

## FINANCIAL ASSISTANCE

Financial assistance is short-term or one-time financial help for individuals and families experiencing or at risk of homelessness. Assistance is designed to be flexible in order to allow for client-centered problem solving to aid quick, safe diversion or exit from homelessness. Financial Assistance is managed by one Local Fund Administrator within each local Housing Coalition. The Local Fund Administrator ensures access to funding for all eligible participants served throughout the community.

For general information about flexible financial assistance as an approach to ending homelessness, please review:

<http://www.evidenceonhomelessness.com/systems-strengthening-partnership/system-wide-diversion-or-assisted-rapid-resolution/>

<https://www.usich.gov/tools-for-action/adopting-housing-problem-solving-approaches-with-prevention-diversion-and-rapid-exit-strategies>

<https://www.usich.gov/tools-for-action/prevention-diversion-and-rapid-exit>

### **In This Section**

- Financial Assistance Standards

### **Related Appendices**

- Appendix U: Financial Assistance Application Template (*optional form*)

## FINANCIAL ASSISTANCE STANDARDS

In addition to the **General HOP Requirements** listed in **Section 1**, all Financial Assistance providers must also meet the following standards.

Financial Assistance may be provided by a Local Fund Administrator or an Emergency Shelter (to support diversion and rapid exit only). Except where noted, these standards apply to both Financial Assistance providers.

**A. Financial Assistance providers must have written standards addressing how they will determine and prioritize which eligible families and individuals will receive assistance.**

- Program participant eligibility is limited to families and individuals who:
  - Meet the criteria under paragraph (1) of HUD’s Definition of Homelessness in 24 CFR 576.2; or
  - Meet the criteria under paragraphs (2), (3), or (4) of HUD’s Definition of Homelessness in 24 CFR 576.2 AND have a household income below 50% AMI; or
  - Meet the criteria under paragraphs (1), (2), or (3) of HUD’s Definition of At Risk Homelessness in 24 CFR 576.2 AND have a household income below 50% AMI
- Eligibility must be documented for all eligible households. Records must also be kept for applicants deemed ineligible for assistance.
- Eligibility verification must be documented:
  - By a third party, such as written source documentation, or HMIS records; or
  - Intake worker observation and written certification.
  - Self-certification is not an allowable method of verification for financial assistance.
- Household income information must be verified and documented. Acceptable documentation includes:
  - Copy of most recent paystub(s) OR other written verification from employer
  - Copy of most recent federal or state tax return
  - Copy of most recent payment statement OR benefit notice OR bank deposit statement OR other written verification from income source.
  - If written third party documentation is not available, the applicant may provide a self-declaration of income statement.
- For Emergency Shelters, standards must address how the Emergency Shelter will document assistance was necessary to immediately prevent entrance to the emergency shelter project or rapidly exit. Emergency Shelter financial assistance must be provided within fourteen days of entry to the Emergency Shelter project.

**B. *Financial assistance may be used to meet a variety of essential needs, so long as it supports immediate housing stability for eligible households. In all cases, it must be determined that BUT FOR financial assistance the household would become or remain homeless. Eligible expenditures include:***

- Short-term, tenant-based rental assistance for up to 3 months
- Last month's rent
- Security deposits, not to exceed the value of 3 months of rent
- Moving costs, including truck rental
- Essential furnishings and home goods when moving into new housing, not to exceed \$750 per household with adults only and \$1,500 per household with adults and children
- Utility deposits (where it is standard practice by the utility) or assistance
- Utility arrears (water, gas, fuel oil, wood, sewage, electric, internet)
- Rental arrears as a one-time payment, not to exceed the value of 3 months rent
- Reducing or eliminating debt to make future rent affordable or debt that is preventing a household from applying for subsidized housing
- Program fees for recovery housing or other non-traditional housing option
- Offset costs for a host family, directly paid to the host family for a commitment of housing
- Transportation costs to live with family/friends, including in another region or state
- Other activities, so long as they are directly tied to a housing stability plan

**C. *Financial Assistance providers must have written standards outlining the process for application and review. At a minimum, these standards must include:***

- A standard application form which collects the necessary information to process a complete application within 5 business days. Providers may use the application template provided by OEO or a separate form. Applications must include:
  - Statement of household's contribution, based on income and resources.
  - Documentation of cost reasonableness, including Rent Reasonableness or FMR, if applicable.
  - Documentation of household liability for financial request – e.g., lease, utility bill, written agreement, etc.
  - Service provider approval, as noted by signature.
  - Demonstrate that the financial assistance is reasonably expected to support immediate housing stability for the household, to meet housing stability plan goals and achieve some length of housing stability – e.g., household budget, commitment letter, etc. – and that “but for” the assistance provided the household would become or remain homeless

- A release to allow sharing information between the Financial Assistance provider and the service provider, if different.
- Attestation by both service provider and applicant household that application information is accurate and complete.
- How applicant households are made aware of eligible costs; this may be addressed as part of an application form.
- A Housing Stability Plan template for households to submit as part of their application for assistance.
- How determinations for financial assistance include a reasonable level of household financial contribution towards the housing plan. A household contribution of 30% of income towards all housing costs is considered a reasonable standard, though may be adjusted based on mitigating circumstances.
- How applications are reviewed, and determinations made within 5 business days of receiving a complete application, including a process for secondary review and approval of requests for financial assistance that exceed \$5,000. Review and approval of applications may not be made by the service provider who is jointly submitting the application with the applicant.
- Local Fund Administrators that choose to collaborate with community partners to review applications and/or determine financial assistance must have a written policy that outlines how collaboration will occur, including the frequency of meetings.

**D. *Housing Stability Plans and service requirements:***

- In all cases, households will prepare an application for financial assistance in partnership with a service provider.
- The plan should be created as a collaboration between the service provider and the household.
- The plan must clearly indicate who will be providing services to the household at least monthly for the length that assistance is provided. *See Service Definitions below for service descriptions.*
- Except as outlined in these standards, no treatment or prerequisite services may be required as a condition for receiving financial assistance.

**E. *The following requirements must be met when providing financial assistance:***

- Prior to application, all households must participate in the Coordinated Entry process established by the Continuum of Care.
- No financial assistance may be provided to a household for a purpose and time period supported by another public source. When another public benefit program (VERAP, LIHEAP, etc.) may be able to meet a financial need, the applicant should be encouraged

to utilize other funds and the application must document why financial assistance is being utilized in place of other resources. Documentation of non-duplication with ERAP must be confirmed.

- All payments of financial assistance must be made to third parties. No payments shall be made directly to participating households. No financial assistance shall be made to the financial assistance administrator for housing owned or operated by the administrator. While vouchers for specific items may be arranged, gift cards or gift certificates are not allowable.
- Documentation of liability (e.g. lease, bill, written agreement) is required.
  - Financial assistance may only be paid to relatives of the applicant on a short-term or one-time basis and a written agreement must be in place.
- Payments are to be made on behalf of renters only; homeowners are not eligible for financial assistance, with the exception that mobile home lot rent is eligible.
- In the case of arrears and debt, reasonable attempts must be made by the applicant and service provider to negotiate forgiveness or repayment plan.
- All costs must be determined to be reasonable and necessary to supporting the immediate housing stability of the applicant.
  - For transportation requests greater than \$200, a price comparison is required.
  - Any single item  $\geq$  \$5,000 must include a price comparison.
- A household can receive no more than \$8,000 in any 3-year period.

***Additional requirements for housing related costs:***

- If financial assistance is used for any costs related to housing, the housing must meet basic health and safety standards.
- If financial assistance is used for rental assistance, security deposit, or last month's rent as part of a move into a new unit, the unit must meet HOP habitability standards for permanent housing. A Housing Quality Standard (HQS) inspection is not required.
- Rental assistance requires one (not all) of the following to be true:
  - Unit is below HUD's Fair Market Rent (FMR) or VSHA's current Voucher Payment Standards<sup>1</sup>, whichever is higher
  - Unit meets the standard for Rent Reasonableness
- If financial assistance is used for rental assistance, security deposit, or last month's rent, a written lease is strongly encouraged.
- All rental assistance is tenant-based; the participant selects their own housing unit and may move to another unit or building and continue assistance so long as other requirements and eligibility are met.

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<sup>1</sup> Find current standards here: <https://www.vsha.org/vsha-programs/rental-assistance-program/> (scroll down to Additional Resources, find the Voucher Payment Standards bullets, and click on "Go here")

- If used for short-term rental assistance for a long-term lease, the ability to sustain rent ongoing must be a consideration.

**F. *Financial Assistance providers must have a written appeals process that is provided to applicants upon denial or termination of financial assistance. At a minimum, the written appeal process must include:***

- Written appeal to the Executive Director or designee requesting a review of denial of some or all financial assistance.
- The household is allowed use an advocate to support their appeal.
- Appeals must always be reviewed by a staff person with higher authority than the staff initiating the denial of assistance.
- Grantee/subrecipient must respond to an appeal within 3 business days.
- If the household is not satisfied with the response, the appeal may be elevated to the OEO grant manager for review.