% of annual income. The medical expense deduction is permitted only for households in which the head, spouse, or co-head is at least 62 or is a person with disabilities. If a household is eligible for a medical expense deduction, the medical expenses of all household members are counted [VG, p. 28]. Definition of Medical Expenses HUD regulations define medical expenses at 24 CFR 5.603(b) to mean "medical expenses, including medical

insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.” The most current IRS Publication 502, Medical and Dental Expenses, will be used as a reference to determine the costs that qualify as medical expenses.

**Disability Assistance Deduction** [24 CFR 5.603(b) and 24 CFR 5.611(a)(3)(ii)]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled household member may be deducted if they:

- (1) are necessary to enable a household member 18 years or older to work,
- (2) are not paid to a household member or reimbursed by an outside source,
- (3) in combination with any medical expenses, exceed three percent of annual income, and
- (4) do not exceed the earned income received by the household member who is enabled to work.

**Childcare Expense Deduction**

HUD defines childcare expenses at 24 CFR 5.603(b) as “amounts anticipated to be paid by the household for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a household member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.” Childcare expenses do not include child support payments made to another on behalf of a minor who is not living in a participant’s household [VG, p. 26]. However, childcare expenses for foster children that are living in the participant’s household are included when determining the household’s childcare expenses [HCV GB, p. 5-29].

**Anticipating Expenses**

Generally, recipients will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., childcare during school and non-school periods and cyclical medical expenses), recipients will estimate costs based on historic data and known future costs. If a household has an accumulated debt for medical or disability assistance expenses, recipients will include as an eligible expense the portion of the debt that the household expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. Recipients may require the household to provide documentation of payments made in the preceding year. If at the time of initial certification or reexamination, the household reports that they are eligible for a Medicare or Medicaid spend-down, recipients must determine if the spend-down cap was reached within the last 90 days. If yes, and the spend-down is expected to continue, then the spend-down cap will be used as the household’s projected monthly medical expense. If no, then the actual anticipated medical expense will be used if the medical expenses are expected to continue.

## Section 8: Housing Selection and Occupancy Standards

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### 8.1 Unit Selection

The recipient must maximize housing choice when working with households to identify housing opportunities, and households must be free to select the unit of their choice. Recipients must assist the program participant/household in locating housing but cannot require a household to live in a particular apartment complex, project, building, or unit. Households may choose to rent units owned by the recipient, so long as the recipient does not require households to do so and provides household with other available options. The recipient must consider the long-term affordability of housing for the tenant when assisting the tenant in selecting available units.

Rental assistance provided by the Program must be tenant-based, meaning the assistance is tied to the client rather than a specific unit or project. Participants must be permitted to move out of the unit at the end of the lease term and transfer their assistance to another eligible unit of their choosing.

### 8.2 Housing Quality Inspections

IHCDA will adopt the Housing Choice Voucher (“HCV”) program quality standards for the Program. HCV regulations at 24 CFR Part 982 set forth basic housing quality standards (“HQS”) which all units must meet before assistance can be paid on behalf of a household and at least annually throughout the term of the assisted tenancy. HQS define "standard housing" and establish the minimum criteria for the health and safety of Program participants. Current HQS regulations consist of 13 key aspects of housing quality, performance requirements, and acceptability criteria to meet each performance requirement. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes, congregate housing, single room occupancy, shared housing, and group residences.

All recipients will be required to conduct an HQS inspection of the unit before allowing the beneficiary to move in. For households receiving one-time security deposit assistance, a unit inspection is required only at the time that assistance is provided. Recipients must utilize form HUD-52580-A Inspection Form or form HUD-52580 Inspection Checklist to determine whether the unit passes or fails Housing Quality Standards. The recipient must retain a copy of the form in the participant file.

Recipients may not perform HQS inspections on units they own, or any unit for which the recipient has a financial interest. If a participant chooses to rent a unit owned by the recipient, the recipient should contact IHCDA for further guidance.

A unit may fail an HQS inspection for the following common reasons: outlets not working properly, exhaust fans not working, broken windowpanes, windows that do not lock, leaking pipes or faucets, major holes in wall, etc.

If a unit fails inspection, the inspection form will contain comments detailing the areas that failed to meet HQS standards and will prescribe the necessary repairs needed to pass inspection. If the landlord is willing to repair the items listed, they will need to submit an affidavit detailing all the repairs that were completed. The owner is responsible for completing all repairs and the recipient must re-inspect the unit and verify completion. The affidavit is available on the Housing First web page and must be maintained in tenant files along with the Inspection forms. A participant cannot receive Housing First until the landlord corrects all issues noted in the inspection report and the recipient has re-inspected and approved the unit.

Upon request, IHCDA will provide additional guidance to recipients on how to conduct an HQS inspection.

# Section 9: Monthly Reporting and Claims Submission

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## 9.1 Monthly Reports

Recipients must submit a monthly report identifying all households served and funds expended per grant. Recipients are expected to submit one report per grant if currently operating more than one grant. The monthly report must be submitted via email to the Supportive Housing Analyst by the 15th of each month with the required information about the previous calendar month. The recipient must submit all reports as requested by IHCDA to remain in compliance.

## 9.2 Claims Submission Process

Funds are disbursed on a reimbursement basis through claims submitted to IHCDAOnline at <https://online.ihcda.in.gov/>. Recipients must submit claims to IHCDA at least once per month. For information on how to submit a claim and the required documentation, refer to the [Partner's Guide to IHCDAOnline](#). Questions regarding the claims process and access to the system should be submitted to [claims@ihcda.in.gov](mailto:claims@ihcda.in.gov). If the question is on eligible activities, please contact the Housing First Program Analyst.

Required claim documentation:

- Signed Claim Receipt Page(s)-signed by authorized signatory (IHCDAOnline)
- Claim Summary Pages (IHCDAOnline)
- Other Support Documentation including:
  - General Ledger
  - Invoices/receipts (showing date paid)
  - Financial Narrative Reimbursement Form (provided by IHCDA)

## Section 10: Ongoing Monitoring and Compliance

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### 10.1 Homeless Management Information System

The Homeless Management Information System (“HMIS”) is a secure, electronic data collection system used to determine the nature and extent of homelessness. Data regarding all homeless individuals assisted with the Program’s grant funds must be entered into either the Indiana Balance of State or the Indianapolis HMIS. IHEDA will determine the HMIS that the recipient must use based on the geographic location of the project.

The recipient is required to enter participant data at intake and upon discharge of the program at a minimum. The recipient is encouraged to utilize the other features of HMIS such as case notes, service tracking, and reporting functions. The data required for entry into HMIS includes at least the following data elements: Name, Social Security Number, Date of Birth, Race, Ethnicity, Gender, Veteran Status, Disabling Condition, Residence Prior to Entry, Zip Code, Length of Stay at Previous Residence, Housing Move-in Date, and Exit Destination. The recipient agrees to collect any other data elements as IHEDA directs. For HMIS assistance or to get registered to use the system, please contact the HMIS Help Desk at: [hmishelpdesk@iheda.in.gov](mailto:hmishelpdesk@iheda.in.gov).

*To request a waiver to this policy, please contact the Supportive Housing Analyst.*

### 10.2 Record-Keeping

The following records must be retained for each household served by the Housing First Program for at least three years after the period of assistance terminates:

- Application
- Notice of program admittance/denial to applicants
- Eligibility determination documentation, including but not limited to:
  - Verification of Housing Crisis Status (IHEDA Form)
  - Third-party verification of eligible diagnosis (No particular format is required, although Form HUD-90103 Verification of Disability is recommended. Detailed medical records about the specific disability should not be retained in the client file.
- Income verification forms:
  - Income & Asset documentation
  - Zero Income Certification (if applicable)
  - Income and Rent Calculation Form/Documentation of method of rent contribution
- Request for Unit Approval (IHEDA Form)
- Rent Reasonableness determination for the selected unit
- Form HUD-52580-A Inspection Form or form HUD-52580 Inspection Checklist
- Lead Based Paint Inspection Report, if applicable
- Leasing documents, including but not limited to:
  - Lease
  - Rental Assistance Payment Contracts
  - Lease Renewals, etc.

### 10.3 Client Feedback Form

Recipients are required to design a participant feedback form which must be given to households upon exit from the program and/or at the end of the grant period. The form must ask questions related to the client's experience and satisfaction with the Housing First Program administered by the recipient and must provide the option for feedback to be provided anonymously. Recipients are encouraged to collect qualitative and quantitative data and should have policies for using client feedback to make improvements to the program.

### 10.4 Close-Out Reports

A final close out report must be submitted to IHCDA within 30 days after the award expires. IHCDA will provide a form on which recipients will record information regarding their award performance. Recipients will be required to attach a copy of the client feedback form used to collect data about participants' experience in the Housing First Program, as described in the RFQ. All reports must be submitted as requested by IHCDA for the recipient to remain eligible for future Housing First funds.

### 10.5 Budget Modifications

Budget modifications that move funds set aside for one type of eligible cost to another eligible cost are permitted. Line-item budget modifications within one larger category, such as supportive services, can happen whenever the recipient chooses and does not require IHCDA's permission. However, when moving funds from one of the overall budget categories to another (rental assistance, administration, supportive services), written permission from IHCDA is required. While recipients may re-allocate funds from supportive services and administrative budgets to the rental assistance budget, the rental assistance budget may never be decreased from the 60% minimum threshold described by this manual. The budget modification request form and instructions for uploading the form to <https://online.ihcda.in.gov/> are available online and may also be obtained from the Supportive Housing Analyst.

### 10.6 Re-allocation Policy

**Unclaimed Funds:** Funds that were allocated to a specific recipient or allocated to IHCDA's administrative costs that were not claimed by the recipient during the grant year or were leftover in the administrative category and not used by IHCDA.

**Grant Cycle:** Two years from the award date.

Recipients of Program funds are expected to expend funds in a timely manner. Target benchmarks for expenditures will be defined within the Award Agreement. At any point during a grant cycle IHCDA may require recipients who are behind on the benchmarks defined in their award agreements to provide a spend-down plan for unclaimed funds remaining on their Housing First award. Spend-down plans must be completed on a standard form provided by IHCDA and must include information on anticipated monthly expenditures for housing costs, supportive services costs, and administrative costs. IHCDA will review all submitted spend-down plans to verify that planned expenditures are reasonable when compared to the recipient's claims history and proposed goals for number of

households served.

If a recipient's spend-down plan is determined by IHCD A to be insufficient to expend the total award amount within the term of the award agreement, IHCD A may offer the organization a 3-month extension to their award period and/or may de-allocate the portion of the award that is not expected to be spent. If a recipient fails to provide a spend-down plan when requested, IHCD A will review the organization's claim history to determine if they are on track to expend their full award amount. Recipients who do not submit the required spend-down plan when requested are not eligible for an award extension but may have a portion of their award de-allocated. IHCD A will notify recipients of any award de-allocation via email with a letter stating the amount by which the award has been reduced. If IHCD A chooses to allow a grant extension, organizations will be notified via email with a letter stating the new grant end date and benchmarks that must be met during the extended time.

Housing First funds de-allocated through this process may be added to the total available award amount under the next Housing First Request for Qualification or may be allocated to another recipient(s) with Housing First award(s) who have met award benchmarks. Such re-allocations will follow this policy and will be approved by IHCD A's Executive Team through delegated authority.

# Section 11: Federal Requirements

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## 11.1 Lead-Based Paint

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR part 35, subparts A, B, H, J, k, M, and R apply to this Program. Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero-bedroom dwellings. Accordingly, landlords must cooperate with Program recipients to ensure the following steps are being taken:

1. For every unit:
  - a. Providing all prospective families with the booklet entitled, “Protect Your Family from Lead in Your Home”,
  - b. Lead-Based Paint Exemption form is completed,
  - c. HQS inspection is performed,
  - d. Inspector uses Form HUD-52580, and
  - e. Inspection must attend HUD Visual Assessment training at the following link: <https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm> and certificate of completion submitted to IHCDA.
2. If child under six is in unit and unit was built prior to 1978 (additional items):
  - a. Disclosure of known lead-based paint hazards to prospective tenants before the lease is signed, Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards (LBP Disclosure Form) is completed,
  - b. The Program recipient and landlord must execute an “Agreement for Ongoing Maintenance Activities related to Lead-Based Paint Requirements”, drafted by IHCDA,
  - c. Visual assessment for deteriorated paint is performed,
  - d. Deteriorated painted surfaces is stabilized and hazard reduction activities are performed,
  - e. Tenants are notified each time such an activity is performed,
  - f. All work is conducted in accordance with HUD safe practices,
  - g. Records are maintained concerning paint stabilization and before re-occupancy,
  - h. Clearance examinations are performed after paint stabilization and before re-occupancy,
  - i. Ongoing lead-based paint maintenance is performed,
  - j. If the Program recipient is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than six years of age, has been identified as having an elevated blood lead level (“EBLL”), the recipient must complete an environment investigation of the dwelling unit. The environmental investigation must be completed in accordance with Program requirements, and the result of the environmental investigation must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner,

- k. Records are maintained concerning a child with an EBLL in a covered unit,
- l. Reevaluation shall be conducted and the recipient shall conduct interim controls of lead-based paint hazards found in the reevaluations.
- m. As part of ongoing maintenance asking each household to report deteriorated paint.

## 11.2 Fair Housing

The recipient, owner, or agents of the owner shall not discriminate in participant selection or the provision of housing on the basis of race, color, sex (including gender, gender identity, and sexual orientation), national origin, religion, familial status, or disability (the seven protected classes under the Fair Housing Act) or ancestry (an additional protected class under the Indiana Fair Housing Act). Nondiscrimination means that owners cannot refuse to rent a unit, provide different selection criteria, fail to allow reasonable accommodations or modifications, evict, or otherwise treat a tenant or applicant in a discriminatory way based solely on that person’s inclusion in a protected class. Owners may not engage in steering, segregation, false denial of availability, denial of access to services or amenities, discriminatory advertising, or retaliation against individuals that make fair housing complaints.

### Required Actions

All recipients should be familiar with both state and federal civil rights and fair housing laws. IHCD strongly encourages recipients to provide Fair Housing and Equal Opportunity training for all staff, including maintenance staff, associated with any property. Staff should attend a Fair Housing and Equal Opportunity training at least once every calendar year.

All participant selection plans must acknowledge that the program follows the Fair Housing Act’s nondiscrimination requirements. In addition, all participant-signed forms must include the Fair Housing/Equal Housing Opportunity and Accessibility logos below.



See Chapter 10 of [IHCD’s HOME, CDBG and HTF Manual](#) for more information on Fair Housing, Equal Opportunity, Non-Discrimination and Equal Access.