

# Chapter Two

## ***PROGRAM ADMINISTRATION***

### **FAIR HOUSING COMPLIANCE**

Compliance with fair housing rules requires that the subgrantee consider both the intent and the effect of their tenant selection policies and procedures.

Before a local preference is implemented, the subgrantee should analyze the pool of applicants that is likely to receive assistance using the preference to confirm that the preference will not result in discrimination based on race, color, religion, sex, national origin, handicap, or familial status. For example, if a subgrantee gives preference to applicants who participate in a training program, the subgrantee must confirm that the selection process for the training program is not discriminatory.

For most jurisdictions, the application of a local preference is unlikely to have a discriminatory effect because the population within the jurisdiction is diverse and includes persons from a variety of racial and ethnic groups, families of varying sizes, and individuals with disabilities. The department's monitoring of the effect of any local preference will include an analysis of:

- The extent to which the subgrantee applies its preference consistently.
- The degree to which the demographic characteristics of persons served and those on the waiting lists is consistent with the demographic characteristics

of eligible tenants in the housing market area. Although a perfect correlation is not expected, a wide discrepancy would be cause for concern and additional analysis.

- The extent to which the subgrantee has demonstrated a commitment to fair housing in program outreach and other public information activities (i.e., as a minimum, the identification of and special outreach to those tenants who are least likely to apply for assistance, *and use of the fair housing logo and language on advertisements and other public information documents*).
- Whether any discrimination complaints have been made and the outcomes of those complaints.

### ***MARKETING AND OUTREACH ACTIVITIES***

#### **OUTREACH TO ELIGIBLE TENANTS**

The subgrantee's marketing approach should address: 1. *How* the program will be announced (e.g., which media and other sources); 2. *Where* applications will be taken (e.g. at one site or more); 3. *When* applications will be accepted (e.g., daily, during normal working hours or

extended hours for a specified period); and 4. *What* method is for taking applications (e.g., in person, by mail).

Generally, the demand for rental assistance is far greater than available resources. As a result, a public announcement of the availability of LIRHF in newspapers and other media of general circulation usually provides an ample supply of applicants. However, the subgrantee also has an obligation to assure that information about the program reaches the broadest possible range of potentially qualified applicants.

To further fair housing objectives, the subgrantee should identify those tenants that have been determined to be "least likely to apply," and determine what special outreach activities will ensure that this population is fully informed about the program. The Subgrantee should work with the PHA to assure that all marketing initiatives and materials adequately reflect the availability of LIRHF assistance

### **WRITTEN TENANT SELECTION POLICY**

The subgrantee may elect to establish their own preference for selecting families for rental assistance. Subgrantees may elect to serve on a first-come, first-served basis; follow the old federal preference standards; or develop local criteria that must be consistent with the purpose of providing housing to very low-income families.

### **WRITTEN POLICY**

Tenants must be selected in accordance with written tenant selection policies and criteria. A written tenant selection policy must be submitted with the subgrantee's biennial work plan for department review and approval.

When developing tenant selection policies, the subgrantee must consider how the criteria will impact fair housing efforts. Selection policies must not discriminate against any persons on the basis of race, color, religion, sex, national origin, handicap or familial status.

The written policy should be specific and include:

- Whether you will be accepting and reviewing applications on a first come, first served basis or will be ranking applications to serve those tenants identified as most in need.
- Which of the two preference approaches will be used; one preference, or order of preferences.
- List of selection criteria and description.
- Explanation of why the targeted population has been given priority over others, including supportive data.
- Any waivers to the provisions that may be applied.

### **USING A WAITING LIST**

To ensure that families are selected for assistance in a fair and equitable manner, the Subgrantee will need to create or adopt a waiting list. The waiting list serves the purpose of identifying all interested applicants and documents the

process by which their eligibility is confirmed and the order in which they receive assistance.

## **OUTREACH TO PROSPECTIVE OWNERS**

The willingness of owners to participate in the LIRHF program significantly affects the options and opportunities available to the tenant. The Subgrantee may wish to conduct outreach to owners of rental property to stimulate their interest in the program. Mailing program notices to owners and participating in meetings of owner and realtor associations are often effective outreach methods.

## ***LIRHF ADMINISTRATION***

### **ADMINISTRATIVE COSTS**

Regardless of the entity that operates the program, LIRHF funds may be used to pay for reasonable planning and administrative expenses associated with operating a LIRHF program. Such expenses are subject to the seven percent limitation on administrative costs.

LIRHF administrative costs are considered general management, oversight, and coordination. Such costs include, but are not limited to necessary expenditures for the following: Salaries, wages, and related costs of staff.

In charging costs to this category the subgrantee may either include the entire salary, wages, and related costs allocable to the program for each person whose primary responsibilities with regard to the LIRHF program involves LIRHF administration assignments, or the prorated share of the salary, wages and

related costs of each person whose job includes any program administration assignments. The subgrantee may use only one of these methods. Program administration includes the following types of assignments:

- Developing systems for ensuring compliance with program requirements.
- Developing agreements.
- Staff costs directly relating to assisting tenant including determining eligibility for assistance, drawing funds, etc.
- Preparing reports, leases, application forms, and other documents.
- Activities to market the program and affirmatively further fair housing.
- Indirect costs under a cost allocation plan prepared in accordance with OMB Circulars A-87 or A-122 as applicable.

### **REQUESTING LIRHF ADMINISTRATIVE FUNDS**

LIRHF administrative funds are limited to seven percent of the annual LIRHF funds awarded to households. In order to request administrative funds, the subgrantee must submit a copy of the Request For Funds Form ([see Attachment G, RFF](#)).

The subgrantee should request administrative funds at the same rate as LIRHF program funds are awarded to tenants. The subgrantee must keep local records, which will be reviewed by the department, that provide documentation

that the administrative funds were used for eligible expenses as outlined above.

## ***MONITORING PERFORMANCE***

### **MONITORING**

The department will monitor progress on an on-going basis to assure that the regulatory and statutory requirements are met and to assess program outcomes. Key performance indicators that will be considered are discussed in this section.

### **CONSISTENCY WITH LOCAL POLICIES & PREFERENCES**

When a subgrantee develops either local policies for administering the LIRHF program or local preferences for tenant selection, they must apply these policies and preferences consistently to all applicants and tenants who receive LIRHF assistance. The department will monitor the subgrantee for compliance.

### **ALLOCATION VERSUS SPENDING**

The subgrantee will be reviewed to see if they are allocating LIRHF assistance in a timely manner. The department will assess a subgrantee's progress at least every six months. If a subgrantee will not be able to allocate funds to tenants in a reasonable period of time then the department may elect to reduce the amount of the current year's allocation and provide it to another subgrantee.

### **ON-TIME PAYMENTS**

One of the subgrantee's most important administrative jobs is making sure that rent checks are distributed on schedule.

Late checks can reduce the credibility of the program with owners, and decrease the number of owners willing to rent to those receiving LIRHF assistance.

### **OUTREACH AND SUCCESS RATES**

The subgrantee should analyze participant success rates and make use of the results to determine if aspects of program design could be changed to improve the success rate. Similarly, if minority families disproportionately require time extensions in order to find acceptable units, the subgrantee may need to increase marketing to potential owners and review the briefing process to ensure that all applicants are receiving high-quality information and know how to file fair housing complaints.

**Title VI of the Civil Rights Act of 1964** provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of race, color or national origin under any program or activity receiving federal financial assistance.

**Title VIII of the Civil Rights Act of 1968, as amended** prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status or handicapped status. This law also requires HUD to administer its programs in a manner that affirmatively promotes fair housing.

**Section 504 of the Rehabilitation Act of 1973, as amended** provides that no otherwise qualified individual shall, solely by reason of his or her handicap, be excluded from participation (including employment), denied program

benefits or subjected to discrimination under any program or activity receiving federal funds.

**The Age Discrimination Act of 1975, as amended** provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination, on the basis of age under any program or activity receiving federal funds.

Just because your community may be small or have no or very few minority residents does not mean you need not be concerned about fair housing requirements. These requirements apply regardless of the size of the community. Moreover, the total absence of, or the presence of very few minority residents may indicate the need for fair housing activity rather than the lack of a problem. You should understand that fair housing provisions apply to your locality as a whole, not just those activities that are HTBA/LIRHF related, and that implementing a fair housing program is an essential part of your HTBA/LIRHF responsibilities.

## **ADMINISTRATIVE EFFICIENCY**

The subgrantee should review the length of time that various aspects of the LIRHF program take, including the time between initial application and coupon issuance (if used), and between coupon issuance (if used) and when lease/rental agreement is signed.

While many factors can affect these time frames, this information can give clues about ways to improve the administrative efficiency of the program. **Example:** if the time between eligibility determination and lease-up is lengthy, it

could be attributable to poor communication with property owners, or slow paperwork processing, all of which are within the subgrantee's control.

Similarly, if applicants are on the waiting list for significant periods before assistance is available; the subgrantee may need to expand the program in the future.

## **RECORD KEEPING**

The subgrantee will be monitored to make sure that assisted and ineligible tenant files are complete and accurate. Files will be reviewed to assure that all necessary documentation as described in **Exhibit 3.2** is in the tenant file. The department will want to see that assisted tenants did not exceed eligible income limits; received the right amount of subsidy; that the security deposit was reasonable; that all parties have executed all required contracts, leases and agreements; and that back up verifications and correspondence are complete.