

SECURITY DEPOSITS

REFERENCES

- Shelter Plus Care Program
24 CFR 582.105 Rental assistance amounts and payments; (a) Eligible Activity.
- Emergency Shelter Grant Program
Homeless Prevention in the Emergency Shelter Grants Program
<http://www.hud.gov/offices/cpd/homeless/library/esg/esgprevention2.PDF>
- HOME Investments Partnerships Program
24 CFR 92.209 Tenant Based Rental Assistance: Eligible costs and requirements; (a) Eligible costs.
- Community Development Block Grant Program
24 CFR 570.201 Basic eligible activities; (e) Public Services

BACKGROUND

The Harris County Community Services Department (HCCSD) administers funds under numerous federal grant programs which provides rental housing subsidies and homeless prevention assistance and services. The provision of assistance to pay for security deposits is an eligible expense under such programs funded through Shelter Plus Care (SPC), Emergency Shelter Grant (ESG), and HOME Investment Partnerships (HOME) Programs that are authorized under the McKinney-Vento Homeless Assistance Act, and the National Affordable Housing Act of 1990, respectively. On an annual basis, the U.S. Department of Housing and Urban Development (HUD) competitively awards SPC funds to states, units of local government and public housing authorities. Also, on an annual basis HUD approves ESG and HOME entitlement funds to states and units of local government that meet criteria for entitlement communities.

For the SPC Program, HCCSD administers the grant awards on behalf of the Sponsor Agencies responsible for implementation of each individual SPC program. For the ESG and HOME programs, HCCSD administers grant funds carried out by Subrecipients.

PURPOSE

To document HCCSD's policies and prescribe the procedures for the allowance of Sponsor Agencies and Subrecipients to provide security deposits for eligible persons under the Shelter Plus Care, Emergency Shelter Grant, and HOME Investment Partnerships programs.

POLICY

It is HCCSD's policy that clients may receive, when necessary, a security deposit in an amount up to one month's rent. The security deposit assistance may not exceed an amount equal to one month's rent and such funds must be paid directly to the owner/landlord. The Sponsor Agency/Subrecipient and the property owner/landlord must agree to utilize security deposits for the last month's rent when the client vacates the unit, if feasible.

DEFINITIONS

Eligible person means a person or persons (a.k.a. client(s) or participant(s)) defined as eligible to receive grant assistance under any of the programs described in this policy and who meets the specific eligibility guidelines provided under the specific program regulations.

"Homeless" or "homeless individual or homeless person" includes—

- (1) An individual who lacks a fixed, regular, and adequate nighttime residence; and
- (2) An individual who has a primary nighttime residence that is—
 - a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
 - b) an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Homeless prevention means activities or programs designed to prevent the incidence of homelessness, including (but not limited to):

- (1) Short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices;
- (2) Security deposits or first month's rent to permit a homeless family to move into its own apartment;
- (3) Mediation programs for landlord-tenant disputes;
- (4) Legal services programs for the representation of indigent tenants in eviction proceedings;
- (5) Payments to prevent foreclosure on a home; and
- (6) Other innovative programs and activities designed to prevent the incidence of homelessness.

Sponsor Agency means a nonprofit organization which operates a program selected by HUD to receive funds through the Continuum of Care funding process with the requirement that such funds are administered through a unit of local government.

Subrecipient means a public agency or nonprofit organization selected by a participating jurisdiction to administer all or a portion of the participating jurisdiction's ESG or HOME Program.

PROCEDURES:

A) General

1) Security Deposit Assistance Enrollment

It is HCCSD's policy that clients new to the program or existing clients relocating to a new unit may receive assistance with a security deposit if the client's household has insufficient funds to cover the expense. The security deposit may not exceed an amount equal to one month's rent and such funds must have been paid directly to the property owner/landlord. The property owner/landlord must agree to utilize the deposit for the last month's rent, when feasible. In instances where the deposit cannot be used for the last month's rent, the deposit must be returned directly to the Sponsor Agency/Subrecipient or HCCSD, not the client, when the client vacates the unit.

B) Sponsor Agency or Subrecipient Organization

1) Responsibility of Determination and Appropriateness of Assistance:

Following determination of eligibility, intake of a program participant, and identification of housing, the Sponsor Agency or Subrecipient shall determine if a security deposit is appropriate assistance.

2) Disbursement Assistance Provided:

The security deposit shall be paid by the Sponsor Agency or Subrecipient to the property owner/landlord and, subsequently, billed to the grant via HCCSD's Security Deposit Request claim form. All requested security deposits for the month must be identified within the cost worksheet and cost control report of HCCSD's reimbursement request packet.

3) Refund of Deposit to the Program:

When a client vacates the rental unit (either moving to a new unit within the property or a different property), the owner/landlord (subject to state and/or local law and in accordance with the lease) may use part or all of the security deposit for the following activities:

- Reimbursement for any unpaid rent payable by the Program; or
- Damages to the unit

The Sponsor Agency or Subrecipient must obtain a written list of all items charged against the security deposit and the amount of each item from the property owner/landlord. This list must be maintained throughout the life of the client's participation in the program and submitted to HCCSD. After the landlord makes deductions for activities listed above, it is the Sponsor Agency or Subrecipient's responsibility to ensure that the owner/landlord refunds the full amount of the unused balance of the security deposit within 30 days. Security deposits must be paid back to the program by addressing such payments to the Sponsor Agency or Subrecipient; not the client. Following CSD's approval, the Sponsor Agency or Subrecipient may allow the security deposit balance to follow the existing client to the new unit within the same SPC program/project. Financial reports, logs and documentation of the Sponsor Agency/Subrecipient MUST clearly demonstrate the eligible disposition of the security deposits. Should the Sponsor Agency or Subrecipient not apply the security deposit to the continuing client within the same program, the Sponsor Agency or Subrecipeint must return the funds to HCCSD.

4) Assistance for Subsequent Security Deposits

A client vacating a unit and moving to another unit assisted under the program may also receive assistance up to one month's rent for a security deposit when relocating to a new housing unit.

Assistance for subsequent security deposits is allowed when:

- a) The client has not moved in the previous 12 months, or has moved within the previous 12 months but has been treated unfairly by the existing owner/landlord;
- b) The Sponsor Agency or Subrecipient applies all refunded security deposit proceeds to the new security deposit amount (note: It is the Sponsor Agency's responsibility to track all security deposits paid under the program and to document difficulties in collecting a previously funded security deposit of a former owner/landlord.); and
- c) The client has submitted a written request to move from their current unit at least sixty (60) days in advance of the date upon which he/she desires to move without breaking the terms of the lease, or the expiration of the current lease.

Additionally, when a client requests to move during the current lease term and when the move date is less than 180 days prior to commencement of the annual recertification, the Sponsor Agency/Subrecipient must:

- a) Review the terms of the current lease on file and determine whether the request to move will adversely affect the ability to receive a refund of the security deposit, and
- b) Recertify and document the client's income eligibility and recalculate the amount of the client's rent.

Effective Date: November 2008

SECURITY DEPOSIT REQUEST FORM

Period Ending: _____

NOTE: Date above has to coincide with date on the reimbursement request

1. HUD GRANT #: _____ Sponsor Agency: _____

2. Participant's Name: _____

3. Term of participant's lease? From: _____ To: _____
 NOTE: Upon expiration of the current lease, please submit a new Security Deposit form with the new lease agreement for the new unit, if applicable.

4. Apartment Complex Name or Private Dwelling Address : _____

5. New Unit #: _____ Previous Unit #: _____

6. Gross Rent Amount (Per current lease agreement): _____

7. Amount Requested: _____
 (Calculate Gross Rent Amount #6 - Amount Previously Reimbursed #8 - Repair Costs #10)

NUMBER OF REPAIRS FOR PREVIOUS UNIT/LEASE ONLY

8. Was a security deposit reimbursed for the previous unit/lease? YES NO

If yes, what was the amount? _____

9. If yes was selected above (#8), what is the status of the previously reimbursed security deposit (check one)?

NOTE: If "Unit Repaired" is selected and only a portion of the security deposit will be utilized, please select an additional option below to explain the disposition of the remaining funds.

- Refunded Unit Repaired Reissued/Transferred to New Unit
 Last Month's Rental Payment Other*

*Please Explain _____

10. If "Unit Repaired" was selected within #9, please answer the below (please attach a list displaying the repairs & associated costs):
 Total cost of the repairs? _____

Prepared By: Signature _____

Authorized By: Signature _____

Prepared By: Full Name (printed) _____

Authorized By: Full Name (printed) _____

<p>HCCSD Use Only:</p> <p>_____ Approved Amount</p> <p>_____ GM Approval</p> <p>_____ GM Denial</p>	<p>_____ Approved Amount</p> <p>_____ Finance Approval</p> <p>_____ Finance Denial</p>
<p>***Note: All supporting documentation related to this claim is available within the files of the subrecipient/sponsor agency and/or CSD; as per this form's related contract. Additionally, such documentation will be made available at the request of the County Auditor's Office or CSD.</p>	