



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

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 2008-38 (HA)

Issued: October 14, 2008

Expires: October 31, 2009

Cross References:

Subject: Disaster Housing Assistance Program - Ike (DHAP-Ike) Operating Requirements

1. Purpose.

These operating requirements set forth the policies and procedures for the Disaster Housing Assistance Program-Ike (DHAP-Ike). DHAP-Ike is a HUD-FEMA initiative to provide monthly rental assistance, case management services, security deposit and utility deposit assistance for certain families displaced from their homes by Hurricanes Ike or Gustav.

DHAP-Ike has been modeled after the current Disaster Housing Assistance Program (DHAP) for families displaced by Hurricanes Katrina and Rita that is administered by HUD's network of public housing agencies (PHAs). PHAs that agree to administer DHAP-Ike must do so in accordance with these requirements and any subsequent HUD directives and guidance for the program.

2. Background.

In August and September, 2008, Hurricanes Ike and Gustav struck the United States, causing catastrophic damage to property, loss of life, and the displacement of tens of thousands of individuals from their homes and communities. On September 23, 2008, HUD and FEMA executed an Interagency Agreement (IAA) under which HUD shall act as the servicing agency of DHAP-Ike and will begin administration of the program effective November 1, 2008.

HUD will once again utilize its existing network of local PHAs to administer tenant-based rental assistance and provide case management services to impacted families under DHAP-Ike. PHAs administer the Housing Choice Voucher (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 the DHAP, the Disaster Voucher Program (DVP) and the Katrina Disaster Housing Assistance Program (KDHP), PHAs are experienced in working with significant numbers of families that have been displaced by disasters.

Pursuant to FEMA's grant authority, grants will be provided to local PHAs to administer DHAP-Ike on behalf of FEMA. PHAs will make rental assistance payments on behalf of eligible families to participating landlords for a period not to exceed 17 months commencing November 1, 2008 and ending no later than March 2010.

3. General Overview

DHAP-Ike provides monthly rent subsidies, security deposit assistance, and utility deposit assistance to assist eligible families displaced by Hurricane s Ike or Gustav. In general, PHAs that currently administer DHAP will be designated by HUD to administer DHAP-Ike in their jurisdiction. If the PHA is willing to administer the program, these PHAs will enter into Grant Agreements with FEMA to administer DHAP-Ike. Rental assistance payments for the initial phase of referred families will commence no earlier than November 1, 2008. However, a PHA administering DHAP-Ike will commence pre-transitional activities for the first group of families transitioning to DHAP-Ike once DHAP-Ike Grant Agreement is executed and families are referred to the PHA. FEMA will continue to provide housing assistance for a DHAP-Ike eligible family until the family is placed under a DHAP-Ike Disaster Rent Subsidy Contract (DRSC), but no later than May 1, 2009.

To be eligible for DHAP-Ike, the family must have been displaced by Hurricane s Ike or Gustav and referred to HUD by FEMA. FEMA is solely responsible for determining if the family is initially eligible to receive assistance under DHAP-Ike. The PHA verifies that a family has been determined eligible for DHAP-Ike by FEMA through HUD's web-based Disaster Information System (DIS). Initially there are no income eligibility requirements for DHAP-Ike assistance. However, only families with housing costs that exceed 30 percent of the family's monthly income are eligible for continued DHAP-Ike rental assistance and case management services after the earlier of July 31, 2009, or six months following the effective date of the initial DRSC executed on behalf of the family.

Under DHAP-Ike, the PHA assumes responsibility not only to provide a monthly rent subsidy on behalf of the family but also to actively assist the family in locating an eligible unit. The PHA will receive a one-time placement fee of \$1000 for successfully placing the family under a DRSC in addition to on-going administrative services fees. PHA responsibilities under DHAP also include calculating the monthly rent subsidy and making monthly rent subsidy payments on behalf of participating families; performing unit inspections; applying appropriate subsidy standards for families; entering data into DIS in a timely fashion; providing case management services; entering case management data into the Tracking At A Glance (TAAG) system; and determining rent reasonableness

for certain units. The PHA is also responsible for terminating the family's participation in DHAP-Ike if the family fails to comply with the family obligations of the program or is no longer eligible for continued assistance, as well as resolving any appeals of that determination.

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 housing voucher program for the area in which the family's unit is located. In no case may the monthly rent subsidy exceed the rent charged by the owner under the lease.

A family may rent a unit under DHAP-Ike 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-Ike is a temporary housing assistance program that terminates as of March 2010. In order to prepare the family for this eventuality, case management services are provided for the entire duration of DHAP-Ike. These case management services (as defined in the Case Management Operating Requirements for DHAP-Ike) include assisting participants to identify non-disaster supported housing solutions such as other affordable housing options that may be available for income eligible families. PHAs are responsible for the provision of case management services to the families.

In addition, beginning on May 1, 2009, families will be required to pay a portion of the 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, except for families that qualify for an exception on the basis of economic hardship as defined by HUD. 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-Ike.

4. Operating Requirements.

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

- a. Family Eligibility
- b. Database of Eligible DHAP-Ike Families
- c. DHAP-Ike Participating PHAs
- d. DHAP-Ike Fees
- e. Family Referral and Intake Process
- f. Security Deposit and Utility Deposit Assistance
- g. Owner Lease and DHAP-Ike Lease Addendum
- h. DHAP-Ike Monthly Rent Subsidy
- i. Incremental Rent Transition
- j. Ineligible Units and Prohibition Against Other Subsidy

- k. Disaster Rent Subsidy Contract
- l. Rent Reasonableness
- m. Housing Quality Standards
- n. PHA Case Management
- o. Family Obligations
- p. Re-Occupancy for HUD-Assisted Families
- q. Eligibility for Continued Assistance
- r. Termination of Assistance
- s. Subsequent Moves under DHAP-Ike
- t. End of DHAP-Ike
- u. Use of DHAP-Ike Funding, Program Accounts and Records
- v. Disbursement of Funds
- w. Financial Reporting
- x. Program Close-Out

a. Family Eligibility

The determination of whether the family is eligible to be admitted to DHAP-Ike is solely the responsibility of FEMA, not the PHA. The PHA does not determine the family's initial eligibility to receive DHAP-Ike assistance or screen the family for admittance to the program. DHAP-Ike assistance is provided for families that were displaced by Hurricanes Ike and Gustav and as a result have been determined by FEMA to meet FEMA's eligibility requirements for rental assistance as a result of the disaster. If FEMA determines that a family is ineligible, FEMA will be responsible for the eligibility appeal process. If the PHA determines that a family is subsequently ineligible for continued assistance, the PHA is responsible for any resulting appeal process.

The PHA will access the DIS to verify the family's eligibility status (see section 4.b below). A family that is not in DIS and contacts the PHA must be referred by the PHA to FEMA at the following telephone number: 1-800-621-FEMA (3362).

The following categories of families may be eligible for DHAP-Ike assistance, based on FEMA's eligibility determination process:

- 1) Previously HUD-assisted families that cannot return to their HUD-assisted unit by November 1, 2008;
- 2) DHAP families displaced from their units; and
- 3) Previously unassisted families and individuals referred to DHAP-Ike by FEMA.

A previously HUD-assisted family is a family who, immediately prior to the evacuation, must have either:

- 1) Resided in a HUD-assisted dwelling unit; or
- 2) Received rental or facility based assistance through a Special Needs Housing

program (Supportive Housing Program (SHP-PH), Shelter Plus Care (S+C), or Housing Opportunities for Persons with AIDS (HOPWA)).

A HUD-assisted dwelling unit is defined as a unit receiving a rental subsidy under one of the following HUD-assisted rental programs: DVP, rental public housing; units receiving project-based Section 8 assistance (including SRO moderate rehabilitation projects, moderate rehabilitation projects, and units receiving project-based voucher or project-based certificate assistance); rental Indian housing; Section 202 housing; Section 811 housing; Section 236 housing; units in FHA-insured and non-insured projects with RAP assistance or Rent Supplement assistance; Section 221(d)(3) BMIR housing; and non-insured Section 236(b) housing.

Note that unlike KDHAP and DVP, regular tenant-based voucher families are not eligible for DHAP-Ike. Tenant-based voucher participants displaced from their communities beyond the short-term by Hurricanes Ike and Gustav will receive housing assistance under the regular voucher program through the existing portability feature of that program. If the disaster-impacted PHA does not have sufficient HCV funding to cover the housing assistance payments costs of displaced voucher families moving under the portability procedures as a result of higher costs in other jurisdictions, the PHA should contact HUD for assistance.

b. Database of Eligible DHAP-Ike Families

FEMA will determine family eligibility for DHAP-Ike and will provide that information to HUD. HUD then will add these families to the DIS as Hurricane-Ike eligible families.

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, and which HUD subsequently provides to FEMA on a monthly basis once the family is placed under a DRSC and starts receiving DHAP-Ike assistance.

Initially, the vast majority of DHAP-Ike families are expected to transition to DHAP-Ike from emergency housing arrangements such as hotels or shelters. These families are not pre-assigned by HUD to a specific PHA in DIS by virtue of their current location. Instead, the family will be assigned to the appropriate PHA at such time that the family indicates where it wishes to receive DHAP-Ike assistance.

FEMA will also refer families to DHAP-Ike that are receiving FEMA rental assistance (either directly from FEMA or where FEMA or a FEMA contractor is making payments directly to the landlord on behalf of the assisted family) under FEMA's Individuals and Households Program (IHP). In those circumstances HUD will pre-assign the family to a specific PHA based on the physical location of the family's FEMA-assisted unit (and the referral/intake process is the same as the existing DHAP – Phases 1 and 2). The family referral and intake process is described in detail in section 4.e below.

c. DHAP-Ike Participating PHAs

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

- 1) The PHA has previous experience in administering the DHAP.
- 2) The PHA did not administer the DHAP but currently administers a housing choice voucher program.
- 3) There are DHAP-Ike eligible families currently residing in the PHA jurisdiction or DHAP-Ike eligible families have indicated or are anticipated to indicate they wish to receive DHAP-Ike assistance within the PHA jurisdiction.
- 4) The PHA has the administrative capacity to assume administrative responsibility for DHAP-Ike, 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-Ike for the area in question.

If the PHA agrees to administer DHAP-Ike, the PHA enters into a DHAP-Ike 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 DHAP-Ike, HUD will identify an alternative PHA to administer DHAP-Ike assistance.

HUD is committed to affirmatively furthering fair housing under DHAP-Ike. 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.

In order to facilitate the timely implementation and operation of DHAP-Ike, the Office of Management and Budget (OMB) is waiving certain Federal requirements related to PHA contracting and procurement actions for the administration of DHAP-Ike. Additional guidance will be issued on this subject separately.

d. DHAP-Ike Fees

PHAs will receive fees for administering DHAP-Ike that include a placement fee, case management fees, and administrative services fees for each family. The chart below illustrates the payment and type of administrative fees a PHA will receive as DHAP-Ike administrators.

DHAP Administrative Activities	What services does a PHA perform to receive this Fee?	When are funds received?	Amount?
Case Management	See section n	At the time the family is assigned by HUD to the PHA or ports to the PHA	\$100/month times the number of families receiving case management services
One-time Placement Fee	Family is placed under a Disaster Rent Subsidy Contract (DRSC) or placed in permanent affordable housing unit	At the time the family is initially placed under a DRSC or in permanent affordable housing	\$1000
Administrative Services	On-going PHA responsibilities (e.g., rent reasonableness, HQS, rent transition)	Initial Fee of \$1000 based on final PHA assignment, paid in three installments commencing on final assignment date, subsequent payments on a monthly basis commencing August 1, 2009 based on number of families under DRSC	\$1000 to cover the period from initial assignment through July 2009, 14% of initial DHAP rent subsidy payment for each month family under DRSC thereafter

The PHA receives a flat administrative services fee of \$1,000 to cover the period commencing when the family is assigned to the PHA through July 2009, unless the family is either reassigned to another PHA or ports to another PHA (see section 4.4 below) before August 1, 2009, in which case the fee is prorated. The amount of the

proration of the initial \$1,000 administrative services fee that will be provided to the new PHA is calculated by multiplying \$100 by the number of months remaining from the time administrative responsibility for the family shifts to the new PHA (either through reassignment or portability) until August 2009. (Note that this is separate from and in addition to the one-time placement fee the PHA earns when the family is initially placed under a DRSC.) Commencing August 1, 2009, the administrative services fee is only paid to the PHA if the family is under a DRSC. The monthly administrative services fee for the family under a DRSC is based on 14 percent of the initial rent subsidy payment paid by the PHA on behalf of the family.

The PHA earns the one-time placement fee when either (1) the family is placed under a DRSC or (2) the PHA succeeds in assisting DHAP-Ike eligible family in finding permanent housing in lieu of DHAP-Ike rent subsidy assistance.

For example, if the family is housed through the PHA's voucher program or public housing program instead of receiving DHAP-Ike rent subsidy assistance, the PHA will receive the \$1,000 one-time placement fee. The PHA does not earn the one-time placement fee until the family is actually housed. For example, if a family is to be assisted through admittance to the PHA's housing choice voucher program, the PHA would not qualify for the placement fee until the family's unit is under an actual voucher housing assistance payment (HAP) contract.

The PHA reports the placement of the family into permanent housing in DIS. By entering this information in DIS, the PHA is certifying that the family has been permanently housed and the PHA qualifies for the placement fee as a result. The actual amount of the \$1,000 placement fee for these families will be settled through DIS reporting.

The PHA may only receive a single one-time placement fee per family. For instance, the PHA has already received the one-time placement fee for a family when it executes a DRSC on behalf of the family and does not receive an additional placement fee if the family subsequently leaves DHAP-Ike for permanent housing.

DIS data will be used by HUD to fund and reconcile case management fees and placement fees on a quarterly basis. In addition, beginning August 1, 2009, administrative services fee funding will be advanced to PHAs and reconciled on a quarterly basis based on the actual number of families under a DRSC. At the beginning of each sequential quarter, the previous quarter's advance will be compared to the actual leasing. If actual leasing exceeds the previous leasing upon which the advance funding was based, additional funding will be provided to the PHAs. On the other hand, if the funding provided exceeds actual leasing, future disbursements will be offset by the excess funds. A final reconciliation will be completed as part of the program close-out.

Note: DHAP-Ike Fees (those DHAP-Ike 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-Ike, the PHA must use these funds for disaster or emergency related purposes. This may include continuing case management services for families after DHAP-Ike ends.

e. Family Referral and Intake Process

Once the PHA enters into a DHAP-Ike Grant Agreement with FEMA, the PHA may receive and assist DHAP-Ike eligible families. FEMA will notify the family of their DHAP-Ike eligibility and advise the family to contact the HUD DHAP-Ike Regional Call Center (RCC) for information on the DHAP-Ike administering PHA with jurisdiction over the area in which they wish to receive DHAP-Ike assistance and how to contact that PHA. (The telephone number and the hours of operation for the RCC will be posted on the following website: www.hud.gov/offices/pih/publications/ike.cfm.) FEMA will continue to administer any and all temporary housing assistance that will be provided to families until such time that a DHAP-Ike family is placed under a DRSC, but no later than May 1, 2009.

As noted above, the vast majority of families first referred to DHAP-Ike by FEMA are expected to transition to the program directly from emergency housing arrangements such as hotels or shelters. At the time these families' records are first loaded into DIS, these families are not pre-assigned by HUD to a specific PHA based on their location at the time of the FEMA referral. Instead, the family will be subsequently assigned to the appropriate PHA based on the area identified by the family as the place the family wishes to receive DHAP-Ike assistance. These families are referred to as "unassigned" families for purposes of this notice.

Family records may also be loaded into DIS with a PHA already assigned to work with the family. In this case, PHAs are immediately assigned specific families based on factors such as the location of the unit in which the family is already receiving FEMA rental assistance. These families are referred to as "pre-assigned" families for purposes of this notice. The family referral and intake process is different for these two types of referrals and each is described separately in this section.

Unassigned Family Referral and Assignment Process

Once the family is determined eligible for DHAP-Ike assistance by FEMA, the family must make a decision concerning where they wish to receive assistance. Some families may wish to stay in the location where they are now, others may wish to move to another area (for example, an area where they may have relatives to provide a supportive environment).

Upon determining the family is eligible for DHAP-Ike and after referring the family's name to HUD, FEMA will advise the family of their eligibility for the program. FEMA will direct the family to contact the RCC to assist the family in identifying the PHA over

the area where the family wishes to receive DHAP-Ike assistance, and providing contact information for that PHA. The RCC will assign the family to the appropriate PHA in the DIS. In addition, HUD will proactively work to contact families in order to expedite the process of assigning families to the appropriate PHA based on the location of where the family wishes to receive PHA-Ike assistance. DHAP-Ike does not provide transportation assistance.

If an eligible family contacts the PHA directly without first contacting the RCC, the PHA should advise the family to contact the RCC in order to be assigned to the PHA. The PHA should assist the family in contacting the RCC so that the RCC may promptly assign the family to the PHA in the DIS.

The PHA's intake responsibilities are as follows:

- 1) Eligibility Confirmation and Assignment. The PHA will access the DIS to confirm eligibility for DHAP-Ike when the family arrives at the PHA. If the family is not assigned to the PHA, the PHA should assist the family in contacting the RCC to determine if the family should be assigned to the PHA. Only HUD (including HUD contractors) may assign or re-assign a family to the PHA.
- 2) Family Briefing. Once the PHA determines that the family has been assigned to the PHA in DIS, the PHA should check the "Family Contacted" box for the family's DIS record. The PHA briefs the family on DHAP-Ike to explain how the program works. The briefing includes topics such as the subsidy calculation, security and utility deposit assistance, the incremental rent transition, the requirements for continued eligibility (see section 4.q below), case management requirements, and the term of the assistance.

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. (The PHA should advise the family that to expedite the leasing process, the family may show a copy of the signed family obligations certification to a landlord who wishes to verify the family's participation in the DHAP-Ike.) Once the family signs the family certification, the PHA checks the 'Family Agreed to Case Management' box in the DIS. This process ensures the case management fees will be paid to the PHA on behalf of the family.

If a family does not want to receive case management services or otherwise refuses to sign the certification, the PHA informs the family that they will not be able to participate in DHAP-Ike or any FEMA housing program. The PHA must request a signed and dated 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 DHAP-Ike 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. The PHA may not assist the family in

such instance and must record this information in the DIS by checking the 'Family Contacted' box (if it has not already done so) and completing an end of participation (EOP) record for the family, with the reason code "Family does not agree to Case Management".

- 3) Family Unit Search. The PHA is responsible for providing housing search assistance to the family. Once the unit to be leased is located and approved for tenancy, the PHA may help facilitate execution of the lease. In providing housing search assistance to a household that includes a person with disabilities, the PHA will take the special needs of the household into consideration. The PHA and owner execute the DRSC in order to commence DHAP-Ike assistance on behalf of the family, and the PHA checks the "Landlord signed HAP Contract" checkbox in DIS and updates the family record.

Pre-assigned Family Referral and Assignment Process

Upon determining the family is eligible for DHAP-Ike and after referring the family's name to HUD, FEMA will advise the family of their eligibility for the program. FEMA will advise the family that the administering PHA will be contacting them to assist with the family's transition to DHAP-Ike assistance. FEMA will advise the family that they may contact the HUD DHAP-Ike RCC for information on the PHA that has been assigned to work with the family.

In the case of pre-assigned families, the PHA will receive from HUD a list of families eligible for DHAP-Ike 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.

The PHA takes the following steps to ensure a smooth transition to DHAP-Ike:

- 1) The PHA must contact the family and brief the family on DHAP-Ike and the process by which the family may transition to DHAP-Ike. 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-Ike 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 DHAP-Ike 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, and must record this information in the DIS by checking the 'Family Contacted' box (if it has not already done so) and completing an end of participation (EOP) record for the family, with the reason code "Family does not agree to Case Management".

- 2) If the family is currently receiving FEMA rental assistance, the PHA must contact the family in order to acquire landlord contact information, contact the owner of the private rental unit where the family is currently receiving FEMA rental assistance at the earliest opportunity, explain DHAP-Ike to the owner and determine if the owner is willing to participate in DHAP-Ike. PHA outreach to the owner of the FEMA rental assistance unit or the FEMA identified unit is one of the most important responsibilities of the PHA. 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 May 1, 2009 (see section 4.i below). If the owner is unwilling to participate in DHAP-Ike, the family will have to move to receive DHAP-Ike assistance. If the family chooses to stay in the unit, they will do so without the benefit of DHAP-Ike or other housing assistance from FEMA. The PHA must record this information in the DIS by checking the 'Family Contacted' box (if it has not already done so) and completing an end of participation (EOP) record for the family, with the reason code "Family does not agree to move to a unit with a participating landlord".
- 3) If the owner and the family agree to participate in DHAP-Ike 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 transition to DHAP-Ike, the DRSC and the lease addendum should be executed and recorded in DIS, by checking the "Landlord signed HAP Contract" checkbox and updating the HAP Contract effective date and HAP Contract termination date fields. The HAP contract effective date cannot be prior to DHAP-Ike program startup date reflected in DIS. The PHA should perform this process no later than two weeks before the date DHAP-Ike rental assistance payments are scheduled to commence in order to guarantee there will be no disruption or delay in the payment of the family's monthly rental subsidy. (See section 4k below for further information on the DRSC and the time frames in which it must be executed.) Prior to the rental payment effective date provided to the PHA as part of the family referral, the owner will continue to receive payments from FEMA (including FEMA contractors) or, in cases where the family is receiving assistance from FEMA, from the family 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.

- 4) If a family wants to move from the unit, or the owner does not want to participate in DHAP-Ike (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-Ike assistance in the PHA jurisdiction, or wishes to return to their pre-disaster jurisdiction or another jurisdiction and receive DHAP-Ike 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. (The PHA should advise the family that to expedite the leasing process, the family may show a copy of the signed family obligations certification to a landlord who wishes to verify the family's participation in the DHAP-Ike.) If the family informs the PHA that they wish to initially lease under DHAP-Ike in an area outside the PHA's jurisdiction, the PHA is responsible for identifying DHAP-Ike administering PHA with jurisdiction over the area. The PHA will contact the HUD RCC to change the PHA assignment in DIS. 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-Ike in-place, the end of financial assistance payments by FEMA to the owner or directly 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.

Effective Date of the DRSC for Both Pre-Assigned and Unassigned Families

The DIS or HUD will provide information to the PHA on the earliest effective date that the DRSC may commence on behalf of the family. (FEMA provides this date to HUD based on the amount of housing/temporary shelter assistance FEMA has already provided for the family in order to avoid the duplication of assistance on behalf of the family.)

The PHA may not enter into a DRSC that commences prior to this earliest effective date. If the family is not placed under a DRSC by that date, HUD will provide the family's name to FEMA in order for FEMA to make an additional payment for the family.

Pre-Disaster Unit Availability For Previously HUD-Assisted Families Prior to DRSC Execution

For both pre-assigned and unassigned families, if HUD determines that the family's pre-disaster HUD-assisted unit is available for re-occupancy before the family is placed under DRSC, HUD will place an end-of-participation (EOP) code on the family's record and refer the family record back to FEMA to determine if the family is still eligible for DHAP-Ike assistance. The PHA does not assist the family unless and until the determination is made by FEMA that the family remains eligible for DHAP-Ike assistance.

f. Security Deposit and Utility Deposit Assistance

If a family requests and certifies the family needs assistance with security deposits and

utility deposits, the family may receive security deposit assistance and deposits for utilities (including connection fees) assistance under DHAP-Ike when the family initially leases a unit under the program. Security deposit and deposits for utilities are only provided for the unit that the family initially leases under the program. The family does not qualify for security deposit assistance or utility deposit assistance from DHAP-Ike for subsequent moves.

The PHA pays the security deposit assistance to the owner directly based on the published FMRs for the area in which the unit is located. The maximum amount of the security deposit assistance is the smaller of:

- 1) the FMR amount for the bedroom size for which the family qualifies under the PHA subsidy standards for the housing choice voucher program (family unit size); or
- 2) the FMR amount for the bedroom size of the actual unit leased.

The family bedroom size is determined using subsidy standards established by the PHA for the housing choice voucher program.

If the security deposit exceeds the FMR, the remainder of the security deposit must come from another source. The security deposit assistance may not exceed the security deposit charged by the owner. The PHA may disapprove the unit for leasing under DHAP-Ike if the security deposit is in excess of private market practice (as determined by the PHA) or in excess of amounts charged by the owner to unassisted tenants.

When the family moves out of the DHAP-Ike unit, the owner must return the security deposit assistance (less any amounts the owner may withhold under the terms of the lease and state and local law) to the PHA. The owner must return any security deposit amount collected from the tenant (less any amounts the owner may withhold under the terms of the lease and state and local law) directly to the tenant. The owner must give the tenant and PHA a list of all items charged against the security deposit, and the amount of each item. Any amount charged by the owner must first be deducted from the tenant's portion, if any, of the security deposit before it may be applied to the security deposit assistance provided by the PHA.

The PHA also provides assistance for deposits (including connection fees) required for the utilities to be supplied by the tenant under the lease. The maximum amount for any and all utility deposit assistance provided on behalf of a family is \$400. The PHA may pay the utility deposit assistance directly to the utility companies or may pay the assistance to the family, provided the PHA verifies the family paid the utility deposit. If the total amount of the deposits required for the utilities exceeds \$400, the PHA determines how to apply the utility deposit assistance.

When the family moves out of DHAP-Ike unit, the PHA receives the PHA-provided portion of the deposit(s) back directly from the utility companies (less any amounts the utility companies may withhold under the service contract). Any amount charged by the

utility company must first be deducted from the tenant's portion, if any, of the utility deposit before it may be applied to the security deposit assistance provided by the PHA. If the utility company returns the deposit assistance to the family instead the PHA, the family is responsible for returning the deposit assistance to the PHA. If the PHA provided the utility deposit assistance to the family, the family is responsible for returning the full amount of the utility deposit assistance to the PHA at such time the family vacates the unit.

At the conclusion of each quarter, PHAs are required to remit any returned deposit assistance to HUD.

g. Owner Lease and DHAP-Ike Lease Addendum

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-Ike assistance, the owner and the family may remain under the existing lease, provided that they execute DHAP-Ike 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 DHAP-Ike lease addendum to receive assistance under DHAP-Ike.

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-Ike rent subsidy), the owner is responsible for collecting that amount directly from the family. In addition, effective May 1, 2009, the landlord will be responsible for collecting the family's portion of the rent attributable to the incremental rent transition in accordance with section 4.i 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.

h. DHAP-Ike Monthly Rent Subsidy

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

Until May 1, 2009, 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 housing voucher program.

Monthly Lease Rent

The monthly lease rent specified is the total monthly rent payable to the owner under the lease for the unit. The monthly rent covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for under the lease. The owner shall not charge, and the family shall not pay to the owner, 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 housing voucher program, DHAP-Ike 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 housing voucher program utility allowances are never applicable to or used in the DHAP-Ike 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.

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.

Exception for FEMA Rental Assistance Family Transitioning to DHAP-Ike In-Place (Pre-assigned families only)

Until May 1, 2009, for a pre-assigned FEMA rental assistance family that leases in-place (i.e., the family transitions to DHAP-Ike 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-Ike.

The purpose of exception is to effectuate the family's transition to DHAP-Ike from the FEMA rental assistance program as seamlessly as possible. The amount of monthly assistance the family received under the FEMA rental assistance program for the unit prior to the transition to DHAP-Ike only applies to the subsidy calculation if the family transitions in-place. If the family subsequently chooses to move with continued DHAP-Ike assistance, the subsidy is calculated in the same manner as any other DHAP-Ike family.

Effective May 1, 2009, the amount of the monthly rent subsidy for all families must be adjusted in accordance with the incremental rent transition requirement described in section 4.i below.

Changes in Family Size and Composition

Initial DHAP-Ike Rent Subsidy Calculation

DHAP-Ike is a disaster-related relief program designed to continue rental assistance for those households displaced by Hurricane Ike or Hurricane Gustav that FEMA has determined remain eligible for DHAP-Ike assistance. FEMA's eligibility determination is based on the actual composition of the household that was displaced by the disaster. The amount of such assistance is not adjusted to cover subsequent increases in family size that occurred after the disaster since the family's housing need with respect to these additional family members is not directly related to the hurricanes. Consequently, DHAP-Ike does not take any increases in family size that occurred after FEMA's initial family eligibility determination into consideration for purposes of the DHAP rent subsidy calculation. Therefore, when determining the family unit size under the PHA subsidy standards for purposes of determining the applicable FMR/payment standard to calculate the family's initial DHAP rent subsidy payment, the PHA always uses the smaller of:

- (1) the family unit size for which the original composition of the family qualifies under the PHA subsidy standards; or
- (2) the family unit size for which the current composition of the family now qualifies under the PHA subsidy standards.

If the family wishes to appeal the family composition determined eligible by FEMA for DHAP-Ike assistance, the family must be referred by the PHA to FEMA at the following telephone number: 1-800-621-FEMA (3362).

Subsequent Changes in Family Size and Composition for Families under DRSC

A subsequent increase in the size of the family does not result in the family qualifying for a larger family unit size under the PHA subsidy standards for purposes of the subsidy calculation, either during the term of the existing DRSC or under any new DRSC. However, if the PHA inspection requirements for DHAP-Ike provide that the unit must meet the HQS requirement under 982.401(d) that each dwelling unit must have at least one bedroom or living/sleeping room for each two persons, the PHA may grant an exception from this requirement if necessary on a case-by-case basis at the request of the family. The PHA may take the limited duration of DHAP-Ike assistance into consideration in making such a determination. The PHA must record any such exception for the unit and must maintain a record of the exception. There will be no increase in the DHAP-Ike rent subsidy in these exception situations.

If a decrease in the size of the family results in the family qualifying for a smaller family unit size under the PHA subsidy standards during the term of the DRSC, the lower FMR/payment standard amount is not applied to the family's subsidy calculation during the term of the DRSC. However, the smaller family unit size is used when determining the applicable FMR/payment standard for purposes of calculating the monthly rent

subsidy under any new DRSC (e.g., a DHAP-Ike family moves to a new unit with continued DHAP-Ike assistance).

Continued Eligibility for DHAP-Ike Assistance For Remaining Family Members if the Head-of-Household Dies or Otherwise Leaves the Family

If, during the time the family is receiving DHAP-Ike rental assistance, the family member designated as the Head-of-Household for purposes of FEMA's initial eligibility determination dies or otherwise leaves the family¹, the family (now comprised of the remaining members) may still be eligible for continued DHAP-Ike assistance. To be eligible for continued DHAP-Ike assistance, at least one of the remaining family members must (1) have been a member of the family determined eligible by FEMA for continued rental assistance under DHAP-Ike (as evidenced by the original family record in DIS); and (2) have legal capacity to enter a lease under State and local law. "Legal capacity" means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

If none of the remaining family members originally determined eligible by FEMA for continued assistance under DHAP-Ike have legal capacity to enter into a lease under State and local law, the family may not be eligible for continued assistance. Should the family in this instance wish to add a new member with legal capacity to enter into a lease under State and local law, the PHA will report the proposed change in family composition to HUD by contacting the HUD RCC. HUD in turn will pass the information to FEMA. The family will be contacted by FEMA who will make the final determination as to whether the family, with such a change in composition, is eligible for continued rental assistance under the DHAP. HUD will then advise the PHA of the FEMA determination. The new family member with legal capacity must agree to and follow the family obligations.

i. Incremental Rent Transition

On May 1, 2009, families participating in DHAP-Ike 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 DHAP-Ike ends with the March 2010 rent subsidy payment. PHAs will implement the incremental rent transition by reducing the rental subsidy payment by \$50 for the May 2009 rent subsidy payment. This reduction shall be incrementally increased by an additional \$50 each month thereafter until the family's participation in DHAP-Ike ends, the rent subsidy amount equals \$0, or the program ends with the March 2010 subsidy payment, whichever comes first.

¹ Note that if the family breaks up and the designated Head-of-Household wishes to continue to receive DHAP-Ike assistance, only those family members remaining with the Head-of-Household continue to receive the DHAP-Ike assistance.

For example, if the PHA is paying \$800 on behalf of a participating family under a DRSC for the month of April 2009, the new subsidy payment under that DRSC for May 2009 will be \$750 and the family is responsible for the \$50 difference. For June 2009, the subsidy the PHA will pay the owner on behalf of the family would be \$700 with the family responsible for the \$100 difference.

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 monthly income.² 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 monthly income. (For example, if the PHA determined that 30 percent of the family's monthly income equals \$120, the subsidy reduction would remain at \$100 for the family.) 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 states 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 DHAP-Ike. 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.

j. Ineligible Units and Prohibition Against Other Subsidy

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

² To calculate the family's monthly income, the PHA determines the family's annual income (as defined in 24 CFR part 5.609) and divides it by 12. Note that this is different than the gross income amount the PHA used to determine the hardship exception under the initial DHAP for families displaced by Hurricanes Katrina and Rita.

- 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-Ike 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 or HUD such as DHAP (for families displaced by Hurricanes Katrina and Rita) or the Disaster Voucher (DVP) program.

Furthermore, the unit is ineligible for DHAP-Ike assistance if the owner (including a principal or other interested party) is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless the PHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities.

k. 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 PHA may not make any monthly rent subsidy payment to the owner until the DRSC has been executed. The PHA may not make any monthly rent subsidy payment to cover any period of time prior to the effective date of 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 DIS 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-Ike tenancy. However, the PHA may execute the DRSC up to 30 calendar days after approving DHAP-Ike tenancy if warranted by individual circumstances, with an effective date no earlier than the date the PHA approved DHAP-Ike tenancy. In such instance, the rent subsidy payment will be made retroactively to cover the period of time commencing with the effective date of the DRSC (not to exceed 30 days prior to the actual DRSC execution date).

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 o;
- 4) The family is determined ineligible for continued assistance by the PHA or FEMA;
- 5) The family ends their participation in the program; or
- 6) The family vacates the unit.

The DRSC automatically terminates as of March 2010, or at such time that the subsidy paid on behalf of the family equals \$0, which ever comes first. If the subsidy paid on behalf of the family equals zero and the DRSC terminates, the family's participation in DHAP-Ike ends.

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 except as described in the following paragraph. The owner retains the full subsidy payment for the month that the family vacates the unit.

Vacancy Payment To Facilitate Families' Return Home

The DRSC provides that if the family requests to terminate the tenancy and vacate the unit during the term of the lease (as opposed to the end of the lease term) in order to end the family's participation in DHAP-Ike to return home to their pre-disaster housing, the PHA may provide the owner with a vacancy payment of up to two months rent if the owner agrees to mutually terminate the lease. The vacancy payments may only be made if the owner and tenant mutually agree to terminate the lease.

The PHA must inform the family that the family may not receive continued DHAP-Ike assistance if the family requests and the PHA makes a vacancy payment to facilitate the mutual termination of the lease on the family's behalf.

The vacancy payment is twice the amount of the lease rent for the month in which the family vacated the unit under the mutual agreement to terminate the lease, provided there are at least two months remaining under the term of the lease following the month the family vacates the unit. If there is only one month remaining on the term of the lease following the month the family vacates the unit under the mutual agreement to terminate the lease, the vacancy payment is equal to the lease rent for the month in which the family vacated the unit.

No vacancy payments will be made where the owner refuses to terminate the lease and the family moves in violation of the terms of the lease. Acceptance of the vacancy payment does not negate the owner's right to retain part or all of the security deposit for damages or other amounts owed under the lease in accordance with the terms of the lease and State and local law.

1. Rent Reasonableness

The PHA must determine that the rent is reasonable before approving the unit for leasing under DHAP-Ike. If the rent for a unit is not reasonable, the unit is not eligible for DHAP-Ike 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.

Rent Reasonableness Exception

When a family is initially requesting to lease a unit under DHAP-Ike, the PHA does not determine if the rent for the unit is reasonable in the case of a pre-assigned FEMA rental

assistance family is transitioning to DHAP-Ike by staying in-place.

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 addition, if the family moves to a new unit (either to initially lease a unit under DHAP-Ike or subsequently moves with continued DHAP-Ike assistance), the rent for the new units must be determined reasonable by the PHA.

m. Housing Quality Standards

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

Initial Inspection

In general, the unit must be initially inspected and approved by the PHA before the PHA and owner may enter the DRSC. The owner may not receive DHAP-Ike rent subsidy payments until the owner corrects any PHA-identified deficiencies and the PHA verifies the repairs have been completed.

The PHA must at minimum conduct a limited inspection to ensure the unit's current condition does not contain any life-threatening deficiencies (as determined by the PHA). A PHA may choose to apply additional criteria to this inspection, including the application of the Housing Quality Standards (HQS) as defined in 24 C.F.R. 982.401. (Section 982.401(d) provides each dwelling unit must have at least one living/sleeping room for each two persons. The PHA that chooses to apply the full HQS rather than conduct a more limited inspection may still choose to grant an exception from this requirement on a case-by-case basis at the request of the family.)

Initial Inspection Exception -- FEMA Rental Assistance Family Transitioning to DHAP-Ike In-Place (Pre-assigned families only)

In the case of a FEMA Rental Assistance family transitioning to DHAP-Ike by staying in-place in the FEMA rental assistance unit, the PHA may only conduct a limited initial inspection to ensure that the unit does not contain any life-threatening deficiencies.

The PHA may conduct the limited initial inspection before executing the DRSC, or may choose to conduct the limited initial inspection either on or in a reasonable time 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 PHA opts to conduct the initial inspection on or after the effective date of the DRSC and the unit fails the inspection, the owner must correct the deficiencies within 48 hours upon notification by the PHA. 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 the family to lease another unit as soon as possible.

Subsequent Inspections

Once the PHA has fulfilled the initial inspection requirements for a unit, the PHA is not required to conduct further inspections of the unit on a periodic or annual basis since DHAP-Ike is only a temporary housing program. The PHA may, at any time as needed, inspect a unit under a DRSC to determine if the unit is in compliance with the applicable inspection standards as determined by the PHA. 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 a subsequent 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-Ike rent subsidy payments until the owner corrects any PHA-identified deficiencies and the PHA verifies that the deficiencies have been corrected.

DHAP-Ike 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.

n. PHA Case Management

During the time the family is assisted under DHAP-Ike, each family head of household will participate in case management services provided by the PHA. Case management services are required as part of DHAP-Ike. PHAs will report case management outputs and resident outcomes through Tracking-At-A-Glance (TAAG), the existing DHAP 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 overall PHA ratio of case managers to participants shall 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. PHAs are encouraged to provide case

management services to all adult family members age 18 years and older; however, the case management obligation is only required for the head of household.

Case management services must include a needs assessment, risk assessment, income and assistance assessment and individual development plan (IDP) for each family. The assessments and IDP will guide the service provision to the family for the duration of the family's participation in DHAP-Ike. Assessments will be updated on a quarterly basis for the head of household member. In addition, case managers shall input all service referrals into DHAP-Ike case management system. 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-Ike ends, the case management service provider must help the family identify other non-disaster supported housing solutions.

Supplemental guidance on the case management component of DHAP-Ike will be issued separately.

o. Family Obligations

During the family briefing on DHAP-Ike, the PHA must provide the family with a list of the family obligations. The Head of Household must sign a copy of the obligations and certify that it understands that the PHA may terminate DHAP-Ike 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-Ike must comply with all of the family obligations during their participation in the program. Actions that occurred before the PHA briefed the family on DHAP-Ike and the family signed the certification are not grounds for termination from participation in DHAP-Ike. The obligations of the family consist of the following:

- 1) The family must promptly supply any information to the PHA that HUD or the PHA requires for DHAP-Ike 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-Ike 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. The family must promptly return to the PHA the full amount of any DHAP-Ike utility deposit assistance provided to family by the PHA.

- 5) The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice.
- 6) The family must promptly provide any information required by the PHA to determine and verify that the family is eligible for continued DHAP-Ike assistance. (In order to be eligible for continued DHAP-Ike assistance after the earlier of July 31, 2009, or six months from the effective date of the initial DRSC executed on behalf of the family, the family must demonstrate that the family's current housing costs exceed 30 percent of the family's current monthly income.) Any information supplied by the family must be true and complete.
- 7) The members of the family must not commit fraud, bribery, or criminal act in connection with DHAP-Ike.
- 8) The members of the family may not engage in drug-related criminal activity or violent criminal activity.
- 9) The members of the family may not engage in other criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity.
- 10) The members of the family may not engage in other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administrative function or responsibility on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor or agent).
- 11) The members of the family may not threaten or engage in abusive or violent behavior toward PHA personnel.
- 12) The FEMA designated family head of household must participate in the required case management services provided by the PHA.
- 13) A family may not receive the benefit of a duplicative subsidy while receiving DHAP-Ike rental assistance.
- 14) The family must comply with any additional requirements specified by HUD or FEMA.

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

If the family is terminated from DHAP-Ike, the family may not return to any FEMA-provided 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.

p. Previously HUD-Assisted Families: Availability for Occupancy of Pre-disaster HUD Assisted Project.

For a family under a DRSC, if the PHA is informed by HUD that the family's pre-disaster HUD-assisted project is available for occupancy, the family's eligibility for continued DHAP-Ike assistance ends as of the date by which the family has to return to the pre-disaster HUD assisted project (either to the family's pre-disaster unit or a comparable unit in the project).

If the family returns to its pre-disaster HUD-assisted project, the PHA completes an end-of-participation (EOP) record for the family with the reason code "Placed under permanent Housing".

If the family declines to return to the available pre-disaster HUD-assisted project, the PHA advises the family that if the family declines the opportunity to return to their pre-disaster assisted housing, the PHA or owner (as applicable) will lease that assisted unit to another family. The PHA must advise the family that the family may not continue to receive DHAP-Ike assistance beyond the date the family has to return to the HUD-assisted pre-disaster unit. Regardless of whether the family still declines the opportunity to return to their pre-disaster assisted housing, the PHA must terminate the family's participation in the program in accordance with section 4.r below.

q. Family Eligibility for Continued Assistance

Unless the family qualifies for continued assistance as demonstrated by their current housing need, DHAP-Ike rental assistance and case management services will end for participating families on the earlier of:

- 1) Six months following the effective date of the initial DRSC executed on behalf of the family: or
- 2) July 31, 2009.

In order to be eligible for continued DHAP-Ike assistance after the applicable date, the family must demonstrate that the family's current housing costs exceed 30 percent of the family's current monthly income as required by FEMA. The family must provide any information required by the PHA, on behalf of FEMA, to determine and verify the family's eligibility for continued DHAP-Ike assistance. Any information supplied by the family must be true and complete. The PHA, on behalf of FEMA, must make families aware of this requirement for continued assistance during the initial family briefing.

For purposes of this requirement, monthly income is the family annual income (as defined in 24 CFR part 5.609) divided by 12. Housing costs are defined as (1) the rent for the unit the family is residing in under DHAP-Ike and (2) mortgage payments, if any, on the family's primary pre-disaster residence, including principal, interest, real estate taxes, real property insurance and the cost of utilities.

Rent is calculated as the full rent of the family's DHAP-Ike unit (not simply the family share of the rent under DHAP-Ike) as well as the utility allowances established by the PHA for the PHA housing choice voucher program. Keep in mind that under DHAP-Ike, the gross rent of the DHAP-Ike unit (rent to owner under the lease plus the PHA utility allowances for any utilities that are the tenant's responsibility) is only used for the purpose of making this continued eligibility determination. The gross rent (and the PHA utility allowances) is never used when determining the amount of the DHAP-Ike monthly rent subsidy in accordance with section 4.h above.

Following the initial determination that the family is eligible for continued assistance under DHAP-Ike based on FEMA requirements, on a quarterly basis the family must either (1) certify that the family's income has not increased and/or the family's housing cost decreased, or (2) submit information required by the PHA, on behalf of FEMA, to re-determine and re-verify the family's continued eligibility for DHAP-Ike assistance.

Guidance on verification procedures will be issued separately.

FEMA will also determine applicant eligibility for continued assistance through May 1, 2009, by reviewing an applicant's need for continued housing assistance, any assistance available from other sources, such as the Small Business Administration or insurance settlement, and other relevant factors. If FEMA determines the family is ineligible for continued DHAP-Ike assistance, any family appeal of that process is conducted by FEMA, not the PHA.

r. Termination of Assistance

The PHA may terminate DHAP-Ike assistance for a participating family that does not comply with the family obligations under section 4.o. In order to terminate assistance because of noncompliance with DHAP-Ike 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-Ike 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 housing choice voucher program. The PHA must follow the procedures for conducting the hearing in accordance with the procedures in the PHA administrative plan for the housing choice voucher program and the program regulations at 24 CFR 982.555.³ If the family requests and receives an informal hearing, the PHA may not terminate the family's participation in DHAP-Ike until the hearing officer has issued the written decision in accordance with 24 CFR 982.555(e)(6).

³ Note that, if FEMA determines a family is ineligible to receive assistance under DHAP-Ike, the PHA does not conduct an informal hearing in accordance with section (o). Any appeal process of a FEMA determination of ineligibility is conducted by FEMA.

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 DHAP-Ike 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-Ike. The family must sign a copy of the obligations and certify that the family understands the PHA may terminate DHAP-Ike 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-Ike is terminated, the PHA must record the end of participation in the DIS.

s. Subsequent Moves under DHAP-Ike

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

- (1) the lease has terminated (including lease terminations by mutual consent except where the owner has received a vacancy payment on behalf of the family);
- (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 proper notice of lease termination, in accordance with the terms of the lease.

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 DHAP-Ike 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 DHAP-Ike, the family may not choose to move to another unit with continued DHAP-Ike assistance or receive assistance under any FEMA housing program.

The family may move with continued DHAP-Ike assistance within the jurisdiction of the PHA administering the family's DHAP-Ike 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-Ike may also make one move outside of the initial DHAP-Ike PHA's jurisdiction with continued DHAP-Ike 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-Ike.

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

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

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

A prorated share of the administrative services fees provided to the initial DHAP-Ike PHA for the family that is moving to another DHAP-Ike PHA jurisdiction will be transferred to the receiving DHAP-Ike PHA as part of this process if the family ports prior to August 1, 2009. The proration of the administrative services fees is calculated by multiplying \$100 by the number of months remaining from the time administrative responsibility for the family shifts to the receiving DHAP-Ike PHA until August 2009.

t. End of DHAP-Ike

DHAP-Ike assistance is temporary housing assistance. DHAP-Ike terminates with the March 2010 rent subsidy payment. If the family's participation in DHAP-Ike ends for any reason prior to the March 2010 rent subsidy payment, the PHA must record the family's end of participation in the DIS. PHAs will make the full March 2010 rent subsidy payment for families still under DRCS on March 1, 2010.

u. Use of DHAP-Ike Funding, Program Accounts, and Records

DHAP-Ike funding may not be used for other activities or costs. DHAP-Ike funding remains separate and distinct from the PHA's regular voucher program, DHAP and 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-Ike, and must report monthly leasing and expenditure for such families separately from DHAP, housing choice voucher and DVP families under the Voucher Management System (VMS). The PHA must maintain a separate HAP register for DHAP-Ike to record and control assistance payments for rent subsidies.

PHAs are reminded that DHAP-Ike family information is reported to HUD through the DIS. **A PHA administering DHAP-Ike does not complete a HUD 50058 or enter any**

information on a DHAP-Ike 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) Accounts and other records supporting PHA budget and financial statements for the program;
- 6) Signed statement of Family Obligations ;
- 7) Any certifications made by a family that declines to return to their pre-disaster HUD-assisted housing;
- 8) Records to document the basis for PHA determination that the rent to owner is a reasonable rent in accordance with these operating requirements; and
- 9) Other records specified by HUD or FEMA.

v. 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 quarterly basis HUD will calculate the PHA's aggregate funding needs and compare it to funding previously provided. When actual leasing needs 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 disbursements 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.

w. Financial Reporting

The VMS data collection will capture DHAP-Ike units leased and actual rental subsidy costs. In order for HUD to track monthly leasing information, the PHA must enter actual costs for DHAP-Ike families in the VMS. PHAs must report in VMS the actual rental assistance costs and leasing for each month. Submissions are due 30 days following the end of each quarter or earlier as required by HUD.

x. Program Close-Out

Upon conclusion of the PHA's DHAP-Ike program, HUD will reconcile rent subsidy payments, security and utility deposit assistance, placement fees and administrative fees based on reported costs and leasing from the VMS and DIS 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. In accordance with IAA, the close-out will be completed within 180 days from the termination of the program.

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 2577-0252. 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.

/s/ _____
Paula O. Blunt, General Deputy Assistant Secretary
for Public and Indian Housing