

Permanent Supportive Housing: Rental Assistance Program Framework

Overview

Permanent Supportive Housing (PSH) is a best practice and proven strategy to serve people experiencing chronic homelessness. The OHCS PSH Program combines three elements: the development of permanently affordable housing, comprehensive tenancy support services, and project-based rental assistance. OHCS-funded PSH must be affordable to households with extremely low incomes and should utilize project-based rental assistance to ensure deep and sustainable affordability for PSH residents. Utilizing the valuable feedback received from partner outreach, OHCS has drafted the following framework for our PSH Rental Assistance program:

Guiding Principles

In establishing this framework, OHCS identified the following primary considerations when developing this rental assistance program:

- Program Effectiveness (usability by chronically homeless and housing providers);
- Equity & Racial Justice;
- Subsidy costs;
- Ability to serve the entire state;
- Administrative costs and burdens (ease of administration);
- Alignment with current State and Local laws;
- Transparency of process (emphasizing minimal process and program complexity to assure client and stakeholder apprehension);
- Program Integrity; and
- Tenant Protections

Rental Assistance Contracts

State rental assistance contracts will be awarded through the Affordable Rental Housing Division (ARH)'s Centralized Application Process. OHCS anticipates that most rental assistance contract awards will be project-based and tied to PSH capital dollars. OHCS may also enter into a rental assistance contract without PSH specific development / rehabilitation dollars attached. The contract will specify the number of units and bedroom sizes awarded. Actual units may "float", but bedroom sizes must remain constant.

PSH Rental Assistance Program Framework April 3, 2024

Rental assistance contract maximum payment levels will be set at the County LIHTC 60% Actual Income Limits for Rents based on the most recent published year. Payment levels will correspond with unit size. Single Room Occupancy (SRO) units with neither food preparation nor sanitary facilities, or only one, will be paid at 75% of the County LIHTC 60% Actual Income Limit for Rents of a zero-bedroom unit. Annual increases or decreases will be processed automatically no later than 60 days after increase or decrease is published on the OHCS website.

Administrative Fees

Properties with signed Rental Assistance Contracts will be eligible to receive Administrative Fees for each Project Based Rental Assistance unit with an active lease. Administrative Fees are paid at an initial rate of \$60.00 per unit under lease, per month. Fees are paid with rental assistance payments and are based upon leased units as of the first day of the month. Fees are subject to be modified at the sole discretion of OHCS. Changes will be announced through a Technical Advisory process.

Tenant Identification and Eligibility

To be eligible for a PSH unit, applicants must be referred through the Continuum of Care's Coordinated Entry system, or other OHCS-approved referral process (other rereferral process will be reviewed for approval by OHCS if a CoC is not operating Coordinated Entry or a process is needed to address disparities in PSH access). Only applicants identified by the Coordinated Entry system, or OHCS-approved process, as chronically homeless are eligible. Chronically Homeless is defined by the local Continuum of Care or local homeless services system. If no definition exists in the project's region, "chronically homeless households" means:

- (1) an individual who: (i) is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; (ii) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years; and (iii) can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability;
- (2) an individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or
- (3) a family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

**PSH Rental Assistance Program Framework
April 3, 2024**

Income eligibility is set at 60% of the area median income. Eligibility and lease up procedures for PSH units must be clearly identified in a property's Tenant Selection Plans. A 12-month lease is required at move-in.

To be eligible a household must:

- Be income eligible (initial household income must be at or below 60% of the AMI);
- Have been determined chronically homeless and been referred through the locally identified and approved Coordinated Entry system, or OHCS-approved process.
 - Coordinated Entry systems will be determining disability and homelessness prior to referral; therefore, properties are not required to re-determine disability or homelessness.
 - Proof of referral from the Coordinated Entry or approved referral system is sufficient proof of these criteria.

Household income increases may result in no subsidy payment. Households who are paying full rent are eligible to continue to occupy the unit and are eligible for rental assistance should their income change to require subsidy. Supportive services will continue to be provided if the tenant meets eligibility criteria.

Income Eligibility Determination

Annual income shall be determined pursuant to the HUD Occupancy Handbook 4350.3 Rev.1, Chapter 5, Part 5-4 through 5-6. OHCS does not require an asset determination and does not adjust income or utilize HUD's standard deductions at eligibility or annually during recertification. Income exclusions do apply (Part 5-6(R)).

Screening

Rental assistance applicants may be charged fees associated with screening, but fees cannot exceed actual costs. Owners may screen applicants for suitability based upon legal, consistent, and pertinent standards. OHCS expects partners to have very low barrier screening practices for the PSH population. Identified individual screening concerns should be discussed with service providers to determine if supports are or can be put into place to address risk factors and facilitate denials being avoided or overturned.

Application Denials

Owners may reject applicants based upon eligibility criteria, prior rental history or recent serious criminal activity provided the criteria used was legal, consistent and pertinent to occupancy. Financial history is not allowed as a screening criterion. Screening criteria should be written and clear for staff

PSH Rental Assistance Program Framework April 3, 2024

determinations and reviewable by OHCS upon request. Applicants denied for occupancy must be notified in writing with a clear explanation of the factors leading to the denial decision. This must be documented in the applicant file and available for OHCS review. OHCS reserves the right to approve screening criteria should it be determined that onerous screening criteria is resulting in excessive application denials for any statistically identifiable group or overall, as compared with similar projects or community dynamics.

No Citizenship Requirement

State rental assistance resources have no citizenship requirements and should be utilized entirely based upon referral recommendations from the local Coordinated Entry system (or OHCS-approved process) and owner screening criteria. Citizenship requirements cannot be a part of owner screening criteria unless required by a federal program associated with the development.

Denial Appeals

Referred applicants that are denied by property owners are eligible to appeal the denial decision. Properties must deny the applicant in writing and should identify any provider involved with the referral of the denial. Properties must provide the denied applicant an opportunity to appeal the decision providing the applicant a reasonable time to request the appeal (no less than 10 business days).

Applicants must have the right to appeal the decision in writing or in person (their choice) and have the right to bring representation and/or advocates to any requested meeting. Properties may continue to try and fill the vacant unit during the appeal process. If an offer has not been made on the available unit when a successful appeal has been determined, the applicant shall be offered the available PSH unit. If the unit has been filled, the successful applicant shall be offered the next available unit designated for a PSH client that is of appropriate size for the household.

Reasonable Accommodations

Property owners are required to provide for Reasonable Accommodations when requested and determined appropriate under Fair Housing Laws. A “Reasonable Accommodation” is defined as “a change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with a disability to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces or to fulfill their program obligations.”¹ The requirement to provide reasonable accommodations is intended to provide equal opportunity for persons with disabilities to participate in housing programs. This requirement is not intended to provide greater program benefits to persons with disabilities than to non-disabled participants or applicants. It may mean, however, that persons with disabilities will sometimes be treated differently in order to ensure equal access to programs and services. Reasonable accommodations for PSH units of a different bedroom size are at the sole discretion of the property owner and/or manager and OHCS has no say in whether reasonable

¹ Definition found at HUD.gov, [FHCO/Reasonable Accommodations & Modification](https://www.fhco.gov/Reasonable-Accommodations-&Modification)

PSH Rental Assistance Program Framework April 3, 2024

accommodations are approved or denied, however, if a reasonable accommodation is approved, the owner or property manager must notify OHCS so that rental assistance can be appropriately adjusted to accommodate for the different unit size.

Security Deposit & Pet Deposits

Owners may require security deposits, but they may not exceed one month's rent at the maximum rate (60% LIHTC Rent based on Actual Income Limit for the area). Pet deposits must not exceed \$300. Pet rents are not allowed. Service and companion animals are not pets and cannot be charged a pet deposit.

Rental Assistance & Changes in Income

Properties are responsible for calculating and collecting tenant rent based upon 27% of the tenant's income at initial 12-month lease up and annually thereafter. Tenant income must be reported to OHCS on a client-by-client basis at least annually. OHCS will reimburse properties by paying the difference between the tenant rent and the LIHTC 60% Actual Annual Rent Limit on a monthly basis. Tenants may report downward income changes at any time. Rental reductions are to be re-calculated as quickly as verified (first of the month following verification) and no later than 45-days from the date the change is reported. Rent increases due to increased income identified at recertification require a 90-day notice to the household. Rent can only be increased once in any 12-month period.

Utilities

OHCS will require that all PSH units be supplied with owner paid utilities. Owners may not require tenant utility use restrictions above and beyond what is required of other tenants. OHCS may consider alternatives to this requirement on a case-by-case basis.

Income Verifications

Income information must be verified by the property manager. Managers should collect third party verifications whenever possible which includes the original or authentic document generated by a third-party source but provided by the tenant (see HUD Handbook 4350.3 Rev-1, 5-13 (B)(b)* for further guidance). Homeless and disability eligibility determinations are satisfied by proof of the referral from the local Coordinated Entry system. If a project is utilizing a different OHCS-approved referral process, homelessness verification may be required.

Verifications are valid for 120 days prior to the 90-day rent increase notice. Documents that are issued annually such as Social Security letters are valid for a one-year period but an affidavit from the tenant attesting to the accuracy of the information is required to accompany these documents if more than 120 days old prior to the 90-day notice.

**PSH Rental Assistance Program Framework
April 3, 2024**

Verification documentation must be retained in the tenant file to support all rental charges and modifications.

Only documents to determine eligibility and level of assistance shall be gathered and retained through this verification process. Owners must comply with State of Oregon privacy laws concerning the information received from third party sources about applicants and tenants.

Note: OHCS does not require a notarized tenant signature as described in HUD Handbook 4350.3 Rev- 1, 5-13 (B)(b)(2)(d). A tenant certification indicating that false statements are punishable by perjury under Oregon State Law is sufficient.

Rent Calculations

Property owners should utilize 24 CFR 5.609 (b) and (c) as guidance when determining income inclusions and exclusions. OHCS excludes assets from income calculation and does not utilize standard deductions. Anticipated household income should be combined, annualized and averaged at a monthly rate (use HUD Handbook 4350.3 Rev-1, 5-5 (A)(1-2); 4350.3 Rev-1, 5-5 (B)&(C). Tenants would be responsible for rental costs calculated at 27% of this monthly total. Utilities are the responsibility of the property unless otherwise agreed to in the Rental Assistance Contract.

Occupancy Standards

Each property is responsible to determine their own occupancy standards. Properties must follow local code.

Affirmatively Further Fair Housing

Recipients of OHCS Rental Assistance funds are expected to Affirmatively Further Fair Housing (AFFH) in their respective communities. AFFH is defined as, taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Supportive Services

Tenancy support services must be available to tenants in PSH units. Tenant acceptance or use of these services is completely voluntary and cannot be required. Properties that are unable to continue to offer supportive services to their location will be required to provide OHCS with a mitigation plan to address

**PSH Rental Assistance Program Framework
April 3, 2024**

this need. Supportive services are necessary and required for the project to continue to serve PSH residents. If supportive services cannot be restored through the mitigation process, and if the loss of these services was not the result of action or inaction of the property, OHCS may release the property from their Rental Assistance Contract. Some property restrictions including modified income restrictions may still apply, as determined on a case-by-case basis. If released from the Rental Assistance Contract and in the event supportive services become available once again, properties may reapply for rental assistance if units are available. OHCS is under no obligation to return rental assistance funding to properties that have ended their Rental Assistance Contract regardless of their availability.

OHCS will require that owners annually certify that tenants receiving PSH rent assistance have been offered supportive services.

Vacant Units

If a PSH household moves out of the unit, the property may keep the rental assistance payment for the calendar month in which the household moved out. Any payments made in error or due to non-reporting must be returned or reimbursed to OHCS.

Prorated Rents and Vacancy Payments

OHCS will make one vacancy payment for units beyond the remainder of the initial move-out month. Payments will be made at the same rate as if the unit was continuously occupied by the vacated tenant. Any payments made in error or due to non-reporting must be returned or reimbursed to OHCS. OHCS will only prorate subsidy rental payments for mid-month move-ins at the initial lease up of a unit (first tenant only) or when a unit has not received a vacancy payment for the month. In the event vacancy payments overlap with any mid-month move-in's, the project may keep the vacancy payment, and the subsidy for the new tenant will begin during their first full month.

Temporarily Absent

Tenants receiving rental assistance may continue to receive rental assistance if temporarily absent from their home for medical or reasonable non-voluntary related purposes for up to 120 days. This may be extended for up to 180 days if it can be documented that there is reason to believe the tenant will be able to return home. Tenants may not be absent from their home for more than 30 consecutive days without notifying the property manager. Tenants must utilize the PSH unit as their primary residence.

Properties may set reasonable vacancy standards to assure this.

Required or Necessary Tenant Moves

OHCS recognizes that there are a number of potential events that could result in the need for a tenant to change units or move. Some of these events may include but are not limited to:

**PSH Rental Assistance Program Framework
April 3, 2024**

- Violence Against Women Act covered requests
- Changes in family composition resulting in being over or underhoused
- Changes in health or medical needs
- Conflicts with neighbors or management
- Lack of necessary community supports

PSH Rental Assistance is a project-based program and not operationalized to work under tenant based or portability rules such as those allowed in the HUD Housing Choice Voucher program. Therefore, in these instances OHCS will attempt to work with the property owner to determine if alternative placement meeting the tenant's needs is feasible. If not, and only upon request, OHCS will explore the possibility of temporary rental assistance to the tenant with consideration given to tenure, need, supportive service participation and other factors. Any such temporary assistance would be in collaboration with supportive service staff and would be dependent on the availability of OHCS resources.

Termination of Tenancy by the Owners

During the initial term of the lease, the Owner may not terminate the tenancy except on the following grounds:

- Material noncompliance with the lease
- Material failure to carry out obligations under any State landlord and tenant act
- Other good cause (does not include a business or economic reason or desire to use the unit for an individual, family, or non-residential rental purpose).

PSH operators are expected to avoid eviction for PSH households

Note: A household is not responsible for payment of the portion of the rent to owner covered by the rent assistance payment. Failure by OHCS to pay the rental assistance payment to the Owner is not a violation of the lease between the tenant and the Owner, and is not a cause for termination of tenancy. Rental assistance payments are paid to the Owner in accordance with the terms of the rental assistance payment contract.

Termination of Tenancy by the Family

The family may terminate the lease without cause at any time after the first year of the lease in accordance with Landlord-Tenant Law. Voluntary termination of tenancy by the family will remove the family from the rental assistance program (see "Required or Necessary Tenant Moves" section for possible exceptions).

Debts Owed by Tenant

The PSH Rental Assistance Program is not responsible for debts owed by the tenant. This includes but may not be limited to:

**PSH Rental Assistance Program Framework
April 3, 2024**

- Tenant portion of rent;
- Tenant caused damages;
- Unpaid security deposits; and/or
- Unpaid fees or services.

This liability limitation of the rental assistance program does not prevent any owner from utilizing other OHCS, federal, state or local programs in assisting with these debts owed.

Minimum Property Standards

Properties receiving rental assistance must be maintained to Uniform Physical Condition Standards (UPCS). Properties repeatedly or severely out of compliance may have their rental assistance removed.

Inspections

OHCS reserves the right to inspect rental assistance units as frequently as determined necessary to assure proper compliance. Property will generally be inspected by OHCS every one to three years. Properties that repeatedly do not meet minimum property standards may be charged additional fees for enhanced OHCS compliance measures. Property owners are expected to do internal property inspections in rental assistance units at least annually.

Eligible Housing Types

PSH rental assistance is not available to group homes. OHCS reserves the right to negotiate subsidy maximum amounts or reject rental assistance contracts based upon limited amenities, unit size or other factors that may be determined solely by OHCS as inconsistent with program goals or comparable market units in the area

Lease Standards

OHCS will require that property owners use the OHCS PSH Rental Assistance Lease Addendum which shall become a part of the lease agreement.

Appeals

Owners must have a written policy providing PSH applicants and tenants with an opportunity for review of application denial or negative tenancy action including termination. The written review policy shall include the following elements:

- Written notice to the applicant regarding any application denial or to the tenant regarding any negative tenancy action, stating the facts on which the action is based and informing the applicant or tenant of their right to a review of the decision and any deadline for requesting a review;

**PSH Rental Assistance Program Framework
April 3, 2024**

- Review of the decision by a person other than the person that made the original decision, or a person supervised by the original decision maker;
- Opportunity for the applicant or tenant to see the documents or other evidence on which the decision is based at least five (5) full business days before the review, unless waived;
- Opportunity for the applicant or tenant to provide documents or other evidence in support of their application or tenancy, or to counter or explain any evidence against them; and
- A written, unbiased decision issued within ten (10) business days after review. The decision must be based solely on the information provided during the review.

Rental Assistance Restrictions

State rental assistance is not available to any of the following:

- Public Housing dwelling units that continue to receive PH Operating subsidy from the Department of Housing & Urban Development (HUD);
- A dwelling unit subsidized with any form of Housing Choice Voucher (Section 8) assistance;
- Tenants that are currently receiving HUD tenant-based voucher assistance; and/or
- A dwelling unit subsidized with any other form of rental assistance that reduces tenant rent to affordable levels, including but not limited to HOME, HTF & HUD Section 236, 521, 202, 162, 811, 202 & 101 programs.

Partner Non-Compliance

Partners determined to have intentionally misrepresented, manipulated or inaccurately utilized the rent assistance program for improper benefits (received through the State or through tenant management) may have this assistance terminated and may be required to repay any ill gained benefits amongst other potential State actions.

Inaccurate Subsidy Rectification

It is anticipated that from time to time inaccuracies in the amount of subsidy provided to a property may occur. Some examples of this could include but may not be limited to the following:

- Inaccurate calculation or reporting of tenant payment;
- Inaccurate or untimely reporting of tenant payment change;
- Inaccurate or untimely reporting of vacancies;
- Inaccurate or untimely reporting of a move-in;
- Error in subsidy calculation; and/or

**PSH Rental Assistance Program Framework
April 3, 2024**

- Other issue that results in an inaccurate subsidy payment

When this occurs OHCS and the owner or agent will work together to determine the correct subsidy payment. Rectification may be made through reductions or increases in future payments or a separate financial transaction as determined appropriate by the representatives of both parties. In the event that OHCS and the owner cannot agree on the problem or the correct solution, OHCS will refer the disagreement to a third-party mediator as agreed to by both parties.

Project Outcomes and Reporting

PSH Projects using rental assistance must report household outcomes annually or as requested by OHCS. The project must use the current HMIS used by their local Continuum of Care or local homeless services system. If none is utilized in the Project's region, the Owner must utilize WellSky Community Services. OHCS can assist connecting to the CoC if needed. An HMIS Annual Performance Report (APR) and a PSH Annual Outcomes report will be due January 31st of each year.