



## CDBG/HOME PROGRAM POLICY AND PROCEDURES MANUAL

### SUBJECT: TENANT-BASED RENTAL ASSISTANCE (TBRA)

#### PURPOSE

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA), and has been amended several times by subsequent legislation. The intent of the HOME Program is to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation.

#### HUD HOME Policy:

##### Eligible Activities – 24CFR92.205 (a) (1):

HOME funds may be used by a participating jurisdiction to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations; to provide tenant-based rental assistance, including security deposits; to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations. The housing must be permanent or transitional housing.

##### Eligible Activities – 24CFR92.205 (b)(1):

A participating jurisdiction may invest HOME funds as equity investments, interest-bearing loans or advances, non-~~interest-bearing~~ interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.

Tenant-based rental assistance (TBRA) is a rental subsidy that can be used to help individual households afford housing costs such as rent and security deposits. TBRA programs help individual households, rather than subsidizing specific rental projects.

#### **INCOME LIMITS AND SOURCE DOCUMENTATION:**

Income limits are established by household size and revised annually by the U.S. Department of Housing and Urban Development (HUD). In order to be eligible, program participants' total Gross Annual Household Income must be at or below 60 percent area median income. During the period of assistance, the participating jurisdiction must annually determine that the household continues to be at or below 60 percent area median income.

Income must be verified by a third party (i.e., paycheck stubs, bank statements) before rent

assistance is approved and provided. Income calculation and adjustments are made using the HUD Part 5 Income and Asset definitions noting all inclusions and exclusions. Income determinations for new TBRA recipients are valid for up to six months. Income must be re-verified at least annually.

#### **HOUSEHOLD CONTRIBUTION, MINIMUM HOUSEHOLD CONTRIBUTION AND MAXIMUM TBRA SUBSIDY PAYMENT (RENT) STANDARDS AND RENT SUBSIDIES:**

The subsidy calculation depends on the TBRA model selected by the Participating Jurisdiction (PJ). The County CDBG Unit (PJ) has chosen to use the HUD Rental Voucher Model.

Three factors affect the amount of the grantee's subsidy payment and the household's required share towards the rental payment:

1. The family's income – the subsidy payment is higher if the household's income is lower
2. The payment standard (rent standard) established based on bedroom size; and
3. The costs of housing and utilities for the unit the household chooses.

#### **Payment Standard:**

Dane County (Participating Jurisdiction (PJ) for TBRA) has chosen to use the Payment (Rent) Standard set by the local housing authority(s). Based on the location of the unit (i.e., within city limits or outside city limits), the Payment Standard will be set by the Community Development Authority (CDA) or Dane County Housing Authority (DCHA).

#### **Utility Allowances:**

Utility Allowances are used to estimate the average costs of utilities for different types of housing. Based on the location of the unit (i.e., within city limits or outside city limits), the Utility Allowance amounts are set by the Community Development Authority (CDA) or Dane County Housing Authority (DCHA). Households will not receive a utility reimbursement.

#### **Rent Reasonableness:**

All rents charged on leases must meet Rent Reasonable standards documenting a market comparison to other rents charged for other similar and comparable units in the area. If the household selects a unit that is more than the Payment (Rent) Standard, it still must meet Rent Reasonableness.

#### **Household Contribution:**

A participating household must pay 30% of its Adjusted Monthly Income towards rent and utilities.

#### **Minimum Household Contribution:**

Zero (i.e., family reports no verifiable income –  $30\% \times \$0 = \$0$ )

#### **Maximum TBRA Subsidy:**

~~The TBRA subsidy may not exceed the difference between the established HOME Rent Standard and Household Contribution identified above.~~

~~The HOME TBRA Rent Standard is the same as the Dane County Housing Authority's Section 8 Housing Choice Voucher Program Payment Standard.~~

Under the HUD Rental Voucher Model, the TBRA subsidy amount equals the difference between 30 percent of the household's monthly adjusted income and the Payment (Rent) Standard. The TBRA subsidy may not exceed the difference between the established Payment (Rent) Standard and Household Contribution. The subsidy portion plus the household portion may not exceed the charged rent or the payment (rent) standard.

If the household selects a unit that is more than the Payment (Rent) Standard, the household is responsible for paying the difference that the TBRA subsidy will not be able to cover. In this

[scenario, the total amount the household is responsible for paying may exceed 30 percent of their monthly adjusted income.](#)

***Maximum TBRA Security Deposit Assistance:***

The maximum amount of HOME funds that may be provided for the security deposit is the equivalent of two months' rent for the assisted unit. Security deposits will be provided as a grant to the participating tenant, and paid directly to the landlord by the administering agency. [If the security deposit owed is more than two months' rent, the household is responsible for paying the remaining amount themselves or through another eligible resource. Any TBRA monies paid and defined as a security deposit \(ATCP 134.02 \(11\)\) are considered a grant and will be returned to the household when the unit is considered vacated.](#)

**TERM OF TENANT BASED RENTAL ASSISTANCE:**

The term of TBRA must run in conjunction with the term of the lease, and may not exceed twenty-four (24) months.

A household's TBRA may be renewed depending on availability of funds, and continued tenant and unit eligibility.

The term of the rental assistance contract must begin on the first day of the term of the lease- [or the beginning of the first month in which tenant-based rental assistance is provided.](#)

**APPLICATION AND ELIGIBILITY**

- [1. Program applications must be submitted in writing \(physically or electronically\) including all household information that is required to determine program eligibility \(i.e., household size, income\).](#)
- [2. Administrators of TBRA must have a Tenant Selection Policy establishing the household selection process, including a waitlist policy \(if applicable\).](#)
- [3. Any applications determined to be ineligible must be notified in writing including the reason for denial and informing the applicant\(s\) of the right to request a review of the decision and specific information on how to file a grievance.](#)
- [4. Once TBRA eligibility has been determined, the applicant must be notified in writing of acceptance into the program. All eligible households must receive a TBRA Briefing to receive information about the program requirements, roles, and responsibilities of each party.](#)
- [5. Eligible households will receive a TBRA Coupon-Slot Reservation letter including the household's budget for rent, unit size and maximum rental assistance. The household has 60 days to identify housing unless the Program Administrator approves an extension. The household has an opportunity to request an extension for up to two 30-day extensions, or one 60-day extension but the coupon period cannot extend past 120 days.](#)

**PORTABILITY OF ASSISTANCE:**

The family may use the tenant-based assistance anywhere within Dane County. A waiver may be requested if the TBRA assisted unit is in a contiguous county to Dane County.

**ELIGIBLE UNITS:**

1. TBRA assisted units must meet NSPIRE ([National Standards for the Physical Inspection of Real Estate](#)) Standards. The property must pass the NSPIRE Inspection prior to the effective date of the TBRA assistance. The housing unit must be re-inspected annually.
2. [An Environmental Review must be conducted and approved by the participating jurisdiction for all TBRA assisted units.](#)
3. Properties constructed or manufactured before 1978 must be inspected for lead-based paint hazards. If deteriorated paint is found it must be properly remediated in compliance with the [Lead Safe Housing Rule](#).
4. TBRA participants may select units that are privately-owned. TBRA may not be provided to a family who proposes to rent a unit that receives a project-based rental assistance through Federal, state or local programs, if the HOME assistance would provide duplicative subsidy.
5. TBRA assisted units must rent for a reasonable amount, compared to rents charged for comparable unassisted units. Subrecipients administering a TBRA program on behalf of the County must document the basis for their rent reasonableness determinations.

#### **LEASE REQUIREMENTS:**

1. There must be a written lease between property owner and the TBRA recipient and the lease must be signed by both parties. The term of the lease must be at least one year, unless both agree otherwise.
2. [As part of receiving TBRA Rental Assistance, all applicable parties \(i.e., property owner, household, grantee\) must also agree and sign to the terms listed in the TBRA Request for Lease Approval, TBRA Lease Addendum, and TBRA Contract.](#)
3. [Leases for any TBRA assisted units constructed or manufactured before 1978 must include a Lead Based Paint Disclosure as part of the lease packet including information on 'Protect Your Family from Lead in Your Home' pamphlet.](#)
4. [All leases must include a Violence Against Women Addendum \(VAWA\) and landlords and property owners must adhere to the requirements outlining protections for victims of domestic violence, dating violence, sexual assault, or stalking.](#)
5. The written lease must not contain any of the following provisions:
  - Agreement by the tenant to be sued or to admit guilt, or a judgment in favor of the owner in a lawsuit brought in connection with the lease;
  - Agreement by the tenant that the owner may take, hold, or sell the personal property of household members without notice to the tenant and a court decision on the rights of the parties (this does not apply to personal property left by the tenant after move-out);
  - Agreement by the tenant not to hold the owner or its agents legally responsible for any action or failure to act, whether intentional or negligent;
  - Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant;
  - Agreement that the owner may evict the tenant (or other household members) without a civil court proceeding where the tenant has the right to present a defense, or before a court decision on the rights of the tenant and the owner;

- Agreement by the tenant to waive a trial by jury;
- Agreement by the tenant to waive the tenant's right to appeal or otherwise challenge a court decision;
- Agreement by the tenant to pay attorney fees or other legal costs, even if the tenant wins in court; or
- Agreement by the tenant to participate in any specific supportive services as term or condition of the lease. Services may not be mandatory. Supportive services must be continually be offered to households as part of their participation with the TBRA program. Households are encouraged to engage with supportive services, but participation is not required. Households cannot be terminated from the TBRA program due to non-participation in supportive services.

### **OCCUPANCY STANDARDS:**

Occupancy standards are used to provide consistent criteria for determining the unit size for which the household is eligible and thus, the amount of assistance to be provided. Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. Participants may also select larger units at their own expense (i.e., TBRA subsidy will not cover the increased cost of a larger unit). In addition to the number of bedrooms, both the size of the unit and the size of the bedrooms should be considered when evaluating the individual circumstances of the family.

1. No more than two persons are required to (or should) occupy a bedroom;
2. Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
3. Children of the same sex, within 5 years of age, and couples living as domestic partners (whether or not legally married) must share the same bedroom for purpose of assigning the bedroom size on housing HOME Program TBRA Voucher;
4. A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member;
5. Individual medical problems (i.e., chronic illness) sometimes require either separate bedroom for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment. (Note: Documentation supporting the larger sized unit and related subsidy is required.)
6. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. A larger size HOME Program TBRA Voucher may be issued for an absent family member if individual circumstances warrant.

### **INELIGIBLE USES OF TBRA ASSISTANCE:**

TBRA cannot be used to:

1. Make commitments to specific owners for specific units/projects. Tenants must be free to use the assistance in any eligible unit;
2. Assist resident owners of cooperative housing that qualifies as home ownership housing. TBRA may, however, be used by a tenant who is renting from a cooperative unit owner;
3. Prevent displacement of, or provide relocation assistance to tenants as a result of activities other than the HOME Program.
4. Pay for the overnight or temporary shelter of homeless persons.
5. Duplicate existing rental assistance programs that already reduce the tenant's rent payment to 30 percent of income. For example, if a household is already receiving assistance under the Section 8 Program, the household may not also receive assistance

under a HOME TBRA program. [However, other state or federal rental assistance funds may be used to pay for households' security deposits.](#)

#### **WAIVERS**

Exceptions to the portability of assistance of the HOME TBRA program standards must be approved by the Dane County CDBG/HOME Staff if the client can qualify under two of the three following conditions:

- Unable to find affordable unit in Dane County.
- Client will continue to work in Dane County.
- Anyone in the household will continue to attend school in Dane County.

Individuals interested in requesting an exception must submit their request in writing. Dane County CDBG/HOME Staff and the CDBG Commission cannot waive federal requirements.

/home – policies – TBRA

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