

Opening Doors Landlord Risk Mitigation Fund Policy and Procedure Manual



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I. INTRODUCTION

North Dakota Housing Finance Agency (NDHFA) is dedicated to maximizing housing opportunities for all North Dakotans and proactively addressing the housing needs of low- to moderate-income households.

The Opening Doors Landlord Risk Mitigation Fund (Opening Doors) provides participating households with an opportunity to access housing, while protecting the property and investment of property owners and landlords.

Opening Doors is a joint effort between the Medical Services Division of the North Dakota Department of Human Services (ND DHS) and NDHFA. ND DHS's Money Follows the Person Grant (MFP) continues to face challenges discharging individuals from institutional settings. These challenges are mainly due to the individuals having poor credit history, criminal background, and/or poor tenant history.

The Statewide and Regional Supportive Housing Collaborative identified that a statewide landlord risk mitigation fund would reduce barriers to housing for individuals exiting institutional settings or to prevent institutionalization.

Funding for Opening Doors was made available through North Dakota's rebalancing funds approved by ND DHS. Alternative funding sources may be identified as needed to support additional households.

II. GENERAL PROVISIONS

Maximum Claim Amount: \$2,000

Term of Guarantee: Up to 18 months

Eligible Claim Expenses:

- Damages caused by the tenant in excess of normal wear and tear to the unit which exceeds the security deposit.
- Up to two months of non-payment of rent if the tenant did not vacate the apartment in good standing.

Client Eligibility Criteria: Any client meeting eligibility requirements may apply for participation through an approved Participating Care Coordination Agency (PCCA). To be eligible the client must meet all the following guidelines:

- Be enrolled or eligible to enroll in Medicaid or Medicaid Expansion.
- Have an intellectual, developmental, physical, aging-related or behavioral health condition or be a youth exiting the foster care system.
- Have a housing barrier that would disqualify them under ordinary rental selection criteria (i.e. criminal record, rental history, or credit score deficiencies).
- Willing to actively participate in supportive services for the term of the coverage.

Medicaid/Medicaid Expansion Eligibility: A client that is not currently enrolled in Medicaid or Medicaid Expansion may still qualify for Opening Doors coverage if they have applied or are eligible to apply. Eligibility requirements for Medicaid/Medicaid Expansion are maintained by ND DHS. Medicaid eligibility requirements: <http://www.nd.gov/dhs/services/medicalserv/medicaid/eligible.html>. Medicaid Expansion eligibility requirements: <http://www.nd.gov/dhs/medicaidexpansion/>.

Participating Care Coordination Agency (PCCA): Any NDHFA approved support service provider that provides care coordination/case management services. The services provided must include pre- and post-tenancy services. The PCCA provides and maintains a list of authorized providers within their organization who are responsible for carrying out the services necessary to support tenancy.

Pre-Tenancy Services: Providing access to or assistance obtaining services for budgeting, being a responsible tenant, applying for housing, understanding and signing a lease, and locating suitable and affordable housing.

Tenancy Services: Providing services during tenancy to help maintain housing, ensuring rental payments are current, and responding to concerns from landlords.

Participating Landlord: Any landlord, including property managers, who agrees to rent to tenants who have been approved for coverage under Opening Doors. Participating landlords agree to open communication between the client/tenant, PCCA and NDHFA. In exchange for following expectations outlined in the Participating Landlord Application, the landlord may have access to coverage for excessive damage or lost revenue caused by a covered tenant.

Role of NDHFA: As the fund administrator, NDHFA will review and approve applications from interested PCCAs and eligible clients. NDHFA will review PCCA Quarterly check-in reports, review quarterly PCCA/landlord reports, and receive and process claims from the landlords.

NDHFA will maintain documentation and collect data including, but not limited to:

- Demographic characteristics and incomes of participating clients.
- Prior housing arrangements.
- Type of housing barrier presented by the participating client.
- Interventions deployed to maintain housing.
- Housing outcomes immediately following coverage.
- Reason for early withdrawal if applicable.

III. APPLICATION PROCESS: PARTICIPATING CARE COORDINATION AGENCY (PCCA)

Agencies that have a history of providing supportive service, coordination, and/or case management services may apply to be a PCCA. Agencies must be able to provide the following:

- Designate one point of contact to oversee Opening Doors participation.
- Submit and maintain an active listing of authorized providers (case managers or care coordinators) who are responsible for client communication and supports as well as landlord relations.
- Ensure authorized providers understand the requirements and expectations of the Opening Doors Program. Each provider must sign an Acknowledgement of Program Expectations.
- Participate in Opening Doors meetings and trainings.
- Ensure client meets all of the Opening Doors Program eligibility criteria before referring:
 - Enrolled or eligible to enroll in Medicaid or Medicaid Expansion.
 - Have an intellectual, developmental, physical, aging-related or behavioral health condition or be a youth exiting the foster care system.
 - Have a housing barrier that disqualifies the applicant under ordinary rental criteria.
 - Willing to actively participate in support services.
- Before referring a client, work closely with the client on preliminary background screening and individualized goal plan and development to address the issues that led to their barriers to access and retain housing.
- Work with the client to submit an application for participation in Opening Doors.
- Assist the client in searching for and applying for suitable housing.
- Provide assistance in accessing housing assistance such as rental assistance or move-in assistance that is available through local resources.
- Review lease agreements with the client to ensure they fully understand tenancy responsibilities.
- Participate in move-in inspections with client and landlord and assist in completion of the Move-In Condition Report.

- Provide quarterly in-home visits to review client's tenancy maintenance, coordinate and make referrals to other community services as needed, and assess individual goal planning.
- Make quarterly contact with the landlord to identify any tenancy concerns.
- Provide NDHFA with copies of the Quarterly Client Check-In form and Quarterly Landlord Check-In form.
- Act as a point of contact for the landlord for concerns that require immediate attention.
- Maintain documentation and provide to NDHFA:
 - Copy of the lease agreement within two weeks of the signing date.
 - Copy of Move-In Condition Report.
 - Landlord contact information.
 - Types of services accessed by the client while in Opening Doors Program.
 - Details of extraordinary interventions that were necessary to maintaining tenancy if applicable.
 - At the end of Opening Doors coverage, participate in and submit a Final Inspection Report of the unit.
 - Provide details on the housing outcome of client immediately following coverage period.
- Immediate notification to NDHFA if a client refuses to continue participating in supportive services, if a client's service provider changes, or if the PCCA is no longer able to provide services to the client.
- Coordination and contact with NDHFA regarding any potential claims.

Interested agencies can submit a PCCA Application to the Opening Doors Program Administrator at hfainfo@nd.gov. NDHFA will review the application and issue a notice of approval.

Once approved, NDHFA will request a list of the agency's authorized providers and a signed Acknowledgment of Program Expectations form from each provider.

PCCAs or authorized providers who fail to meet program expectations as outlined in the PCCA application will be disqualified from referring clients to Opening Doors.

V. APPLICATION PROCESS: (CLIENT/TENANT)

Interested clients must have a relationship with an approved PCCA. The PCCA will work with the client to submit an Opening Doors Client Coverage Application. The client is expected to:

- Participate in the move-in inspection.
- Follow the terms of the lease agreement.
- Maintain regular communication with both their PCCA provider and the landlord.
- Contact NDHFA regarding any changes in PCCA provider.
- Execute a Release of Information to allow the PCCA and landlord to exchange information regarding tenancy maintenance and share with NDHFA, if necessary.
- Execute a Landlord-Tenant-PCCA Communication Agreement.

After NDHFA approval of the application, the PCCA will receive a Commitment of Coverage that details the client's name and the start date of the certificate. The commitment is good for 60 days and is eligible for renewal if housing is not secured by expiration date.

VI. PARTICIPATION PROCESS: LANDLORD

Landlords who have vacancies they wish to fill and who are willing to rent to people with rental barriers can agree to be a Participating Landlord. In return, they will receive the following benefits:

- Tenants who have indicated a readiness to succeed in rental housing.
- Tenants who receive support services including monthly provider visits.
- Quarterly contacts from PCCA providers to proactively identify any concerns.

- Damage or lost rent claim coverage for up to \$2,000 for qualifying damages or unpaid rent losses from Opening Doors covered tenants.

Landlord Expectations:

- Allow a pre-lease initial inspection of the available unit and lease agreement.
- Complete a Move-In Condition Report with tenant and PCCA provider.
- Execute a lease agreement with a covered tenant.
- Timely contact PCCA provider when a tenancy concern arises.
- Participate in quarterly contacts from the PCCA provider.
- Complete a Final Inspection Report with the tenant and PCCA provider at the end of coverage.

Agreeing to participate in the program is not a binding commitment to lease to tenants covered under Opening Doors. It is merely an indication that the landlord is willing to consider tenants who may not meet all the rental criteria, but are working towards successful tenancy with support service providers.

Landlords who are interested in participating can complete the Landlord Participation Form and send it to the Opening Doors Program Administrator at hfainfo@nd.gov. Forms will be accepted on an ongoing basis.

Landlords who wish to participate on a case-by-case basis only will be required to follow the Landlord Expectations and sign a Landlord-Tenant-PCCA Communication Agreement and Landlord Expectations Form when a lease is signed.

VII. SECURING HOUSING PROCESS

Once a Commitment of Coverage is issued, the client and their PCCA provider will work to locate appropriate housing options.

The PCCA provider will then assist the client in applying for housing. The landlord must agree to the program expectations and sign a Landlord Expectations Form. The provider will review the lease agreement, ensuring the client understands the obligations under the agreement and participates in the unit inspection to complete a Move-In Condition Report. This includes taking photos of unit condition prior to move in, including, but not limited to, any pre-existing damages. The landlord, provider, and client sign a Landlord-Tenant-PCCA Communication Agreement. The landlord and client then sign a lease agreement.

Upon execution of the lease agreement, the PCCA provider must complete a Certificate of Coverage Application and submit copies of the executed lease agreement, Move-In Condition Report with accompanying documentation and photos, and a copy of the executed Landlord-Tenant-PCCA Communication Agreement and Landlord Expectations Form. Once received, NDHFA will issue a Certificate of Coverage. Copies of the Certificate of Coverage will then be provided to the PCCA, the tenant, and the landlord.

VII. CLAIMS

Opening Doors covers excessive damages to a unit that may occur during occupancy, but are not covered by the security deposit. Additionally, the fund may cover revenue lost due to uncollected rent or utilities. The process and documentation required to file a claim depends on the type of claim filed.

Claims for Physical Damage: The physical damage **must** be over and above the requirements of traditional unit turnover such as cleaning, painting, and some carpet replacement.

Examples of types of claims that **may** be covered include:

- Excessive cleaning

- Debris removal and disposal
- Repair of doors, walls, cabinetry
- Other damages in excess of normal wear and tear
- Damage to common areas may qualify if there is evidence to prove the covered tenant caused such damage

Items **NOT** included:

- Normal wear and tear
- Normal turnover costs

The maximum claim reimbursed will not exceed \$2,000. The amount eligible from the fund will be reduced by the security deposit and any of the amount that could be recovered after an insurance deductible. Some replaceable items will also be depreciated, using the average life as identified by the National Association of Certified Home Inspectors.

Example:

\$7,000 (damages) - \$900 (security deposit) - \$5,000 (insurance deductible) = \$1,100 (maximum claim).

Depreciation

If the damages include replacement of an item that has a depreciable basis, the maximum claim would be reduced by the depreciation. For example replacing carpet that was excessively damaged.

Example:

If the carpet is 3 years old and its useful life is 8 years, $3/8 = .375$ is the depreciable basis.

If the total replacement cost is \$2,500 x .375 (depreciable basis) = \$937.50 depreciation.

\$2,500 (replacement cost) - \$937.50 (depreciable basis) = \$1,562.50 (maximum claim).

Depreciable items/useful life

- Flooring
 - Carpet - 8 years
 - Laminate - 15 years
 - Vinyl - 25 years
 - Tile - 75 years
- Countertop - 20 years
- Oven/Stove - 13 years
- Microwave - 9 years
- Refrigerator - 10 years
- Dishwasher - 9 years
- Paint - 10 years
- Dryer - 13 years
- Washing Machine - 10 years

Claims for lost revenue may include:

- Legal costs related to evictions.
- Rent that is owed, but not collected, not to exceed 60 days.
- Loss of rent due to prolonged unit turnover for repairing excessive damages that exceeds 30 days.
- Other items such as utilities may be included depending on the terms of the lease agreement.

Items **NOT** eligible for lost revenue claim include:

- Lost rent during initial lease-up period.
- Costs that are considered normal expenditures for operating a rental unit.

In general, all claims are to be submitted after the termination of tenancy for a covered tenant. However, there are circumstances where the fund may be used to prevent a termination. This option will be considered by NDHFA on a case-by-case basis.

Filing a Claim

Claims can only be filed for units that were covered under a Certificate of Coverage. Proper documentation must accompany the claim submission. Incomplete claim requests will serve as a basis for denial of claim.

To file a claim, the landlord must complete a Claim Form and submit required accompanying documentation within 60 days from the time the damage or loss occurred. An exception may be granted if there is a pending insurance determination. To request an exception, landlords must notify NDHFA of the intent to file a claim within 60 days of the occurrence. Intent may be filed with the Opening Doors Program Administrator at hfainfo@nd.gov.

Claim Review Process

Once a claim request is received, the Open Doors Program Administrator will review the documentation provided.

For claims of physical damage, the review will include, but is not limited to:

- Review of Move-In Condition report and accompanying documentation to determine the condition of the unit at the beginning of tenancy.
- Review of the evidence of damage to determine normal wear and tear versus actual excessive damage, including photo of damage.
- Interview with landlord, tenant, and PCCA provider.
- Review the description of proposed repairs including materials, unit prices, and estimate, bid, or invoice for repairs.
- A move-out accounting and documentation of claims for security deposit to determine when repairs are beyond normal wear and tear.
- Review of calculation for reimbursement to ensure reductions have been made to reflect reimbursement from security deposit, insurance, etc.

For claims of lost revenue, the review will include, but is not limited to:

- Review of the explanation of what occurred and what actions were taken to limit loss.
- Review of move-out accounting and documentation used to make claims against security deposit.

The Opening Doors Program Administrator will then make a determination of payment. The determination will be reviewed by NDHFA's Planning and Housing Development Division Director and the landlord will be informed of the decision.

Disbursement of Funds

Claim checks will be issued to the landlord within 30 days of claim approval.

End of Lease/ Expiration of Coverage

The Certificate of Coverage covers occupancy for up eighteen (18) months. At the end of the coverage period the PCCA provider, landlord, and tenant will complete a Final Inspection Report. This report indicates the general condition of the property as well as the tenant's end of lease plan. The PCCA will submit the final report to the Opening Doors Program Administrator.