



IMPLEMENTING A SHIP RENTAL ASSISTANCE PROGRAM FOR SPECIAL NEEDS AND HOMELESS HOUSEHOLDS:

FREQUENTLY ASKED QUESTIONS

Technical Compliance Issues:

Q1: When spending SHIP on rent subsidy assistance, does the monthly rent have to pass the rent limits?

A1: Yes, this is required by section 67-37.005 of the SHIP Rule, which addresses rent affordability as a topic to be included in the Local Housing Assistance Plan:

(5)(e) The statement that monthly rents or monthly mortgage payments, including taxes and insurance, do not exceed 30 percent of an amount representing the percentage of the area's median Annual Gross Income for the household as indicated in Section 420.9071(19), (20) or (28), F.S. However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing. Housing for which a household devotes more than 30 percent of its income shall be deemed affordable if... in the case of rental housing does not exceed those rental limits adjusted for bedroom size established by the Corporation;

When spending SHIP on rent subsidies, compliance is achieved if the rent does not surpass the 120% AMI amount on the rent limits chart, irrespective of the household income.

Comments: Communities may be hesitant to help place a very low income household in a unit with rent at the 120% rent limit amount. However, the experience with other rent assistance programs similar to this (e.g., ESG for homeless households) is that once a family or individual is moved into a rental unit with short term assistance, they will make things happen to be able to sustain it - get a second job, get disability income for a family member, get a roommate, and so on. Many households in high rent communities already pay 50% of their income for rent; they have to make it work because there are no other options. While this isn't ideal, it's the best that can happen without sufficient affordable housing stock for ELI and VLI households. At least for homeless households, the research shows that getting them into a unit and providing short term assistance are the keys to enabling them to get other things in place to sustain. But if they are shut out altogether due to rent limits, they will remain homeless and unable to move toward self-sufficiency.

Q2: May SHIP program dollars (not admin) pay for services as part of a service delivery fee to a sub-recipient organization?

A2: To an extent. First, the fee must be reasonable and directly related to services provided. Second, the services provided must be limited in scope. While SHIP program dollars cannot support "case management" in the broad sense of that term (e.g., providing mental health and substance abuse counseling), SHIP funding may be used for "housing stability counseling." This includes staff time used for budgeting assistance, understanding the terms of the lease, and/or linking up the participant with community-based providers that could assist with disability income, employment, benefits, and other

services that are directly related to housing stability for that participant. The housing stability counselor should use SHIP funding to leverage case management resources and other community –based assistance.

Comments: Because housing stability counseling is an allowable program cost (not admin) for sub-recipients, and because such counseling may be an essential element of housing success, it is often best for SHIP communities use sub-recipient organizations to administer the rental subsidy program. It is especially helpful if the sub-recipient administers similar rental assistance programs and works with similar populations in those programs.

Q3: How much SHIP money may be expended on rent subsidies?

A3: While the SHIP statute states that up to 25% of the allocation may be used for rental assistance, in practical terms that is unlikely. Because 75% of the allocation is reserved for new construction and rehab activities, and another 10% is commonly reserved for administration, there is only 15% of the allocation remaining to be available for rent subsidies.

Therefore, up to 15% of the allocation, plus all program income, may pay for rent subsidies, which is a type of assistance that does not comply with the Construction/Rehabilitation set-aside. The full amount of program income may be spent on rent subsidies, since program income is not subject to the construction/rehabilitation and homeownership set-asides.

Guidance for Best Practices:

Q1: How does this SHIP rental assistance program complement or duplicate rental assistance programs funded through other sources? How can those programs work together?

A1: It is recommended highly that the SHIP office consult closely with the local Homeless Continuum of Care (CoC) to coordinate efforts, standards, and processes. In most communities, the CoC oversees a wide variety of funding streams aimed at eviction prevention and rapid rehousing. (Rapid Rehousing is the term in CoCs for programs that offer short-term financial assistance like deposits and rent subsidies, as well as ‘light touch’ case management or housing stability counseling.) The CoC programs might be funded by HUD CoC funds, Emergency Solutions Grant (ESG), and Supportive Services for Veterans Families (SSVF), and private funding such as United Way.

Collaboration with the CoC is critically important to coordinate the SHIP rental assistance program with these other programs, so that the programs are complementary, use similar processes, and have similar standards. It is for this reason that we recommend that the SHIP office utilize the CoC’s Coordinated Entry system for referrals. It is further recommended that the SHIP office use a sub-recipient nonprofit organization that has experience in these types of programs.

Q2: Why should we do rental assistance for homeless households if it’s not required?

A2: You’re right that rental assistance for homeless households is not a required program under SHIP. However, the language in the statute says: “Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan which provides program funds for reducing homelessness.” The legislature has explicitly “encouraged” this program and has explicitly

said in statute that “Rapid Rehousing” (like deposits and rent subsidies) is a good tool to end homelessness.

Q3: Aren’t we just setting people up for failure if they have little or no income and we help them move into apartments they can’t afford?

A3: This is less a problem than it seems. While we might second-guess households and worry that they may not be able to sustain their housing, national and Florida data show that the vast majority of households that receive rapid rehousing type assistance are able to sustain their housing once the temporary financial assistance ceases. They tend to get second or third jobs, obtain disability income or child support or TANF, find roommates, or make other changes in their households that help them sustain housing. It should also be noted that there are no proven predictors that can be used to predict “success” of a household. In studies of these types of programs, for instance, employment at intake was not predictive of housing stability. The research in this area indicates that rent subsidies should be targeted to households who have great need. Especially for those households that are homeless, the mere fact of having housing drastically improves the ability of tenants to address the difficulties in their lives.

Q4: How should we go about setting the parameters for assistance?

A4: Best practices in these types of programs call for some level of flexibility in determining the level and time period of assistance. While it may be straightforward to offer every household the same level of assistance (for instance, \$5,000 total or deposit plus three month’s rent), households vary in terms of need.

As an example, you may want to offer rent and utility deposit to all eligible households moving into a rental unit. But you may want to gauge the rent subsidy based on the household’s current income, such that they are required to pay 30% of their income towards the rent and the SHIP funding provides the rest of the rent as a subsidy. In this way, you pay full rent for those with zero income and less for those who have income. You may also choose to gradually reduce the rent subsidy over time, so the first month you pay the full rent, the second month you pay 50% of the rent, the third month 25%, and then nothing.

Whatever your approach, the guidelines should be written and clear to those administering the program, as well as to consumers. In addition, it is recommended that housing stability counseling be offered to tenants by the sub-recipient organization or a partner agency. This “case management light” should be focused on housing stability exclusively, rather than case management in the usual sense of the word, which tends to address many non-housing issues.

Data from other rapid rehousing programs indicates that assistance typically lasts 4-6 months, and averages to about \$4,000-\$8,000 per household, excluding housing counseling costs. It should be noted, however, that these averages may not hold true in areas with high rental rates and/or low employment availability or pay.