



June 17, 2021

MEMORANDUM NO:
2021-KC-0802

Memorandum

TO: Ethan D. Handelman
Deputy Assistant Secretary, Office of Multifamily Housing Programs, HT

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FROM: Kilah S. White
Assistant Inspector General for Audit, GA

SUBJECT: Promoting a Homeless Waitlist Preference at Multifamily-Assisted Rental Unit Properties

We prepared this memorandum to provide the Office of Housing at the U.S. Department of Housing and Urban Development (HUD) information regarding the opportunity to promote a homeless waitlist preference at Multifamily Housing rental assistance properties.

A homeless waitlist preference amendment on a Multifamily property's tenant selection plan only affects the order in which applicants are selected from the waiting list. It does not make anyone eligible who was not otherwise eligible, and it does not change an owner's right to adopt and enforce tenant screening criteria. HUD has an opportunity to revisit the promotion and marketing of its homeless waitlist preference and the importance of partnering with a homeless service provider. Additionally, HUD can take this opportunity to make any changes to the program or adopt additional incentives to increase the likelihood of owner and agent participation. Lastly, HUD should also consider updating its public website to make it more likely that someone with limited resources and knowledge of its site can successfully identify Multifamily Housing rental assistance properties in his or her area. For the past 2 years, fewer than 1 percent of the families moving into Multifamily Housing rental assistance properties were identified as previously homeless. And those families represent only 0.1 percent of the total homeless population reported in the 2019 Annual Homeless Assessment Report. Through rule changes, training Multifamily owners on implementing a homeless waitlist preference, marketing, and relationship building, HUD could be much more effective at helping to reduce homelessness by prioritizing the use of a previously homeless waitlist preference at Multifamily Housing rental assistance properties.

HIGHLIGHTS

Why We Did This

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The Act provided HUD with \$4 billion to fund Emergency Solutions Grants to support Americans experiencing homelessness and individuals at risk of becoming homeless because of hardships, such as job loss, wage reduction, or illness, due to the 2019 novel coronavirus (COVID-19) national emergency. The funds were allocated on two separate dates: April 2, 2020, and June 9, 2020. Both allocations had the same purposes:

- Make more emergency shelters available for individuals experiencing homelessness and families experiencing homelessness.
- Operate emergency shelters by providing food, rent, security, maintenance, repair, fuel, equipment, insurance, utilities, furnishings, and supplies necessary for their operation.
- Provide hotel-motel vouchers for families and individuals experiencing homelessness.
- Provide essential services to people experiencing homelessness, including childcare, education services, employment assistance, outpatient health services, legal services, mental health services, substance abuse treatment services, and transportation.
- Prevent individuals from becoming homeless and rapidly rehouse individuals experiencing homelessness.

Since the funding was not allocated to multifamily owners to utilize vacant units to rapidly and temporarily house individuals experiencing homelessness, we started this review to see what steps HUD was taking to permanently house individuals experiencing homelessness.

The Centers for Disease Control and Prevention (CDC) issued guidance stating that the lack of housing contributes to poor physical and mental health outcomes and linkages to permanent housing for people experiencing homelessness should continue to be a priority. We wanted to know whether HUD has multifamily housing programs that work toward providing individuals and families experiencing homelessness with permanent assisted housing and whether during this pandemic, there is an opportunity to promote the program to aid in the protection of a vulnerable population.

What We Reviewed

To determine whether Multifamily Housing rental assistance properties use vacant units to permanently house formally homeless individuals and families, we reviewed

- monthly new resident reports, including those individuals who identified as previously homeless;
- integrated Real Estate Management System (iREMS) data indicators for properties with a homeless waitlist preference amendment on their tenant selection plan (TSP);
- applicable HUD notices;
- publicly available presentations on the HUD Exchange website;
- the 2019 Annual Homeless Assessment Report to Congress;
- informational bulletins from the CDC; and
- publicly available homeless information on the HUD Exchange website.

Additionally, we interviewed the appropriate HUD Office of Multifamily Housing Programs staff.

BACKGROUND AND METHODOLOGY

On March 27, 2020, the President signed the CARES Act (P.L. 116-136) into law. The Act provided HUD with \$4 billion to fund Emergency Solutions Grants to support Americans experiencing homelessness and individuals at risk of becoming homeless because of hardships, such as job loss, wage reduction, or illness, due to COVID-19. The CARES Act funds did not allocate money toward Multifamily using vacant units to temporarily house individuals or families experiencing homelessness.

The 2019 Annual Homeless Assessment Report to Congress was published in January 2020. According to the report, on any given night in America, there were roughly 568,000 people experiencing homelessness. Of those people experiencing homelessness, 63 percent were staying in sheltered locations, and 37 percent were in unsheltered locations or in other locations not suitable for human habitation. More than half (53 percent) of all unsheltered homeless people were in the Nation's 50 largest cities.

In March 2020, the National Healthcare for the Homeless Council issued a brief explaining why the individuals experiencing homelessness were in a high-risk category. It broke the reasons into six categories: poor health, congregate settings, an aging population, limited ability to follow public health advice, stigma, and discrimination. The brief summarized the concerns for the individuals experiencing homelessness by asking them, when they are experiencing homelessness, how they stay at home, wash their hands, distance themselves from others, and disinfect their living space. The CDC issued guidance, entitled "Interim Guidance on Unsheltered Homelessness and Coronavirus Disease 2019 (COVID-19) for Homeless Service Providers and Local Officials," which was most recently updated on August 6, 2020. The guidance states that a lack of housing contributes to poor physical and mental health outcomes and linkages to permanent housing for people experiencing homelessness should continue to be a priority. Additionally, the CDC issued a frequently asked questions (FAQ) document, which was most recently updated on August 6, 2020. The FAQ states that people who are experiencing homelessness are at an increased risk of COVID-19. It goes on to say, "Because many people who are homeless are older adults or have underlying medical conditions, they may also be at increased risk for severe illness than the general population. Health departments and healthcare facilities should be aware that people who are homeless are a particularly vulnerable group. If possible, identifying non-congregate settings where those at increased risk can stay may help protect them from COVID-19."

To prepare this memorandum, we reviewed HUD's monthly new resident reports from January 1, 2019, through August 31, 2020. The reports contain a monthly count of new residents at Multifamily Housing rental assistance properties and include a count of individuals who report themselves as previously homeless. In addition, we reviewed iREMS to determine how many Multifamily Housing rental assistance properties HUD reported as having amended the property TSP to create a waiting list preference for individuals and families experiencing homelessness. We also reviewed applicable housing notices that created the process for amending the TSP to

create a homeless waitlist preference and allow for a special and add-on management fee for the intake of an individual or family experiencing homelessness.

RESULTS

Homeless move-in rates are significantly higher at properties that have waitlist preferences for previously homeless applicants. According to the new move-in data we reviewed, less than 1 percent of the total move-ins at properties that did not have a waitlist preference for previously homeless individuals were previously homeless, compared to more than 6 percent at properties that had such a waitlist preference. However, only about 1.4 percent of all rental assistance properties have amended their TSPs to include a waitlist preference for individuals experiencing homelessness. Some properties have also realized increases in homeless move-ins by partnering with homeless service providers. However, HUD does not actively promote that option.

Homeless Move-in Rates

HUD provided us with HUD’s monthly new resident reports, which include a count of previously homeless, for all rental assistance properties, from January 1, 2019, through August 31, 2020. The reports contain a running fiscal year total (October 1 – September 30) as well as a month-by-month count. We used the reports to compare the number of previously homeless move-ins during the same 7-month period in 2019 and 2020 to determine whether the COVID-19 pandemic had a measurable impact. We compared January 2019 – July 2019 with January 2020 – July 2020.

In total, the number of previously homeless that were new move-ins during the 2019 review period was 724 (631+93), which accounts for only 0.1 percent of the 568,000 people who experienced homelessness in 2019. (The 2020 Annual Homeless Assessment Report had not been released at the time of this memorandum.) The tables below provide more detail.

Table 1: Move-in rates for properties without a homeless waitlist preference

Month	Total move-ins	Previously homeless move-ins	Month	Total move-ins	Previously homeless move-ins
January 2019	13,825	84	January 2020	15,401	104
February 2019	14,843	77	February 2020	15,394	90
March 2019	16,503	73	March 2020	15,292	120
April 2019	15,973	90	April 2020	11,460	97
May 2019	17,044	109	May 2020	12,413	95
June 2019	15,181	91	June 2020	13,823	110
July 2019	15,456	107	July 2020	13,916	113
Total	108,825	631		97,699	729
Percentage of total		0.58%			0.75%

Table 2: Move-in rates for properties with a homeless waitlist preference

Month	Total move-ins	Previously homeless move-ins	Month	Total move-ins	Previously homeless move-ins
January 2019	160	9	January 2020	185	9
February 2019	205	8	February 2020	193	18
March 2019	243	9	March 2020	224	14
April 2019	233	14	April 2020	142	12
May 2019	223	21	May 2020	120	7
June 2019	209	16	June 2020	185	10
July 2019	231	16	July 2020	199	10
Total	1,504	93		1,248	80
Percentage of total		6.18%			6.41%

Although there was an increase of 98 newly housed, previously homeless individuals from the 2019 to 2020 review periods at properties without a homeless waitlist preference, previously homeless move-ins remained under 1 percent of the total number of new move-ins. However, previously homeless move-ins were more than 6 percent of the total number of new move-ins for both review periods at properties with a homeless waitlist preference.

Percentage of Properties With Homeless Waitlist Preference

We also accessed Multifamily’s iREMS to obtain a count of properties for which the Multifamily account executive had entered an amended TSP to use a homeless preference on their waitlist. We identified 325 properties at the time of our search with a project action that amended their TSP to include a homeless preference for their waitlist. The project action remains in effect until a property removes the homeless waitlist preference. The 325 properties represent approximately 1.4 percent of the total 23,301 Multifamily Housing rental assistance properties.

On October 26, 2016, HUD issued a memorandum that allows Multifamily owners to collect a special and add-on fee if they satisfy certain requirements, including the adoption of a homeless waitlist preference. The fee is paid to the owner on a per unit, per month basis, with an annual maximum amount allowed. Owners are eligible to collect a \$2.50 per unit, per month special fee for nine months while they establish a homeless waitlist preference. The special fee is capped at a maximum of \$4,500 per property. Once established, an owner can continue to collect a \$2.00 per unit, per month add-on fee as long as it continues to offer a homeless waitlist preference. The add-on fee is capped at a maximum of \$3,600 per property for each year they continue to offer the homeless waitlist preference. It is possible that increasing the per unit, per month and annual maximum amounts would entice additional owners to adopt and maintain a homeless waitlist preference.

Partnering With Homeless Service Providers

The HUD Exchange website contains videos of Multifamily owners and agents that have implemented a homeless waitlist preference and have paired with homeless service providers. The videos allow the owners and agents to share the successes of the program. For instance, one owner from Massachusetts stated that during a 2-year period, it committed to a homeless waitlist

preference in 10 of its developments, which led to its admitting 122 families directly from a shelter into affordable housing units. The owner went on to say that a key to making the process a success “is to work very closely with a social service provider who can provide additional assistance that these families need as they make a transition.” Other owners and agents made the following comments:

- “The families’ lives become transformed. They integrate into the community in a positive way. Lives are made better.”
- “This preference has really helped families decrease the amount of time that they’re staying in emergency shelter, and quickly move into quality and affordable housing... When there’s a vacancy with the homeless [waitlist] preference, we make sure that the families are able to get their applications done quickly. When a family moves into their new home, we continue providing them with support services so that they’re able to maintain stable and successful tenancies.”
- “It works. We’ve seen previously homeless families transitioning to safe and stable housing, and building stronger connections to their health, and to education for their children.”

During one of our interviews with a HUD staff member, we asked how an individual or family experiencing homelessness would seek participation in the Multifamily housing rental assistance program without the assistance of a homeless service organization. The staff member stated that the HUD website gives any person the ability to find Multifamily Housing rental assistance properties in his or her area. We navigated the website to recreate the process that a person experiencing homelessness would go through to locate a rental assistance property. The process requires the person to locate a link to a map on the HUD website. Once on the map, the person must understand how to navigate a process to eliminate properties from other program types, so he or she sees only Multifamily Housing rental assistance properties. From that point, the person would have to click on each property on the map to get property details and contact information or download a report to a spreadsheet.

We are concerned that the process would be difficult to navigate for someone who is experiencing homelessness. It requires access to technology and the knowledge of how to use it. If a person or family experiencing homelessness can navigate the process, they would have to apply, either electronically or in hardcopy, at the properties they are interested in accessing. After that, they would have to find a way for the property to remain in touch with them to update the approval process. It would be a significant advantage to have a homeless service provider that has partnered with one or more owners of Multifamily Housing rental assistance properties to help a person navigate the process and be a point of contact for updates.

During an interview with a staff member, we learned that the Office of Multifamily Housing Programs has not been actively promoting the ability to adopt a homeless waitlist preference and partner with homeless service providers to increase the chances of a successful transition to permanent housing. The staff member stated that Multifamily is always willing to discuss the opportunity to partner with a homeless service provider, with an owner or an agent, but has not

actively marketed it since 2016. Some of the reasons discussed as to why the program has not been more successful include that

- many owners already have long wait lists, so they don't need a preference to add additional applicants;
- it is an additional management burden;
- working with homeless service providers is not always seamless;
- there are concerns over property damage; and
- there is bias against those who are experiencing homelessness.

CONCLUSION

The CDC considers those experiencing homelessness an at-risk population and states that access to permanent housing is beneficial to mental and physical health. With the ongoing COVID-19 pandemic, there continue to be concern and attention regarding the risks facing the Nation's homeless population. This concern and attention provide HUD an opportunity to revisit the promotion and marketing of its homeless waitlist preference and the importance of partnering with a homeless service provider. Additionally, HUD can take this opportunity to make any changes to the program or adopt additional incentives to increase the likelihood of owner and agent participation. Lastly, HUD should also consider updating its public website to make it more likely that someone with limited resources and knowledge of its site can successfully identify Multifamily Housing rental assistance properties in his or her area.

Appendix

CRITERIA

Multifamily Notice 2013 - 21

Multifamily Notice 2013 - 21 provided guidance to HUD field offices, contract administrators, and property owners on the circumstances under which owners of assisted properties may adopt admissions preferences. The notice allows for owners to adopt, with HUD approval, admissions preferences to house homeless individuals and families.

Owners may create a preference for homeless families using the HUD definition of homelessness or a definition that better suits the property in question. Owners may create a preference or limited preference specifically for individuals or families who are referred by a partnering homeless service organization or consortium of organizations. When partnering with a referring agency, an owner may elect to place the preference on the entire property or accept a referral for a defined percentage of units. No units may be set aside or held offline, but owners may fill vacancies by alternating selections from the existing project waiting lists with referrals from their partnering organization of eligible applicants who meet the preference criteria.

If an owner adopts a preference or limited preference for individuals or families experiencing homelessness, the owner may require the individual or family to provide documentation to prove that they qualify for the preference or may rely on a partnering homeless service organization to verify that the individual or family qualifies for the preference.

The preference affects only the order in which applicants are selected from the waiting list. It does not make anyone eligible who was not otherwise eligible, and it does not change an owner's right to adopt and enforce tenant screening criteria. If elected, the owner must inform all applicants about available preferences and give all applicants an opportunity to show that they qualify for available preferences, including all applicants currently on a waiting list. All owner-adopted preferences must be included in the TSP for the associated property, including any referral policy in the preference, if applicable.

Owners must submit a written request to their local HUD field office specifying the type of preference with a full description of the preference and how it will be implemented. HUD will approve an owner-adopted preference if it does not result in discrimination; violate civil rights or equal opportunity requirements; or conflict with statutory, regulatory, or program requirements.

Service providers are important resources in ensuring that persons and families experiencing homelessness admitted to the property are provided the services necessary to remain stably housed and compliant with program requirements. HUD field offices, contract administrators, and owners should establish working relationships or consider service agreements with the service providers to ensure that all parties stay committed to the family through their participation in the program.

Allowable Special and Add-on Management Fees To Implement a Homeless Preference

On October 26, 2016, HUD's Office of Multifamily Housing Programs issued a memorandum, with the subject "Allowable Special and Add-on Management Fees To Implement a Homeless Preference," to promote the use of a homeless preference at assisted multifamily housing sites. The memorandum allows HUD Multifamily regional centers and satellite offices to approve both a special and an add-on management fee for HUD Multifamily-assisted housing. Multifamily Housing Programs field staff establishes a schedule of project characteristics and conditions that warrant special or add-on fees at properties in that office's jurisdiction. Fees are approved as a flat per unit per month fee amount for each characteristic or condition.

The fees cover the cost of staff time associated with establishing and managing a homeless preference, including the following activities:

- Identifying and engaging the local HUD-funded Continuum of Care (CoC) and other homeless service providers.
- Learning about the local area's needs and determining which families, individuals, or groups experiencing homelessness will be the best match for the property.
- Formalizing agreements and establishing a referral process with the local CoC and homeless service providers.
- Amending the TSP and submitting to HUD for approval.
- Receiving applicant referrals from the CoC and homeless service providers and screening applicants to ensure that they meet the property's eligibility criteria.
- Providing support, education, and tools to property management staff when coordinating services and resources during the lease-up and duration of tenancy.
- Facilitating a household's move-in and access to necessary household items.
- Documenting results, including maintaining tenant application materials, using the Tenant Rental Assistance Certification System previous housing code 5 for new move-ins, and including all management fee information in each year's Annual Financial Statement or other annual certification.
- Sharing success stories.

A special management fee is permitted during a 9-month start-up period to enable owners and agents to create and implement the homeless preference process, the first five bullet points listed above.

The special fee amount is \$2.50 per unit per month, and the maximum annual fee may not exceed \$4,500 per property. The special fee may be taken for no longer than a continuous 9-month period. If the owner and agent do not complete the process during the 9-month period, the term of the special fee may not be extended, but HUD encourages them to complete the preference process. The management agent may collect the entire 9-month special fee even if they complete the preference process sooner. However, the add-on fee may not be collected until the end of the 9-month period covered by the special fee.

Management agents may collect a monthly add-on fee as long as at least one previously homeless individual or household is admitted to a particular property during a 1-year period. The add-on fee is \$2.00 per unit per month, not to exceed \$3,600 per property.

Management agents may begin taking monthly add-on fees only after the following three conditions have been met:

- regional or satellite offices have approved an amended TSP containing a homeless preference,
- the owner or agent has notified the waiting list applicants and emailed the property's account executive a copy of the notification letter sent to the waiting list applicants, and
- the first homeless household has moved in following either the special fee period (if applicable) or the approval date of the management certification if no special fee has been requested.

The add-on fee may be collected on an ongoing monthly basis if the following conditions are met:

- a property's homeless preference is active,
- local homeless service providers continue to refer eligible applicants, and
- the Tenant Rental Assistance Certification System shows that the project had at least one previous housing code 5 (previously homeless) move-in within a 1-year period.