

January 2018

Indiana Housing First Program

Application Process & Compliance
Requirements Policy



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Section 1: Background

This is the Indiana Housing First Application Process and Compliance Requirements Policy (“Policy”) governs the Indiana Housing First Program (“the Program”). The Program was established in 2017 to provide rental assistance and supportive services to individuals and families with a serious, persistent mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction, who are also facing a housing crisis, exiting a residential treatment program, or could exit a residential treatment program with access to affordable housing and supportive services. Program regulations may be found in [Indiana Code 5-20-9](#).

Section 2: Strategy

The Program provides rental assistance and supportive services to individuals and families with serious mental illness and/or chronic chemical addiction who are also facing a housing crisis (as defined in Section 4.1 below). The Program uses a housing first model, meaning that services provided are voluntarily selected by Program participants and are predicated on a harm reduction approach to addiction, rather than mandating abstinence. Rental assistance provided under this Program may not exceed 24 months, with the goal of increasing self-sufficiency and building support networks so assistance does not last longer than is necessary.

2.1 Housing First

Housing First is an approach to quickly and successfully connect individuals and families experiencing a housing crisis to permanent housing without preconditions and barriers to entry, such as sobriety, treatment or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.¹

2.2 Critical Time Intervention

The Program follows a Critical Time Intervention (“CTI”) approach to providing assistance. CTI is an evidence-based practice that has been demonstrated to be effective at providing housing assistance to individuals with serious mental illness.² In addition, the approach is recognized by the Substance Abuse and Mental Health Services Administration (“SAMHSA”) in the National Registry of Evidence-based Programs and Practices.³

The goal of CTI is to build long-lasting stability and increase the impact of assistance provided by developing a community support network around the individual or household, and by providing support during the time of transition. The supports established are expected to last long after the

¹ <https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf>

² Susser, E., Valencia, E., Conover, S., Felix, A., Tsai, W., & Wyatt, R. (1997). Preventing recurrent homelessness among mentally ill men: A “critical time” intervention after discharge from a shelter. *American Journal of Public Health*, 87(2), 256–262.

³ <https://nrepp.samhsa.gov/ProgramProfile.aspx?id=1278>

financial assistance and relationship with the case manager are terminated. CTI is typically split into three phases (Table 1), with each phase typically expected to last two to three months. In practice, an individual may need a longer or shorter duration of assistance, and a case manager should discuss progress with a client to determine when it is appropriate to move to the next phase. CTI case managers typically have small caseloads of approximately 15 clients.

Transition	Try Out	Transfer of Care
1-3 Months	4-6 Months	7-9 Months
<ul style="list-style-type: none"> • Case manager provides special support to client • Case manager makes connections to community providers and services • Client meets with providers and starts to build a community support network • Case manager makes frequent home visits • Case manager accompanies client to appointments 	<ul style="list-style-type: none"> • Case manager evaluates operation of support network • Case manager makes adjustments and changes as necessary • Case manager still meets with client regularly, but less frequently 	<ul style="list-style-type: none"> • Case manager monitors connections to community support network • Case manager develops plan with client for long-term goals and begins to set that plan in motion • Project ends support once community support networks are safely in place

Table 1 CTI Phases⁴

2.3 Grant Amount

An eligible applicant (as defined in Section 3 below) may request up to \$300,000 in funding in the form of a grant from the Indiana Housing and Community Development Authority (“IHCD”) under the Program. Recipients will be selected through a competitive Request for Qualifications (“RFQ”) process. Recipients may only use grant funds for the eligible activities defined in Section 5 of this policy.

Section 3: Eligible Applicants

Eligible applicants include nonprofit corporations recognized as tax exempt under Section 501(c)(3) of the U.S. Internal Revenue Code. Each applicant that is awarded funding under the Program may award portion(s) of its awards to one or more sub-grantees to carry out eligible Program activities. The types of eligible sub-grantees are represented in the list below. If an applicant designates a sub-grantee responsible for any eligible Program activity, the applicant still holds responsibility for ensuring that those activities are carried out and comply with all relevant policies and laws. In order to deliver comprehensive services, and to build community support networks, applicants are encouraged to have formal and informal relationships with the following organizations:

⁴ Table adapted from “Critical Time Intervention: An Empirically Supported Model for Preventing Homelessness in High Risk Groups,” by Herman, D., Conover, S., Felix, A., Nakagawa, A., and Mills, D. (2007). *The Journal of Primary Prevention*, 28:295-312: 298.

- Nonprofit or faith based organizations providing services to individuals and families in the Program's target population.
- Units of local government.
- School corporations and schools.
- Businesses.
- Public housing agencies.
- Social service providers.
- Mental health providers.
- Hospitals.
- Affordable housing developers and providers.
- Law enforcement agencies and correctional facilities.
- Organizations serving homeless veterans.
- Organizations serving victims of domestic violence.
- Universities.
- Other public or private entities IHCDA considers appropriate to partner with to accomplish the purposes of the Program.

Priority will be given to applicants who have experience administering rental assistance programs.

Section 4: Participant Eligibility

4.1 Participant Eligibility

Eligible person means one of the following:

- An individual with: a serious mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction, resulting in a housing crisis for the individual; OR
- An individual with: a serious mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction, and is exiting a residential treatment program or is living in an institution or other restrictive setting; and could, with stable and affordable housing, along with community and home based supports, live independently in the community.

Households that contain at least one member with a serious mental illness and/or a chronic chemical addiction meet the eligibility requirements so long as all household members are experiencing a housing crisis.

For the purposes of this Program, **Housing Crisis** is defined as a situation in which an individual or a household does not have sufficient resources or support networks immediately available to maintain safe and affordable housing or to prevent the individual or household from requiring emergency housing. A household will be determined to be in a housing crisis if they meet one of the following conditions:

- They are residing on the street or a place not meant for human habitation;
- They are residing in temporary housing, including emergency shelter, transitional housing, or are currently staying with family or friends on a temporary basis and must

- imminently vacate;
- They are exiting a residential treatment program and do not have immediate access to permanent housing; or
- They are living in an institution or other restrictive setting; and could, with stable and affordable housing provided by this Program, along with community and home based supports, live independently in the community.

In addition to meeting the eligibility definitions above, recipients must prioritize serving eligible persons who are medically vulnerable and either immediately lacking housing resources or who must immediately exit a residential treatment program. As part of their request for funds, an applicant must define how it will prioritize medically vulnerable households. IHCD will work with award recipients to finalize and approve their process for identifying and selecting Program participants.

Section 5: Eligible and Ineligible Costs

Program may be used to pay for rental assistance and associated housing costs, and certain supportive services for eligible individuals. Administrative costs may also be available for administering services pursuant to the Program. Households are not required to receive rental assistance in order to receive supportive services. Rental assistance provided by the Program must be tenant-based, meaning the assistance must be tied to the client, and not to a specific unit or project. Recipients must assist the program participant/household in locating housing, but cannot require a household to live in a particular apartment complex, project, building, or unit. Households may choose to rent units owned by the recipient, so long as the recipient does not require households to do so and provides household with other available options.

Program participants receiving rental assistance must execute a lease with the property owner. Lease terms must not be overly burdensome on the program participant. Initial lease terms must be for no less than 12 months, and leases must be renewable.

Supportive services must be offered to assisted households, but participation in those services cannot be required. If a household chooses not to engage in any supportive services at the time of enrollment, the recipient must offer services at least monthly throughout the duration of the time that the individual/household receives assistance. Projects must operate on a harm reduction approach to addiction, rather than abstinence, while supporting a Program participant's commitment to recovery. Regardless of service participation, Program participants must meet with a case manager at least monthly. Supportive services cannot exceed 20% of the total grant.

5.1 Rental Assistance

At least 70% of the overall grant amount must be used for rental payments and other eligible housing costs as defined below:

Rental Payments

- Rent payments and other housing costs must be paid by the recipient directly to a third-party

on behalf of the household. Rent payments are the lesser of the rent charged by the owner in a comparable unit in the same rental development and HUD Fair Market Rent for the area, plus utility allowance as determined by IHEDA, if applicable (the recipient may not pay utilities if the Program participant is receiving utility assistance from another source). Rental payments must be paid one month at a time. Prorated rents and rental arrears payments may be included with the first month's rent.

- Rental payments are limited to 24 months per household per episode of housing crisis. Any household receiving more than 12 months of assistance must be recertified as eligible to receive additional assistance. See Sections 8.3 and 8.4 below for additional information.
- The amount of rent paid by the household is determined using the methodology described in Section 8.5 below.
- Monthly rental payments and first and last months' rent if required by owner.
- Security deposits of up to the value of two months of rent.
- Up to three months of rental arrears and associated late fees may be paid if this payment is necessary for the household to obtain or maintain permanent housing.
- If the arrears are paid, the amount of the arrearage must be taken into account when determining the total number of months of rental assistance that the household is eligible to receive.
- Utilities which are included in the rent.

Other Eligible Housing Costs

- Up to three months of utility arrears, if this payment is necessary for the household to obtain or maintain utilities in a unit for which they are receiving rental assistance. If the arrears are paid, the amount of the arrearage must be taken into account when determining the total number of months of rental assistance that the household is eligible to receive.
- Utility deposits for households receiving rental assistance.
- Application fees or background checks required by the property owner to obtain housing.
- One-time moving fees.

5.2 Supportive Services

Supportive services funds may not exceed 20% of the overall grant amount.

- Employment assistance and job training.
- Substance abuse and addiction treatment.
- Educational assistance.
- Life skills assistance.
- Treatment for, and the management of, mental and physical health problems.
- Developing individualized housing and service plans.
- Transportation assistance.
- Assessment of service needs.
- Legal services.
- Child care assistance.
- Provide housing stability case management services.
- Developing plans, making referrals, or connecting to the types of services listed above.

5.3 Administrative Costs

Up to 10% of the total grant amount may be used for administrative costs.

- Processing claims.
- Supervision of Program staff.
- Reporting, including HMIS costs (see section 8.1).
- Conducting Housing Quality Standards (HQS) assessment.
- Housing search.
- Mediation with property owners and/or landlords.
- Determining participant eligibility.

5.4 Ineligible Costs

- Mortgage assistance, utility payments for homeowners, other costs related to homeownership.
- Lot rent for mobile home or RV.
- Rent or utility assistance for households receiving other housing subsidy.
- Hotel/motel payments.
- Phone, cable, satellite, or internet deposits or services.
- Monthly utility payments for households not receiving rental assistance.
- Any other costs not listed in this document without specific written permission from IHCDA.

Section 6: Application Process

After this policy has been finalized and published, IHCDA will release a competitive RFQ to select award recipients. The RFQ will describe the application and selection process, including relevant timelines and required documentation.

Section 7: Claims Process

The Recipient's shall be reimbursed for eligible expenses in arrears in conformance with State fiscal policies and procedures. All claims will be made through IHCDA Online. Additional information regarding the claims process will be provided to the recipients.

Section 8: Compliance and Reporting

8.1 Homeless Management Information System

Data regarding all homeless individuals assisted with the Program's grant funds must be entered into either the Indiana Balance of State or the Indianapolis Homeless Management Information System (HMIS). IHCDA will determine the HMIS that the recipient must use based on the geographic location of the project.

8.2 Housing Quality Standards (HQS)

IHCDA will adopt the Housing Choice Voucher (“HCV”) program quality standards for the Program. HCV regulations at 24 CFR Part 982 set forth basic housing quality standards (“HQS”) which all units must meet before assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy. HQS define "standard housing" and establish the minimum criteria for the health and safety of Program participants. Current HQS regulations consist of 13 key aspects of housing quality, performance requirements, and acceptability criteria to meet each performance requirement. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes, congregate housing, single room occupancy, shared housing, and group residences.

All recipients will be required to conduct an HQS inspection of the unit before allowing the beneficiary to move-in. IHCDA will provide additional guidance to recipients on how to conduct an HQS inspection. Recipients may not perform HQS inspections on units they own, or any unit for which the recipient has a financial interest. If a participant chooses to rent a unit owned by the recipient, the recipient should contact IHCDA for further guidance.

8.3 Income Limits

Participants do not have to income qualify at initial enrollment. Rather, initial Program eligibility is based solely on meeting the definition of “eligible person” and “housing crisis” as described in Section 4.1 above. However, income must still be calculated in order to determine the participant’s rent contribution.

In addition, to receive rental assistance for more than 12 months, the participant household’s income must be certified (in accordance with 24 CFR 5.609 and 24 CFR 5.611(a)) as having an annual income at or below 30% of the area median income (AMI) as published annually by HUD. This income certification must be conducted no more than 120 days prior to the end of the first year of assistance to determine eligibility for a second year of assistance. Under no circumstances shall the rental assistance for a household extend beyond 24 months.

Recipients may not establish a minimum income requirement for the Program, and must accept households with little or no income.

8.4 Recertification

Recipients must document recertification of Program participant eligibility at least once annually if the assisted household is going to receive more than 12 months of rental assistance. The recertification must establish that:

- The Program participant’s annual income does not exceed 30% of the AMI as published by HUD, using the Section 8 methodology of calculating and verifying income.
- The Program participant does not have sufficient resources or support networks immediately available to maintain safe and affordable housing or to prevent the individual or household from requiring emergency housing.
- The Program participant household has at least one member with a serious and persistent mental illness and/or a chronic chemical addiction.

If households are determined ineligible at recertification, they may continue to receive rental

assistance for one month, and may continue to receive case management for an additional three months following the date of determination of ineligibility to support the household's transition to long-term stability.

8.5 Participant Rent Contribution

Recipients must evaluate a Program participant's income at initial enrollment, at recertification, and anytime there is an increase or decrease in household income. The participant's rent contribution must be at least 30% of the household's monthly adjusted income (adjustment factors include the number of people in the family, the age of family members, medical expenses, and child-care expenses). Income must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a). Income should be recalculated whenever there is a change in the household's status (family size, employment, etc.) that would lead to an increase or decrease in income.

While Program participants must pay a portion of their income as rent, the nature of this Program allows for flexibility in calculating the amount the participant will pay. It may be unrealistic for a household to make the necessary increases in income before assistance ends for the household to pay their full monthly rent with only 30% of their income. Therefore, recipients may require the participant to pay an amount above 30% of their income, so long as that amount:

- Is based on a percentage of the household's income, not a specific dollar amount.
- Is reasonable for the household to pay and still meet basic needs.
- Is conducive to the recovery and long-term stability of the household.
- Takes into consideration any utilities, medical costs, education costs, childcare costs, or other reasonable reoccurring fees that the household pays.

Participant rent contribution may change as income changes, or over time as the participant moves through the Program. Changes in rent contributions should be reasonable and take into account all of the factors listed above. Additionally, if a participant's income decreases, the participant's rent contribution should decrease to reflect this change in status, as long as the decrease does not go below 30% of the participant's monthly income. The method used to calculate the participant rent may vary by household. **IHCDA requires the recipient to document the determined structure for each household and document when the standard is deviated from.** In addition, if certain exceptions to the determined structure are made for one household, the same exceptions must be considered for all households in similar circumstances.

Rental subsidy examples

IHCDA encourages recipients to work with individual households to identify the financial resources needed to assist in returning to housing as quickly as possible. Recipients should be transparent and realistic when working with households to identify what financial assistance is available. Examples of subsidy models include gradually decreasing the amount of subsidy the household receives over the course of rental assistance or requiring the household to pay an increasing percentage of income the longer they receive the subsidy. It is recommended that recipients establish an initial period of assistance and revisit the potential for extension based on household needs as the subsidy limit is reached.

Subsidy Model Examples: *Below are common models used to establish subsidy guidelines. Recipients can adjust model amounts or percentages based on the individual needs of households.*

Decreased subsidy approach: This model is focused on decreasing the amount of subsidy the recipient provides. The recipient establishes a percentage of rent that will be subsidized for the household for a determined period of time. The recipient communicates with the household how the subsidy provided will decrease over time to support the household in preparing to take over the full rent amount when the subsidy ends.

Example: Recipient pays 50% of the rent for months 1-3. The ongoing subsidy need is reviewed at the end of month two and determined that the household is not yet ready to take on the full amount of rent. The recipient agrees to subsidize months 4-6 by paying 35% of the rent. In month five the Recipient revisits the need for ongoing assistance and it is determined that the household can take over the full rent amount after month 7. The recipient agrees to pay 20% of the rent in month 7. The household pays 100% of their rent in month 8.

Increased tenant income approach: This model focuses on increasing the percentage of income the household contributes to their rent over the period of time assistance is provided. The recipient will work with the household to determine what percentage of their income will be dedicated to the total rent amount once the subsidy ends and gradually increases the percentage of income the household pays toward their monthly rent with the goal of preparing the household to take over the full rent amount at the end of the subsidy period.

Example: Prior to moving in, it is determined that the rent of the selected unit is the equivalent of 65% of the household's adjusted monthly income. The household contributes 50% of their adjusted income to their rent in months 1-3 and the recipient subsidizes the remaining portion of the rent. Ongoing subsidy need is reviewed at the end of month two and determined that the household is not yet ready to take on the full amount of rent. The recipient agrees to subsidize months 4-6 and the household contribution is increased to 55% of their adjusted income. In month five the recipient revisits the need for ongoing assistance and it is determined that the household can take over the full rent amount after month 7. The household contributes 60% of their monthly income to rent in month 7. The household pays 100% of their rent which is the equivalent to 65% of their monthly income in month 8.

Budget-based approach: This approach involves creating a budget with the household before their unit is selected/rented to establish what their rent contribution will be. Recipients will work with households to identify their current household budget and select an amount of rent they household will contribute.

Setting Limits/Thresholds for Assistance: Recipients are required to set a threshold for assistance, for example, if a household's rent is less than an equivalent of 50% of its income it is recommended that ongoing monthly assistance is not provided but that move in-assistance is provided to support the household in obtaining permanent housing.

Assistance thresholds should be documented in the recipient's program manual and communicated to potential and enrolled households seeking assistance.

The tenant's portion of the rent is paid directly to the landlord and is subject to the same timeliness requirements as the overall rent. In other words, failure to pay the tenant portion of the rent for an assisted unit can be a reason for eviction.

8.6 Terminating Assistance

If a Program participant violates Program agreements, the recipient may terminate the assistance. The recipient must have a formal process for terminating assistance and that process must be conveyed to the participant prior to terminating assistance. This process must consist of:

- Written notice to the Program participant clearly explaining the reason for termination.
- A review of the decision, in which the Program participant has at least 10 days to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision.

Termination does not bar a participant from receiving assistance at a later date from any recipient of this Program, including the recipient who terminated assistance

The recipient must carefully consider the reason for termination and all extenuating circumstances so that termination only occurs in the most severe cases.

8.7 Timely Expenditure of Funds

Recipients of Program funds are expected to expend funds in a timely manner. Recipients must submit a monthly report to IHCDA identifying all households served and funds expended. A reporting format will be provided to recipients with their Award Agreement documents. Target benchmarks for expenditures will be defined within the Award Agreement.

Any recipient that fails to expend Program funds in a timely manner may have those funds deobligated by IHCDA. IHCDA reserves the right to reallocate unused funds from one recipient to another recipient. Reallocations will be awarded to organizations that have demonstrated timely and effective utilization of funds and that can demonstrate a need for additional funds to serve more households as evidenced by a list of eligible participants.

Section 9: Future Allocations

IHCDA may receive future allocations of Program funding through the State of Indiana. If additional funds are received, IHCDA reserves the right to award those funds in one of the following manners, dependent upon factors including but not limited to the amount of additional funds made available and the success of existing programs:

- IHCDA may release a new RFQ in which the application and selection process may be changed from the original RFQ.
- IHCDA may award funds to existing recipients so that they can serve more households. IHCDA will prioritize organizations that have met expenditure benchmarks and have a demonstrated need for additional funds, as evidenced by a list of eligible participants.