§ 576.106 Short-term and medium-term rental assistance.

(a) General provisions. Subject to the general conditions under §576.103 and §576.104, the recipient or subrecipient may provide a program participant with up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.

(1) Short-term rental assistance is assistance for up to 3 months of rent.

(2) Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.

(3) Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.

(4) Rental assistance may be tenant-based or project-based, as set forth in paragraphs (h) and (i) of this section.

(b) Discretion to set caps and conditions. Subject to the requirements of this section, the recipient may set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The recipient may also require program participants to share in the costs of rent.

(c) Use with other subsidies. Except for a one-time payment of rental arrears on the tenant’s portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments.

(d) Use with other subsidies. Except for a one-time payment of rental arrears on the tenant’s portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments.

(e) Rental assistance agreement. The recipient or subrecipient may make rental assistance payments only to an owner with whom the recipient or subrecipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the
agreement, the owner must give the recipient or subrecipient a copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant.

(f) Late payments. The recipient or subrecipient must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant’s lease. The recipient or subrecipient is solely responsible for paying late payment penalties that it incurs with non-ESG funds.

(g) Lease. Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner’s financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

(h) Tenant-based rental assistance. (1) A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements.

(2) The recipient may require that all program participants live within a particular area for the period in which the rental assistance is provided.

(3) The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if:

(i) The program participant moves out of the housing unit for which the program participant has a lease;
(ii) The lease terminates and is not renewed; or
(iii) The program participant becomes ineligible to receive ESG rental assistance.

(i) Project-based rental assistance. If the recipient or subrecipient identifies a permanent housing unit that meets ESG requirements and becomes available before a program participant is identified to lease the unit, the recipient or subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:

(1) The rental assistance agreement may cover one or more permanent housing units in the same building. Each unit covered by the rental assistance agreement (“assisted unit”) may only be occupied by program participants, except as provided under paragraph (i)(4) of this section.

(2) The recipient or subrecipient may pay up to 100 percent of the first month’s rent, provided that a program participant signs a lease and moves into the unit before the end of the month for which the first month’s rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant’s lease and must be included when determining that program participant’s total rental assistance.

(3) The recipient or subrecipient may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program participant moves out of an assisted unit, the recipient or subrecipient may pay the next month’s rent, i.e., the first month’s rent for a new program participant, as provided in paragraph (i)(2) of this section.

(4) The program participant’s lease must not condition the term of occupancy to the provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance
can be provided, the recipient or sub-
recipient must suspend or terminate
the rental assistance payments for the
unit. If the payments are suspended,
the individual or family may remain in
the assisted unit as permitted under
the lease, and the recipient or sub-
recipient may resume payments if the
individual or family again becomes eli-
gible and needs further rental assis-
tance. If the payments are terminated,
the rental assistance may be trans-
ferred to another available unit in the
same building, provided that the other
unit meets all ESG requirements.

(5) The rental assistance agreement
must have an initial term of one year.
When a new program participant moves
into an assisted unit, the term of the
rental assistance agreement may be ex-
tended to cover the initial term of the
program participant’s lease. If the pro-
gram participant’s lease is renewed,
the rental assistance agreement may be
renewed or extended, as needed, up
to the maximum number of months for
which the program participant remains
eligible. However, under no cir-
cumstances may the recipient or sub-
recipient commit ESG funds to be ex-
pended beyond the expenditure dead-
line in §576.203 or commit funds for a
future ESG grant before the grant is
awarded.

(j) Changes in household composition.
The limits on the assistance under this
section apply to the total assistance an
individual receives, either as an indi-
vidual or as part of a family.

§ 576.107 HMIS component.

(a) Eligible costs.

(1) The recipient or subrecipient may
use ESG funds to pay the costs of con-
tributing data to the HMIS designated
by the Continuum of Care for the area,
including the costs of:

(i) Purchasing or leasing computer
hardware;

(ii) Purchasing software or software
licenses;

(iii) Purchasing or leasing equip-
ment, including telephones, fax ma-
chines, and furniture;

(iv) Obtaining technical support;

(v) Leasing office space;

(vi) Paying charges for electricity,
gas, water, phone service, and high-
speed data transmission necessary to
operate or contribute data to the
HMIS;

(vii) Paying salaries for operating
HMIS, including:

(A) Completing data entry;

(B) Monitoring and reviewing data
quality;

(C) Completing data analysis;

(D) Reporting to the HMIS Lead;

(F) Training staff on using the HMIS
or comparable database; and

(G) Implementing and complying
with HMIS requirements;

(viii) Paying costs of staff to travel
to and attend HUD-sponsored and HUD-
approved training on HMIS and pro-
grams authorized by Title IV of the
McKinney-Vento Homeless Assistance
Act;

(ix) Paying staff travel costs to con-
duct intake; and

(x) Paying participation fees charged
by the HMIS Lead, if the recipient or
subrecipient is not the HMIS Lead. The
HMIS Lead is the entity designated by
the Continuum of Care to operate the
area’s HMIS.

(2) If the recipient is the HMIS lead
agency, as designated by the Con-
tinuum of Care in the most recent fis-
cal year Continuum of Care Homeless
Assistance Grants Competition, it may
also use ESG funds to pay the costs of:

(i) Hosting and maintaining HMIS
software or data;

(ii) Backing up, recovering, or repair-
ing HMIS software or data;

(iii) Upgrading, customizing, and en-
hancing the HMIS;

(iv) Integrating and warehousing
data, including development of a data
warehouse for use in aggregating data
from subrecipients using multiple soft-
ware systems;

(v) Administering the system;

(vi) Reporting to providers, the Con-
tinuum of Care, and HUD; and

(vii) Conducting training on using
the system or a comparable database,
including traveling to the training.

(3) If the subrecipient is a victim
services provider or a legal services
provider, it may use ESG funds to es-

dablish and operate a comparable data-
base that collects client-level data over
time (i.e., longitudinal data) and gen-
erates unduplicated aggregate reports
based on the data. Information entered
into a comparable database must not