

**MODERATE REHABILITATION PROGRAM FOR  
SINGLE ROOM OCCUPANCY (SRO) DWELLINGS FOR  
HOMELESS INDIVIDUALS**

**18-1 Introduction**

The Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program (Moderate Rehabilitation Program) was funded under the McKinney Act. The BHA Moderate Rehabilitation Program is a joint effort between BHA and local, not-for-profit agencies that own property that is in need of rehabilitation in order to restore the dwelling to meet local building codes.

The purpose of the Moderate Rehabilitation Program is to provide Section 8 rental assistance for homeless individuals in rehabilitated single room occupancy housing. The Moderate Rehabilitation Program rental subsidy **is not** transferable, and the participant will only receive the rental assistance if residing in the Mod Rehab unit.

The Alameda County Homeless Continuum of Care, in accordance with guidance from HUD's Office of Community Planning and Development (see Notices CPD-14-012 and CPD-16-11) has established prioritization criteria for access to permanent supportive housing opportunities within Alameda County. The BHA Moderate Rehabilitation Program operates as permanent supportive housing and therefore will select applicants in accordance with these HUD guidelines, which prioritize the most intensive housing resources for people with long histories of homelessness, a high level of vulnerability, and multiple barriers to housing.

**ORIGINAL:** Currently, the Alameda County Health Care Services Agency operates a program called Home Stretch, which maintains a pool of applicants for all permanent supportive housing in Alameda County. Homeless individuals and families are assessed and qualified by the Alameda County homeless Coordinated Entry System, in Berkeley and operated by Bay Area Community Services (BACS), and referred to Home Stretch. It is from this registry of eligible homeless and disabled individuals that applicants for the BHA Moderate Rehabilitation Program are selected.

**CHANGE:** Currently, the Alameda County Office of Homeless Care and Coordination operates a program called Home Stretch, which maintains a pool of applicants for all permanent supportive housing in Alameda County. Homeless individuals and families can access the Coordinated Entry System (CES) at Housing Resource Centers/Access Points across the County. If eligible for permanent supportive housing resources, they can be added to a housing queue. It is from this queue of eligible homeless and disabled individuals that applicants for the BHA Moderate Rehabilitation Program are identified and referred.

The BHA, on behalf of HUD, enters into a Moderate Rehabilitation Program Housing Assistance Payment (HAP) Contract with a housing provider for a specific building.

The contract for any unit rehabilitated in accordance with the program guarantees the rental subsidy for a minimum of 10 years initially, and is renewed annually thereafter.

- The minimum tenant portion of rent for the program is \$50 (see Section **Total Tenant Payment** for the minimum rent hardship provisions)
- At present the BHA is providing rental subsidies for two projects:
  - University Avenue Homes (1040 University Avenue); and
  - Erna P. Harris (1330 University Avenue)

## 18-2 Applicant Qualifications

**ORIGINAL:** Staff at The Hub conduct outreach and identify potential applicants for intensive housing search support and permanent supportive housing. The Hub screens clients for literal homelessness and disability, according to the HUD definitions below. After assessment and verification of eligibility for Home Stretch, Hub staff send information on homeless individuals to Home Stretch staff, who verify that they have appropriate documentation and place eligible clients into the registry. Home Stretch staff prioritize and match eligible individuals to specific units when they become available. Home Stretch staff will provide the property management agent referrals of three to five qualified persons per vacant unit.

**CHANGE:** Staff at Housing Resource Centers/Access Points across the county complete a Coordinated Entry workflow, which may include completion of a Housing Needs Assessment (HNA) that identifies households who may be eligible for permanent supportive housing. These staff screen clients for literal homelessness and disability, according to the HUD definitions below. Home Stretch staff prioritize and match eligible individuals to specific units when they become available. Households that are identified as being eligible for permanent supportive housing will be matched and referred to available resources by the Home Stretch in accordance with Coordinated Entry policies and prioritizations.

**Literally homeless.** An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

1. Has a primary nighttime residence that is a public or private place not meant for human habitation.
2. Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state and local government programs); or
3. Is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

### **Disability.**

1. A disability as defined in Section 223 of the Social Security Act;
2. A physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration, substantially impedes an individual's ability to live independently, and of such a nature that the disability could be improved by more suitable conditions;

3. A developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act;
4. The disease of acquired immune deficiency syndrome or any condition arising from the etiological agent for acquired immune deficiency syndrome; or
5. A diagnosable substance abuse disorder.

Individuals may not have income above 50% of area median income as defined by HUD.

### **18-3 Family Participation**

BHA is responsible for receipt and review of applications, and determination of eligibility for participation in accordance with HUD regulations. The Owner must lease all assisted units under HAP contract with the Moderate Rehabilitation Program to eligible individuals.

The Owner is responsible for managing the property, and advising BHA when a unit is no longer occupied by the assisted individual. This includes providing notice to BHA as soon as the Owner knows, or should know, that the individual is not actively occupying the unit.

### **18-4 Outreach to Homeless Individuals**

#### **ORIGINAL:**

To ensure that homeless individuals are aware of this housing opportunity, the North County Housing Resource Center (The Hub, serving Berkeley, Albany, and Emeryville) and Home Stretch staff shall provide notice to interested individuals and groups advising:

- The availability of the housing resources at U.A. Homes and Erna P. Harris;
- The method for applying; and
- Eligibility criteria.

Interested individuals will be instructed to contact The Hub to receive screening and assessment for consideration for current and/or future vacancies.

#### **CHANGE:**

Properties are required to notify Home Stretch of open units when they become available. Home Stretch will notify eligible households in accordance with Coordinated Entry policies and priorities, including advising households about:

- ♣ The availability of the housing resources at U.A. Homes and/or Erna P. Harris;
- ♣ The method for applying; and
- ♣ Eligibility criteria.

Interested individuals will be instructed to contact a Housing Resource Center/Access Point to begin the Coordinated Entry workflow to see if they are eligible to be considered for current and/or future vacancies.

### **18-5 Interest List Management**

#### **ORIGINAL**

Home Stretch/Coordinated Entry System (CES) shall maintain an active registry of eligible individuals for these units. Home Stretch shall update the registry at least every twelve months to ensure the list is kept up-to-date. The process for updating the list shall include contacting the interested individual and their designated representative as it appears on their Home Stretch coordinated entry assessment and supporting documents.

**CHANGE:**

Coordinated Entry System (CES) shall maintain an active housing queue of eligible individuals for permanent supportive housing resources. Households will be automatically removed from the queue after a period of inactivity as outlined in Alameda County's Coordinated Entry Policies.

### **18-6 Selection of Applicants**

Home Stretch is responsible for maintaining reasonable records to insure that all individuals expressing interest are afforded an opportunity to complete an application for a unit. Individuals submitting applications are referred to as Applicants. Home Stretch is responsible for identifying and referring potentially eligible Applicants to the Owner for a final determination of eligibility.

**ORIGINAL:** Home Stretch or the Applicant's representative may assist the Applicant to ensure a complete "eligibility packet" that includes valid CA identification; birth certificate or verification of birth date, city and state from Social Security administration, current proof of income and current asset verification (bank statements). **CHANGE:** Home Stretch or the Applicant's representative may assist the Applicant to ensure a complete "eligibility packet" that includes valid CA identification, social security card/verification, verification of disability, verification of homelessness, and current proof of income. BHA and/or the property may request additional verification documents, if needed, to establish eligibility.

**ORIGINAL:** Home Stretch may serve interested individuals from the Interest List out of order if it is unable to reach the individual after utilizing reasonable efforts (i.e. mail or telephone).

**CHANGE:** In accordance with Coordinated Entry policies, Home Stretch may continue to expand the scope of who is offered available resources until an eligible applicant is identified.

**ORIGINAL:** The Owner notifies Home Stretch of an opening and provides all required paperwork to Home Stretch. Home Stretch has three working days to find the top three candidates and provide them with the required paperwork for applying for the unit. After receiving notification of unit availability, Applicants or their representatives have seven calendar days to respond to Home Stretch staff regarding the available apartment. If there is no response, the offer will be deemed to have been declined by the Applicant, and the ten day window to find eligible applicants and have them submit required paperwork begins again. If there are verifiable mitigating reasons beyond the Applicant's control that prevent an Applicant from moving at the time of offer, the Applicant will receive another unit offer. Home Stretch staff work with the Owner and Applicant's Representative to ensure all appropriate documentation is collected and submitted, including any BHA paperwork and building-specific application.

CHANGE: The Owner notifies Home Stretch of an opening and provides all required application materials/eligibility criteria to Home Stretch. In accordance with Coordinated Entry policies and timelines, Home Stretch will begin notifying batches of eligible households about the resource, including information about the required documents and process for applying to the unit. After receiving a notification of unit availability, Applicants and their representatives must respond to Home Stretch staff regarding the available unit. If there is no response by the stated deadline, the offer will be deemed to have been declined and additional households will be notified about the resource. Late applications can be considered in alignment with Coordinated Entry prioritization and policy. Home Stretch staff work with the Owner and Applicant's Representative to ensure all appropriate documentation is collected and submitted, including any BHA paperwork and building-specific application.

### **18-7 Leasing Vacancies**

- The Owner will:
  - Notify the Berkeley Housing Authority of a vacancy and that they are requesting referrals from Home Stretch;
  - Accept all documentation that supports eligibility (including homeless and disability verification) and work with the Applicant or his/her Representative to obtain other documentation needed to complete the application.
  - Keep on site, and provide to all Applicants, tenants and outreach agencies, a copy of the grounds for non-acceptance of the rental application; and
  - Advise the BHA in writing of the Applicant selected for tenancy in order to initiate rental subsidy payments. Said notice shall be accompanied by all the documentation required to establish eligibility including but not limited to:
    - A completed BHA Personal Declaration;
    - Current (within 30-days) income verification; and
    - Proof that the individual is currently homeless, or was homeless during the 12 month period prior to the determination of eligibility (dated within 60-calendar days)
- BHA will promptly:
  - Contact the Applicant and the Applicant's representative to obtain any additional documents required to determine program eligible
  - Inspect the unit designated for the Applicant within 10 business days of a request for inspection from the Owner
  - Review the program rules, including the Owner's, BHA's and the family obligations with the family
  - Provide the client (and the Owner) written notice of the tenant rent portion, and
  - Review and obtain the individuals signature on the "Section 8 Moderate Rehabilitation Program Statement of Family Responsibility" (HUD Form 52578A).

### **18-8 Transfer List**

The Owner shall maintain a transfer list for existing clients wishing to move for one unit to another within the property. The list shall include, at minimum:

- The name of the resident;

- The date of the request;
- The type or location of the desired unit desired; and
- Any special medical or other documented need warranting transfer.

Transfers from one unit to another type of unit within the property may take precedence over new move-ins. The Owner may not transfer a tenant from one unit to another without obtaining prior written approval from BHA. Approval shall be in the form of a “passed” Housing Quality Inspection. The BHA shall inspect the vacant unit within 10 business days.

The Owner must consider, outside of waiting list order, a transfer for the following reasons:

- To provide a reasonable accommodation or verifiable medical necessity (i.e. wheelchair accessible unit or additional space for medical equipment);
- For emergency temporary relocation. If a unit becomes uninhabitable due to a catastrophe the resident will be given any open unit for temporary quarters until their own unit is repaired. An “open unit” is a unit for which the keys are in the possession of the management company.

### **18-9 Notice Of Non-Discrimination**

With respect to the treatment of Applicants, Home Stretch and the Owner will not discriminate against any individual because of race, color, creed, national or ethnic origin or ancestry, religion, sexual orientation, gender identify, age, disability, handicap, military status, source of income, marital status, Human Immunodeficiency Virus (HIV) or Acquired Immune Deficiency Syndrome (AIDS), or any other arbitrary basis.

No criteria will be applied or information considered pertaining to attributes of behavior that may be imputed by some particular group or category.

All criteria shall be applied equitably and all information considered on an Applicant shall be related solely to the attributes and behavior of the individual as may affect residency.

All criteria shall be applied equitably and all information considered from an applicant shall be related solely to the attributes and behavior of the individual as may affect tenancy.

BHA will assist any individual who alleges discrimination by staff and/or Owners including:

- Assisting the individual in completing HUD Form 903;
- Referring the individual to the local legal aid society;
- Referring the individual to the California Civil Rights Housing Authority; and
- Providing the individual with the toll free number for HUD’s Office of Fair Housing in Washington, D.C.

### **18-10 Grounds for Non Acceptance**

The Owner may refuse any Applicant provided that the Owner does not unlawfully discriminate. The Owner may choose not to accept applicants who meet the federal eligibility guidelines but do not meet the established Grounds for Non-Acceptance. Written Grounds for Non-Acceptance will be provided to BHA, Home Stretch, and the City of Berkeley in writing.

If an applicant is rejected, management will promptly notify the Applicant or his/her representative in writing, explaining in the notice the reasons for rejection and that the Applicant has 14 days to respond in writing or to request a meeting to discuss the rejection. If the Applicant

believes that the Owner's rejection was the result of unlawful discrimination, the individual may request the assistance of BHA in resolving the issue and may also file a complaint with HUD's Office of Fair Housing and Equal Opportunity in accordance with 24 CFR 103.25. If the Applicant requests the assistance of BHA, and if BHA cannot resolve the complaint promptly, BHA will advise the Applicant that he or she may file a complaint with HUD, and provide the Applicant with the address of the nearest HUD Office of Fair Housing and Equal Opportunity.

### **18-11 Annual Reexamination**

At least annually, BHA will require the tenant to participate in a reexamination that will consist of a review of household composition, income and expenses.

At least annually, BHA will inspect the unit to determine compliance with minimum Housing Quality Standards (HQS). The Owner and Tenant will receive minimum 14-day advance notice of the scheduled inspection.

- If, as a result of the annual reexamination, or other notification, BHA determines that there are unauthorized household members, BHA will advise the tenant and the Owner of the requirement to remove the unauthorized person(s).
- If, as a result of the annual or any interim reexamination the BHA determines that the household size has changed such that the unit is overcrowded in accordance with HQS, the tenant must
  - Remove the additional person(s); or
  - Forfeit the subsidy and vacate the unit.

An individual's eligibility for housing assistance payments will continue provided:

- The tenant's annual income does not exceed 50% of area median. If it does, the Owner must:
  - Give the resident six month notice to vacate the unit; or
  - If the Owner can meet the lower income percentage without the unit occupied by the tenant (by leasing another unit to a lower income individual at the appropriate rent), the Owner may continue leasing to the individual, but is free to renegotiate the rent at the expiration of the current lease term.
- The tenant remains in compliance with the lease terms.

### **18-12 Project Move-Up**

Subject to HUD funding, Project Move-up is a program to facilitate the progression of individuals/families from homelessness – to housing via the Mod Rehab Program – to permanently affordable housing, via a Section 8 Tenant Based Voucher. The intent is to admit 5 individuals from BHA's Single Room Occupancy Program (UA Homes and Erna P. Harris) and 5 individuals from the City of Berkeley's Shelter + Care program each calendar year for up to 5 years. These households must:

- a. Demonstrate lease compliance over the prior 12 month period
- b. Everyone 18 or older must have stable monthly income from sources including but not limited to employment, self-employment, unemployment, retirement, CalWorks or Social Security/SSI, sufficient to pay BHA's minimum rent of \$50 per month plus any utility allowance;

- c. Utilize the assistance to rent a unit in Berkeley for 24 months before becoming eligible for portability

Candidates for this program must submit an application to the Section 8 Voucher waiting list, and have a written referral from the property manager and/or case manager. Selection criteria for Project Move-up referrals to BHA are determined by Shelter Plus Care staff and Moderate Rehab property management, identifying a fair and systematic determination process, with priority given to those ready to live independently.

#### **18-13 Termination of Participation**

BHA will terminate the occupant's participation in the program upon notification by the Owner that the occupant has been evicted from the property for good cause (i.e. non-payment of rent; lease violations).

#### **18-14 Relocation**

Should any relocation of tenants be required as a result of major rehabilitation of the premises, the Owner shall adhere to any applicable local, state and federal relocation requirements including the Uniform Relocation Act.

#### **18-15 Monitoring of Social Services**

Providers of social services to tenants as part of the Moderate Rehabilitation Program shall submit annual reports to the Owner, who will make these reports available to BHA upon request for monitoring purposes. In addition, the City of Berkeley's Health, Housing & Community Services Department provides on-site monitoring of City-funded social services at Moderate Rehabilitation Program sites on a regular basis. The Owner shall provide BHA a copy of all City of Berkeley monitoring reports within 30-days of receipt.

#### **18-16 Vacancy Loss and Damage Claims**

Vacancy loss is a reimbursable expense incurred by the project as a result of the abandonment and/or vacancy of the unit by the tenant. Vacancy loss is paid only for those days that the unit remains habitable but unoccupied by a tenant.

- The Owner should submit a vacancy loss spread sheet detailing the vacancy loss for each unit for which payment is sought.
- If vacancy payments are not submitted to BHA within 90 calendar days following the end of the quarter when the vacancy occurred, BHA may elect to not pay for the vacancy loss
- If the vacancy loss includes "unpaid rent", the BHA will not pay unless the Owner demonstrates reasonable actions to collect from the tenant.

#### **18-17 Vacancies from Execution of Contract to Initial Occupancy**

If a Contract unit that has been rehabilitated in accordance with this Program is not leased within 15 days of the effective date of the Contract, the Owner will be entitled to housing assistance payments in the amount of 80% of the Contract Rent. This vacancy loss payment is limited to a period not exceeding 60 days from the effective date of the Contract, provided that the Owner has:

- Taken and continues to take all feasible actions to fill the vacancy; and
- Not rejected any eligible Applicant except for good cause acceptable to BHA.



### **18-18 Vacancies after Initial Occupancy**

- If a tenant vacates a unit, the Owner may receive the housing assistance payments due under the Contract for as much of the month in which the tenant vacates the unit and the unit remains vacant.
- Should the unit continue to remain vacant, the Owner may receive from BHA a housing assistance payment in the amount of 80% of the Contract Rent for a vacancy period not exceeding an additional month
- The Owner must reimburse any excess rent to BHA.
- The Owner will not be entitled to any payment under this section unless the Owner:
  - Has provided BHA notice of the vacancy as required in Section 31.4(B); and
  - Has taken and continues to take all feasible actions to release the unit to a qualified Applicant.
- If the Owner evicts an eligible subsidized household, the Owner will not be entitled to any vacancy loss payment unless BHA determines that the Owner complied with all requirements of the Contract, the Lease and all applicable laws.

### **18-19 Prohibition of Double Compensation for Vacancies**

The Owner will not be entitled to housing assistance payments with respect to vacant units under this section if the Owner is entitled to payments from other sources (for example, payments for losses of rental income incurred for holding units vacant for relocatees pursuant to Title I of the Housing and Community Development Act of 1974 or payments for unpaid rent under 24 CFR 882.414)

### **18-20 Security Deposits and Damage Claims**

If, at the time of the initial execution of the Lease, the Owner wishes to collect a security deposit, the maximum amount shall be the greater of one month's Total Tenant Payment (TTP) or \$50. However, this amount shall not exceed the maximum amount allowable under State or local law.

- For units leased in place, security deposits collected prior to the execution of a Contract which are in excess of this maximum amount do not have to be refunded until the subsidized household vacate the unit subject to lease terms.
- The tenant is expected to pay security deposits and utility deposits from its resources and/or other public or private sources.
- If a tenant vacates the unit, the Owner, subject to State and local law, may use the security deposit as reimbursement for any unpaid Tenant Rent or other amounts that the tenant owes under the Lease.
- If a tenant vacates the unit owing no rent or other amounts under the Lease consistent with State or local law or if such amount is less than the amount of the security deposit, the Owner shall refund the full amount of the unused balance to the tenant. Security deposits will accrue simple interest at the average rate paid on six-month certificates.
  - The applicable interest rate will be published by the City of Berkeley Rent Stabilization Program by November 15th of each year.
  - The Owner shall refund the amount of earned or imputed interest (through November) to the tenant each December as a cash payment or credit towards rent or other debts.

- If the security deposit is insufficient to reimburse the Owner for the unpaid Tenant Rent or other amounts that the tenant owes under the Lease, or if the Owner did not collect a security deposit, provided the owner has taken reasonable actions to collect from the tenant, the Owner may claim reimbursement from BHA for an amount not to exceed:
  - The amount owed the Owner; or
  - Two month's Contract Rent minus, in either case the greater of the security deposit actually collected or the amount of security deposit the Owner could have collected under the Program . Any reimbursement under this section must be applied first toward any unpaid Tenant Rent due under the Lease and then to any other amounts owed, No reimbursement may be claimed for unpaid rent for the period after the subsidized household vacates.

Designated BHA employees will review the documentation for expenses incurred and verify their legitimacy. An inspection of the premises may be arranged to validate the accuracy of the damage claim.

Damage claims must be submitted to BHA before the end of the next calendar quarter after move-out.

#### **18-21 Reconciliation and Communication**

BHA, the Owner, and Home Stretch will meet periodically, but no less than annually, to discuss issues pertaining to the Moderate Rehabilitation Program. The meeting will be scheduled at a time convenient to all parties, after BHA receives the Owners quarterly report of activities.

#### **18-22 Termination of Owner's HAP Contract By BHA**

Owners participating in the Moderate Rehabilitation Program can have their current contracts terminated and may be banned from future participation for violating Program rules and regulations. BHA has the option to deny participation by a property Owner if the Owner has:

- Collected side payments. Money paid by the tenant cannot exceed the approved amounts as stated in the Lease Agreement for rent, security deposits or utilities. Owners may charge the tenant for excessive use of utilities (water, sewer and garbage) if the allowable amount is exceeded and falls within the guidelines of the Water Department's definition of average usage for the number of occupants.
- Collected Housing Assistance Payments for units not occupied by approved participants;
- Bribed or attempted to bribe BHA employees to certify substandard units as standard, or to violate any other program rules or regulations;
- A record of chronic poor maintenance including failing to complete needed repairs required for HQS compliance and other provisions of the Housing Contract
- Received water/sewer/garbage shut offs for assisted properties and failed to act comprehensively and in a timely manner to restore service to the building including all units and common areas;
- Failed to report Program abuse to the BHA of which they are aware;
- Falsified documentation required by BHA, including efforts to fraudulently represent the date document(s) and/or information was provided;
- Submitted fraudulent vacancy loss and/or damage claims;
- If the owner has engaged or threatened abusive or violent behavior toward a tenant or BHA personnel or its agents;

- Not paid State or local real estate taxes, fines, assessments, or repaid BHA or overpayments on assisted units;
- Failed to provide effective property management and maintenance, which leads to unsafe conditions;
- Overcharged Program participants by renting unassisted, comparable units at lower amounts;
- Violated obligations under the HAP Contract:
- Violated any obligation under the HAP contract for the dwelling unit, including the Owner's obligation to maintain the building, including the common areas and each living unit in accordance with HQS
- Violated any obligation under any other housing assistance payments contract under Section 8 of the 1937 Act;
- Committed fraud, bribery or any other corrupt or criminal act in connection with any other federal housing program; or
- Engaged in drug trafficking.

If it is determined that the Owner has breached the Contract, BHA may implement one or more of the following sanctions:

- Recovery of overpayments;
- Abatement or other reduction of housing assistance payments;
- Termination of housing assistance payments; or
- Termination of the HAP Contract

The HAP Contract may also be terminated if:

- The tenant has been required to move from the unit because of overcrowding and fails to reduce the household size or move; or
- BHA determines, in accordance with HUD requirement, that funding under its Consolidated Annual Contributions Contract (CAAC) is insufficient to support continued assistance for tenants in the Program

The Owner must report all changes in unit occupancies, including move-ins and move-outs within 14 calendar days.

The tenant is not a party to, or third party beneficiary, of the HAP Contract. The subsidized household may not exercise any right or remedy against the Owner under the HAP Contract. Even if the tenant continues to occupy the unit, the BHA may exercise any right or remedy against the Owner under the HAP Contract.