Housing Development Center

Regional Long-Term Rent Assistance Risk Mitigation Program Policies

Section A: Introduction and Guiding Principles

The Regional Long-term Rent Assistance (RLRA) program subsidizes monthly rents to make housing affordable for participating low-income tenants. There are two types of RLRA subsidies:

- Tenant-based RLRA provides eligible households with a voucher that they can use to rent housing in the private market.
- Project-based RLRA attaches the rental subsidy to a specific unit, often in an affordable housing building, which is then rented to an eligible household.

The RLRA program is administered by different agencies depending on the county where the rental property is located. Clackamas, Washington, and Multnomah County each have their own RLRA programs with separate RLRA Administrator agencies (usually the county's housing authority) that manage the program in accordance with regionally consistent guidelines.

Each type of RLRA involves a different type of contract between the landlord (Participating Owner or their representative) and RLRA Administrator:

- Landlords leasing to tenant-based RLRA voucher holders sign an *Agreement for Rent Assistance* with the RLRA Administrator. Under the agreement, the RLRA Administrator commits to pay a portion of the voucher holder's monthly rent directly to the landlord.
- Housing owners participating in the project-based RLRA program sign a *Regional Housing Assistance Payments Contract* with the RLRA Administrator designating specific units as RLRA contract units for a term of 1-20 years. Under the contract, the owner commits to rent the RLRA units to eligible households and the RLRA Administrator commits to pay a portion of the monthly rent for those units directly to the owner.

All RLRA landlords will be provided access to a Risk Mitigation Program (RMP) that will cover costs incurred by participating landlords related to unit repair, legal action, and limited uncollected rents that are the responsibility of the tenant and in excess of any deposit as part of the RLRA Regional Landlord Guarantee.

Section B: Program Policies

I. USES/ LIMITS OF THE RMP

Each County's RMP is funded by that county and administered by the Housing Development Center (HDC), a not-for-profit entity, in alignment across the three counties.

The RMP may be used to reimburse Participating Owners for:

- Costs to repair physical damages beyond normal wear and tear.
- Extraordinary operating costs or rental losses.
- Other costs determined eligible by the county's designated program manager.

The RMP is intended to reimburse Participating Owners for extraordinary expenses not covered by security deposits, insurance payments, or other forms of reimbursement (including the repairs reimbursement available to landlords who sign the RLRA Supportive Services Partnership Agreement). Claimants are required to deduct payments from other sources before submitting their claim.

<u>Claim limits for tenant-based RLRA units</u>
The maximum claim limit for tenant-based RLRA is $5,000 per household for the duration of the tenancy. Multiple claims can be filed for the same household over the course of the tenancy as long as the cumulative total of all claims does not exceed the $5,000 limit. If there is physical damage to multiple units, including non-RLRA units, as a result of actions of an RLRA participant (such as fire or water damage to surrounding units), the total claim limit is the maximum limit per household multiplied by the number of units impacted, up to 5 total units ($25,000).

<u>Lifetime claim limit for tenant-based RLRA units</u>
There is no lifetime limit for tenant-based RLRA. The claim limit resets with each new unit tenancy. Lease renewal does not reset the claim limit.

<u>Claim limits for project-based RLRA units</u>
The maximum claim limit is indicated in the following schedule. If there is physical damage to multiple units, including non-RLRA units, as a result of actions of an RLRA client (such as fire or water damage to surrounding units), the total claim limit is the maximum per unit (from the schedule below) for each of the units impacted, up to 5 total units.

Project-based RLRA claim limit table

- SRO units $10,500
- Studio units $12,600
- One-bedroom units $14,000
- Two-bedroom units $20,300
- Three-bedroom units $25,000
- Four-bedroom units & up $30,000

<u>Lifetime limit for project-based RLRA</u>
Project-based RLRA properties have a lifetime limit that is the cumulative amount determined by multiplying the number of eligible RLRA units by the amounts in the *project-based RLRA claim limit table*. The lifetime limit is a cumulative limit for the property over the duration of the program. Exceptions to this lifetime limit may be requested by the Participating Owner and will be reviewed by the program manager for that county.

Claim limits for both tenant and project-based RLRA will be reviewed by the RMP Advisory Committee each year. The committee may recommend limit changes to the three counties based on program data, the Consumer Price Index (CPI), or other determining factors. These claim limit changes will be subject to approval from the three counties prior to implementation by HDC.

II. SUMMARY OF PROGRAM

HDC will administer the RMP, will have lead responsibility for the program, and process claims. The RMP will reimburse Participating Owners for eligible financial losses caused to RLRA units through a claims process.

III. ROLES

A. Participating Owners

For tenant-based RLRA units:

All property owners leasing to tenant-based RLRA voucher holders will be covered by the RMP for that unit.

For project-based RLRA units:

All property owners with designated project-based RLRA units will be covered by the RMP for the designated units.

B. RMP Advisory Committee

The RMP Advisory Committee is comprised of 4-10 members who have experience in providing homeless services, affordable housing ownership, property management, and/or lived experience of homelessness. The RMP Advisory Committee is not a Metro or SHS advisory body but will share many of the same values.

HDC will be responsible for the selection of committee members. All Participating Owners will be encouraged to attend committee meetings and/or to join the committee.

Committee membership will prioritize:

- People from Black, Indigenous and people of color and other marginalized communities.
- People with lived experience of homelessness and/or extreme poverty.
- Representation ensuring geographic diversity, ensuring that there is at least one member of the committee who lives or works in each of the three counties.

HDC will work with the committee to develop a charter as well as provide ongoing staffing and logistical support for the committee.

The RMP Advisory Committee will be charged with providing recommendations on how the RMP can best mitigate financial risks associated with renting to RLRA voucher holders or owning units with project-based RLRA vouchers. The RMP Advisory Committee makes recommendations regarding the RMP to the three counties and is supported by HDC. The RMP Advisory Committee will make recommendations on a program level and will not have authority to make recommendations on any individual claim. Therefore, it is reasonable and likely that membership will include owners or managers of properties covered by the RMP.

C. Housing Development Center (HDC)

HDC will provide administrative services for the RMP through separate but similar contracts with each of the three counties: Clackamas, Washington, and Multnomah. HDC will be responsible for program operations, claims processing, fiscal management of the program, and reporting. Additionally, HDC will staff the RMP Advisory Committee and facilitate trainings and work sessions for Participating Owners. HDC is charged with establishing and implementing procedures that are fair and equitable, easy to use, cost efficient, and ensure coverage for all of the RLRA units. HDC will have written procedures approved by the three counties and will provide annual written reports to the three counties and the RMP Advisory Committee.

D. Clackamas, Washington, and Multnomah County

The three counties, in alignment, will set policies for the RMP and will review and approve/deny RMP Advisory Committee recommendations regarding changes to the RMP policies. Each county will manage their own RMP contract with HDC, notify HDC of their designated program manager for the county, determine which RLRA units are covered by the RMP in their respective county, and will review HDC's reports. Each county will fund their portion of the regionally aligned RMP according to the terms of their contract with HDC.

Section C: Claims and Procedures

I. CLAIM TYPES

There are two types of claims for the RMP: physical and operational.

B. Physical Claims

Claims for excessive physical damage to an RLRA unit, or affecting the building as a whole, caused by an eligible household.

All unit turnovers require a certain amount of repair for normal wear and tear that would not be covered by the RMP. RMP claims should be reserved for excessive physical damages and funds received from security deposits, insurance payments, or other forms of assistance will be deducted from the eligible claim amount.

1. Physical claims could include the following:
    a. Excessive cleaning.
    b. Debris removal.
    c. Extermination.
    d. Repair of doors, walls, cabinetry.
    e. Other damages exceeding those normally experienced.
    f. An administrative fee for supervision of repairs up to 5% of the amount of the qualifying physical repairs.
    g. Damage to common areas by an RLRA tenant, household member, or guest may qualify.
    h. Damages to up to five (5) total units, including RLRA and non-RLRA units, as a result of the actions of an RLRA household or guest of an RLRA household from situations such as fire or water damage.

2. Physical claims do not include the following:
    a. Normal wear and tear including, but not limited to, minor carpet repairs.
    b. Normal turnover costs including, but not limited to, cleaning and painting costs.

C. Operational Claims

Operational claims are related to excessive operating losses including claims for a limited amount of lost rent revenues.

1. Claims for excessive operational expenses could include:
    a. Legal fees associated with an RLRA household for a violation of lease or state law may be claimed. If claiming legal fees, the Claimant must submit a detailed description and documentation of the preemptive steps taken to resolve the situation and avoid legal proceedings. Preemptive steps must include multiple attempts to engage with the tenant and service provider, if applicable. Claims involving legal fees may be denied based on a lack of good faith efforts or insufficient supporting documentation by the Claimant to resolve the situation and avoid legal proceedings or eviction.
    b. Relocation expenses, including moving a tenant's belongings, are eligible when the move is necessary to protect the property, staff, or other tenants from physical harm.
    c. Rent, late fees, or lease break fees that are owed by an RLRA household but not collected, not to exceed 90 days.
    d. Lost rental income based on RLRA type:

        Tenant-based: Loss of rental income during the time required for repairs.

Project-based: Rent during vacant turnover time when that period exceeds 60 days or holding units for RLRA qualified tenants beyond 60 days.

e. Other unpaid tenant charges such as utilities may be included.

2. Claims not eligible for reimbursement include:
   a. Any increase in insurance premiums.
   b. Claims for supportive services.
   c. Lost rent during initial lease-up period.

D. Security Deposits, Insurance, and Other Adjustments

The paid claim amount will be reduced by any and all amounts paid from these sources:

1. Security deposits.
2. Insurance claims (property or renter's insurance).
3. Collections.
4. Repair reimbursement available to Participating Owners who sign the RLRA Supportive Services Partnership Agreement at move in.
5. Any other form of assistance.

The RMP is not meant to be a replacement for insurance or filing an insurance claim. If the Claimant is filing an RMP claim greater than $10,000 and choosing not to file an insurance claim, HDC may elect to (1) pay the eligible claim; (2) reduce the claim to the amount of the Claimant's insurance deductible; or (3) deny the claim in its entirety.

Any amount paid to the Claimant from the RMP must be reduced from the amount owed by the RLRA household involved in the claim.

II. CLAIMS PROCESS REQUIREMENTS

HDC will design and implement a claims process and all forms used in filing claims, appeals and for documentation purposes. The claims process and forms will be approved by each county prior to use. HDC will allow claims to be filed through multiple methods including via their website. Internal processes and forms may differ between the counties; however, the claims process for Claimants will be in alignment across the three counties according to the following guidelines.

A. Certification of Units

The RMP can be used only for RLRA voucher units qualified by one of the three counties. HDC, with support from each county, is responsible for confirming units are covered by the RMP and households are qualified for the RLRA program before making a claim determination.

1. For tenant-based RLRA, HDC will confirm that units are housing RLRA households by requesting a copy of the *Agreement for Rent Assistance* for the unit/household from the Claimant.
2. For project-based RLRA, HDC will maintain a database of projects and units in the RLRA program. The counties will provide HDC copies of the *Regional Housing Assistance Payments Contracts* when they are signed for new projects, and will update HDC annually, or as needed.
3. For project-based RLRA properties that have a mix of RLRA and non-RLRA units, unit verification may be needed.

B. Filing a Claim

Claim requests must be submitted by the Claimant following the claims process determined by HDC. Claimants will be required to initiate the claims process by submitting a claim form within 12 months of the date of the incident, or the date of the landlord inspection, if the tenant has not made the landlord aware of damages. Any claim not submitted within 12 months of the date of the incident, or the date the incident could have reasonably been discovered in the exercise of reasonable care, will be denied in its entirety. HDC will design all claim forms and will make forms available to Claimants on the HDC website, by email, or by mail, upon request.

The claim form and supporting documentation will be designed to gather the following information for claim determination:

1. For all types of claims:
   a. Claimant.
   b. Project name and address.
   c. Unit number and residing household.
   d. Statement that the unit is being used as an RLRA unit.
   e. Claim amount requested.
   f. Type of claim (could be more than one for a single unit/incident).
   g. Reductions for reimbursement from other sources including security deposits, insurance, collected rent for period, or other programs, etc.
   h. Explanation of reason for claim request and a self-certification that all costs are actual costs and not being reimbursed from other sources.
   i. If claim is approved, designation for the payee.

2. For physical damage claims only:
   a. Physical damage itemization, or a comparable form and attach a description, work order or contract, of the proposed repairs.
   b. HDC may conduct an inspection of physical damage, if photos provided are not sufficient, for determination.
   c. HDC will use the property manager's documentation for security deposits as a way of determining when repairs are beyond normal wear-and-tear.

   d. Five percent of the construction costs is allowed as an additional administrative fee for supervising the repairs.

3. For operational loss claims only:
   a. Operational damage itemization, or comparable form and attach a brief explanation of what occurred and what actions the owner and/or manager took to limit losses.
   b. Owners must attach the property manager's documentation used to make claims against security deposits.

Once a claim is initiated, HDC will review the documentation received and will make requests for additional documentation or information, as needed, for determination. Claimants may request an extension from HDC, for an additional 12 months, to fulfill all documentation requests requested by HDC if the claim was initiated within 12 months of the incident or inspection. A complete claim submission will include a complete claim form, all required supporting documentation requested by HDC, and responses to all HDC questions regarding the claim.

C. Claim Verification

Complete claim submissions will be reviewed by the HDC Asset Management staff. HDC will verify each of the following:

1. The unit is eligible for the RMP.
2. The application is complete.
3. Physical and operational losses have supporting documents to substantiate expenses.
4. The eligible claim amount and cost reasonableness of the claim.

D. Claim Decision and Disbursement of Funds

HDC will notify the Claimant of the approval/denial of the claim within ten business days of determination. HDC will include information regarding the appeals process in all claim notifications. Notifications for claim approvals will also include the determined eligible claim amount and payment timeline. Following the approval of a claim, HDC will pay the Claimant directly within 120 days of approval. HDC will not be responsible for paying claim amounts to Claimants if payment has not been received from the County.

E. Appeals

Claimants may file an appeal through the appeals process determined by HDC. Claimants filing an appeal will be notified by HDC within ten business days of a final decision. HDC may consult with the involved County's designated program manager and the County may grant exceptions to the policy if doing so is determined to be in the best interest of the relevant County's RLRA program.