



U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

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Special Attention of:  
Regional and Field Office Directors of Public  
Housing; Financial Management Center;  
Public Housing Agencies Administering  
Housing Choice Voucher Programs; Regional  
Directors; State and Area Coordinators

**Notice PIH-2007-26**

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Cross References:

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**Subject: Disaster Housing Assistance Program (DHAP) Operating Requirements**

1. Purpose.

These operating requirements set forth the policies and procedures for the Disaster Housing Assistance Program (DHAP). DHAP is a HUD-FEMA pilot grant program to provide rent subsidies for non-HUD assisted individuals and families displaced by Hurricane Katrina or Hurricane Rita.

Public Housing Agencies (PHAs) that agree to administer DHAP must do so in accordance with these requirements and any subsequent HUD directives and guidance for the program.

2. Background.

In late August 2005, Hurricane Katrina struck the Gulf Coast area of the United States causing unprecedented and catastrophic damage to property, significant loss of life, and the displacement of tens of thousands of individuals from their homes and communities. In September 2005, Hurricane Rita closely followed Hurricane Katrina and once again hit the Gulf Coast area of the United States, adding to the damage to property and displacement of individuals and families.

Many families who registered with FEMA were able to receive assistance either through a direct or financial assistance program under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Act (Stafford Act) (42 U.S.C. 5174). Those families that are still receiving assistance from FEMA will now be eligible for the DHAP, a joint initiative between HUD and FEMA. The DHAP recognizes that, due to the magnitude of the Gulf Coast hurricanes, many impacted families still require additional housing

assistance. As HUD is responsible for administering the Housing Choice Voucher (HCV) Program, the nation's largest tenant-based subsidy program, and has also successfully implemented the Katrina Disaster Housing Assistance Program (KDHP) and the Disaster Voucher Program (DVP), FEMA has requested that HUD design a program that is modeled after those three programs.

Under the DHAP, HUD will utilize its existing network of local PHAs to administer the program. These PHAs administer the HCV program and as a result have the necessary local market knowledge and expertise in assisting families through a tenant-based subsidy program. In addition, through their administration of both the KDHP and DVP, the PHAs are experienced in working with significant numbers of families that have been displaced by disasters.

In July 2007, HUD and FEMA executed an Interagency Agreement (IAA) under which HUD shall act as the servicing agency of the DHAP and will begin administration of the program effective September 1, 2007. Pursuant to FEMA's grant authority, grants will be provided to local PHAs to administer DHAP on behalf of FEMA. Under DHAP, PHAs will make rental assistance payments on behalf of eligible families to participating landlords for a period not to exceed 16 months commencing November 1, 2007 and ending by March 1, 2009.

### 3. General Overview

DHAP provides a monthly rent subsidy to assist eligible families displaced by Hurricane Katrina or Hurricane Rita. PHAs that currently administer the HCV program will be designated by HUD to administer DHAP in their jurisdiction. If the PHA is willing to do so, these PHAs will enter into Grant Agreements with FEMA to administer the DHAP. Rental assistance payments under the DHAP will not commence until November 1, 2007. However, PHAs administering DHAP will commence pre-transitional case management services for the first group of families transitioning to the DHAP on or after September 1, 2007.

To be eligible for DHAP, the family must have been displaced by Hurricanes Katrina or Rita and consequently is either receiving or is eligible to receive rental assistance administered by FEMA. FEMA, not the PHA, determines if the family is initially eligible to receive assistance under the DHAP. The PHA verifies that a family has been determined eligible for the DHAP by FEMA through HUD's web-based Disaster Information System (DIS).

PHA responsibilities under DHAP include calculating the monthly rent subsidy and making monthly rent subsidy payments on behalf of participating families, performing housing quality standards inspections when necessary, applying appropriate subsidy standards for families, and determining rent reasonableness for certain units. The PHA is also responsible for terminating the family's participation in the DHAP if the family fails to comply with the family obligations of the program.

The monthly rent subsidy is based on the higher of Fair Market Rent (FMR) published by HUD or the payment standard established by the PHA for the HCV program for the area in which the family's unit is located. In addition, if the family was receiving FEMA rental assistance in the unit immediately before the family's transition to DHAP, the amount of the monthly rent subsidy shall not be less than FEMA rental assistance payment paid on behalf of the family for that particular unit. In no case may the monthly rent subsidy exceed the rent to owner under the lease.

Family income is not considered in calculating the monthly rent subsidy. A family may rent a unit under DHAP where the rent exceeds the monthly rent subsidy; however, in such cases the family is responsible for covering the portion of the rent that exceeds the monthly rent subsidy. Tenants are also responsible for any utility costs that are not included in the rent under the lease.

DHAP is a temporary housing assistance program that terminates as of March 1, 2009. In order to prepare the family for this eventuality, case management services are provided for the entire duration of DHAP. These case management services include assisting participants to identify non-disaster supported housing solutions such as other affordable housing options that may be available for income eligible families.

In addition, beginning on March 1, 2008, families will be required to pay a portion of rent (in addition to the family's share in cases where the monthly rent exceeds the monthly rent subsidy) of \$50.00, which will increase by an additional \$50.00 each subsequent month. This gradual increase in the family share will further prepare the family to assume full responsibility for their housing costs at the end of DHAP.

#### 4. Operating Requirements.

The operating requirements for the DHAP are presented in the following order:

- a. Family Eligibility
- b. Database of Eligible DHAP Families
- c. DHAP Participating PHAs
- d. DHAP Fees
- e. Pre-Transition Case Management and Intake Process
- f. Owner Lease and DHAP Lease Addendum
- g. DHAP Monthly Rent Subsidy
- h. Incremental Rent Transition
- i. Ineligible Units and Prohibition Against Other Subsidy
- j. Disaster Rent Subsidy Contract
- k. Rent Reasonableness
- l. Housing Quality Standards
- m. PHA Case Management
- n. Family Obligations

- o. Termination of Assistance
- p. Subsequent Moves under DHAP
- q. End of the DHAP
- r. Use of DHAP Funding, Program Accounts and Records
- s. Disbursement of Funds
- t. Financial Reporting
- u. Program Close-Out

a. Family Eligibility

The determination of whether the family is eligible to be admitted to the DHAP is solely the responsibility of FEMA, not the PHA. The PHA does not determine the family's initial eligibility to receive DHAP assistance or screen the family for admittance to the program. DHAP assistance is provided for families that were displaced by Hurricanes Katrina or Rita and as a result have been previously determined, or are subsequently determined, by FEMA to meet FEMA's eligibility requirements for rental assistance under the Stafford Act.

The PHA will access the DIS to verify the family's eligibility status (see section b below). A family that wishes to appeal the FEMA determination that the family is not initially eligible for DHAP must be referred by the PHA to FEMA. Any review and resolution of the family's appeal of their initial eligibility status is conducted by FEMA.

The following two categories of families will constitute the vast majority of families that will first be transitioned to the DHAP, with pre-transitional case management services for the families commencing on or shortly after September 1, 2007, and monthly subsidies beginning November 1, 2007:

- (1) A family that is currently receiving rental assistance under the Stafford Act from FEMA through FEMA's contractor, Corporate Lodging Consultants (CLC), and FEMA determines the family is eligible for continued rental assistance. These families have a lease with the owner and CLC has entered into a Direct Assistance Program (DAP) contract with the owner.
- (2) A family that is receiving rental assistance from FEMA in a privately- owned rental unit, but not through CLC, and FEMA determines the family is eligible for continued rental assistance. In this situation, there is no contractual relationship between FEMA and the owner.

Throughout this notice, these families are collectively referred to as "FEMA rental assistance families." Regardless of whether the family was assisted by CLC or by FEMA directly, the family is already residing in a particular unit for which FEMA has been providing rental assistance for a period of time when the family is transitioning to DHAP. If the family wishes to remain in place, one of the main objectives of the DHAP is to

avoid any unnecessary disruption to the family's current housing situation and make the family's transition from FEMA rental assistance to DHAP as seamless as possible. In order to achieve this objective, the operating requirements differ in certain respects for a FEMA rental assistance family that remains in-place during the family's transition to the DHAP.

In addition to the FEMA rental assistance families described above, several other categories of families may be eligible for the DHAP. These families will be subsequently added to the DIS database and referred to the PHA for DHAP assistance. Case management for these subsequently added families will commence after transition with payments beginning on or after November 1, 2007:

(1) A family that is not currently receiving rental assistance from FEMA but is determined eligible by FEMA for DHAP before the DHAP ends.

(2) A family that is relocating out of a FEMA provided temporary housing unit and is determined eligible for FEMA rental assistance (e.g., FEMA trailer).

A family under this category has either vacated or is in the process of vacating a FEMA provided temporary housing unit. The DIS record for the family will identify the private rental market unit that FEMA has located for the family. If the unit is eligible, the PHA will enter into a Disaster Rent Subsidy Contract (DRSC) with the owner and rental assistance will commence. If the unit is not eligible, the PHA will provide housing search assistance to assist FEMA's continuing efforts to identify a suitable private rental market unit for the family.

Please note that the PHA housing search responsibilities above do not encompass any of the activities and related costs associated with physically moving the family out of the FEMA temporary housing unit (or any interim housing arrangement for such family) to the unit the family ultimately leases with DHAP assistance. Under the DHAP initiative, neither PHAs nor HUD are responsible for de-populating FEMA trailer parks or any of the administrative responsibilities, activities, and costs related to such efforts.

(3) A family that is vacating a HUD provided Real Estate Owned (REO) property in which they were residing under an arrangement between HUD and FEMA, and FEMA determines the family is eligible for continued rental assistance. (Note that the family must move from the REO property to an eligible private rental market unit to receive DHAP assistance.)

b. Database of Eligible DHAP Families

FEMA will determine family eligibility for DHAP and provide that information to HUD. HUD will add these families to the DIS.

The DIS is a web-based system that provides initial family information to the PHA. The DIS is also the reporting mechanism by which PHAs provide leasing information to HUD once the family is placed under a DRSC and starts receiving DHAP assistance.

c. DHAP Participating PHAs

HUD will invite PHAs to administer DHAP based on the following factors:

- (1) The PHA currently administers a housing choice voucher program.
- (2) There are DHAP eligible families currently residing in the PHA jurisdiction or there are DHAP eligible families that have indicated they wish to receive DHAP assistance within the PHA jurisdiction.
- (3) The PHA has the administrative capacity to assume administrative responsibility for DHAP, as indicated by the PHA's Section Eight Management Assessment Program (SEMAP) and Public Housing Assessment System (PHAS) scores, taking into consideration mitigating circumstances such as the extent to which other PHAs are available to administer DHAP for the area in question.

If the PHA agrees to administer the DHAP, the PHA enters into a grant agreement with FEMA and must assist all eligible families in their jurisdiction in accordance with these requirements. In cases where a PHA is unable or unwilling to administer the DHAP, HUD will identify an alternative PHA to administer the DHAP assistance.

HUD is committed to affirmatively furthering fair housing under DHAP. The PHA must administer the program in conformity with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act.

d. DHAP Fees

PHAs will receive fees for administering DHAP that include a placement fee, case management fees (this includes fees for the pre-transition and intake activities as outlined in section e) and administrative fees for each family that are calculated at 15 percent of the initial DHAP rent subsidy payment. The chart below illustrates the payment and type of administrative fees a PHA will receive as DHAP administrators. Note, however, if a family decides to move outside of the PHA jurisdiction, a portion of those fees may be transferred to the PHA that has jurisdiction over the area in which the family decides to move.

DHAP Administrative Activities	What services does a PHA perform to receive this Fee?	When are funds received?	Amount?
Pre-Transition Activities (Limited to Sept. 1, 2007- November 1, 2007)	See section e	Immediately after signing Grant Agreement, prior to November 1, 2007	\$92.00/month times the number of families receiving pre-transitional services
Case Management	See section e and m	After November 1, 2007 once family identified as eligible in DIS	\$92.00/month times the number of families receiving case management services
One-time Placement Fee	Family is placed under a Disaster Rent Subsidy Contract (DRSC)	At the time the family is placed under a DRSC	Family that leases in-place or in a FEMA-identified unit: \$1000 All other families: \$1500
Administrative Services	On-going PHA responsibilities (e.g., rent reasonableness, HQS, rent transition)	At time of family eligibility determination and referral to PHA	15% of initial estimated DHAP rent subsidy payment (16 months)

DHAP Fees (those DHAP funds provided for administrative costs and activities) are provided for the specific purposes as described in this chart and PHAs must ensure that these funds are used for eligible purposes. If there are administrative funds remaining at the end of DHAP, the PHA must use these funds for disaster or emergency related purposes. This may include continuing case management services for families after the DHAP ends.

e. Pre-Transition PHA Case Management and Intake Process

Once the PHA enters into a Grant Agreement with FEMA, the PHA will receive from HUD an initial list of families eligible for DHAP assistance that are residing in the PHA jurisdiction. The PHA will access the family's record in the DIS database and then begin pre-transition activities as outlined in this section. A PHA may provide these services in-house or may enter into a contract with another entity to provide these services.

FEMA has provided those families transitioning to DHAP that are currently receiving FEMA rental assistance in a private rental unit with a notification that participation in the existing FEMA rental assistance program shall end effective October 31, 2007 and that the families will be contacted by the PHA administering DHAP in their jurisdiction. In addition, with respect to those families assisted by CLC, the CLC shall provide all participating owners with proper notice that the DAP contract shall terminate no later than October 31, 2007. This termination notice shall be provided at least 30 days in advance in accordance with Part B, Section 4 of the DAP contract. No subsidy payment may be made under the DAP contract after it terminates on October 31, 2007.

The PHA must take the following steps to ensure a smooth transition to DHAP:

1. The PHA must contact the family and brief the family on the DHAP and the process by which the family may transition to DHAP. The PHA must inform the family that, as a condition of participation, the family must receive on-going case management services and sign a certification of family obligations under the program. If a family does not want to receive case management services or refuses to sign the certification, the PHA informs the family that they will not be able to participate in DHAP or any FEMA housing program. The PHA may not assist the family in such instance and must record this information in the DIS. The PHA must request a signed statement from the family acknowledging that the family understands that as a result of their refusal to comply with these requirements, the family may not participate in the DHAP or any other FEMA housing program. If the family refuses to sign the statement, the PHA must document the family's refusal to do so.
2. The PHA must contact the owner of the private rental unit where the family is currently receiving FEMA rental assistance (or the private rental unit identified as a suitable unit for families relocating out of a FEMA provided temporary housing unit) at the earliest opportunity, explain the DHAP to the owner and determine if the owner is willing to participate in the DHAP. The PHA will inform the owner of any changes in the portion of the rent to owner paid by the PHA and the family, including the incremental rent transition that will become effective March 1, 2008 (see section h below). If the owner is unwilling to participate in DHAP, the family will have to move to receive DHAP assistance. If the family chooses to stay in the unit, they will do so without the benefit of DHAP or other housing assistance from FEMA. PHA outreach to the owner of the FEMA rental assistance unit or the FEMA identified unit is one of the top priorities of the PHA during the initial pre-transitional phase of the



program. With respect to families for which pre-transitional activities commence September 1, 2007, HUD expects that the PHA will have determined the intent of most owners by October 1, 2007, so that sufficient time remains to help the family locate another unit before November 1, 2007 in cases where the owner is unwilling to participate in the DHAP.

3. If the owner and the family agree to participate in DHAP and to lease in-place, the PHA will require the owner to execute a DRSC and require the owner and family to sign the lease addendum as soon as possible.

For families receiving FEMA rental assistance that are part of the initial transition to DHAP, the DRSC and the lease addendum should be executed no later than October 15, 2007, to guarantee there will be no disruption or delay in the payment of the family's monthly rental subsidy. (See section j below for further information on the DRSC and the time frames in which it must be executed.) The PHA will also explain that, in accordance with the DRSC, rental subsidy payments under the DHAP will commence on or after the transition date of November 1, 2007. Prior to the transition date, the owner will continue to receive payments from CLC in accordance with the DAP contract, or, in cases where the family is receiving assistance from FEMA, as part of the family's monthly rental payment. It is not necessary for an owner and tenant to enter into a new lease in order to receive assistance under the DRSC, only that the owner and tenant execute a lease addendum. If the lease remains in place, the rent currently charged by the owner is not affected by the DRSC and the lease addendum. For these families, the effective date of the DRSC and the HUD-provided lease addendum is November 1, 2007.

4. If a family wants to move from the unit, or the owner does not want to participate in DHAP (or the owner will not take steps to bring the unit into HQS compliance), the PHA will inquire if the family wishes to move to another unit and receive DHAP assistance in the PHA jurisdiction, or wishes to return to their pre-disaster jurisdiction or another jurisdiction and receive DHAP assistance where they plan to permanently reside. If the family wishes to remain in the PHA jurisdiction, the PHA provides the family with housing search assistance. If the family informs the PHA that they wish to initially lease under DHAP in an area outside the PHA's jurisdiction, the PHA is responsible for identifying the DHAP administering PHA with jurisdiction over the area. The PHA will advise the family how to contact and request assistance from that PHA, and promptly notify the PHA when to expect the family.

In any case where a family that was receiving FEMA rental assistance is moving from their unit instead of transitioning to DHAP in-place, termination of the DAP or the end of financial assistance payments by FEMA to the family does not affect the lease commitments of either the owner or the tenant in the FEMA assisted unit. It is the family's responsibility to resolve any issues that may arise under the lease as a result of vacating the previously FEMA assisted unit.

f. Owner Lease and DHAP Lease Addendum

As in the HCV Program, the PHA is not a party to the lease between the owner and the family. In the case where a family is already under lease and wishes to remain in-place to receive DHAP assistance, the owner and the family may remain under the existing lease, provided that they execute the DHAP lease addendum. The family and owner may also choose to enter into a new lease that commences at the same time as the effective date of the DRSC. If the family resides in a unit where there is no existing lease and the family wishes to remain in-place, the family and owner must enter into a lease and execute the DHAP lease addendum to receive assistance under DHAP.

If there is a family contribution to the rent (i.e., the portion of the rent charged by the owner under the lease that is not covered by the monthly DHAP rent subsidy), the owner is responsible for collecting that amount directly from the family. In addition, effective March 1, 2008, the landlord will be responsible for collecting the family's portion of the rent attributable to the incremental rent transition in accordance with section h below. The owner is responsible for enforcing the terms of the lease, including collecting any charges for unit damage by the family. At such time that the monthly rent subsidy payments cease, the family assumes sole responsibility for the entire rent charged by the owner.

The owner must notify the PHA of any changes in the amount of the rent charged under the lease at least thirty days before any such change goes into effect. The owner must notify the PHA of any actual or planned lease terminations, including any family or owner notices to vacate the unit. The owner must notify the PHA if the family has vacated the unit without notice.

g. DHAP Monthly Rent Subsidy

The monthly rent subsidy is paid directly to the owner under the DRSC.

*FEMA Rental Assistance Family Transitioning to DHAP In-Place*

Until March 1, 2008, for a FEMA rental assistance family that leases in-place (i.e., the family transitions to DHAP rental assistance in the same unit they were previously receiving FEMA rental assistance), the monthly rent subsidy for that unit equals the lesser of:

(1) the monthly rent specified in the lease,

or

(2) the greater of:

- a. the applicable FMR published for the area where the unit is located.
- b. the applicable payment standard for the PHA's HCV program.
- c. The amount of monthly assistance the family received under the FEMA

rental assistance program for the unit prior to the transition to DHAP.

*All Other Families*

Until March 1, 2008, for all other families (including any family that transitions to DHAP in-place, but who subsequently moves with continued DHAP assistance from the unit under which they were receiving FEMA rental assistance), the monthly rent subsidy equals the lesser of:

(1) the monthly rent specified in the lease;

or

(2) the greater of:

- a. the applicable FMR published for the area where the unit is located.
- b. the applicable payment standard for the PHA's HCV program.

*Monthly Rent*

The monthly rent specified in the lease is the total monthly rent payable to the owner under the lease for the unit. The monthly rent specified under the lease covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for. The owner shall not charge, and the family shall not pay, any additional amounts for leasing the unit other than the monthly rent specified under the lease.

The subsidy is not reduced or otherwise impacted by the fact that the costs of some or all of the utilities are included in the rent and are the owner's responsibility to pay for under the lease. However, unlike the HCV program, the DHAP does not subsidize any utility costs that are the family's responsibility (i.e., where the utilities are not included under the lease, the family pays the costs of the utility directly to the utility supplier). The PHA's HCV program utility allowances are never applicable to or used in the DHAP monthly rent subsidy calculation.

The family may rent a unit that is furnished. The rent subsidy calculation in such a case remains the same and the resulting subsidy amount is neither subsequently reduced nor increased because the unit is furnished.

*Applicable FMR/Payment Standard*

The applicable FMR/payment standard is the lesser of:

- (1) the FMR/payment standard for the bedroom size for which the family qualifies for under the PHA subsidy standards for the housing choice voucher program (family unit size); or

(2) the FMR/payment standard for the bedroom size of the actual unit leased.

The family may select a unit where the monthly rent exceeds the applicable FMR/payment standard. The family is also not restricted from leasing a unit where the number of bedrooms exceeds the bedroom size for which the family qualifies under the PHA subsidy standards. However, the family is responsible for any portion of the rent that as a result of selecting such unit is not covered by the monthly rent subsidy. The family pays its share of the rent directly to the owner. As noted earlier, the family also pays any tenant-supplied utilities directly to the utility supplier.

If the monthly rent does not exceed the applicable FMR/payment standard, there is no family contribution to the rent until such time that the incremental rent transition requirement is in effect. (Note that with respect to a FEMA rental assistance family that leases in-place, there is also no family contribution to the rent as long as the monthly rent does not exceed the amount of monthly FEMA rental assistance that the family was receiving immediately prior to the family's transition to DHAP, until such time that the incremental rent transition requirement is in effect.)

If the applicable FMR/payment standard decreases during the term of the DRSC, the decreased FMR/payment standard amount is not applied to the family's subsidy calculation during the term of the DRSC.

If the applicable FMR/payment standard increases during the term of the DRSC, the increased FMR/payment standard amount shall be used to calculate the monthly rent subsidy payment on the first 12 month anniversary date of the DRSC on or after the effective date of such increase in the FMR/payment standard.

Effective March 1, 2008, the amount of the monthly rent subsidy for all families must be adjusted in accordance with the incremental rent transition requirement described in section h below.

h. Incremental Rent Transition

On March 1, 2008, families participating in the DHAP will be required to pay a portion of the rent (in addition to any existing family share in cases where the monthly rent already exceeds the monthly rent subsidy) in preparation towards self-sufficiency when the DHAP ends on March 1, 2009. PHAs will implement the incremental rent transition by reducing the rental subsidy payment by \$50 for the March 2008 rent subsidy payment. This reduction shall be incrementally increased by an additional \$50 each month thereafter until the family's participation in DHAP ends (e.g., the rent subsidy amount equals \$0) or the program ends as of March 1, 2009, whichever comes first.

For example, if the PHA is paying \$800 on behalf of a participating family on February 1, 2008, on March 1, 2008, the new subsidy payment will be \$750 and the family is

responsible for the \$50 difference. On April 1, the subsidy the PHA will pay the owner on behalf of the family would be \$700 with the family responsible for the \$100 difference.

The PHA must provide a reminder notice during the month of January 2008 to both DHAP participants and owners that the incremental rent transition goes into effect effective March 1, 2008.

This cumulative incremental rent contribution will also be applied to families admitted to the DHAP after March 1, 2008. For example, a family that leases a unit under the DHAP effective April 1, 2008, would be required to contribute \$100 towards the rent (in addition to the family's share of the rent in cases where the rent to owner already exceeds the monthly rent subsidy prior to the application of the incremental rent transition requirement).

A family may request that the PHA grant an exception to the incremental rent transition policy on the basis of economic hardship. In order to be eligible for a hardship exception, the family must have complied with all case management services requirements and must demonstrate that the applicable incremental rent transition amount will exceed 30 percent of the family's gross monthly income. The 30 percent threshold only concerns the amount the family is required to pay as the result of the rent transition requirement and does not take into consideration any amount the family pays because the monthly rent exceeds the monthly rent subsidy prior to the application of the incremental rent transition requirement. The family must provide any information required by the PHA to determine and verify the hardship exception and any information supplied by the family must be true and complete. A PHA must make families aware of the hardship exception during the family briefing and establish policies that describe what information will be considered in making a determination of whether to grant an exception.

If the PHA determines that a hardship exception is warranted, the PHA will essentially freeze the amount of the subsidy reduction at such point that any further increase would result in the subsidy reduction exceeding 30 percent of the family's gross monthly income. Should the family's income subsequently increase, the family must report the increase in income and the PHA must determine whether the family still qualifies for a hardship exception and, if the subsidy reduction needs to be adjusted in light of the increase in family income.

If a family requests and is approved for a hardship exception, the family must sign a certification that certifies the family will promptly report any future increase in income to the PHA and that the family understands failure to report an increase in income is grounds for termination from the DHAP. The case manager must review the family's situation and determine if certain case management services, such as services designed to help increase income or identify non-disaster supported affordable housing options that may be available in the community, must be intensified to assist the family.

i. Ineligible Units and Prohibition Against Other Subsidy

The following types of housing may not be leased under the DHAP:

- A public housing unit or Indian housing unit
- A unit receiving assistance under section 8 of the 1937 Act
- Nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services
- College or other school dormitories
- Units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions
- A unit occupied by its owner or by a person with interest in the unit
- A FEMA provided temporary or permanent housing unit
- A HUD Real Estate Owned (REO) property

In addition, the family may not receive the benefit of DHAP rent subsidy while receiving the benefit of other forms of housing subsidy, for the same unit or for a different unit, described in 24 CFR 982.352(c). This prohibition extends to other housing assistance provided by FEMA and HUD's Disaster Voucher (DVP) program.

j. Disaster Rent Subsidy Contract

Under the DRSC, the PHA will pay the owner the monthly rent subsidy payment in accordance with the contract. The owner is responsible for performing all of the owner's obligations under the DRSC.

The owner is responsible for the screening and selection of the family to occupy the owner's unit. The PHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy. The owner is responsible for ensuring that all screening takes place in accordance with the non-discrimination requirements of the Fair Housing Act and any state and local non-discrimination requirements. This includes allowing a person with disabilities to make reasonable modifications at their own expense to the unit to render the unit accessible.

The term of the DRSC begins on the date specified in the contract. The PHA may terminate the DRSC in accordance with the terms of the contract. The PHA must record the family unit information in the Disaster Information System once a DRSC is executed with the owner.

The PHA must use best efforts to execute the DRSC before the effective date of the approved DHAP tenancy. However, the PHA may execute the DRSC contract up to 30 calendar days after approving the DHAP tenancy if warranted by individual circumstances.

The DRSC terminates if any of the following occurs:

- (1) The lease is terminated by the owner or the tenant;
- (2) The PHA terminates the DRSC;
- (3) The PHA terminates assistance for the family for violating the family obligations under section n; or
- (4) The family vacates the unit.

The DRSC automatically terminates as of March 1, 2009, or at such time that the subsidy paid on behalf of the family equals zero, which ever comes first.

Rent subsidy payments shall only be paid to the owner while the family is residing in the unit during the term of the contract. The owner must promptly notify the PHA if the family moves out. The PHA shall not pay a rent subsidy payment to the owner for any month after the month the family moves out.

k. Rent Reasonableness

When a family is initially requesting to lease a unit under DHAP, the PHA does not determine if the rent for the unit is reasonable in the following cases:

- (1) A FEMA rental assistance family is transitioning to DHAP by staying in-place.
- (2) A family is relocating from a FEMA provided temporary housing unit to the private rental market unit that FEMA has located for the family.

However, if the owner subsequently wishes to increase the rent in either case while the unit is under the DRSC, the PHA must determine that the proposed new rent is reasonable in accordance with this section. The PHA may not approve the rent increase if the resulting rent is not reasonable.

In all other cases, the PHA must determine that the rent is reasonable before approving the unit for leasing under the DHAP. If the rent for a unit is not reasonable, the unit is not eligible for DHAP assistance.

In order to be rent reasonable, the rent for the unit may not exceed the rent charged for:

1. comparable units in the private unassisted market; and
2. comparable unassisted units on the premises.

To make this determination, the PHA may consider a variety of market factors such as the location, quality, size, unit type, and age of the unit. Other examples of factors the PHA may consider include the length of the initial lease term, and any amenities, housing services, accessibility features for persons with disabilities, maintenance and utilities to be provided by the owner in accordance with the lease. For example, the fact that a unit is furnished is an amenity that would be taken into consideration when determining rent reasonableness.

As noted above, the PHA takes into consideration the cost of any utilities that are included in the rent and are the owner's responsibilities to pay for under the lease when determining rent reasonableness, even if the inclusion of such utilities in the rent is not a common practice in the market or by a particular landlord.

The PHA must also re-determine that the rent for the unit remains reasonable as a result of any proposed rent increase for a unit under a DRSC.

I. Housing Quality Standards

In order to be an eligible unit under DHAP, a unit must be decent, safe, and sanitary.

*Initial Inspection*

The PHA does not conduct a full Housing Quality Standards (HQS) inspection on a family's unit in the following cases:

- (1) A FEMA rental assistance family is transitioning to the DHAP by staying in-place in the FEMA rental assistance unit, and
- (2) A family is relocating from a FEMA provided temporary housing unit to the private rental market unit that FEMA has located for the family.

Instead, in accordance with the DRSC, the PHA must conduct a limited inspection either on or in a reasonable time (as determined by the PHA) after the effective date of the DRSC to ensure the unit's current condition does not contain any life-threatening deficiencies (as also determined by the PHA).

If the unit fails this limited inspection, the owner must correct the life-threatening deficiencies within 48 hours. The PHA must verify that the deficiencies have been corrected. If the corrections have not been made within the required 48 hour cure period, the PHA must immediately abate the monthly rental subsidy payment and provide housing search assistance to assist the family to lease another unit as soon as possible.

In all other cases, the unit must be initially inspected by the PHA and must meet the HQS before the PHA and owner may enter into the DRSC. The owner may not receive DHAP rent subsidy payments until the owner corrects any PHA-identified deficiencies and the PHA verifies that the unit meets HQS.

The HQS referred to above are the same HQS used by the PHA for the housing choice voucher program at 24 CFR 982.401 with the following exception. Section 982.401(d) provides each dwelling unit must have at least one bedroom or living/sleeping room for



each two persons. However, the PHA may grant an exception from this requirement on a case-by-case basis at the request of the family. The PHA may take the limited duration of DHAP assistance into consideration in making such a determination. The PHA must record any such HQS exception for the unit and must maintain a record of the exception.

Any HQS acceptability criteria variations approved by HUD under 982.401(a)(4) for the PHA's housing choice voucher program are also applicable to units leased under DHAP. The PHA must notify the owner of any defects shown by any HQS inspection and notify the owner of the date by which the defect must be corrected.

#### *Subsequent Inspections*

Once the PHA has fulfilled the initial inspection requirements for a unit described above, the PHA is not required to conduct further inspections of the unit on a periodic or annual basis since DHAP is only a temporary housing program. However, the owner is required to maintain the unit in accordance with HQS. The PHA may, at any time as needed, inspect a unit under a DRSC to determine if the unit currently meets the HQS requirements. In determining whether an inspection is needed, the PHA may consider family complaints and any other information brought to the attention of the PHA.

If a unit fails an HQS inspection and the owner fails to correct the defect within the period specified by the PHA, the PHA shall abate the monthly rental subsidy payment and provide housing search assistance to assist the family to lease another unit. Under no circumstances may the owner receive DHAP rent subsidy payments until the owner corrects any PHA-identified deficiencies and the PHA verifies that the deficiencies have been corrected.

DHAP requirements do not create any right of the family, or any party other than HUD or the PHA, to require enforcement requirements by HUD or the PHA, or to assert any claim against HUD or the PHA, for damages, injunction or other relief, for alleged failure to enforce the HQS.

#### m. PHA Case Management

During the time the family is assisted under DHAP, each family will participate in case management services provided by the PHA. Case management services are required as part of the DHAP. PHAs will report case management outputs and resident outcomes through a HUD web-based tracking system. The system will track information such as the number of families being served and progress toward self-sufficiency goals. The web-based tracking system will be designed for use by case managers to input data as they work with families. This data will be compiled by the system to create a case management report for the PHA and HUD. Training and technical assistance on this system will be provided by HUD.

PHAs may choose to provide the case management services in-house or may contract with another entity to provide these services. The ratio of case managers to participants should not exceed 1:50. Regardless of the delivery option implemented by the PHA, the PHA is ultimately responsible for the provision of the case management services; reporting outputs and outcomes to HUD; and documenting that case management services are being provided to the family. If the PHA chooses to contract with another entity for the provision of case management, the Request for Proposals and contract must require the contractor to use the web-based tracking system provided by HUD and ensure that the reported data is valid.

Case management services must include a needs assessment and individual development plan (IDP) for each family. The assessment and IDP will guide the service provision to the family for the duration of the family's participation in DHAP. PHAs or their contractors are encouraged to assess if families are already receiving case management or other services and to coordinate efforts with these providers.

The objective of the case management program is greater self-sufficiency for participating families. In cases where families may continue to need rental assistance when DHAP ends, the case management service provider must help the family identify other non-disaster supported housing solutions.

n. Family Obligations

During the family briefing on DHAP, the PHA must provide the family with a list of the family obligations. The Applicant, Co-applicant or Head of Household must sign a copy of the obligations and certify that it understands that the PHA may terminate DHAP assistance for a family that does not comply with the family obligations. The PHA must retain the family certification for their records.

A family receiving assistance under DHAP must comply with all of the family obligations during their participation in the program. Any actions that occurred before the PHA briefed the family on DHAP and the family signed the certification are not grounds for termination from participation in the DHAP. The obligations of the family consist of the following:

- (1) The family must supply any information to the PHA that HUD requires for DHAP assistance. Any information supplied by the family must be true and complete.
- (2) The family may not commit any serious or repeated violation of the lease, such as damaging the unit or failing to pay their share of the rent in accordance with the lease.
- (3) During the term of the lease, the family must reside in the DHAP unit. The family must not sublease, let, assign the lease or transfer the unit. The family must not own or have any interest in the unit.

- (4) The family must notify the PHA before the family moves out of the unit or terminates the lease. If the family terminates the lease on notice to the owner, the family must give the PHA a copy of the notice of termination at the same time.
- (5) The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice.
- (6) The members of the family must not commit fraud, bribery, or criminal act in connection with DHAP.
- (7) The members of the family may not engage in drug-related criminal activity or violent criminal activity.
- (8) The family must participate in the required case management services provided by the PHA.
- (9) The family must comply with any additional requirements specified by HUD or FEMA.

The PHA may not add any other family obligations to the DHAP.

If the family is terminated from the DHAP for failing to comply with the family obligations, the family may not return to any FEMA subsidized housing option.

In determining if the family has failed to comply with the family obligation concerning participation in required case management services, the PHA shall consult with the family's case manager.

o. Termination of Assistance

The PHA may terminate DHAP assistance for a participating family that does not comply with the family obligations under section n. In order to terminate assistance because of noncompliance with DHAP family obligations, the PHA must provide the family with advance written notice of the termination action. The PHA must give the family an opportunity to request an informal hearing to consider whether the PHA decision is in accordance with DHAP requirements. If a hearing is requested by the family, the PHA must proceed with the hearing in a reasonably expeditious manner.

The informal hearing procedures used by the PHA are the same hearing procedures the PHA employs for its HCV program. The PHA must follow the procedures for conducting the hearing in accordance with the procedures in the PHA administrative plan for the HCV program and the program regulations at 24 CFR 982.555. If the family requests and receives an informal hearing, the PHA may not terminate the family's participation in the DHAP until the hearing officer has issued the written decision in accordance with 24 CFR 982.555(e)(6).

The PHA may impose, as a condition of continued assistance for certain family members, a requirement that other family members who participated in or were culpable for the

noncompliance with the DHAP family obligations will not reside in the unit. The PHA may permit other members of the family to continue to receive assistance in such a case.

The PHA must provide the family with a list of the family obligations when the PHA initially briefs the family on DHAP. The family must sign a copy of the obligations and certify that the family understands the PHA may terminate DHAP assistance for a family that does not comply with the family obligations. The PHA must retain the family certification for their records.

If the family's participation in DHAP is terminated, the PHA must record the end of participation in the DIS.

p. Subsequent Moves under DHAP

The family may request to move to a new unit with continued DHAP assistance if:

- (1) the lease has terminated (including lease terminations by mutual consent);
- (2) the owner has given the family a notice to vacate, has commenced an action to evict the family, or has obtained a court judgment or other process allowing the owner to evict the family; or
- (3) the family has given notice of lease termination if the family has a right to terminate the lease on notice to the owner.

Note that in the case where the owner has commenced an action to evict the family or has obtained a court judgment or other process allowing the owner to evict the family, the PHA may have grounds to terminate the family's participation in the DHAP if the cause of the eviction is the family's serious or repeated violation of the lease. If the PHA terminates the family's participation in the DHAP, the family may not choose to move to another unit with continued DHAP assistance or receive assistance under any FEMA housing program.

The family may move with continued DHAP assistance within the jurisdiction of the PHA administering the family's DHAP assistance. The PHA may limit the number of moves a family may make within the PHA jurisdiction. Any such limit does not apply to cases where the family must move because the owner is terminating the tenancy or the PHA is terminating the DRSC.

A family that is receiving assistance under DHAP may also make one move outside of the initial DHAP PHA's jurisdiction with continued DHAP assistance. It is anticipated that a family will usually exercise this option to either return to its pre-disaster home area or to an area where the family wishes to permanently reside at the end of DHAP.

Once the family has exercised its opportunity to move outside of the initial DHAP PHA's jurisdiction, the family may not move again between PHA jurisdictions with continued DHAP assistance.

In order to process a family's request to move outside of the PHA jurisdiction, the PHA initially providing DHAP assistance (initial DHAP PHA) to the family must contact the receiving DHAP PHA to notify them to expect the family. The initial DHAP PHA completes the portability move-out information in the DIS and approves the family's move.

The receiving DHAP PHA will access the incoming family's information through the DIS. HUD will provide funding for the DHAP subsidy directly to the receiving DHAP PHA on the basis of the portability information entered into the DIS.

A prorated share of the administrative fees and case management fees provided to the initial DHAP PHA for the family that is moving to another DHAP PHA jurisdiction will be transferred to the receiving DHAP PHA as part of this process. The proration of the fees is based on the number of months remaining from the time administrative responsibility for the family shifts to the receiving DHAP PHA until the DHAP ends. HUD will provide additional funding to the receiving DHAP PHA for the administrative fees and case management fees if the transferred amount is insufficient to fully fund the administrative fees and case management fees for which the receiving DHAP PHA qualifies in accordance with the fee structure under section d (e.g., the family is moving from a low cost to a high cost area).

q. End of the DHAP

DHAP assistance is temporary housing assistance. The DHAP terminates as of March 1, 2009. If the family's participation in the DHAP ends for any reason prior to the March 1, 2009 termination date of the program, the PHA must record the family's end of participation in the DIS.

r. Use of DHAP Funding, Program Accounts, and Records

DHAP funding may not be used for other activities or costs. DHAP funding remains separate and distinct from the PHA's regular voucher program and the DVP in terms of the source and use of the funding. The PHA is required to maintain records that allow for the easy identification of families assisted under DHAP, and must report monthly leasing and expenditure for such families separately from housing choice voucher and DVP families under the Voucher Management System (VMS). The PHA must maintain a separate HAP register for the DHAP to record and control assistance payments for rent subsidies.

PHAs are reminded that DHAP family information is reported to HUD through the DIS. **A PHA administering DHAP does not complete a HUD 50058 or enter any information on a DHAP family into the Public Housing Information Center (PIC) system.**

The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements and in a manner that permits a speedy and effective audit in accordance with OMB-Circular A-133. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must comply with the financial reporting requirements in 24 CFR part 5, subpart H.

The PHA must furnish to HUD accounts and other records, reports, documents and information, as required by HUD.

HUD, FEMA, and the Comptroller General of the United States shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are pertinent to the administration of the program, including the right to examine or audit the records, and to make copies. The PHA must grant such access to computerized or other electronic records, and to any computers, equipment or facilities containing such records, and shall provide any information or assistance needed to access the records.

During the term of each assisted lease, and for at least three years thereafter, the PHA must keep:

- (1) A copy of the executed lease;
- (2) The DRSC;
- (3) HUD-required reports;
- (4) Unit inspection reports;
- (5) Lead-based paint records as required by 24 CFR part 35, subpart B;
- (6) Accounts and other records supporting PHA budget and financial statements for the program;
- (7) Records to document the basis for PHA determination that the rent to owner is a reasonable rent in accordance with these operating requirements; and
- (8) Other records specified by HUD.

s. Disbursement of Funds

The timing of the disbursement of administrative fees, placement fees, and case management fees is covered in section d above.

All disbursements of funding advances for rent subsidy payments will be based on data entered by the PHA into the DIS. When the PHA accesses the family's record through the DIS to verify eligibility, this action prompts HUD to advance funding to cover the first month's rent subsidy payment. Once the PHAs enter family leasing and unit information into the DIS, HUD will begin providing subsequent monthly rent subsidy payments. On a monthly basis HUD will calculate the PHA's aggregate funding needs and compare it to funding previously provided. When actual leasing costs exceed

previous funding, additional funding will be advanced to the PHAs. On the other hand, if the funding provided exceeds actual leasing costs, future disbursements will be offset by the excess funds.

PHAs will not have to submit any type of budget or requisition for payment. Monthly funding will be automatically scheduled for payment on the first of the month. At that time, the PHA will receive an “Intent to Pay” notice that details scheduled payments.

t. Financial Reporting

The VMS data collection will be revised to capture DHAP units leased and actual rental subsidy costs. In order for HUD to track monthly leasing information, the PHA must enter actual costs for DHAP families in the VMS. PHAs must report in VMS the actual rental assistance costs and leasing for each month within the quarter. Submissions are due the last day of the month following the closing date of each quarter.

u. Program Close-Out

Upon conclusion of the PHA’s DHAP program, HUD will reconcile reported costs and leasing from the VMS and DHAP databases. Actual rent subsidy payments will be settled through VMS reporting. If the costs exceed the funding provided by HUD, a final underpayment will be processed. If the funding provided by HUD exceeds reconciled costs, the PHA will remit the overpayment to HUD.

5. Paperwork Reduction Act Requirements. The information collection requirements imposed by HUD in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2577-0169. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

6. Additional Information. Any questions related to this notice should be addressed to the Housing Voucher Management and Operations Division at (202) 708-0477.

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/s/  
Orlando J. Cabrera, Assistant Secretary  
for Public and Indian Housing