

**SUBJECT: Miami Dade CoC Permanent Supportive Housing (PSH) & Transitional Housing (TH)
Leasing Guidelines****EFFECTIVE DATE:** March 22, 2024**REVISED DATE:**

PURPOSE: The Miami-Dade County's Continuum of Care (CoC) Permanent Supportive Housing (PSH) program offers Leasing and Rental Assistance. Policies governing the Permanent Supportive Housing Tenant-Based Rental Assistance can be found on the *Providers* tab of our website: <https://www.homelesstrust.org/homeless-trust/providers/home.page> under the *Policies and Procedures* tab. This guideline document will emphasize the rules governing Leasing by defining the differences between the program components, including eligible costs, the use of occupancy agreements and other requirements. The PSH program offers long-term rent subsidy to people experiencing homelessness whose household includes someone with a disability. For programs prioritizing people who meet HUD's Chronic Homeless definition, the head of household must be disabled. Households may only access PSH through the Miami-Dade CoC's Coordinated Entry Process in accordance with the Miami-Dade CoC's Orders of Priority. This guideline is limited to the differences in PSH Leasing and is not a comprehensive guide to PSH. PSH providers can reference the *Permanent Supportive Housing Tenant-Based Rental Assistance policy* to understand low barrier housing, housing navigation, referral priorities, program, and documentation requirements.

SCOPE: Miami-Dade County Homeless Trust Continuum of Care (CoC)**PROCEDURES:**

- **Leasing & Rental Assistance**

Leasing refers to leasing of a property, portions of a property or individual units, not owned by the recipient or project sponsor and can be used for Transitional Housing (TH), PSH or Support Services Only. The length of assistance for TH is capped at 24 months, but the PSH component has no limit. Like Rental Assistance, Leasing programs must use NSPIRE inspection standards starting 10/1/2024 (and HQS until 9/30/2024). While Rental Assistance is allowed to exceed Fair Market Rent (FMR) if the unit meets rent reasonableness standards, in Leasing, units cannot exceed the FMR. The amount that can be paid for rent with CoC Leasing funds is the lower of the reasonable rent level and the FMR.

Non-CoC funds can be used to pay for housing costs above the FMR. For example, a case manager is searching to house a mother and son and has identified a 2-bedroom unit at a rent of \$1,200 per month, not including utilities (the tenant's responsibility). The

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utility allowance established by PHCD is \$150. Therefore, the gross rent is \$1,350. A search of three similar units in the neighborhood reveals that the reasonable rent is \$1,400 for that area of the city; however, the FMR for the jurisdiction is only \$1,150. The CoC Program leasing funds may only provide assistance up to the FMR, which entails that the recipient would either need to identify additional resources to make up the difference between the FMR and the gross rent (i.e., \$200) or another unit would need to be identified.

<https://files.hudexchange.info/resources/documents/CoC-Rent Reasonableness-and-FMR.pdf>

In Leasing, the program participant will enter into an occupancy agreement (TH only) or sublease with the subrecipient, while the subrecipient holds the lease with the owner. Reference: [CoC Program Lease and Sublease Agreement example](#). The initial PSH agreement must have a term of 12 months that converts to month to month if a new agreement is not executed, and the agreement can only be terminated for cause. TH programs using leasing must have a month-to-month agreement that does not exceed 24 months.

Key Differences Between Leasing and Rental Assistance Under the CoC Program		
	LEASING (24 CFR PART 578.49)	RENTAL ASSISTANCE (24 CFR PART 578.51)
Eligible Cost for CoC Program Component	<ul style="list-style-type: none"> • Transitional Housing (TH) • Permanent Housing (PH): Permanent Supportive Housing only (Not Rapid Re-housing) • Supportive Services Only (SSO) 	<ul style="list-style-type: none"> • Transitional Housing • Permanent Housing: Permanent Supportive Housing and Rapid Re-housing
Model of Assistance	<ul style="list-style-type: none"> • Leasing structures, portion of buildings, or individual units 	Rental Assistance for Units: <ul style="list-style-type: none"> • Tenant-based rental assistance (TBRA) • Sponsor-based rental assistance (SBRA) • Project-based rental assistance (PBRA)

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Length of Housing Assistance	<ul style="list-style-type: none"> • TH: up to 24 months • PH: no limit 	<ul style="list-style-type: none"> • Short-term (up to 3 months) • Medium-term (3-24 months) • Long-term (longer than 24 months)
Property Owner	Recipient, subrecipient, or related organization cannot own the unit/structure.	Recipient, subrecipient, or private owner can own the unit.
Rent Reasonableness	Yes	Yes
HQS	Yes	Yes. If the recipient/subrecipient is the owner of the housing a different entity must conduct the HQS inspection.
Who Leases Units	Lease between recipient/ subrecipient and owner. Sublease or occupancy agreement with program participant.	<ul style="list-style-type: none"> • For TBRA and PBRA, lease between program participant and owner • For SBRA, sublease between program participant and recipient/subrecipient, lease between recipient/subrecipient and owner
Length of Lease	<ul style="list-style-type: none"> • PH: lease must have an initial term of at least 1 year that is renewable (for a minimum term of one month) and is terminable only for cause. • TH: lease must be for at least 1 month (not to exceed 24 months) 	<ul style="list-style-type: none"> • PH: lease must have an initial term of at least 1 year that is renewable (for a minimum term of one month) and is terminable only for cause. • TH: lease must be for at least 1 month (not to exceed 24 months)

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- **Occupancy Charges**

In leasing, occupancy charges are optional, but if the subrecipient chooses to charge an occupancy fee they must:

- Treat everyone in the project the same.
- The process for determining the amount must be clearly outlined and follow specific calculation procedures to avoid overcharging participants.
- [Recipients](#) and sub [recipients](#) are not required to impose occupancy charges on [program participants](#) as a condition of residing in the housing. However, if occupancy charges are imposed, they may not exceed the highest of:
 - 30% of the household's monthly [adjusted income](#); or
 - 10% of the household's monthly gross income; or
 - (3) If the family is receiving payments for [welfare assistance](#) from a public agency and a part of the payments (adjusted in accordance with the family's actual housing costs) is specifically designated by the agency to meet the family's housing costs, the portion of the payments that is designated for housing costs.
- In these instances, the recipient pays the landlord 100 percent of the rent and collects the occupancy charge from the program participant.
<https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/CoC-rent-calculation/charging-rent/>.
- Any occupancy charges collected are considered program income and must be retained by the subrecipient and used to cover any eligible costs in the CoC Program, not just the costs identified in the project budget.

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Key Differences Between Leasing and Rental Assistance		
	LEASING (24 CFR PART 578.49)	RENTAL ASSISTANCE (24 CFR PART 578.51)
Participant Contribution Towards Housing Costs	<p>Not required. Can impose an occupancy charge equal to <u>no more than the highest of:</u></p> <ul style="list-style-type: none"> • 30 percent of the family's monthly adjusted income; • 10 percent of the family's monthly gross income; or • The portion of the family's welfare assistance, if any, is designated for the payment of rent. <p>Collected occupancy charges are treated as program income</p>	<p>Required. Rent must be charged and must be <u>equal to the highest of:</u></p> <ul style="list-style-type: none"> • 30 percent of the family's monthly adjusted income; • 10 percent of the family's monthly gross income; or • The portion of the family's welfare assistance, if any, is designated for the payment of rent. <p><i>Note: this calculation does not apply to PH:RRH projects</i></p> <p>Collected rent is treated as program income</p>
Recalculation	Occupancy charge is recalculated initially and when tenant requests	Rent is recalculated initially, annually, and when there is any change in income
Security Deposits	Up to 2 months	Up to 2 months
Last Month's Rent	Up to 1 month, advanced payment allowed	Up to 1 month, advanced payment allowed
Property Damage	No	1 month rent to pay for damages to property
Vacancy Payment	No, but can pay rent until a new participant moves in*	30 days following the end of the month when vacated
Institutional Stays	Can pay rent if in institution for up to 90 days	Can pay rent if in institution for up to 90 days

* Since the lease is between the recipient or subrecipient and the landlord, the recipient or subrecipient is liable for paying the rent even if a leased unit is not occupied. Therefore,

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recipients and subrecipients may continue to pay rent to owners even when a unit is vacant. [See CoC Virtual Binder](#)

Summary of Lease/Occupancy Agreement Requirements			
Component	CoC Funding	Lease/Sublease	Occupancy Agreement
PH:PSH	Rental Assistance	Required	Not Allowed
	Leasing	Required	Not Allowed
PH:RRH	Rental Assistance	Required	Not Allowed
TH	Rental Assistance	Required	Not Allowed
	Leasing	Allowed	Allowed

- **Components of an Effective Policy**

<https://www.hudexchange.info/resource/4424/coc-rent-reasonableness-and-fair-market-rent/>

For monitoring purposes, HUD will determine whether the recipient/subrecipient developed a written policy and followed that policy to determine and document that:

1. The rent was reasonable; and
2. The rent was within the established FMR limit.

The basis for the determination must be supported by the evidence documented in the case file.

Recipients'/subrecipients' policies and procedures must be transparent and consistently applied across their program, and result in decisions that comply with HUD requirements.

At a minimum, an effective policy includes methodology, documentation requirements, staffing assignments, and strategies for addressing special circumstances.

Policies and procedures should provide step-by-step guidance on making comparisons between the program participant's rent, the FMR, and the rent reasonableness standards for comparable units in that community.

- **Inspections**

All units paid for with CoC leasing or rental assistance funds must meet certain basic Housing Quality Standards (HQS), or after October 1, 2024 [NSPIRE standards](#), prior to expending CoC funds on that unit.

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All units must additionally meet state and local codes.

The recipient or subrecipient must physically inspect all units prior to expending CoC funds and must continue to do so annually throughout the grant period. The annual review can take place during the lease renewal.

Inspectors do not need to be certified.

The owner of the unit has 30 days to address and correct any deficiencies in the unit.

The subrecipient must maintain documentation of compliance with inspection reports.

Lead-Based Paint Requirement (24 CFR Part 35)

CoC recipients and subrecipients are expected to screen for, [disclose](#) the existence of and take reasonable precautions regarding the presence of lead-based paint in leased or assisted units constructed prior to 1978.

To learn how to identify lead-based paint, the types of deterioration and how to repair the problem, please complete HUD's [Lead Based Paint Visual Assessment Training Course](#).

Environmental Review (§578.31)

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The CoC completes Environmental Reviews on behalf of subrecipients who provide standalone support services and scatter- site housing.

Certain grant types are required to perform an environmental review to ensure that the project site is free from any hazardous materials that could adversely affect the health and safety of the occupants.

See the [CoC and ESG Environmental Review Virtual Binder](#) for more information.

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- **Ineligible costs**

Ineligible Costs	Notes and Resources
Leasing funds cannot be used to lease units or structures owned by the recipient, sub-recipient, the parent organization(s), any other related organization(s), or organizations that are members of a partnership, where the partnership owns the structure.	
Portions of rents that are over FMR	Rent and utilities can exceed HUD FMR rates , but sub recipients cannot use CoC funds or program income or match funds to pay for the portion of the rent that is over FMR. HUD FMR rates include utilities.
Any portion of any rent that is not reasonable	Sub-recipients cannot use CoC funds to pay for any portion of rent that is not reasonable. – the entire rent is ineligible.
Long-term vacancies	Agencies must use their best and reasonable efforts to fill vacancies in an expeditious manner. See CoC Binder
Rent for units that do not pass HQS inspection within 30 days.	Landlords have 30 days to take action toward making repairs if the unit fails inspection. Re-inspection must occur within the 30- day timeframe to determine whether the landlord has completed repairs or is making progress toward completing repairs. Repair costs incurred by the landlord to bring a unit up to HQS standards are not eligible for reimbursement. Sub-recipients can escrow rent if the landlord is not working to bring a unit up to HQS standards. Sub-recipients cannot withhold rent without using the formal escrow process.
Renter's insurance for program participants, unless it is required for occupancy under the master lease, is charged for all units, AND is included as	

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part of the gross rent amount	
Costs that were incurred outside the contract period.	

- Utilities

If the rent includes utilities, leasing funds may cover these costs. If the rent does not include utilities, leasing funds may not cover utilities. In that case, the subrecipient may require program participants to pay utilities and should carefully review the CPD notice in the sidebar on how utility costs should be calculated. Recipient/subrecipient could use CoC Program operating funds or other sources to pay

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utilities. If the structure is being leased as a supportive services facility, then utilities are eligible as a supportive services cost. If the recipient’s budget includes an operating cost budget line item, utilities may be paid for using operating funds.

- **Restrictions**

CoC program funds used for leasing may not be combined in a single structure or housing unit with CoC program funds used for:

- Rental assistance
- Acquisition, rehabilitation, or new construction

- **Use of Leasing funds**

Use of Funds

Eligibility Conditions

Vacancy payment

Rent costs until a new participant moves in, in accordance with the lease agreement between the recipient/subrecipient and landlord.

Since the lease is between the recipient or subrecipient and the landlord, the recipient or subrecipient is liable for paying the rent even if a leased unit is not occupied. Therefore, recipients and subrecipients may continue to pay rent to owners even when a unit is vacant.

- Leasing may pay for: Rent for the unit or structure (§ 578.49(b)(1))
- Security deposits for up to 2 months (§ 578.49(b)(4))
- First and last month’s rent (up to one month each, allowed as an advanced payment) (§ 578.49(b)(4))
 - Staff or related costs to carry out leasing activities including conducting Housing Quality Standards (HQS), paying landlords, etc.
 - Payments on unoccupied units while identifying a new program participant

Security deposits

Up to equivalent of 2 months of rent

First & last month’s rent

Up to equivalent of 1 month of rent for each; advanced payment is allowed

Property damage

Not an eligible cost, but payment for damages may come out of the security deposit, if provided

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Staff Costs	Costs directly related to carrying out eligible activities, including: -Processing rental payments to landlords; -Examining participant income and family composition; -Providing housing information and assistance; -Inspecting units for compliance with housing quality standards (HQS); & -Receiving new participants into the program.
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