Tenant-Based Rental Activity:

Program Design

Fall, 2019

TBRA Program Design

- The HOME TBRA Program provides some flexibility for the Administrator in their program policies and operations

- A TBRA Administrator must create a plan to administer TBRA funds, referred to as the TBRA Program Design

- The TBRA Program Design should be detailed enough to provide information on how the Administrator operates their TBRA Program locally

- *Best Practice: Have a source which contains the policies and procedures for each component of the TBRA Program Design.*

TBRA Program Design Components

Click on any of the links above to go directly to that topic. If you click on this symbol "↺" in the lower right hand corner, it will direct you back to this page.

Governing Regulations

- HOME Final Rule at 24 CFR Part 92
  - The HUD federal rule that governs the HOME Program

- TDHCA governing statute at Texas Government Code, Chapter 2306

- 10 TAC Chapter 23 (HOME Rules)

- 10 TAC Chapter 20 (Single-Family Umbrella Rules)

Federal Cross-Cutting Regulations Include:

- 2 CFR Part 200 (Uniform Administrative Requirements)

- HUD 4350.3 (Income Determination)

- Affirmative Marketing Plan

- Fair Housing and Equal Opportunity (92.505(a))

- Environmental (Part 58)

- Lead-Based Paint (Part 35)

- Accessibility (Part 8, Section 504)

- Labor Standards (92.354)

- Relocation and Acquisition (Part 42)

Links to all regulations can be found at: https://www.tdhca.state.tx.us/home-division/manuals-rules.htm

TBRA Financial Oversight and Accounting

Financial Oversight Considerations (10 TAC 23)

- The HOME Program is a reimbursement program through which funds for eligible activities may be paid based on costs <u>incurred</u>
  - The TBRA Activity considers rent to be a cost that is incurred in advance

- Financial oversight of the TBRA program should be comprehensive and accounting methodology should be clear to auditors and monitors

- Costs must be documented plainly in order to be reimbursed

- If the Administrator seeks reimbursement of Administrative costs on a percentage basis, the Administrator must develop a comprehensive allocation plan which is subject to monitoring by TDHCA

- *Best Practice: Request reimbursement for actual expense to administer the TBRA Program rather than utilizing cost allocation. Employees paid from administrative funds should track the <u>actual time</u> spent working on TBRA using the Salary and Wage Cost Calculator form*

Reimbursement for Expenses Incurred for TBRA

- Requests for reimbursement for rental subsidy may be submitted as early as 10 days before the rent is due.
    - For example, if the eligible tenant is occupying the unit on June 20th, and is expected to be assisted through at least July 31st, the request for payment for the July subsidy may be submitted on June 20th.

- *Best Practice: Submit requests for payment as early as possible to avoid late payments to landlords or potential interest paid by the Administrator for paying the cost and being reimbursed later*

- *Best Practice: If the staff who manages the Program is not the staff that submits draw requests, develop a system for alerting the draw request staff of changes in subsidy at least 5 days prior to the draw submission date.*

Administrative Funds

- TBRA allows administrative costs limited to 4%-8% of direct project hard costs (% is dependent on the selection of the Administrator)

- Eligible administrative costs include but are not limited to:
  - Application intake processing (Soft Costs or Administrative Costs)
  - Tenant counseling
  - Environmental review
  - Providing public information
  - Fair housing activities
  - Complying with federal requirements
  - Goods and services necessary for administration
    - Must be used specifically for the TBRA Program
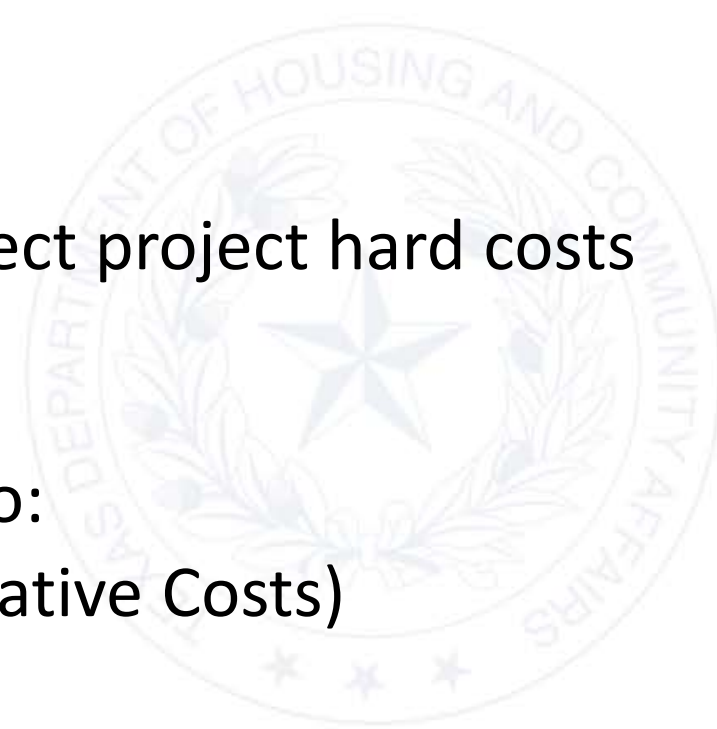
Administrative Funds

- Administrative costs for TBRA typically include salary/wages of Administrator staff who worked directly on the TBRA Program performing program-related administrative tasks

- Documentation necessary includes, but is not limited to:
  - Wage Cost Calculator and Timesheet
  - Support documents verifying hourly wage rate (pay stubs, payroll ledgers, etc.)
  - Documents must be signed/dated
  - Must document all employer-paid costs being reimbursed
    - Employer-paid insurance
    - Employer-paid benefits
    - Worker's Compensation insurance
    - Unemployment insurance

TBRA Soft Costs

- Project soft costs limited to $1,200 per household for:
  - Application intake and processing, including recertification
  - Conducting HQS inspections plus mileage
  - Soft costs must be tied directly to the specific project

- Documentation necessary includes, but is not limited to:
  - Wage Cost Calculator and Timesheet
  - Documents verifying hourly wage rate (pay stubs, payroll ledgers, etc.)
  - Documents must be signed/dated
  - Must document all employer-paid costs being reimbursed
    - Employer-paid insurance
    - Employer-paid benefits
    - Worker's Compensation insurance
    - Unemployment insurance

Only Administrators that select to receive 4% Admin are eligible to claim soft costs for TBRA

Administrative Costs & Soft Costs Computation

Administrative Costs (% of Direct Activity Costs)	Soft Costs
8%	$0
4%	$1,200

• Up to 25% can be drawn upfront	• No up front draws
	• These funds must be Activity specific for:
	  • Wages for Intake Applications, Recertifications, and Revisions
	  • HQS Inspections

Eligible TBRA Hard Costs

- Activities that are directly associated with a specific project or activity

- Rental subsidy

- Utility subsidy

- Security and utility deposits

- Amount requested must match the TBRA Subsidy Worksheet that is in the Approval Packet
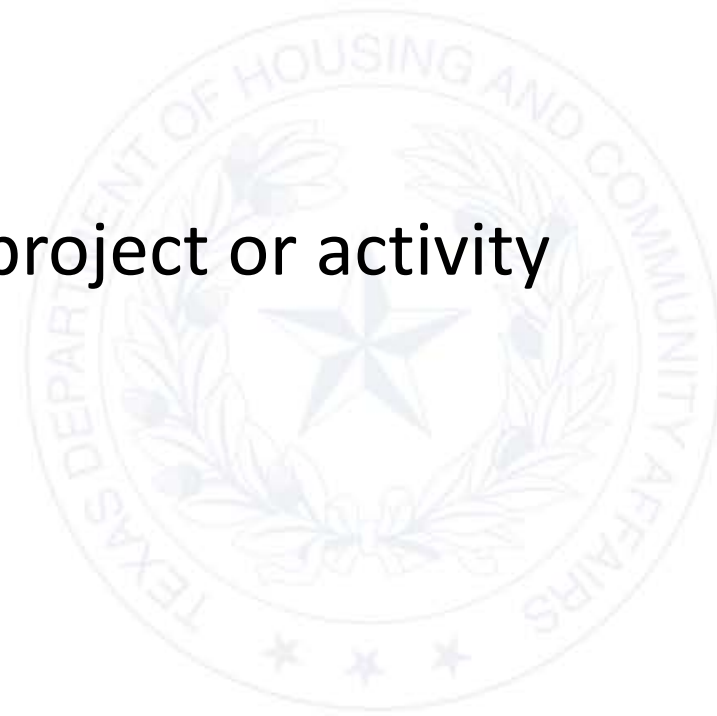
Affirmative Marketing and Fair Housing

Marketing Requirements

- TBRA Administrators are required to comply with Fair Housing regulations.
  - The Fair Housing Act protect people from discrimination when they are renting, buying, or securing financing for any housing.

- Marketing efforts should attract a broad cross-section of the eligible population without regard to race, color, religion, sex, disability, familial status, or national origin.

- Affirmative Marketing is defined as making special efforts to attract persons who are least likely to apply because of such factors as the racial and ethnic composition of the neighborhood.

Components of the Marketing Plan

- Develop a written marketing plan which includes
    - Methods used to inform general public
    - Methods used to identify persons less likely to apply for funding
    - Methods for documenting compliance with affirmative marketing requirements
    - Description of evaluation methods to be used;
    - Description of corrective measures to be taken, if necessary
    - Statement regarding display of Equal Housing Opportunity logo

- Notify applicants that they have the right to choose the rental unit

- *Best Practice: Provide applicants with information on how to report housing discrimination and a summary of their rights under Fair Housing law*

- *Best Practice: Identify people least likely to apply with TDHCA SF Affirmative Marketing tool*

Marketing and Outreach

- Publicize availability of funds
  - Website
  - Social Media
  - Public announcements – radio, television, billboards
  - Pamphlets, brochures, publications
  - Newspapers, magazines

- Outreach
  - Local organizations
  - Churches
  - Elderly
  - Special needs

For more information regarding Affirmative Marketing, click the following link:

https://www.tdhca.state.tx.us/pmcomp/sf-amt.htm

Client Application Intake and Preliminary Assessment

Application Intake

- Each household applying for assistance must complete the TDHCA Intake Application form
  - Record date and time of receipt

- Application must be completed by a member of the household
  - If a household member is unable to complete the application documents, he/she may request assistance
  - All sections should be completed - if not applicable, indicate "n/a"

- All information must be verified prior to approval for assistance

- Provide each household all required documents referenced on the *TBRA Project File Documentation Checklist*

  https://www.tdhca.state.tx.us/home-division/forms/docs/Setup-TBRA-ProjectFileDoc.doc

Preliminary Assessment

- Conduct a preliminary assessment of the applicant's income eligibility based on information provided by the applicant. The applicant may have provided information which indicates ineligibility for the TBRA Program.

- If the household is not eligible, the Administrator must notify the household in writing within 7 days and include:

  - ➢Reason(s) for the determination, and
  - ➢Family's right to an informal review, and
  - ➢How to arrange/request the informal review

Waitlist Management

Waitlist Management Overview

- Administrator should develop wait list management procedures which include, but are not limited to:
  - Selection process
    - Ensures that no one is being left out and all eligibility factors are considered
  - Processing and managing properly
    - Shows that the system being used is fair and reasonable for completed applications
  - Current status
    - Makes sure that the eligibility is valid
  - Purging
    - Removes unnecessary households from the list
  - Safeguards
    - Must be in the procedures to ensure everything is being done correctly and everyone is being treated equally and fairly.
  - Public awareness, Additional Administrator efforts, Possible strategies
    - Public awareness and any other additional Administrator efforts and possible strategies must also be included in the wait list management procedures.

*** It is important to have these procedures for the Wait List in order to provide clarity, transparency and consistency to the process.***

Wait List Objectives:

1. Promote open, equitable, and convenient application access to households

2. Replenish pool of households

3. Minimize disruption of services to current owners and households

4. Serve greatest community needs

5. Provide clear delineation of levels of need

6. Provide a fair and reasonable system of wait list management
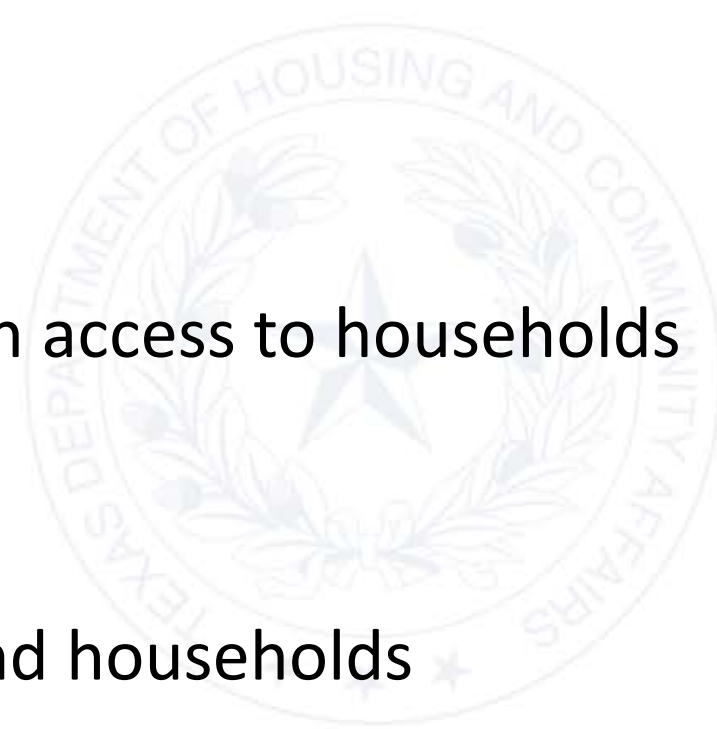
Basic Principles of a Wait List

- All persons who express a desire to participate in the Program must be given an equal opportunity to apply for assistance whenever the wait list is open

- Administrator is responsible for receiving and processing applications in a way which treats all households fairly and consistently

- Administrator's policies may allow for applications to be received by mail, by fax, in person, over the internet, or at other locations established by Administrator

Wait List Fundamentals

Neutral Random Selection Process

- A neutral random selection process, outlined in 10 TAC 20.9, must be used to rank and select applicants that apply within 30 days of the acceptance period from the list, except for HOME TBRA providers in a disaster area

- All Administrators must accept applications from possible eligible Applicants for a minimum of a 30 calendar day period rather than a first- come, first-served basis when selecting among eligible Applicants

- At the close of the 30 day period Administrators will select Applicants through a neutral random selection process developed by the Administrator

- HOME TBRA Participants with disaster funds may request to be exempt from the 30 calendar day period and the neutral random selection process, as necessary to respond to the disaster

Wait List Eligibility

- Administrators may choose to conduct preliminary reviews of applications or they may choose to place all households on the wait list and review their eligibility when the application reaches the top of the wait list

  - The method needs to be clear, fair and consistent

- The Administrator must notify all households of their placement on the wait list within 60 days of application

- *Best Practice: Add all households who apply to the wait list, even if they are not eligible for assistance. The wait list should contain a column for application status.*

Wait List - Targeting

- Administrators may limit assistance to specific populations. This practice is called "targeting" assistance.

- Assistance may only be targeted:

  - to populations as stated in the Administrator's application for a HOME contract or agreement and in accordance with the TDHCA One Year Action Plan.

    and

  - if approval to implement a target is approved by TDHCA.

Wait List Preferences

- Administrators may institute preferences which allow applications to be weighted.

- Households who meet the preference criteria would be prioritized over households which do not meet the criteria

  - Selection preferences must be clearly defined and described in the Affirmative Marketing Plan.
  - Preferences are limited to those populations for whom a preference is permitted in the TDHCA One-Year Action Plan
  - *A preference may only be implemented if approved by TDHCA.*

- The definition should be simple enough so that:

  - Families claiming preferences clearly understand what they are claiming
  - Preferences can be easily verified

Wait List Preferences…

… must be clearly explained by the Administrator to households and provide the household with an opportunity to show that they are qualified for the preference.

… can only affect <u>the order</u> in which an application is reviewed.
- Applicants that are otherwise eligible do not become ineligible just because they do not meet a preference.

… do not supersede or suspend the requirements that Administrator's screen for in applications for Program and income eligibility.

… must be clearly noted in the Affirmative Marketing Plan, and *all preferences must be approved by TDHCA* prior to implementing the preference.

Special Needs

- Administrator should review households for special needs, as it relates to:

  - The program design/Administrative Plan
  - HOME Contract or Reservation System Agreement

- Administrator must maintain all documentation related to special needs in the household file.

- Documentation related to a specific medical condition must not be included in the file.

  - Administrator should document a review of documentation and return the originals to the household.
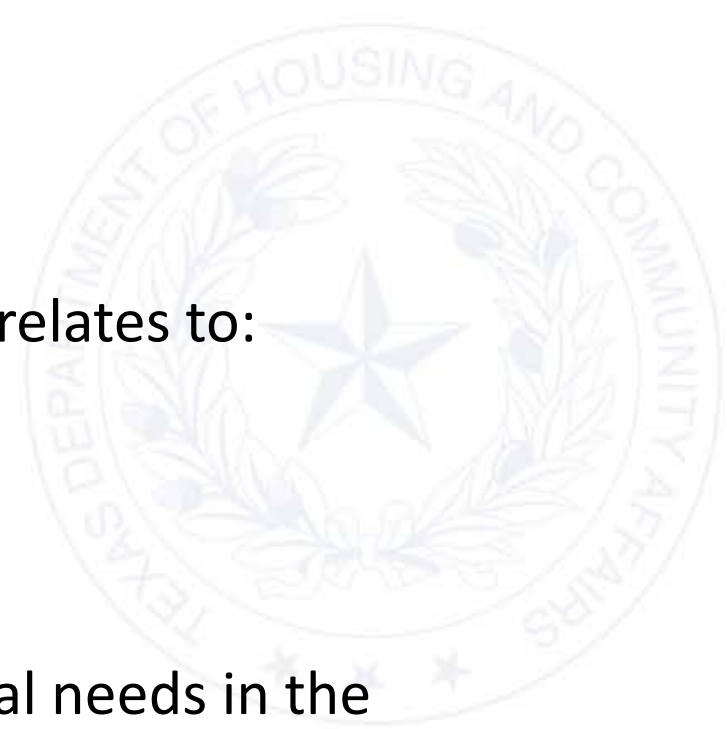
Placement on the Wait List

- Each application will be assigned a number

- Each applicant assigned to the wait list will be documented electronically or in hardcopy format

- Applications that meet the preference requirement(s) will be ranked higher than applications that do not meet the preference requirement

  - Affects the order of review

Wait List Management

- Administrator must organize the wait list to assure that household selection takes place according to Program requirements and program design

- Each application assigned to the wait list will be documented

- The wait list must be organized to indicate the following:

  - ✓Applicant name
  - ✓Family/unit size (for TBRA)
  - ✓Date and time of application receipt and application number
    - ▪ Must correspond to date and time noted on Intake Application
  - ✓Qualification for any preferences for which the family may be eligible

Wait List Management

- The system each Administrator uses to maintain its wait list must document how and when households are selected in a way that allows for a clear, easy-to-understand Department and HUD management review.

- Applications that meet the preference requirement(s) will be ranked higher than applications that do not meet the preference requirement.

- The wait list is the beginning of a paper-trail and must enable a reviewer to immediately determine if this selection is in accordance with Program rules and the program design.
  - This also helps to ensure that the process is clear, fair and consistent

Purging the Wait List

- The program design must state procedures for removal of a household from the wait list
  - The procedure for the removal of a household from the wait list needs to be clearly stated in the program design.

- Administrator should document the reason any household's name is removed from the wait list and must notify the applicant of the removal in writing

- Purging the waitlist keeps the list updated and cleans out the unnecessary applications.

Purging the Wait List Situations

Examples of acceptable reasons for removal of a household's name from the wait list (included, but not limited to):

➤ Applicant request

➤ Applicant failure to respond to requests for information or updates in a timely manner

➤ Applicant's refusal of assistance

➤ Applicant was clearly advised of a requirement to notify the Administrator of its continued interest by a particular time and failed to do so

➤ Administrator has made reasonable, documented efforts to contact the household to determine if there is continued interest, but has been unsuccessful

➤ Administrator has notified the household of its intention to remove the household's name because of ineligibility
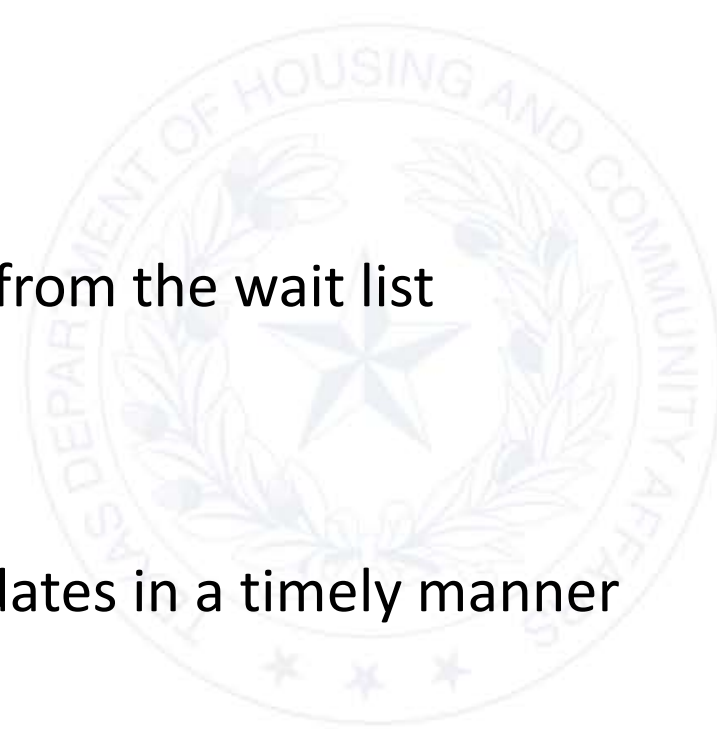
Prohibited Wait List Actions

- Administrator may not take any of the following actions because a household has applied for, received, or refused other housing assistance:

  - Refuse to place the household on the wait list

  - Deny admission preference for which the household currently qualifies
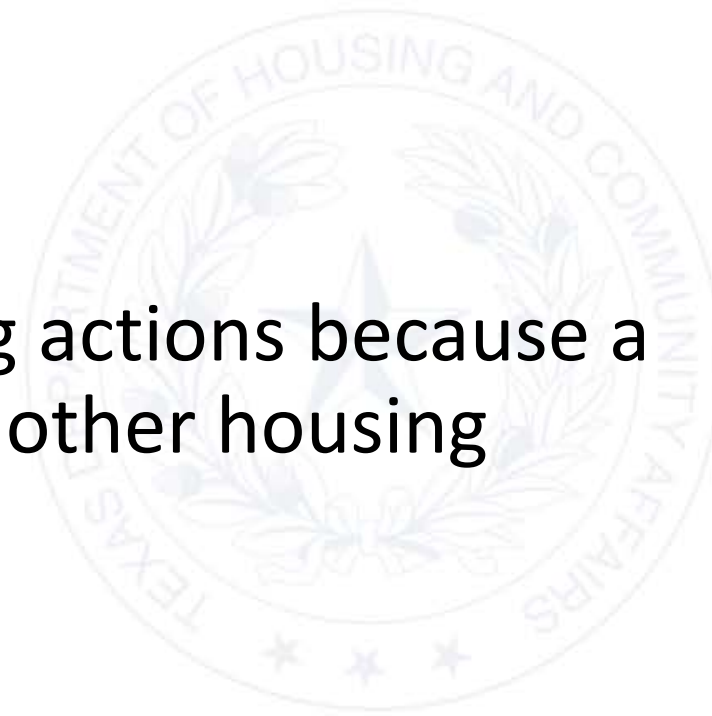
Set-Aside Eligibility

Two Types of Set-asides for TBRA

- Disaster Set-Aside
  - Reserved for households displaced from their home as the result of a natural disaster
    - Available for displaced renters or homeowners

- Persons with Disabilities Set-Aside
  - Reserved for households in at which at least one member is a person with a disability

Best Practice is to have a detailed description for how to manage set aside funds in the Program Design.

Documenting for the Disaster Set-aside

- Eligibility for assistance under the Disaster Set-Aside is reserved for households who were displaced due to a disaster

  - 10 TAC 23.28(11) defines eligibility
  - Documentation of eligibility under this set-aside should include information such as a FEMA list
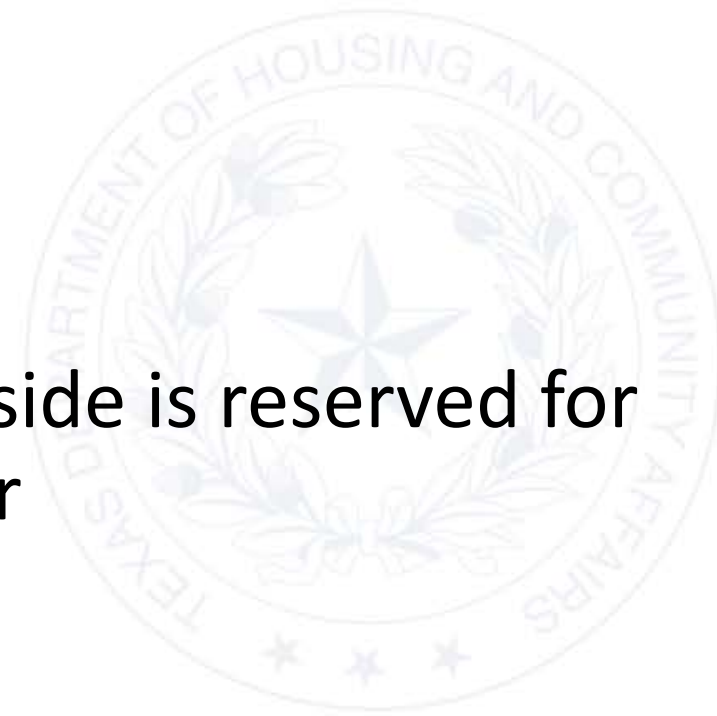
Definition of Disability

- Someone who has a physical, mental, or emotional impairment that:

  - Is expected to be of a long-continued, and indefinite duration; and
  - Substantially impedes his or her ability to live independently; and
  - Is of such a nature that the disability could be improved by more suitable housing conditions.

Do not retain medical information about an applicant/tenant in the HOME Program files

Documenting for the Persons with Disabilities Set-Aside

- A household's disability may be verified by:

  - Completion of the [Verification of Disability](#) form
    - Must be signed by a health care professional or other reliable source

  - Receipt of Supplemental Security Disability Income (SSDI) or, if the individual is under age 62, receipt of Supplemental Security Income (SSI)

    - The disability status of households over the age of 62 must also be verified with the Verification of Disability form.
    - Administrator must confirm that households under the age of 62, who are receiving SSI payments, are not receiving Survivor benefits or benefits connected to a spouse who is disabled.

Self-Sufficiency

Self-Sufficiency Plan:

The only requirement is participation and Housing goal.

| Ensures all TBRA recipients agree to participate in a self-sufficiency program.	Ensures that TBRA recipients actively work toward self-sufficiency during the assistance term.	Establishes a process to track the progress of TBRA recipients toward their self-sufficiency goals.	Should be customized to local conditions and individual family needs.	Must include steps the family must take to secure permanent housing.
				The permanent housing may be either permanent subsidized housing or market rate depending on individual circumstances.

Self Sufficiency Options

- Self-Sufficiency Plans may include, but are not limited to:
    - Mental health care
    - Job training
    - Household finance
    - Substance abuse counseling
    - Securing day care to enable a household member to work

- *Best Practice: The Self-Sufficiency Plan may include a provision that the household apply for the Section 8 Housing Choice Voucher Program and maintain their placement on the Section 8 wait list though the assistance term*
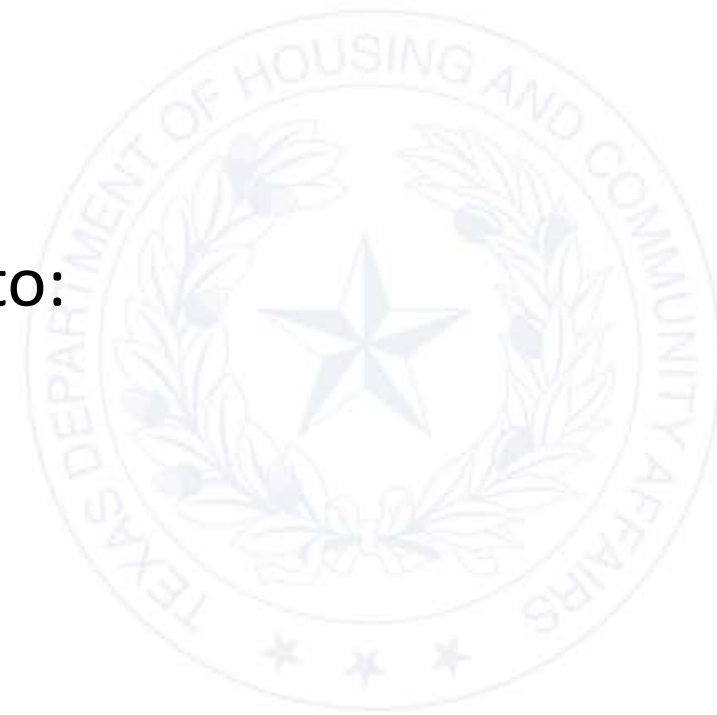
Self-Sufficiency Documentation

- File documentation must include a detailed description of household's needs (similar to a case management plan)
  - Detailed medical history <u>should not</u> be maintained in the household's TBRA file

- Describe how specific needs will be met
- Identify services provided to assist the household
- Propose timeframe for completion
- Monitor and record attendance to required training
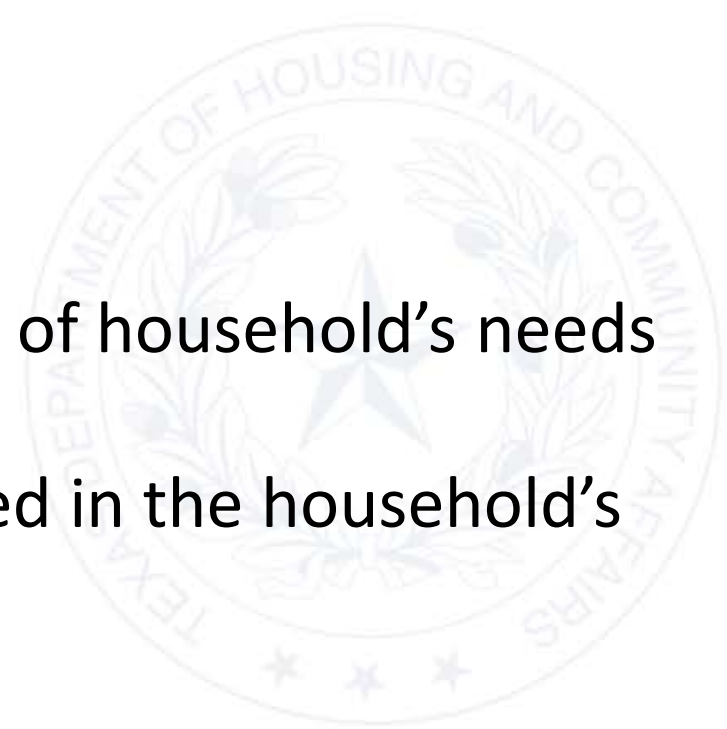
Self-Sufficiency and Termination

- Households cannot be terminated due to not participating in a self-sufficiency program until annual certification.

- A household may not be recertified at annual recertification if they have failed to participate in the self-sufficiency program.

- When a household is recertifying and not participating in a self-sufficiency program, the household can be terminated.
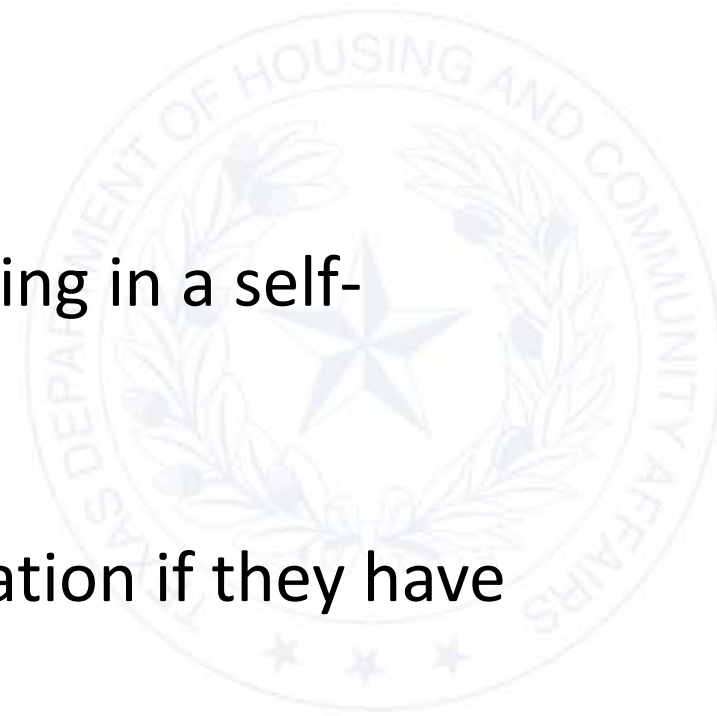
Cross Cutting Regulations:
Environmental Clearance
Distribution of Subsidies
Policy for deposits
Policy for Termination of Assistance
Policy for complaint and Grievances

Environmental Clearance for TBRA

- All TBRA activities require Environmental Clearance

- HOME Program TBRA activities are subject to federal environmental regulations at 24 CFR §58

- All applicable environmental review procedures and written notice of environmental clearance is mandatory and must be completed BEFORE inspection of a rental property.

Considerations for Reservation System Participants

- Determine the total units you realistically anticipate will be completed within the 24-month period of your Reservation Agreement for all applicable program set-asides

- When submitting a project (unit) for environmental clearance in the Reservation System, please state the RSP Agreement number (EX: 2012-0999) as well as the set-aside number (EX:1001999)

- All projects (units) under a single RSP Agreement are cleared

Environmental Classifications for TBRA

- Exempt
  - The environmental exemption applies ONLY to costs incurred for administrative work.   No environmental clearance review is conducted.
  - *However,* a copy of the *Certification of Exemption for HUD Funded Projects (58.34[a])* must be on file at TDHCA in order to draw administrative funds. This is collected with the Administrator's original application for participation in the HOME Program.

- Categorically Excluded
  - This is the category to which the TBRA Agreement is subject for provision of the rental subsidies. More information is available though our Program Services Division.

TDHCA Environmental Contacts

A training presentation is available for your reference at:
[Single Family Environmental and Davis Bacon Labor Standards Training](#)

E-mail your environmental clearance submission to
environmental@tdhca.state.tx.us
or
Regular mail service to:
Environmental Staff, Program Services
PO Box 13941
Austin, Texas 78711-3941
or
Overnight mail service to:
Environmental Staff, Program Services
221 East 11th Street
Austin, Texas 78701

Payments to Landlords

- Administrator must outline the process for distribution and receipt of funds to landlords.

- Considerations:
  - Will payment be made electronically or with checks?
  - When will payments be mailed?
  - What is Administrator's policy on late fees?
  - How will Administrator ensure that the tenant portion of the rent is paid?
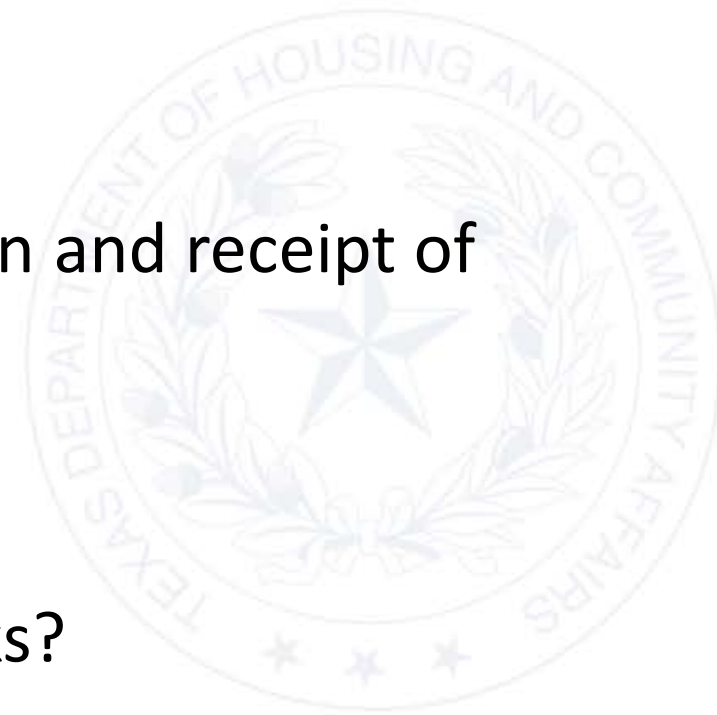
Security and Utility Deposits

- Administrators may choose whether or not to pay Security Deposits and/or Utility Deposits for tenants receiving TBRA

- The decision must be outlined in the Administrative Plan

- Security Deposits may not exceed 2 months of the contract rent for the unit and must be documented in the Lease

- Utility Deposits must be documented by the utility provider

- Administrators must choose whether deposits paid by TDHCA will be refunded to the tenant or refunded to TDHCA at move-out, if applicable. Administrators may not keep refunded deposits.
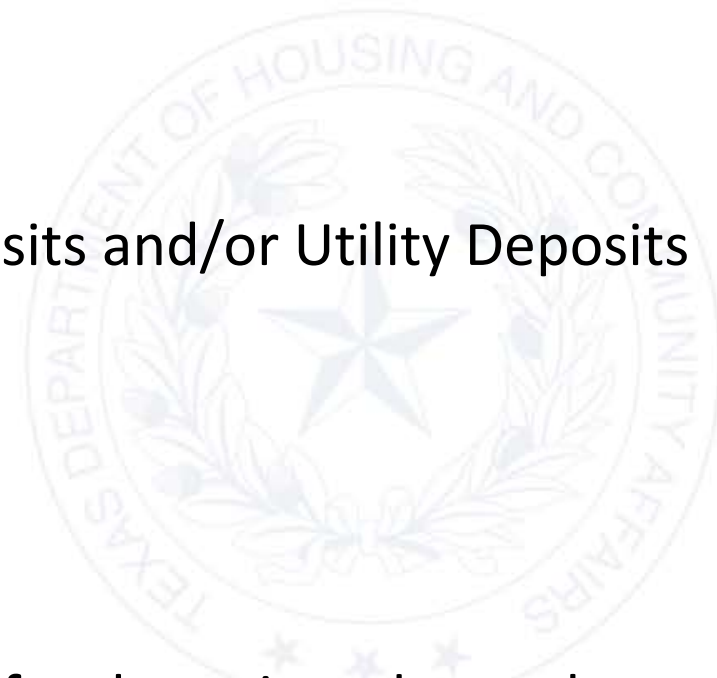
Termination of Assistance

- Administrators must have a policy and guidance for termination of assistance
  - Applicant must be notified of termination within 7 days
- Violation to plan
- Examples:
  - Fraud
  - Unit fails the inspection
  - Landlord won't fix issues
  - Over-income (over 80%)
  - Moved – not their principle residence

Best Practice – It is beneficial to follow-up with the household quarterly. Conducting regular checkups is good to keep the Administrator in the loop of what is going on in the household.
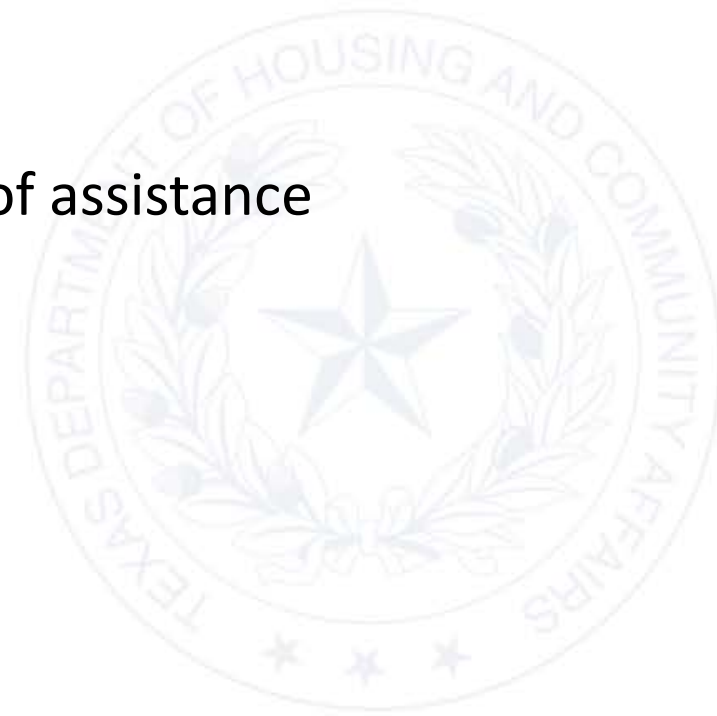
Complaints and Grievances

- Administrators must outline policies and procedures for processing complaints and grievances in the Administrative Plan

- Applicants must be given the opportunity to dispute decisions of ineligibility for, or termination of assistance

- *Best Practice: The complaints and grievances procedure should preclude the staff member who made the contested decision from making a decision in the complaints and grievances process. It is recommended that there be significant managerial oversight over this process.*
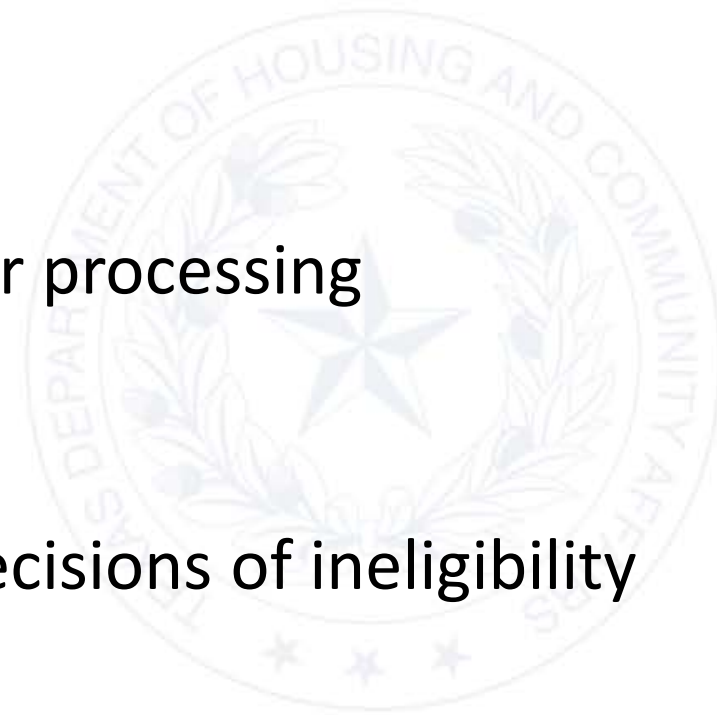
Conflict of Interest

Types of Conflict of Interest

- HOME Program is subject to conflict of interest regulations defined in 24 CFR §92.356 and 24 CFR Part 200

- Conflicts related to procurement are covered under 24 CFR Part 200

  - These conflicts are prohibited and an exception to a procurement conflict may not be granted. Do not award a contract to or purchase goods from the vendor if there is a procurement conflict of interest.

- Conflicts related to provision of assistance or administration of the program are covered under 24 CFR §92.356.

  - TDHCA may submit a request for an exception to the Conflict of Interest provisions in this section on behalf of the Administrator.

  - The request is a formal process and requires specific disclosures and documentation.

What is Conflict of Interest

- A person involved with a HOME-assisted activity:

  - who is in a position to participate in a decision making process or gain inside information which may obtain financial interest or benefits

  - Have any type of financial interest in any contract, subcontract, or agreement

  - Make proceeds from any contract, subcontract or agreement either for themselves or those with whom they have business or immediate family ties (During their tenure or for one year after)

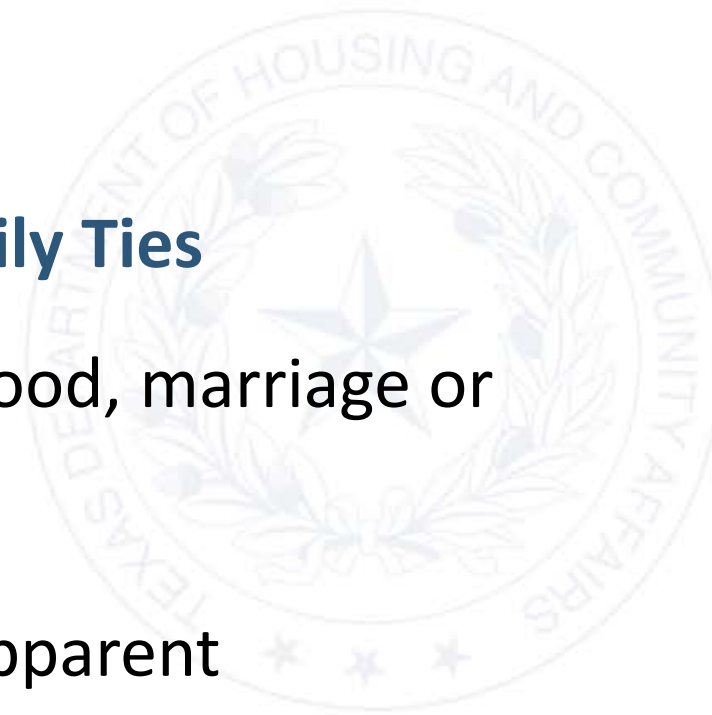# Conflict of Interest

Covered Persons

- Employees of Administrator
- Agents of Administrator
- Officers of Administrator
- Elected *or* appointed officials
- Consultants representing Administrator

Family Ties

- Relations by blood, marriage or adoption
- Spouse
- Parent and stepparent
- Child and stepchild
- Brothers and sisters (Step brothers and sisters)
- Grandparent
- Grandchild
- In-laws

Conflict of Interest Relationship Chart

Consanguinity Kinship (Relationship by Blood)

> Affected Person

First Degree of Kinship (Conflict)

> Parent

> Child

Second Degree of Kinship (Conflict)

> Grandparent

> Sibling

> Grandchild

Affinity Kinship (Relationship by Marriage)

> Affected Person

First Degree Affinity (Conflict)

> Mother-in-Law Father-in-Law

> Spouse

> Stepchild

> Daughter-in-Law Son-in-Law

Second Degree Affinity (Conflict)

> Spouse's Grandparent

> Spouse's Sibling

> Step-Grandchild

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Conflict of Interest

- Be aware of the potential for conflicts of interest
  - Address potential conflicts *early* in the process
  - Contact your Performance Specialist for guidance

- Persons who may benefit from HOME funds include
  - Direct beneficiaries – household households
    - A Conflict of Interest exception may be granted
  - Indirect beneficiaries – vendors and/or service providers
    - A Conflict of Interest exception may not be granted

- The parties involved in a conflict of interest are referred to as "affected persons" and include
  - Covered persons
  - Direct beneficiaries
  - Indirect beneficiaries

Affected Persons

- TBRA Example #1: The niece of the Executive Director of the non-profit administering the TBRA Program applied for TBRA assistance. The staff of the non-profit did not disclose the apparent or real conflict of interest to the public nor to TDHCA.

- TBRA Example #2: The Administrator signs a contract to purchase office supplies from the Local Paper Company. The owner of the Local Paper Company is the spouse of one of the Administrator's board members.

Prohibited Conflict of Interest

- A covered person who has a conflict with a beneficiary may not participate in selection of the beneficiary for assistance or for a contractual award
  - Conducting business with the individual or provider
  - Soliciting business or accepting anything of monetary value from the individual or provider

- If there is the *appearance* of possible conflict, examine and carefully document the situation to determine its status:
  - If there is *no* conflict:
    - Refer to Parts 1 and 2 of the *Determination of Conflict of Interest*
    - Retain support documentation in the applicable Program and/or Project File(s).
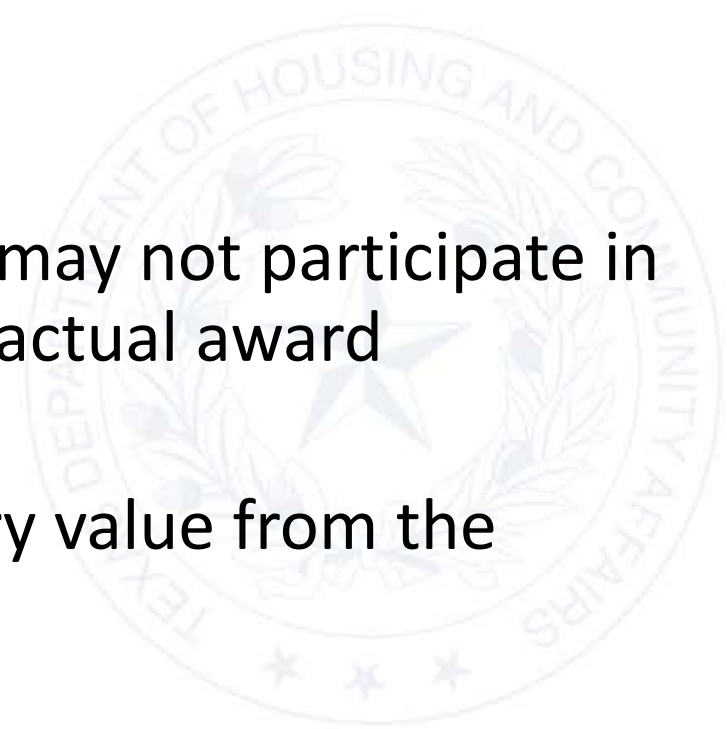
Prohibited Conflicts

- If a beneficiary has any of the following associations with an affected person, a *prohibited conflict* may exist:
    - Immediate family member
    - Partner
    - Association or participation with an organization that either employs or is about to employ the affected person
    - If there *is* a conflict of interest, you may:
        - Deny assistance or benefit and document in file

                        or

        - Request an exception from HUD – exceptions to conflicts of interest may ONLY be approved by HUD
        - Refer to Parts 1 and 3 of the *Determination of Conflict of Interest (Form 6.12)* and submit applicable support documentation to TDHCA
    - Do not provide direct or indirect benefits until you have received written authorization of exception from HUD

Participant Income Eligibility

References

HUD Handbook 4350.3 and Technical Guide for Determining Income and Allowances for the HOME Program—24 CFR 5.609 Annual Income

https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4350.3

- **Chapter 3 – Eligibility for Assistance and Occupancy**
- **Chapter 5 – Determining Income & Calculating Rent**

ESSENTIAL TOOLS:

- **Exhibit 5-1 – Income Inclusions and Exclusions**
- **Exhibit 5-2 – Assets**
- **Appendix 3 – Acceptable Forms of Verifications**

Available online at www.hud.gov

Income Eligibility Process

Screen

Determine Household Size

Document Income and Assets

Annualize Income

Complete Income Certification
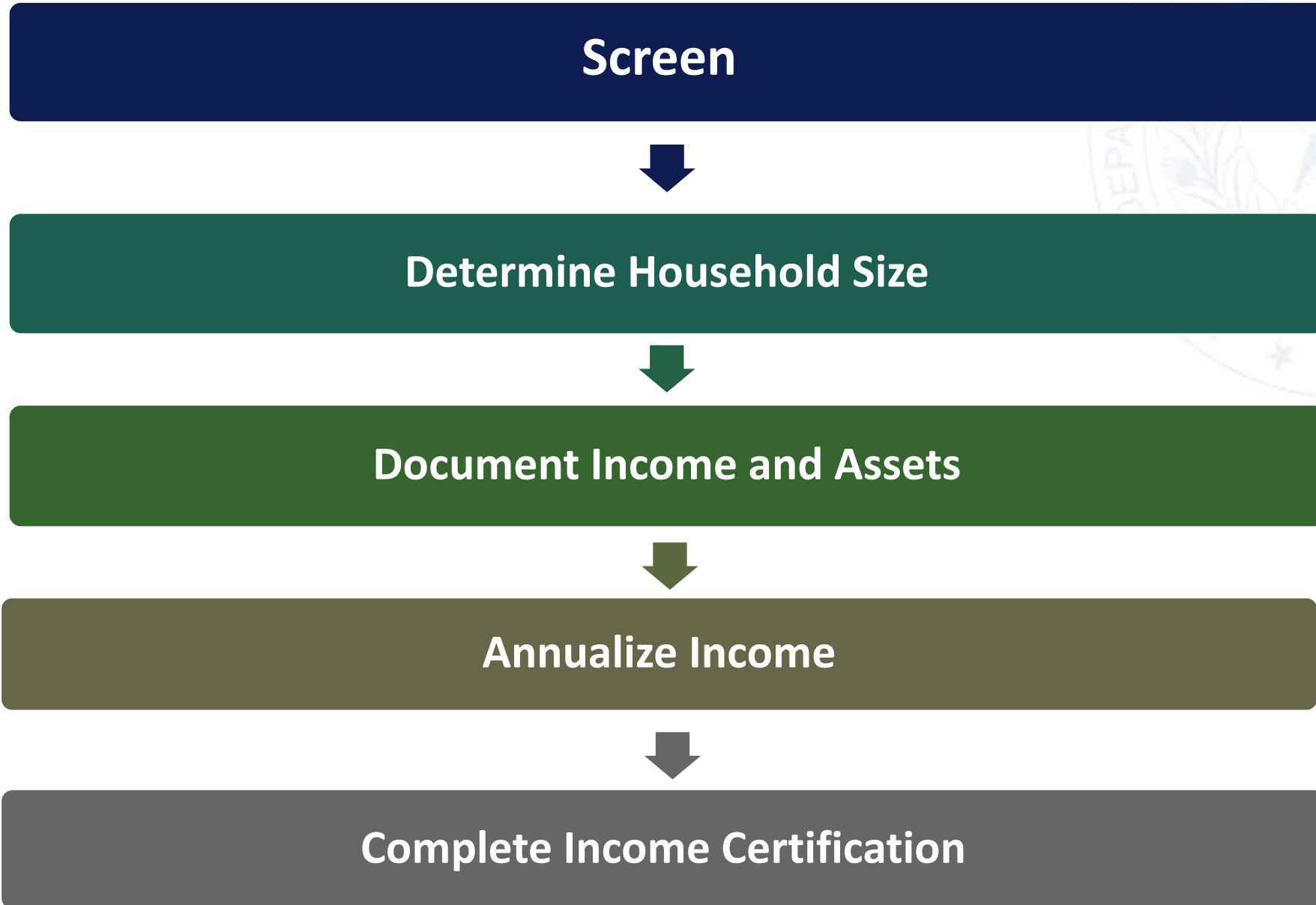
Income Limits

- To be eligible for Tenant-Based Rental Assistance (TBRA), the household's anticipated annual gross income may not exceed 80% AMFI

- Under the Reservation System, 1 out of every 4 households must be at or below the 30% AMFI

  - Does not apply to Disaster-Relief contracts
  - May use the state 30% income limit if service is provided in a county whose median family income is less than the state's median family income to meet the requirement.

- The 1 out of 4 does not apply to contracts.

Income Eligibility

- The Administrator must:

  - Establish the number of household members

  - Verify and project the household's combined annual gross income

  - Maintain income support documents in the household file

  - Complete a Household Income Certification (HIC) form

    - Assistance must be provided within 6 months of the Household Income Certification (HIC) date, or the household income must be re-verified and recertified
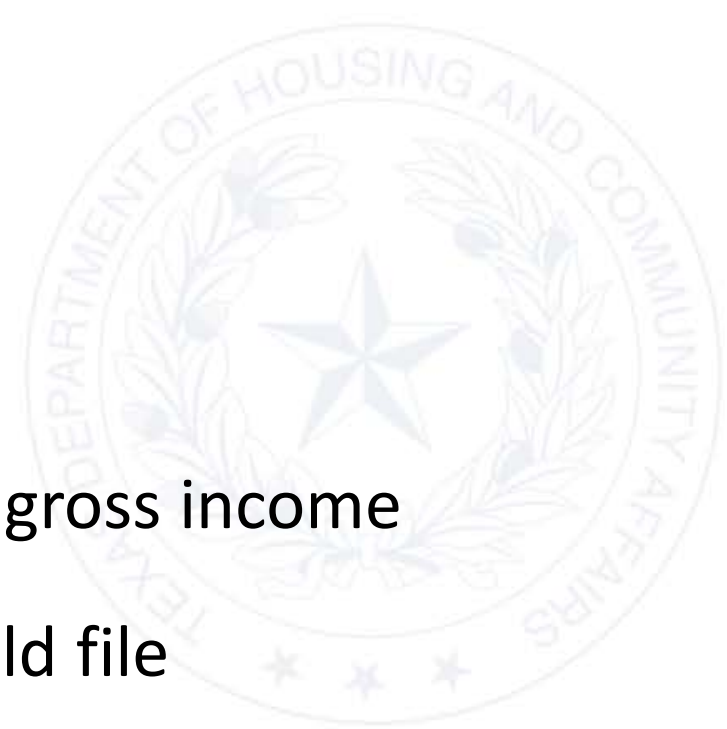
Household Composition

- Establish the number of household members in order to determine whether the household is income eligible

- Household members include
  - Head, spouse, co-head
  - Other adults, including foster adults
  - Children under age 18
  - Full-time students age 18 or older
  - Foster children under age 18

- Year-round occupants are included
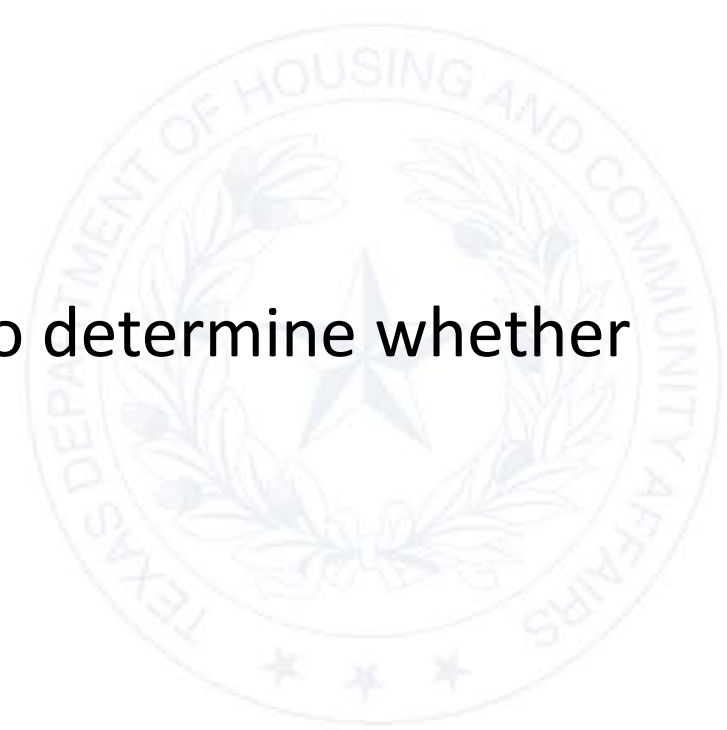
Household Composition (2)

- Members temporarily away, such as the following, are included:
  - Children temporarily absent due to placement in foster home
  - Children away at school but living with the household during school recesses
  - Members temporarily absent due to military service who are head, spouse, or co-head or have spouse or dependent residing in household

- Members permanently confined to hospital or nursing home may be included:
  - It is the family's decision whether to include
  - Must be other than the head, spouse, or co-head

Household Composition (3)

- Children under joint custody who live in the household half the year are included if they are not also included in another household receiving federal assistance

- Anticipated children being added to the household:
  - Unborn children
  - Children in process of being adopted
    - Must be verified and documented
  - Anticipated household members are not included when determining anticipated annual gross income, but are included when determining unit size
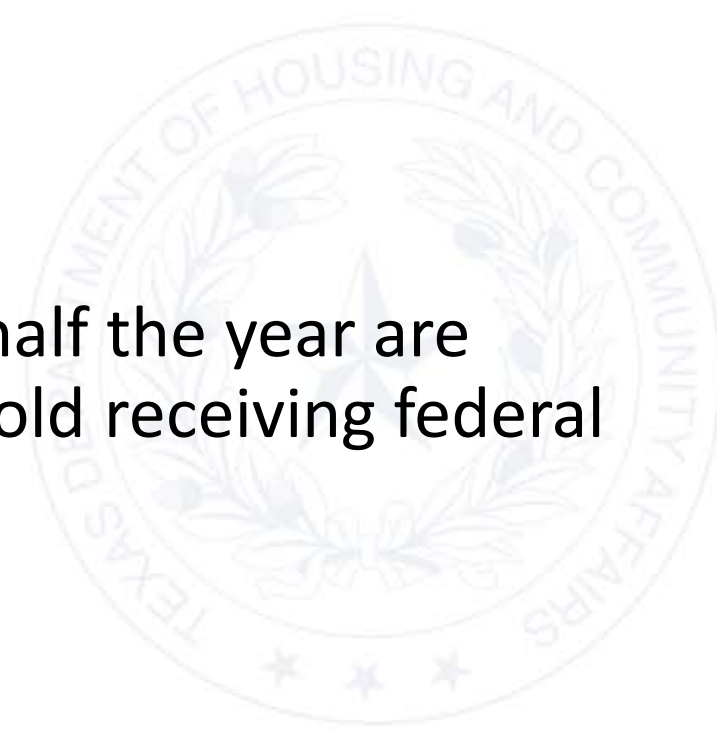
Types of Income to Count

- The following types of income must be included when determining income eligibility:

  - Earned income of all adults
    - Gross earnings (income before deductions)
    - Income overtime, tips, bonuses, commissions
    - EXCEPTION: Include only up to $480 of earned income received annually by full-time students age 18 or older, unless the student is the head, spouse, or co-head
      - Must verify full-time student status

  - Un-earned income of adults *and* children

  - Military pay
    - EXCEPTION: Exclude hostile fire pay

  - Regular cash contributions and value of gifts routinely received by the household
    - EXCEPTION: Exclude groceries provided by persons not living in the household
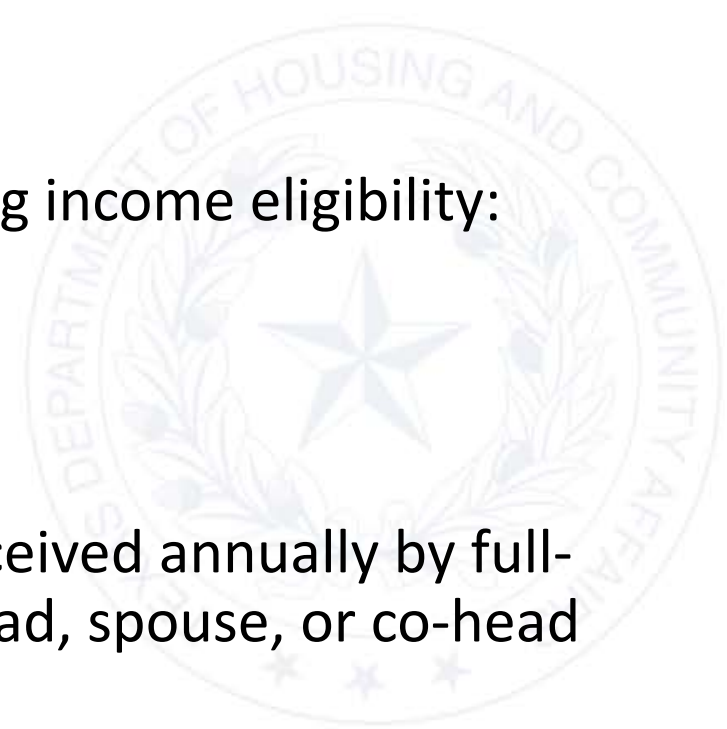
Types of Income to Count (2)

- Payments in lieu of earnings
  - Temporary Assistance for Needy Families (TANF)
    - EXCEPTION: Exclude value of Supplemental Nutrition Assistance Program (SNAP) (food stamps)
  - Unemployment
  - Worker's compensation
  - Disability payments
  - Severance pay
  - Pensions and annuities
- Court-awarded child support and alimony
  - Count *full* court-awarded amount *unless* documentation is provided by the Office of Attorney General (OAG) verifying a different amount is actually being received by the household
- Net income from a business
- Social Security and Veteran's disability benefit payments
  - Count gross amount before deductions for Medicare, etc.
  - Count gross amount for payments received by adults on behalf of children

Included and Excluded Assets

- Include assets which are in the form of:
    - Cash in checking and savings accounts
    - Equity in real property or other investments
    - Stocks, bonds, money market accounts
    - Individual retirement accounts

- Exclude personal property that is not held as an investment, such as:
    - Cars
    - Jewelry
    - Clothing
    - Furniture and household goods

Calculating Asset Income

- Determine the *combined total cash value* of *all* assets

- When combined value is less than or equal to $5,000, include the *actual* income derived from the assets

- When combined value is greater than $5,000, include the *greater* of actual income or imputed income calculated at HUD's passbook rate

  - The Household Income Certification (HIC) Excel form will automatically calculate imputed interest at the current passbook rate
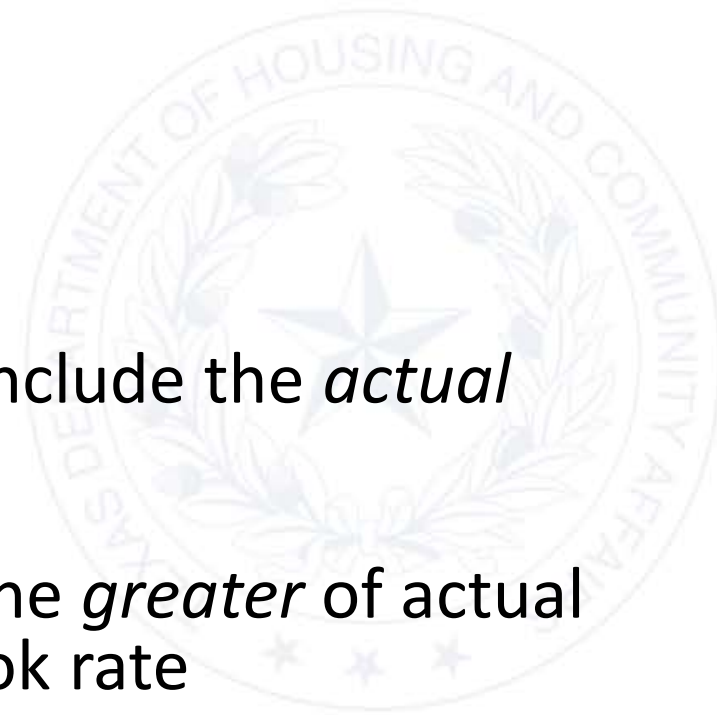
Income Verification

- 3rd party verification is the *preferred* method of verifying household income
  - Whenever possible, obtain written Verification of Employment (VOE) *directly* from the employer or other income provider
  - Administrator may utilize the following forms to obtain 3rd party verification:
    - *Employment Verification*
    - *Documentation of Telephone Verification*

- A Release and Consent form should be provided by each applicant household
  - This form allows Administrator to verify information for which a specific verification form was not provided

Income Verification (2)

- If 3rd party verification is not available, Administrator may:
  - Request a minimum of 2 months of pay statements (pay stubs) or other income support directly from the household
    - Obtain a sufficient number of pay statements to establish rate and frequency of pay

    - *Best Practice: Obtain most recent 4-6 consecutive pay statements, so long as it is for at least two months*

  - Obtain a notarized a family certification of income – subject to approval by TDHCA

- *Note: When 3rd party verification is not available, Administrator must document efforts have been made to obtain verifications directly from the employer or other source of income. The exceptions to this are when pay stubs and/or Social Security Award letters are provided by the applicant household.*

Income Calculation Example

The Smith household reports it receives current monthly income of $600, for an annual income of $7,200. However, employment verification documents received *directly* from Mr. Smith's employer confirm he *also* receives a $100 quarterly bonus ($100 x 4 quarters per year = $400 additional annual income).

$7,200 – Base annual income reported by applicant
+   400 – Annual bonus income reported by employer
$7,600 – Anticipated Annual Gross Income

Verifying and Calculating Social Security Income

- The Jones household reports it currently receives monthly income of $674.50 with a deduction for medical insurance premium in the amount of $41.50 from the Social Security Administration, for annual income of $?????

    - Gross income $674.50 x 12 months = $8,094

- The income verification document for a household receiving Social Security will be in the form of an award letter, which is updated annually. *When recertifying for assistance the most recent award letter is required.*

    - These are typically issued in November advising of income amounts for the next year

Document Expiration

- The newest income verification document may be no older than 120 days from the HIC effective date.
- Example:
  - Applicant household provides 4 pay statements, dated:
    - Jan 1, 2018
    - Feb 1, 2018
    - March 1, 2018
    - April 1, 2018
  - The HIC effective date is July 31, 2018, which is more than 120 days after the newest pay statement dated April 1, 2018
  - The household must provide at least one additional pay statement for the next consecutive pay period (i.e. for May 1, 2018).
- Pay statements must be consecutive

Zero Income Households

- If the entire household's income is zero, use the *Certification of Zero Income* form

- Household must certify that no member receives *any* income *and* no member expects to receive any income during the next 12 months
  - Form must be fully completed
  - Must identify sources of funds currently being used to pay for rent, utilities, food, transportation, basic hygiene items, medical care, and all other daily living needs
  - Only head of household needs to fill this form out when applicable
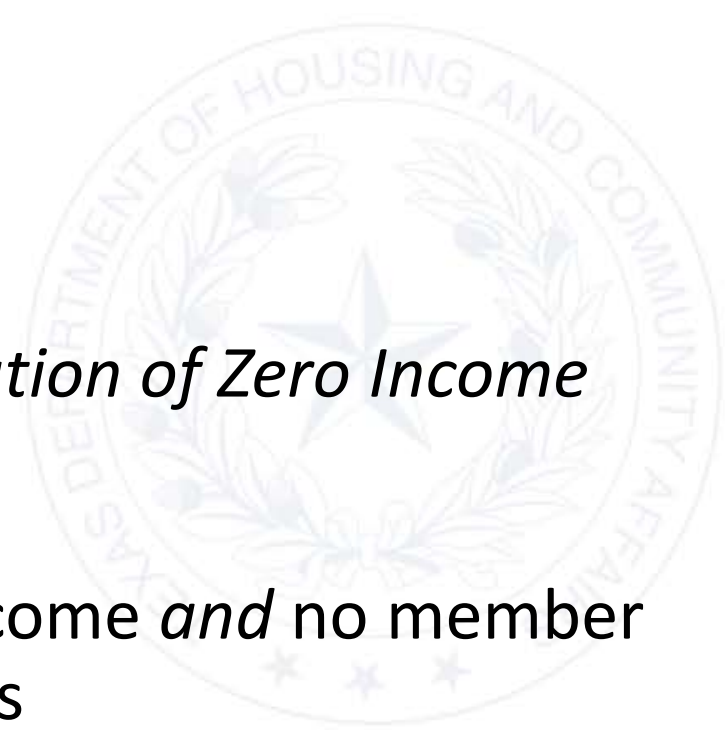
Asset Verification

- Administrator must verify the amount of household's assets and the income actually received (if any) from those assets. Sample verifications include:

  - Verification of Deposit form completed and signed/dated by bank or financial institution

    - For checking accounts, the verification must provide a 6 Month average balance and the current interest rate paid
    - For other accounts (savings, retirement, whole life policies) the verification must provide the current balance and the current interest paid;

    Or

  - Copies of 6 most recent statements for checking account

  - Copy of most recent statement for non-checking accounts (i.e. savings accounts)

Definition and Purpose of Adjusted Income

- 24 CFR §5.611 - Adjusted income means annual income (as determined by the responsible entity, defined in §5.100 and §5.603) of the members of the family residing or intending to reside in the dwelling unit, after making mandatory and allowable deductions

- For TBRA, adjusted income is utilized to determine the <u>subsidy</u> to the household, but is not utilized for eligibility purposes. Households must be eligible based on anticipated annual gross income, not adjusted income.

Types of Deductions

There are 5 possible deductions that may be subtracted from annual income based on allowable family expenses and family characteristics.

Deductions available to any assisted family:			Deductions permitted <u>only for families in which the head, spouse, or co-head is either elderly or disabled:</u>	
Dependents	Child care	Disability	Elderly/Disabled family	Medical

Of the 5 possible deductions, <u>3 are available to any assisted family</u>, and 2 are permitted only for elderly or disabled families.

Dependent Deduction

- A family receives a deduction of $480 for each family member who is:
    - Under 18 years of age;
    - A person with disabilities; or
    - A full-time student of any age, who is not the head, spouse, or co-head. A full-time student is one attending school or vocational training on a full-time basis. The definition of full-time is determined by the school.
- Some family members may never qualify as dependents regardless of age, disability, or student status.
    - The head of household, the spouse, and the co-head may never qualify as dependents.
    - A foster child, an unborn child, a child who has not yet joined the family, or a live-in aide may never be counted as a dependent.
    - When more than one household shares custody of a child and both live in assisted housing, only one household at a time can claim the dependent deduction for that child.
        - The household with primary custody or with custody at the time of the initial certification or annual recertification receives the deduction.

Child Care Expense Deduction

- Any reasonable child care expenses for children under the age of 13 which are necessary to enable a member of the family to be employed or to further his or her education may be deducted

  - Child care expenses may be deducted only with written verification from child care provider
  - The expenses cannot be paid to a family member living in the unit
  - The amount deducted must reflect reasonable charges for child care
  - The expense cannot be reimbursed by an agency or individual outside the family.
  - Child care expenses incurred to permit a family member to work must not exceed the amount earned by the family member made available to work during the hours for which child care is paid.

Elderly/Disabled Family Deduction

- An elderly or disabled family is any family in which the head, spouse, or co-head (or the sole member) is at least 62 years of age <u>or</u> is a person with disabilities.

- Households where the head, spouse, or co-head, is elderly or a person with a disability are eligible for a $400 deduction from gross income.

- The total deduction may not exceed $400, even if the household qualifies as both elderly and disabled.
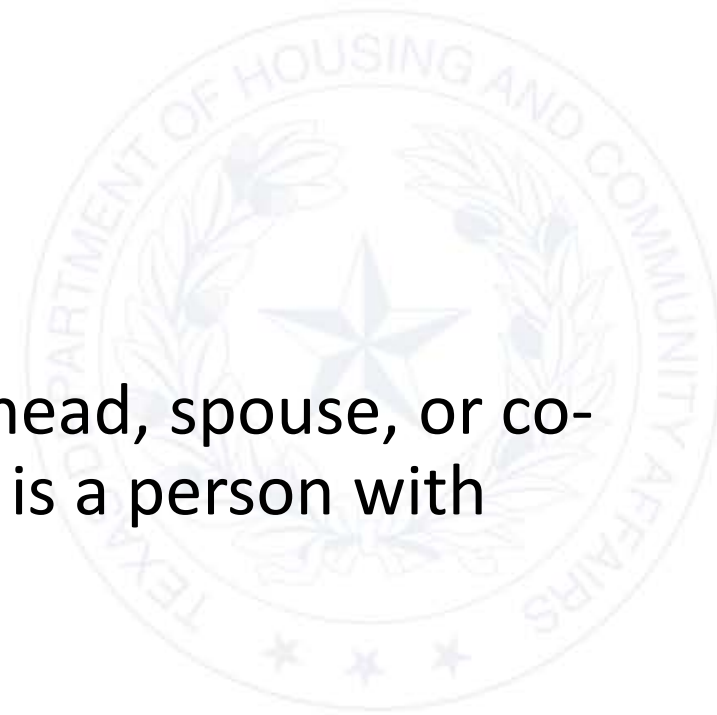
Medical Expense Deductions

- The following costs may be deducted for Elderly/Disabled Families under the medical expense deduction:
  - Services of doctors and health care professionals;
  - Services of health care facilities;
  - Medical insurance premiums or costs of a Health Management Organization (HMO);
  - Medicines that have been prescribed by a physician (includes over-the-counter drugs, if prescribed by a physician);
  - Transportation to treatment;
  - Dental expenses;
  - Eyeglasses, hearing aids, batteries;
  - Live-in or periodic medical assistance such as nursing services, or costs for an assistance animal and its upkeep;
  - Monthly payments on accumulated medical bills;
  - Medical care of a permanently institutionalized family member if his or her income is included in annual income; and long-term care premiums

Maximum Amount of Medical Expense Deduction

- Maximum medical expense deduction is the sum of unreimbursed medical expenses which exceed 3% of annual income.
  - Medical expenses are verified with:
    - Receipts and/or bills
    - Other documentation evidencing medical expenses

- Administrator may use the ongoing expenses the family paid in the 12 months preceding the certification/recertification to estimate anticipated medical expenses

- Example: Jane Smith's annual income is $6,500. As an elderly household, she is eligible for the medical expense deduction:
  - Ms. Smith's annual unreimbursed medical expenses are $800.
  - 3% of Ms. Smith's annual income is $195
  - The medical expenses exceed 3% of Ms. Smith's income. She is eligible for a medical expense deduction equal to $800 - $195 = **$605**

Disability Expense Deduction

- Disability expenses include unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed.

  - This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus

- Disability assistance expenses are verified with:
  - Receipts and/or bills
  - Other documentation evidencing medical expenses

Maximum Disability Assistance Expense Deduction

- This deduction is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds 3% of the family's annual income. However, the deduction may not exceed the earned income received by the family member or members who are enabled to work by the attendant care or auxiliary apparatus.

- Example: Fred White's annual income is $17,000. He pays $5,000 per year for attendant care expenses for his disabled child, which enables Mr. White to work.
  - 3% of Mr. Smith's annual income is $510
  - The unreimbursed expenses exceed 3% of Mr. Smith's income. He is eligible for a disability assistance expense deduction equal to $5,000 - $510 = $4,490

Combining Medical and Disability Expense Deductions

- When a family has both disability assistance expenses and medical expenses, it is important to review the collected expenses to be sure no expense has been inadvertently included in both categories.

- Special calculation for families eligible for disability assistance and medical expense deductions.

- If an elderly family has both unreimbursed medical expenses and disability assistance expenses, a special calculation is required to ensure that the family's 3% of income expenditure is applied <u>only one time</u>.

  - Because the deduction for disability assistance expenses is limited by the amount earned by the person enabled to work, the disability deduction must be calculated before the medical deduction is calculated.

Combining Medical and Disability Expense Deductions (2)

- When a family has unreimbursed disability assistance expenses that are less than 3% of annual income, the family will receive no deduction for disability assistance expense.
    - However, the deduction for medical expenses will be equal to the amount by which the sum of both disability and medical expenses exceeds 3% of annual income.

- If the disability assistance expense exceeds the amount earned by the person who was enabled to work, the deduction for disability assistance will be capped at the amount earned by that individual.
    - When the family is also eligible for a medical expense deduction, however, the 3% may have been exhausted in the first calculation, and it then will not be applied to medical expenses.

Income Eligibility Reminders

Convert Wages to annual income by multiplying:

1) Hourly wages by the number of hours worked per year

2) 2,080 hours for full-time employment with a 40-hour week and no overtime

3) Weekly wages by 52

4) Bi-weekly wages (Paid every other week) by 26

5) Semi-monthly wages (Paid twice each month) by 24

6) Monthly wages by 12

HUD 4350.3, p. 5-6

Income Eligibility Reminders (2)

- An individual permanently confined to a nursing home or hospital may not be named as family head, spouse, or co-head
  - May continue as a family member at the family's discretion.

- All forms of student financial assistance (grants, scholarships, educational entitlements, work study programs, and financial aid packages) are excluded from annual income
  - Exception is for students receiving Section 8 assistance.

- Must count alimony or child support amounts awarded by the court unless the applicant certifies that payments are not being made *and* that he or she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment.

Income Eligibility Reminders (3)

- Must count as income any regular contributions and gifts from persons not living in the unit.
  - This includes rent and utility payments paid on the behalf of the family and
  - Other cash or noncash contributions provided on a regular basis.

- Groceries and/or contributions paid directly to the childcare provider by persons not living in the unit are excluded from annual income

- Temporary, nonrecurring or sporadic income (Including gifts) is not counted.
 - What is temporary, nonrecurring or sporadic should be in policy
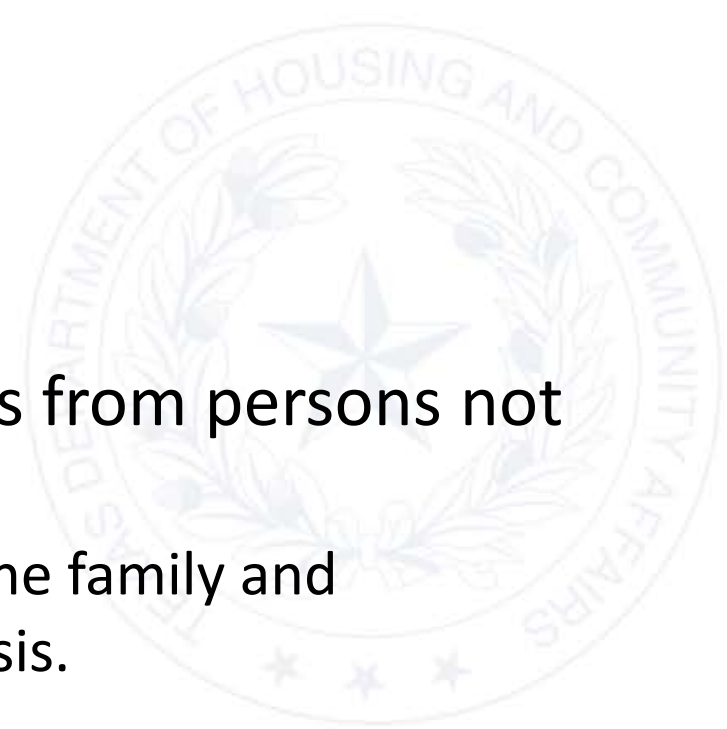
Rent Reasonableness

Rent Reasonableness

- Rent reasonableness is defined as rent to owner that is not more than rent charged for:
  - Comparable units in the private unassisted market; and
  - Comparable unassisted units on the premises.
- The purpose of rent reasonableness test is to assure that:
  - A fair rent is paid for units selected for participation in the HOME Tenant-Based Rental Assistance Program
  - The Program does not have the effect of inflating rents in the community
- Rent reasonableness determinations must be made before Administrator approves the initial rent to owner
- Administrator must demonstrate on a case-by-case basis that the approved rent is reasonable based on current rents for comparable units
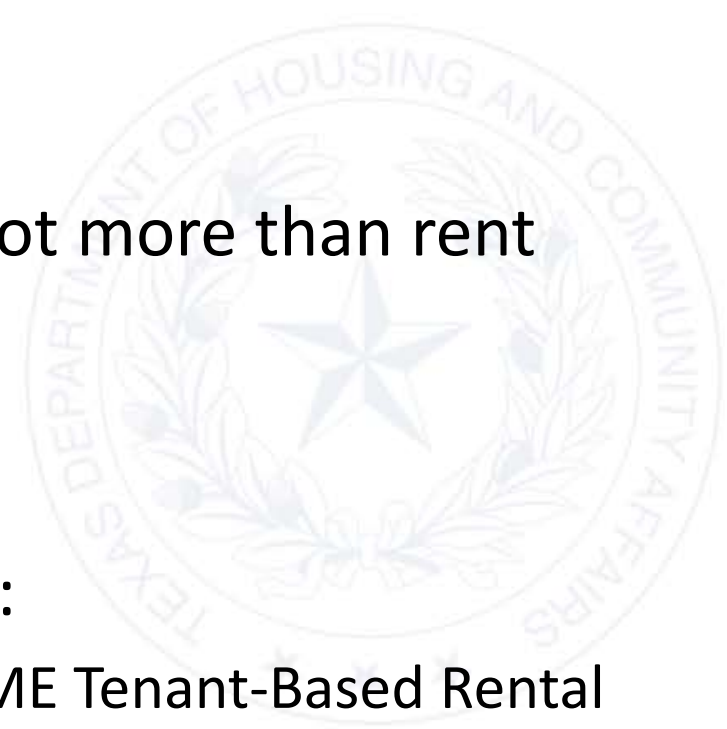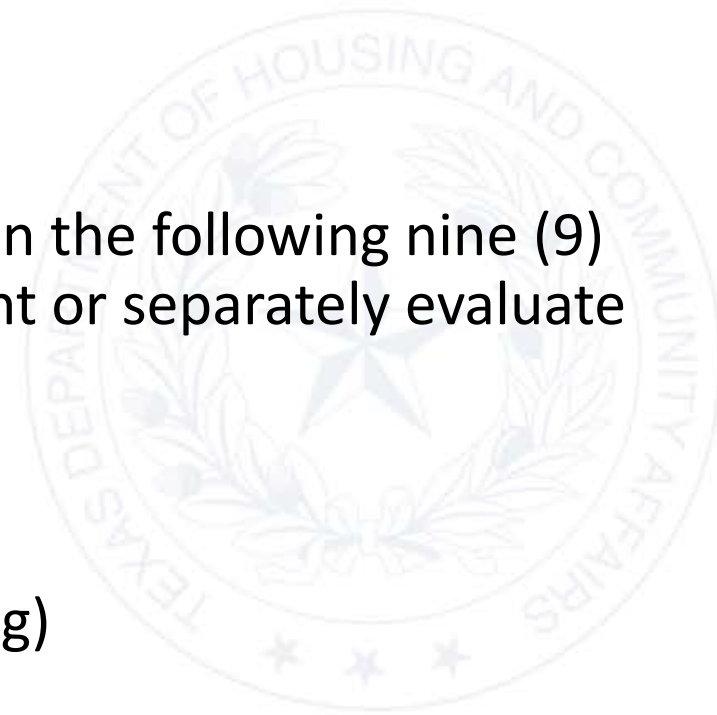
Re-Determination of Rent Reasonableness

- Administrator must re-determine the reasonable rent:
  - Before any increase in the rent to owner.

  - If there is a five percent (5%) decrease in the published Fair Market Rent (FMR) (for the unit size rented by the family) in effect 60 days before the contract anniversary date as compared with the FMR in effect one year before the contract anniversary date.

    - This provision is designed to ensure that when the market goes down by a significant amount (i.e., a 5% or more reduction in the FMR) Administrator must re-examine rent reasonableness at the contract anniversary date, even if the owner does not propose a rent increase.

    - When determining if this provision applies, Administrator must compare the FMR in effect 60 days prior to the upcoming Rental Coupon Contract/Annual Recertification anniversary date with the FMR in effect one year before the upcoming anniversary date.

Comparability Factors

- Administrator's comparability process must take into consideration the following nine (9) factors, but Administrator is not required to quantifiably document or separately evaluate each factor:
  - Location
  - Size (square footage)
  - Type (apartment, house, duplex, condo, manufactured housing)
  - Quality
  - Age of unit
  - Amenities
  - Housing services
  - Maintenance
  - Utilities supplied by the owner
  - *Note: Tax Credit units cannot be used to determine comparability, because they are considered assisted units.*

Documenting the Rent Reasonableness Decision

- In each case where Administrator is required to determine rent reasonableness, it must document its decision and the basis for it (i.e., information on the unassisted units compared) in the household's file.

  - This documentation should identify who conducted the rent reasonableness determination and when.
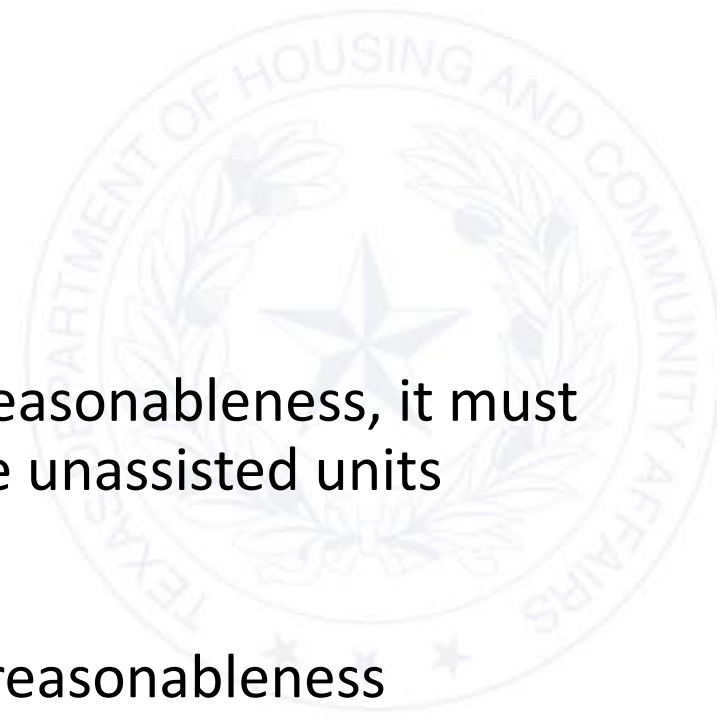
Housing Quality Standards (Unit Inspection)

Definition of Housing Quality Standards

- HUD's Housing Quality Standard (HQS) is the required standard for Tenant-Based Rental Assistance (TBRA)

- HQS was created by HUD for the Section 8 Voucher Program and adopted for TBRA activities

- HQS is a standard of livability and safety, not a construction standard

- HQS ensures that the unit is move-in ready

HQS Inspection Process

- Administrator must perform the HQS inspection prior to issuing the [Rental Coupon Contract (RCC)](#)

- If the unit fails inspection, a re-inspection may be scheduled only after ALL fail items have been corrected by the landlord

- The unit must pass inspection before assistance can be provided
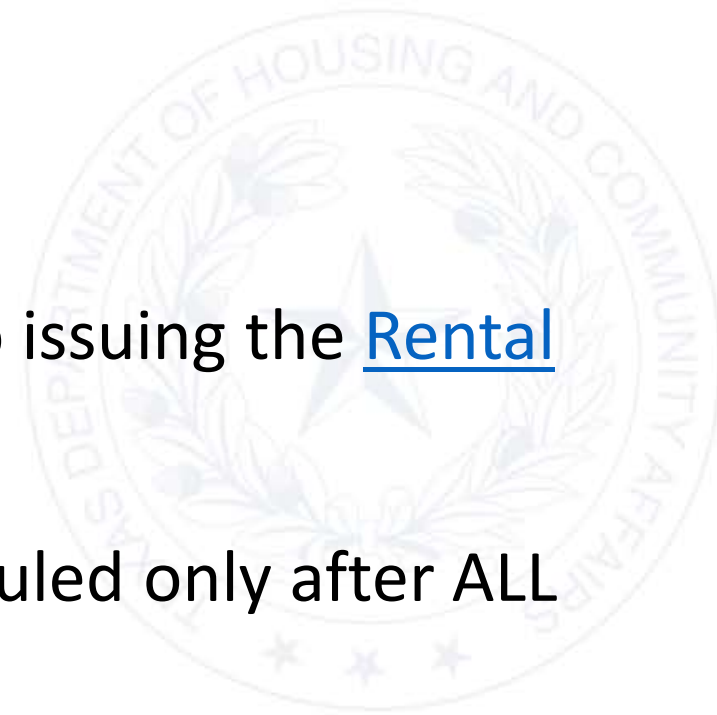
Additional HQS Information

- The Program Design should include information regarding the how, what, where, when and who of the entire HQS process.

- The HQS Form 52580 (Inspection Checklist) may be accessed at: https://www.hud.gov/sites/documents/52580.PDF

- The 52580-A (Inspection form with instructions) can be found at: https://www.hud.gov/sites/documents/52580-A.PDF
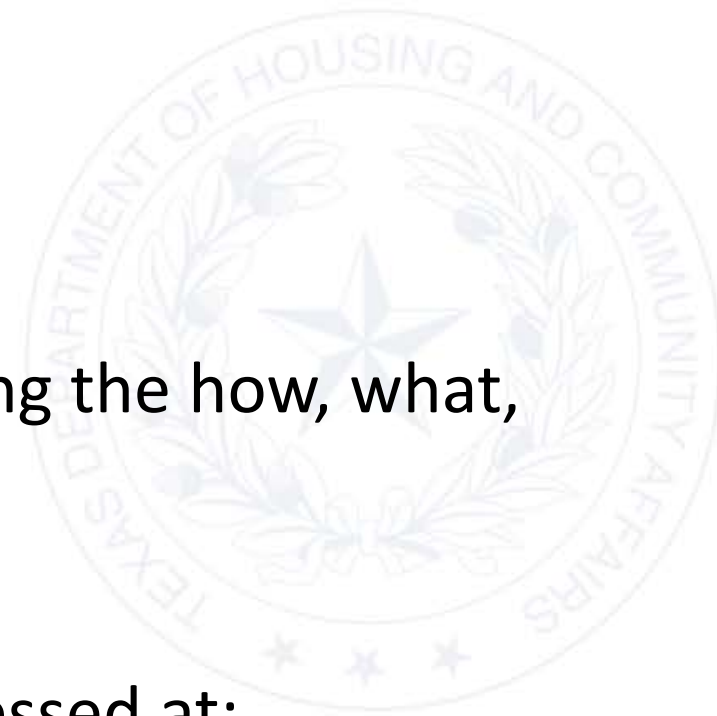
Unit Selection, Eligibility, and Approval

Service Area for TBRA

• Administrator defines the Service Area when applying for funding. The Service Area can be found in Section 2.5 of the HOME Reservation System Agreement

• Notification to Applicants:

  • Administrator should include their applicable Service Area within their Administrative Plan (Program Design)

• Applicability of Service Area:

  • All households assisted under a TBRA contract or Reservation Agreement must select a rental unit located in the Service Area
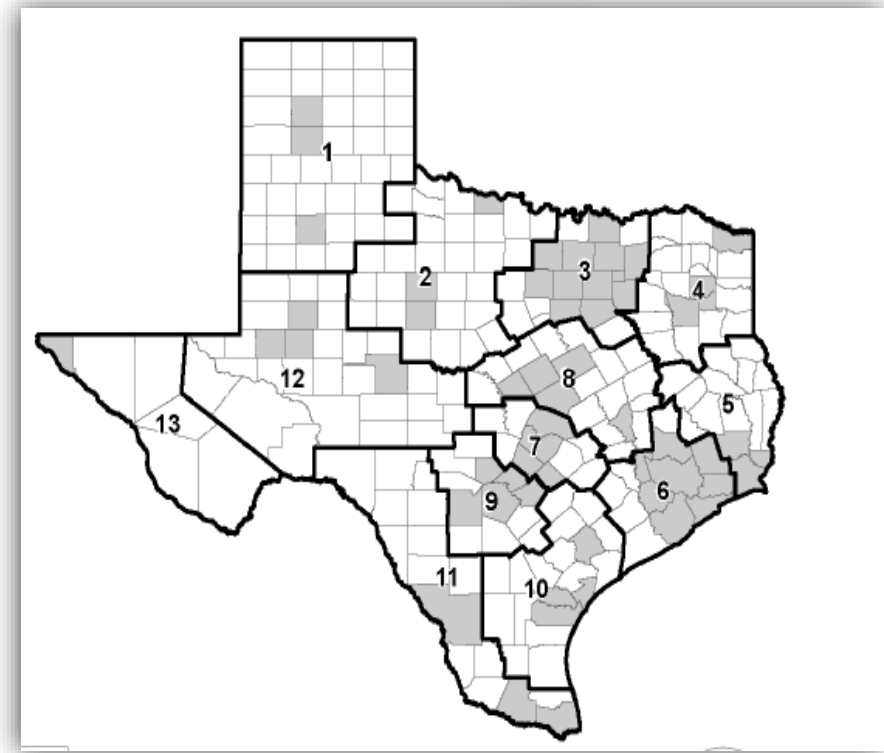
Principal Residence

- Applicants for TBRA *must certify* that the rental unit receiving assistance will remain their primary residence through the term of assistance

- *TBRA Certification of Principal Residence* form
  - http://www.tdhca.state.tx.us/home-division/forms/home_forms_tbra.htm

Stays in client file, does not get submitted to TDHCA

Occupancy Standard

- Administrator must establish occupancy standards that determine the number of bedrooms needed for households of different size and composition and include these standards in the Program Design

- For each household, Administrator must determine the appropriate number of bedrooms needed in accordance with the defined occupancy standards.

- Household unit size is entered on the *Certification of Eligibility* form issued to the family. (2015 and later rule years)

Requirements for Occupancy Standard

- The following occupancy standards apply when determining the appropriate unit size:

  - Occupancy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding
  - Occupancy standards must be consistent with space requirements in accordance with HUD's Housing Quality Standards (HQS)
  - Occupancy standards must be applied consistently for all families of like size and composition
  - A child who is temporarily away from the home because of placement in foster care is considered a member of the household when determining the household's unit size
  - A household that consists of a pregnant woman only (and no other persons), must be treated as a 2-person household

Exceptions to the Occupancy Standard

- Any live-in aide approved by Administrator to reside in the unit in order to care for a household member who is disabled or who is at least 50 years of age must be counted in determining the household unit size

- Two elderly or disabled household members may be issued separate bedrooms

- Unless a live-in-aide resides with the household, the unit size for a 1-person household must be either a zero or 1-bedroom unit, as determined under Administrator's occupancy standard included in the Administrative Plan

Exceptions to the Occupancy Standard (2)

- In determining unit size for a particular household, Administrator may grant an exception to its established occupancy standards if Administrator determines the exception is justified by the age, sex, health, disability, or relationship of family members or other personal circumstances.

  - (For a single person other than a disabled or elderly person or a remaining family member, such exception may not override the requirement of providing only a zero or 1-bedroom unit to a single person.)

Occupancy Standard Reference Chart

Typical Standards Used to Issue Housing Choice Voucher (HCV) Note: This is a recommended Best Practice.		
Housing Choice Voucher Size	**Min. # of Persons in Household**	**Max # of Persons in Household**
0-BR	1	1
1-BR	1	2
2-BR	2	4
3-BR	4	6
4-BR	6	8
5-BR	8	10
6-BR	10	12

Request for Unit Approval

- The household will:
  - Not execute a lease for a unit prior to approval by Administrator
  - Notify Administrator after a unit has been selected using the **Request for Unit Approval** form.

- Administrator will:
  - Verify rent reasonableness
  - Verify unit affordability
  - Perform an HQS inspection
    - If the unit fails, Administrator must conduct a re-inspection prior to approving the unit.
  - Schedule a time for the landlord and the household to execute the **Rental Coupon Contract (RCC)** and Lease

TBRA Project Setup

Submission of the Setup Request

➢TBRA provided to a household under a reservation agreement must be submitted to TDHCA as a preliminary setup.

➢TBRA provided to a household under a contract award may be submitted to TDHCA as either a traditional full setup or a preliminary setup.

For Contracts, the preliminary setup process is strongly encouraged.

For Reservations, the preliminary setup process is required.

Preliminary Setup Process

- The preliminary setup process allows for the determination of a household's eligibility and commitment of funds to the household prior to their selection of a unit.

Benefits of preliminary setup:

- Allows Administrator to provide a more accurate estimate of the Total Tenant Payment (TTP) to the household prior to the selection of a unit

- The household does not enter into a legally binding lease prior to eligibility being verified by TDHCA

- The Household will know the maximum amount the rent can cost for each unit size and remain affordable, based on their income

Preliminary Setup Submission Process Overview

1
- Administrator reserves funds by creating a project in the Housing Contract System (HCS)
- Administrator uploads household qualification documentation to HCS and submits

2
- TDHCA reviews the household qualification submission
- TDHCA issues Household Commitment Contract (HCC) based on estimated subsidy (For Reservation only)

3
- Administrator issues Certificate of Eligibility to the household
- Household shops for an affordable unit

4
- Administrator inspects and approves or rejects selected unit
- If approved, household, landlord, and Administrator execute required document(s)
- Administrator uploads documents to the project entered in HCS

5
- TDHCA reviews the unit qualification documents submitted
- If the unit is approved, TDHCA executes the HCC and Administrator may begin drawing funds

Preliminary Setup Process Requirements

- The entire setup process is 2 distinct steps:
  - Household eligibility qualification
  - Unit qualification

- Initially, the household is setup in the Housing Contract System (HCS). Since no address is available at the time of setup, a placeholder address "TBD" is entered.

- Metropolitan areas use small area FMR
  - Be sure to verify if it is small area FMR
    https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html

- Non-metropolitan areas use the county FMR
  - https://www.huduser.gov/portal/datasets/fmr.html

  The setup address must be in the same county as the address for the actual unit selected.

Household Approval Packet Contents

- The following documents comprise the Household Approval Packet, and must be uploaded to the Housing Contract System (HCS) prior to submitting a project for approval:
  - Copy of environmental clearance email
  - Intake Application
  - Supplement to the Intake Application
  - Household Income Certification (HIC)
  - Estimated Subsidy Worksheet (new worksheet in the HIC)
  - Utility Allowance schedule (estimate based on subsidy standard)
  - Income and asset support documents
  - Verification of Disability, as applicable
  - Section 8 Wait List Verification (if household has already been assisted for 36 months)
- TDHCA will prepare the HCC for execution and upload it to the HCS. The project will be placed into *Pending Upload* status.

Administrator Approves Selected Unit

- The Household selects a unit. Administrator then performs an HQS inspection of the unit and verifies the unit's affordability.

- The household signs the lease and all related documents with the landlord after the unit has been approved by Administrator.

- Administrator uploads the following documents to the project in HCS as a Unit Approval Packet and resubmits for PM Approval:
  - HCC executed by Administrator (if applicable)
  - Certificate of Eligibility (2015 and later rule years)
  - TTP Worksheet
  - Rental Coupon Contract (RCC)
  - Lease
  - Lease Addendum
  - Utility Deposit support documentation
  - HUD Inspection Form 52580
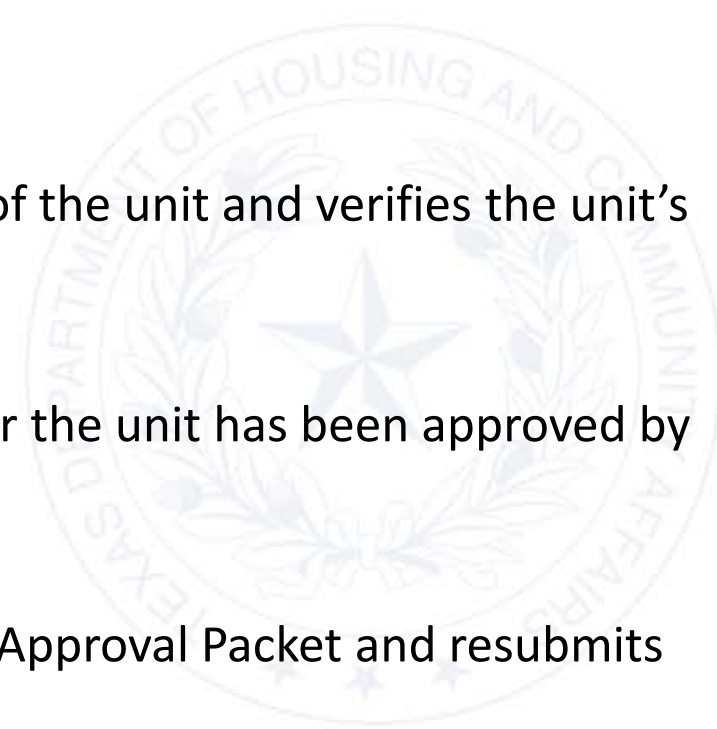
TDHCA Reviews Unit Approval Submission

- After the documents have been uploaded, TDHCA will review the unit qualification documents. When the unit is determined eligible, TDHCA will enter the actual address into the HCS and execute the HCC. The project will be made active, allowing the Administrator to draw funds.

- The fully executed HCC is uploaded to the HCS.

- The amount of funds shown in the HCC may exceed, but should never be less than, the actual subsidy to be provided to the household based on the unit they select. TDHCA may, at its discretion, determine that a new HCC for the actual amount of funds required to be committed is necessary.

Preliminary Setup and Unit Approval Packet Documents

Initial/Preliminary Setup Packet

1. Copy of environmental clearance email
2. Intake Application
3. Supplement to the Intake Application
4. Household Income Certification (HIC)
5. Income and asset support documents
6. Estimated Subsidy Worksheet (new worksheet in the HIC)
7. **Section 8 Wait List Verification (if household has already been assisted for 36 months)
8. **Conflict of Interest Documentation (As Applicable)
9. **Duplication of Benefits Documentation (As Applicable)
10. **Verification of Disability, (As applicable)

Unit Approval Packet

1. **Household Commitment Contract (HCC) executed by Administrator (if applicable)
2. Certificate of Eligibility
3. Total Tenant Payment Worksheet (TTP)
4. Utility Allowance Worksheet (estimate based on subsidy standard)
5. Rental Coupon Contract (RCC)
6. Lease
7. Lease Addendum
8. HUD Inspection Form 52580
9. **Utility Deposit support documentation (As applicable)

These documents must be filled out completely and uploaded in the Housing Contract System in a PDF and bookmarked as appropriate. This is not a complete list, but what is required as a minimum.

** Denotes documents that are included when applicable**

Annual Recertification and Interim Revisions

Annual Recertification

- Administrator must complete an Annual Recertification for each household prior to or on their assistance anniversary date if assistance continues beyond 12 months

- An Interim Revision will not change the date of the Annual Recertification

- Administrator must ensure the household remains eligible by reviewing all eligibility factors
  - Years of eligibility remaining
  - Income eligibility
  - Unit eligibility

Interim Revision

- Interim Revisions do not require re-examination of every factor of eligibility

- The Interim Revision should only examine the eligibility factor that changed, which prompted the revision. For example, if the household requested to move to a new unit, the Interim Revision would not automatically re-examine household income

- With a few exceptions, acceptance and processing of Interim Revisions is at the discretion of Administrator. Some Administrators require Interim Revisions for only TDHCA required items, some require Interim Revisions for any change in any eligibility factor.

- Interim Revision policy must be defined in the Administrative Plan.

Interim Revision Requirements

- Administrator must establish policies for when an Interim Revision will be processed

  - Interim Revisions are always required when the household moves to a new unit prior to the Annual Recertification

  - The Administrator's Interim Revision policy must include a provision regarding unit changes during the rental coupon term.

  - The policy should:
    - Address whether or not changes will be allowed.
    - If changes are not allowed, identify any extenuating circumstances in which a change would be considered. (Accessibility needs)
    - If changes are allowed, identify the process by which a change can be requested.

  - Unit changes will require an HQS inspection

Interim Revision Options

- Administrator may, at its discretion and per its Interim Revision policy, process Interim Revisions when:
  - The household composition changes (adding or removing family members or a family member becoming elderly or disabled)
  - Changes in income including, but not limited to, loss of employment and reduction in number of hours worked or change in student status of a family member
  - Increases in allowances including, but not limited to, increased medical expenses and higher child care costs
  - Other changes affecting the calculation of a family's annual or adjusted income, including, but not limited to, a family member turning 62 years old or becoming a person with a disability

- The Interim Revision policy must be applied equally to all households

Months of Eligibility

- TBRA assistance is available for no more than 24 months per household per setup
  - Only one Annual Recertification is required per household, per setup. If the assistance will continue under another Agreement, it is processed as a new setup

- Households may receive an additional 12 months of assistance, for a total lifetime assistance term not to exceed 36 months.

- Households who maintain placement on a Section 8 HCV wait list but who have not received a voucher may be assisted for an additional 24 months, for a total lifetime assistance term not to exceed 60 months.
  - There can never be more than 24 months assistance per setup activity

Income Eligibility

- Assisted households must have a gross annual income at or below 80% of the Area Median Family Income (AMFI) at the time of recertification.
  - Income restrictions noted in Contracts and Reservation Agreements only apply at initial occupancy

- Administrator should:
  - Conduct an interview with the assisted household
    - Confirm household composition
    - *Best Practice: This should occur 60-90 days prior to the anniversary date*
  - Request updated 3rd party verifications for income and assets
    - *Best Practice: This should occur 60-90 days prior to the anniversary date*
  - Complete Household Income Certification
    - *Best Practice: This should occur 30 days prior to the anniversary date*

Income Eligibility Process

- Assisted household should:
  - Complete a new Intake Application form prior to the income re-examination.
    - *Best Practice: This should occur 60-90 days prior to the anniversary date*
  - Sign new Release and Consent forms and verification documents
  - Report any changes in income; including
    - Employment
    - SS, SSI, SSDI, and VA benefits
    - Checking and savings accounts
    - Retirement accounts
    - Other income and assets
  - Report any changes to expenses, including:
    - Child care
    - Medical and disability related expenses

Unit Eligibility

- The Administrator *must* inspect the rental unit annually, upon household recertification
  - *Best Practice: The annual inspection should occur 30-45 days prior to the recertification anniversary date to allow sufficient time in the event re-inspection is required*

- The unit must meet HQS for continued occupancy

- Administrator must ensure the rent for the unit is reasonable if the household moves, if the rent has increased, or if the fair market rent has decreased by more than 5%.

TDHCA Processing of the Recertification or Revision

- When the recertification or revision is submitted, TDHCA will review the document packet.

- If a deficiency is found, the Recert Status will be reset to "*Pending Recert.*" A deficiency notice will be uploaded to the project in the HCS and Administrator's official contact will be sent an email notifying them of the deficiency.

- Administrator will upload corrective documents to the HCS and again change the Recertification Status to "*Recert Submitted*"

- Any deficiency not corrected within 10 business days may result in disapproval and closure of the project

- Approved recertifications and revisions are placed by TDHCA into "*Recert Complete*" status

Submission of Recertifications and Revisions

- Administrator must ensure the annual Recertification Packet contains:
    - New Lease (if the old lease has expired)
    - New RCC
    - HQS Inspection Form 52580
    - HIC and TTP Worksheet
    - Income support documentation
- Revision Packets should include all documentation related to the change being requested

- *Best Practice: Submit a complete Recertification Packet through the HCS at least 30 days prior to the anniversary date. Recertifications that are not submitted in a timely manner may result in delayed processing of subsidy reimbursements and/or the closing of an activity that should receive continued assistance.*

TBRA Program Design Components

1. Financial oversight and accounting
2. Program marketing and Fair Housing
3. Application Intake and Preliminary Review
4. Wait list management and informal review process
5. Set Aside Eligibility
6. Self-Sufficiency requirements
7. Environmental Clearance (Cross-Cutting Regulations)
8. Distribution of monthly subsidy payments to landlords
9. Policy for Utility Deposits and Security Deposits
10. Policy for termination of assistance
11. Policy for handling complaints and grievances
12. Conflict of Interest Policy
13. Participant eligibility (including income determinations, Income Eligibility and Adjusted Income)
14. Rent Reasonableness
15. Housing Quality Standards which includes Unit Inspection
16. Unit Selection, Eligibility & Approval
17. Interim revision and annual recertification

Tenant-Based Rental Activity: Program Design

Visit the HOME Division online at:

www.tdhca.state.tx.us/home-division

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