

Supportive Services for Veteran Families Shallow Subsidy Compliance Guide

Background

The SSVF Program Office recognizes that many communities face an increasingly challenging real estate market with a limited supply of rental housing combined with very low vacancy rates, which has resulted in an insufficient stock of affordable housing opportunities. In 2018, the SSVF Program Office reviewed outcome data from a range of high cost, low-vacancy communities. While rapid re-housing interventions have proven to be so successful in most of the country, there are some communities that have struggled to see the same benefits for long-term housing stability. These challenges facing some communities with high cost, low-vacancy rates have led the SSVF Program Office to conduct a review of intermediate term rental subsidy efforts that included reviews of programs underway in New York City, Washington D.C. and Los Angeles. Through this review, the SSVF Program Office identified promising practices in a new type of rental subsidy arrangement, known as a shallow subsidy. A Shallow subsidy intervention offers a more modest level of rental support over a longer period of time compared to rapid re-housing. The expectation is this sustained support would expand housing options and may lead to a Veteran being able to assume their full housing costs over the long term. As a result, the SSVF Program Office has embarked on an initiative in select communities to further evaluate a long-term shallow rent subsidy model.

Description of SSVF Shallow Subsidy

The SSVF Shallow Subsidy initiative provides rental assistance to very low-income and extremely low-income Veteran households who are enrolled in SSVF's Rapid Rehousing or Homeless Prevention services. It is likely that most participants will have already received rental assistance via traditional SSVF services (this is not a requirement), but remain rent burdened and require the longer-term, shallow subsidy rental assistance to maintain permanent housing. Under the SSVF Shallow Subsidy initiative, SSVF grantees provide rental assistance payments directly to landlords on behalf of the Veteran household for up to two years. SSVF staff also offer limited case management services, which may need to be increased if a crisis or unanticipated service need arises, to participants to assist Veteran households in maintaining their housing stability.

The VA has designated certain communities as being eligible to use the Shallow Subsidy under Priority 3 in the FY 2020 NOFA. In October 2019, the SSVF Program Office selected grantees serving selected communities and granted two-year awards to be utilized over two consecutive grant cycles. SSVF will publish the list of communities that are eligible to use the Shallow Subsidy annually through a NOFA, or alternatively through a separate announcement published in the Federal Register.

For SSVF's Shallow Subsidy initiative, the maximum amount of rental subsidy that can be provided on behalf of the Veteran household is limited to 35% of the local Fair Market Rent (FMR) as published by the US Department of Housing and Urban Development (HUD). This amount of subsidy is intended to provide a significant level of support, yet still, differentiate it from other rental subsidies provided by HUD-VASH or the Section 8 Housing Choice Voucher programs, which pay higher portions of assistance toward rent. Communities may choose to use Small Area Fair Market Rents or the Metropolitan Statistical Area (MSA) Fair Market Rents to determine rental subsidy amounts for the area. All providers located in the community must choose the same FMR rate (either SA FMR or MSA FMR) and must agree to use this rate when calculating shallow subsidy rental assistance. Communities can choose to use either of these rates; however, they may not choose to use both SA FMR and MSA FMR within the same county.

Veteran households who are found to need longer term rental assistance to maintain housing stability are deemed eligible for the subsidy for two years if extremely low-income (income at or below 30% of Area Median Income at initial SSVF enrollment), or 2 years less the number of months they have received other SSVF rental assistance, if very low-income (income between 30% and 50% of Area Median Income). The Veteran household is not be subject to recertification during the time that they are receiving the shallow subsidy. During this two-year period the amount of the rental subsidy is fixed, regardless of changes in household income or rent. At the end of the two-year shallow subsidy period, the household could potentially be recertified for another two-year period and the level of the subsidy would be reset at the current FMR.

Eligible Geographic Areas to be Served

The Shallow Subsidy coverage areas for the FY2020 grant year is limited to the following geographical areas as identified by county.

- **California:** Los Angeles, San Francisco, Alameda, San Diego, Santa Clara, Contra Costa, Marin, San Mateo, San Bernardino, Kern, Riverside, Orange, Imperial
- **Washington:** King
- **Hawaii:** Honolulu
- **Illinois:** Cook
- **New York:** New York, Bronx, Queens, Kings, Richmond
- **District of Columbia:** District of Columbia

Participant Eligibility

A Shallow Subsidy can be offered to very low-income Veteran households under 50% AMI who are enrolled in SSVF Rapid Rehousing or SSVF Homeless Prevention services, but due to their rent burden or other factors require extended rental assistance to maintain housing stability. In rare instances, a Veteran household may be referred at initial intake into SSVF for shallow

subsidy assistance, bypassing the need for SSVF traditional Rapid Rehousing or Homelessness Prevention full rental assistance. The SSVF requirement that a *minimum* of 60 percent of TFA goes to those Veteran households who are literally homeless, also applies to the use of Shallow Subsidies. SSVF grantees must track this as they are extending Shallow Subsidies to Veteran households. The VA has de-emphasized case management services for those receiving the shallow subsidy, requiring SSVF Grantees with Priority 3 awards supporting this initiative to spend no less than 60% of their Priority 3 awards on TFA. Those needing higher levels of supportive services, would likely be better served by a permanent supportive housing program such as HUD-VASH; however, grantees are expected to scale their supportive services to assist Veteran households achieve their medium-long term housing goals.

Targeting Shallow Subsidy

The SSVF Program Office strongly encourages SSVF grantees to review their HMIS and other community data when considering how to target Shallow Subsidies. For instance, one national trend has been the growth of those Veterans who are 62 and older served by SSVF. Overall, SSVF has a low rate of return to homelessness but analysis of local data may identify Veterans with particular characteristics who are more likely to return to homelessness who may benefit from the longer-term support of Shallow Subsidy. Most Veterans are rent burdened when exiting traditional SSVF assistance; this analysis may identify if there is a level of rent burden that increases the likelihood of a return to homelessness. Another focus for analysis could be identifying characteristics of Veterans who have the opportunity to increase income through employment or benefits.

Once SSVF grantees have reviewed their data to identify the Veterans to be targeted for assistance, they should consider if there are other factors they will review when deciding whether to refer a Veteran for Shallow Subsidy. These factors may include a minimum income, extent of supportive services needed and indications of housing stability beyond affordability. Further, this targeting may need to shift or adapt over time, in consultation with grantees, their CoC partners and the local VA Homeless Program, should the initial rollout of Shallow Subsidy demonstrate a need for a different or more refined set of targeting criteria.

Veterans Moving While Receiving Shallow Subsidy Rental Assistance

The Shallow Rent Subsidy payment is not “portable” and cannot be used outside of designated counties; however, Veteran households can move within the eligible counties and maintain their Shallow Rent Subsidy assistance. If a household moves, grantees must ensure that the Shallow Rent Subsidy Assistance of the new housing unit does not exceed 35% FMR or the lesser, alternative level of support agreed upon by the CoC and the SSVF grantees in the county served. Grantees are not required to increase the amount of Shallow Rent Subsidy if a household moves to a more expensive unit with a higher FMR. Veterans may move from non-shallow subsidy communities into shallow subsidy targeted communities if the move will lead to a more stable housing situation for the Veteran.

Core Principles

SSVF Coordination with local Continuums of Care and Coordinated Entry Systems

SSVF grantees are expected to work in close partnership with their local CoC when determining potential target populations and in establishing policies and procedures for prioritizing Veterans receiving Shallow Subsidy services. SSVF grantees must also coordinate with their designated CoC leadership and/or Board to determine the rate (up to 35% FMR) of shallow subsidy assistance in their local community.

SSVF Coordination with local VAMCs

SSVF grantees work in coordinated partnership with their local Veterans Administration Medical Centers (VAMC). SSVF grantees should work with the local VAMC to coordinate care to Veterans receiving a Shallow Subsidy.

SSVF Coordination with other SSVF Providers

All SSVF providers located in the targeted counties identified for Shallow Subsidies are allowed to provide Shallow Subsidy services whether or not they receive additional grant funding. SSVF grantees in communities with other SSVF providers are expected to work in partnership to determine how Veterans are prioritized and provided Shallow Subsidy services. SSVF providers are encouraged to determine how outreach is conducted and how referrals are made for Shallow Subsidy services across the eligible communities. In some cases, a Veteran may be provided traditional SSVF services provided by one grantee and then need to transfer their enrollment to another grantee who can provide the longer-term financial commitment associated with Shallow Subsidy services. The SSVF Program Office will continue to offer guidance and support to grantees regarding enrollment transfers and coordination during the initial Shallow Subsidy implementation phase.

SSVF Coordination with HVRP Providers

Given the length of the subsidy and the expected characteristics of the target population (limited income, but low case management needs), it is expected that many Veteran households who receive the Shallow Subsidy will be viable candidates for employment programs such as local US Department of Labor/VETS Homeless Veterans Reintegration Program (HVRP) grantees that aim to increase income through employment and work closely to support Veterans in increasing their skills to obtain and sustain employment. SSVF grantees are encouraged to closely with their local HVRP, co-enrolling Veterans and collaboratively managing cases. VA and DOL have jointly issued guidance on this collaboration. As the Shallow Subsidy remains constant even with income growth during the two-year period, participants are able to retain the benefit of all new income without risking their rental subsidy. SSVF grantees are also encouraged and expected to continue to build partnerships with employment support systems, whether VA funded or not, to support Veterans enrolled in SSVF.

Housing First

The VA SSVF Program Office expects all SSVF grantees to use a Housing First approach in their program design and services. In keeping with Housing First, grantees shall place emphasis on assisting their program participants to meet their responsibilities as tenants, including paying the rent and complying with a standard lease agreement.

Progressive Engagement

SSVF continues to follow a Progressive Engagement approach for all services provided to Veteran families enrolled in the program. This means that grantees should consider providing limited support to Veterans to help them remain or obtain their permanent housing, and then scale that assistance to more or less intensity as needed throughout the engagement. Consistent with this approach, it is generally assumed that Veterans first engage in traditional homelessness prevention or rapid rehousing services prior to being offered Shallow Subsidy services, although it is not a requirement to do so. Shallow Subsidies are a longer-term, and generally more expensive intervention than traditional SSVF, so grantees are encouraged to ensure that even those Veterans within their defined target population need the longer-term Shallow Subsidy after first attempting to resolve their housing instability with more traditional SSVF services. Exceptions to this approach should be made on a case by case basis and documented as part of the Veteran's file. It will be critically important that targeting strategies are well understood before implementing a Shallow Subsidy initiative with communities and grantees aware of the limited number of such subsidies that are available and the general criteria for their use.

Supportive Services

Case Management

The SSVF Program Office anticipates that Veterans moving from traditional SSVF to Shallow Subsidy services will require a less intensive level of case management than those services need when Veterans initially enter as SSVF Rapid Rehousing or Homelessness Prevention-only households. While case management may be less intensive for Veterans receiving shallow subsidy assistance, the SSVF Program Office expects SSVF grantees to provide, at minimum, monthly check-ins with participants to ensure that the assisted Veteran household is living in the housing unit, that the tenant portion of rent has been paid, and that the Veteran is stable and not in need of additional support or resources. These monthly check-ins with Veterans must be documented in HMIS as services every month. SSVF grantees should adapt supportive services offered based on the Veteran household's needs and desires, consistent with all SSVF practice.

Transitions from Shallow Subsidy

The SSVF Program Office expects grantees to transition Veterans off of shallow subsidy services when the period of enrollment has ended, and the household's income is sufficient to allow the household to maintain permanent housing without additional financial assistance. SSVF grantees will, in coordination with the Veteran household, determine the household's income and ability to maintain permanent housing during the recertification process prior to the end of the enrollment period. In planning for the transition from Shallow Subsidy, the Veteran household may be able to use the time on a shallow rent subsidy to apply, work their way up a waiting list and receive either a permanent tenant-based rent subsidy or a deeply affordable project-based rental unit. [NOTE: The shallow subsidy rental assistance cannot be combined with any other federal rent subsidy, though rental supports from state or local resources can be combined with the shallow subsidy.] This strategy may be effective in targeting Veteran households (e.g. older Veterans) with limited means to build significant income over the shallow rent subsidy term. If the SSVF grantee determines that the Veteran household does not have enough income to make the full housing payment, the household can be re-enrolled directly into SSVF Shallow Subsidy services for an additional 24 months.

SSVF grantees may find it necessary to exit Veterans from shallow subsidy services if the household abandons the housing unit, enters an institution of care (ex: hospital, long term treatment) and/or cannot be located for more than 90 days. SSVF grantees may also exit Veterans who are arrested and expected to be incarcerated for a period of longer than 90 days. SSVF providers should not exit Veterans from shallow subsidy services due to eviction, failure to pay tenant portion of rent, or because the Veteran's physical or mental health requires more intensive case management services. Veterans enrolled in SSVF who are receiving a shallow subsidy are still considered homeless for purposes of SSVF program eligibility if they were homeless when they entered SSVF.

Budget Considerations

Grantees are expected to use a budget development process to draft standards and controls to ensure they meet the required 60% threshold for TFA usage. Grantees must inform the SSVF Program Office of their initial rate of Shallow Subsidy assistance by completing the *Shallow Subsidy Plan* requirement in GIFTS. Grantees may change this rate in the grant year by submitting a program change request to the SSVF Program office.

Grantee staffing models and administrative costs are required in the development of internal and oversight controls prior to making TFA Shallow Subsidy payments. All TFA payments should adhere to normal practices established under the SSVF Program Guide and meet auditing and oversight requirements.

The SSVF Program Office requires a quarterly "spreadsheet" that includes the number of Veteran households receiving Shallow Subsidy, Shallow Subsidy amount (monthly) and remaining TFA payment to cover the two-year commitment. The Quarterly certification provides a snapshot of TFA usage and will forecast if spending levels are within SSVF Program

requirement and determine if sufficient funds remain in TFA to prevent a shortage during the grant period.

For the initial two-year period, the SSVF Program Office will establish an HHS account for the award amount that will consist of two sub-accounts, one for TFA payments and the other for Administrative and Operating costs associated with the grant agreement. These subaccounts can be differentiated in the HHS Payment Management System by locating the ID numbers. For example, HHS ID numbers ending in “FA” (i.e. S20-CA-000-20FA) are used to identify accounts containing funds to be used for TFA. HHS ID numbers consisting of the award number only (i.e. S20-CA-000-20) are used to identify accounts containing funds to be used for all other grant expenses including staffing and administration. Grantees should make every effort to draw funds for the correct subaccounts with making requests from the Payment Management System.

The SSVF Program Office requires that the rental subsidy will not change for a given Veteran household during the time that they are receiving Shallow Subsidy services even if the published FMR changes.

Documentation Standards

Initial Documentation of Eligibility

SSVF grantees are required to document and maintain evidence of initial eligibility for SSVF in the client case files. For purposes of SSVF, VA allows various types of documentation, ranging from third-party written verification to participant self-declaration. Minimum acceptable types of documentation vary depending on the type of income or housing status. Grantees can review the SSVF Program Guide for specific guidelines on acceptable types of documentation for the elements listed below.

- **Income:** SSVF grantees must document that Veteran households are either very low income, below 50% AMI or extremely low income, below 30% AMI before offering them Shallow Subsidy services. Income must have been documented within the last 3 months through either initial certification or re-certification.
- **Housing Stability Plan:** Veteran households receiving a shallow subsidy are encouraged to set goals and milestones that would help them to sustain permanent housing after SSVF assistance ends. While each plan will be individualized, goals and objectives should focus on maintaining housing stability by increasing income or resources through employment or benefits.
- **Housing Status:** Grantees are expected to document that the Veteran can remain in the current housing unit by verifying that a lease or other housing agreement is in place.
- **Housing Habitability:** SSVF grantees must document that the housing unit meets SSVF Housing Habitability Standards as described in the SSVF Program Guide. Grantees can

use prior documentation from SSVF Housing Habitability Standards inspections if the inspection document is less than one year old.

- **Shallow Rent Subsidy Amount:** SSVF grantees must document the monthly shallow rent subsidy amount to be provide on behalf the Veteran. This amount must be calculated based on the FMR where the assisted unit is located; communities using SA FMR rates must include documentation of the SA FMR rate in each client file.

SSVF providers are not required to conduct additional re-certifications of eligibility while the Veteran household is receiving shallow subsidy payments. However, those Veteran households who are enrolled in SSVF and receiving traditional HP or RRH services must have been certified or recertified within the last 3 months prior to the shallow subsidy commitment being made. SSVF providers are required to ensure that files are complete prior to issuing TFA.

HMIS Data and Documentation Standards

SSVF grantees participating in the SSVF Shallow Subsidy Initiative will be expected to enter all required data elements, including TFA and case management services for these households into HMIS. All Shallow Subsidy documentation will be recorded in the SSVF renewal award, therefore, Veteran households who are initially enrolled in traditional SSVF and later begin receiving shallow subsidy rental assistance will remain open in HMIS. Veteran households should not be exited from SSVF and reopened with a new enrollment when they begin receiving Shallow Subsidy services unless they are being referred from another SSVF grantee. SSVF providers should work with their local HMIS Administrators to determine the transfer process from one provider to another within HMIS. SSVF providers must document all TFA rental payments monthly in HMIS by entering the date and amount of financial assistance and selecting HMIS data element V3 Financial Assistance Type – response # 15 *Extended Shallow Subsidy – Rental Assistance*.

SSVF providers are not required to conduct re-certifications of eligibility while the Veteran household is receiving shallow subsidy payments. However, providers are required to do monthly check-ins with participants to assess for housing stability, and progress toward increasing income or other agreed upon goals that would allow the Veteran to sustain permanent housing after SSVF assistance ends. SSVF providers must document these monthly check-ins with Veterans in HMIS by entering a case management service under V2 Services Provided response # 7 *Extended Shallow Subsidy*; grantees should also document Veteran income in HMIS on a quarterly basis.

Information about documentation standards for SSVF projects can be found in the FY2020 VA Data Guide.

https://www.va.gov/HOMELESS/ssvf/docs/FY2020_VA_Provider_Data_Guide_October_2019.pdf

In addition to HMIS documentation, the SSVF Program Office requires a quarterly report from grantees receiving priority 3 funding. Grantees will complete the report to inform the SSVF

Program Office of numbers of households receiving shallow subsidies, amount of TFA expenditures, and estimated funds needed to cover the two-year commitment for the shallow subsidy rental assistance. This quarterly certification provides a snapshot of TFA usage and forecast if spending levels are within SSVF Program requirement and determine if sufficient funds remain in TFA to prevent a shortage during the grant period.

TFA Allowable Costs and Limitations

For Veterans below 50% of AMI but above 30% of AMI, the additional Shallow Subsidy would extend from the end of the participant’s current, traditional rental support, up to a maximum of 2 years in a 2-year period. The total rental support of all types, including those described in § 62.34, could not extend beyond 2 years, unless the Veteran is extremely low-income (defined as 30% of the AMI or less). If the Veteran begins the Shallow Subsidy as an extremely low-income Veteran, the subsidy lasts for a full 2 years regardless of any previous rental assistance. If the Veteran household qualifies for SSVF services after that 2-year period, the Veteran household would again be eligible for all benefits described in § 62.34 and a new 2-year time period would commence.

All Veterans targeted or in need of SSVF shallow subsidy services should have a Shallow Subsidy screening and eligibility form that would be developed by the grantee(s) and support the targeting priorities of the CoC. If Shallow Subsidy services are not appropriate or do not meet the targeting priorities of the CoC, the SSVF grantee should assess the Veteran for other SSVF services.

It is required that each participant household’s file includes documentation verifying that the participant meets SSVF Program eligibility requirements and specifies the participant’s category of “occupying permanent housing.” Grantees with insufficient case file documentation may be found out of compliance with SSVF Program regulations during a VA Financial and Operational Fitness Audits. Grantees must develop policies and procedures that ensure appropriate documentation is obtained and included in participants’ files. Grantee are directed to the SSVF Program Guide to ensure appropriate and enough information is collected, documented, and maintained in participant case files to document program compliance.

Shallow Subsidy financial assistance allows for limited, needs based payments to be paid for a portion or subsidy of a participant’s rent.

<p>Shallow Rent Subsidy</p>	<p>Up to two years for Veterans under 30% AMI or 24 months minus previous rental assistance already paid for Veterans between 30% and 50% AMI. A formal written lease is required to pay Shallow Rent Subsidy and these payments must be paid direct to third parties on behalf of the Veteran.</p>
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Utility Assistance	Eligible while participating in Shallow Subsidy; traditional TFA limits apply using original SSVF enrollment date.
Child Care	Eligible while participating in Shallow Subsidy; traditional TFA limits apply using original SSVF enrollment date.
Transportation Assistance	Eligible while participating in Shallow Subsidy; traditional TFA limits apply using original SSVF enrollment date.
Deposit – Security or Utility	Eligible while participating in Shallow Subsidy; traditional TFA limits apply using original SSVF enrollment date.
Rental Assistance (to cover full rent)	Not eligible when Veteran is receiving a Shallow Subsidy; however, other forms of non-SSVF rental assistance may be combined with the Shallow Subsidy as long as the total of all subsidies does not exceed the total rent amount. If a Veteran is no longer able to pay their portion of rent, they may transition back to traditional SSVF so that available SSVF TFA Rental Assistance can be utilized. Veterans must be recertified to determine SSVF eligibility immediately prior to transitioning to traditional SSVF.
Emergency Housing Assistance	Not eligible when Veteran is participating in Shallow Subsidy
Moving Assistance	Eligible while participating in Shallow Subsidy; traditional TFA limits apply
General Housing Stability Assistance	Eligible while participating in Shallow Subsidy; traditional TFA limits apply

SSVF grantees shall not conduct a formal re-certification during the time that the household is receiving Shallow Subsidies; however, the SSVF Program Office requires the grantee to establish procedures and protocols with appropriate documentation reviewed and certified monthly to ensure that nothing has changed in the lease agreement before TFA payments are issued.

Outcomes

The VA will utilize data uploaded from HMIS to the VA repository to track numbers of Veteran households served under the SSVF Shallow Subsidy Initiative. The VA will also utilize data gathered upon exit to evaluate effectiveness in helping households in sustaining permanent housing and increasing income.

Fraud Prevention

The SSVF Program Office expects grantees to be mindful of potential situations and instances where fraud can occur and implement appropriate policies and management practices to prevent any occurrence. Reviewing preventative measures and risk mitigation is key and aligns with SSVF standard protocols. SSVF grantees are required to review the Audit Fraud Waste and Abuse Webinar annually at <https://tacinc.adobeconnect.com/FraudAwareness>