

## Leasing and Rental Assistance:

# Transition Guidance for Existing SHP GRANTEES Using Leasing Funds for Transitional or Permanent Housing





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Most legacy homeless assistance grant projects renewing under the FY2012 CoC Program competition will be renewing with the same eligible costs. However, some SHP leasing projects have been operating in a manner that may now be considered a rental assistance model, and as such will have to reclassify itself during this competition. Please note that projects that received rental assistance under the Shelter Plus Care program will continue requesting rental assistance under the CoC Program.

This tool will help applicants determine how to classify or reclassify their current SHP project on the Grant Inventory Worksheet (GIW). Projects that received leasing funds under the Supportive Housing Program can:

- Continue requesting leasing funds to lease units or structures if the project initially meets certain criteria
- Continue requesting leasing funds to lease units if the project can be made to meet certain criteria
- Request rental assistance funds to lease units if the project meets certain criteria. (The ability to transition from leasing to rental assistance is offered at the first time of renewal under the CoC Program only.)

To determine if your SHP project should request leasing or rental assistance under the CoC Program, answer the following questions:

Are you, the recipient or subrecipient, leasing a structure to provide housing and/or supportive services?	Yes		Request LEASING funds on the GIW
	No		Continue on with the remaining questions to determine which funding to request
For individual units funded under a leasing budget line item, does the <u>program participant</u> have a direct lease with the landowner?	Yes		Request RENTAL ASSISTANCE funds on the GIW
	No <i>(lease is between the landowner and the recipient/subrecipient)</i>		Request LEASING funds on the GIW
REMEMBER: ANY RECIPIENT/SUBRECIPIENT RECEIVING LEASING FUNDS <u>CANNOT</u> OWN THE PROPERTY			

Note: Under the CoC Program in FY 2012, one project cannot provide a mixture of both leasing and rental assistance for units to serve program participants.

## Key Differences Between Leasing and Rental Assistance Under the CoC Program

	LEASING (24 CFR PART 578.49)	RENTAL ASSISTANCE (24 CFR PART 578.51)
<b>Eligible Cost for CoC Program Component</b>	<ul style="list-style-type: none"> <li>• Transitional Housing (TH)</li> <li>• Permanent Housing (PH): Permanent Supportive Housing only (Not Rapid Re-housing)</li> <li>• Supportive Services Only (SSO)</li> </ul>	<ul style="list-style-type: none"> <li>• Transitional Housing</li> <li>• Permanent Housing: Permanent Supportive Housing and Rapid Re-housing</li> </ul>
<b>Model of Assistance</b>	<ul style="list-style-type: none"> <li>• Leasing structures, portion of buildings, or individual units</li> </ul>	Rental Assistance for Units: <ul style="list-style-type: none"> <li>• Tenant-based rental assistance (TBRA)</li> <li>• Sponsor-based rental assistance (SBRA)</li> <li>• Project-based rental assistance (PBRA)</li> </ul>
<b>Length of Housing Assistance</b>	<ul style="list-style-type: none"> <li>• TH: up to 24 months</li> <li>• PH: no limit</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term (up to 3 months)</li> <li>• Medium-term (3-24 months)</li> <li>• Long-term (longer than 24 months)</li> </ul>
<b>Property Owner</b>	Recipient, subrecipient, or related organization <b>cannot</b> own the unit/structure.	Recipient, subrecipient, or private owner can own the unit.
<b>Rent Reasonableness</b>	Yes	Yes
<b>HQS</b>	Yes	Yes. If the recipient/subrecipient is the owner of the housing a different entity must conduct the HQS inspection
<b>Who Leases Units</b>	Lease between recipient/subrecipient and owner. Sublease or occupancy agreement with program participant	<ul style="list-style-type: none"> <li>• For TBRA and PBRA, lease between program participant and owner</li> <li>• For SBRA, sublease between program participant and recipient/subrecipient, lease between recipient/subrecipient and owner</li> </ul>
<b>Length of Lease</b>	<ul style="list-style-type: none"> <li>• PH: lease must have an initial term of at least 1 year that is renewable (for a minimum term of one month) and is terminable only for cause.</li> <li>• TH: lease must be for at least 1 month (not to exceed 24 months)</li> </ul>	<ul style="list-style-type: none"> <li>• PH: lease must have an initial term of at least 1 year that is renewable (for a minimum term of one month) and is terminable only for cause.</li> <li>• TH: lease must be for at least 1 month (not to exceed 24 months)</li> </ul>

## Key Differences Between Leasing and Rental Assistance

	LEASING (24 CFR PART 578.49)	RENTAL ASSISTANCE (24 CFR PART 578.51)
<b>Participant Contribution Towards Housing Costs</b>	<p><b>Not required.</b> Can impose an occupancy charge equal to <b><u>no more than the highest of:</u></b></p> <ul style="list-style-type: none"> <li>• 30 percent of the family’s monthly adjusted income;</li> <li>• 10 percent of the family’s monthly gross income; or</li> <li>• The portion of the family’s welfare assistance, if any, that is designated for the payment of rent.</li> </ul> <p>Collected occupancy charges are treated as program income</p>	<p><b>Required.</b> Rent must be charged and must be <b><u>equal to the highest of:</u></b></p> <ul style="list-style-type: none"> <li>• 30 percent of the family’s monthly adjusted income;</li> <li>• 10 percent of the family’s monthly gross income; or</li> <li>• The portion of the family’s welfare assistance, if any, that is designated for the payment of rent.</li> </ul> <p><b>Note: this calculation does not apply to PH:RRH projects</b></p> <p>Collected rent is treated as program income</p>
<b>Recalculation</b>	Occupancy charge is recalculated initially and when tenant requests	Rent is recalculated initially, annually, and when there is any change in income
<b>Security Deposits</b>	Up to 2 months	Up to 2 months
<b>Last Month’s Rent</b>	Up to 1 month, advanced payment allowed	Up to 1 month, advanced payment allowed
<b>Property Damage</b>	No	1 month rent to pay for damages to property
<b>Vacancy Payment</b>	No, but can pay rent until a new participant moves in	30 days following the end of the month when vacated
<b>Institutional Stays</b>	Can pay rent if in institution for up to 90 days	Can pay rent if in institution for up to 90 days