

OEO Requirements on Housing Risk Pools or Housing Mitigation Funds

Risk Pool Funding is an innovative and proven addition to a landlord engagement and recruitment plan. The funds provide a safeguard for landlords who might be concerned about financial risks associated with tenants renting their units. The risk pool provides assurance that issues related to damaged property, nonpayment of rent, unit turnover, and eviction costs are supported with financial incentives from the agencies who provide supportive services and/or subsidies for the tenants. Most often these funds are not drawn on, however the availability and structure of these pools creates a stronger relationship between landlords and providers. Further guidance and best practices on this tool can be found in the Vermont Council on Homelessness document entitled, "Guidance on using Risk Mitigation Funds as a Tool to Reduce Homelessness" at:

<http://humanservices.vermont.gov/boards-committees/vermont-council-on-homelessness/guidance-on-risk-mitigation-funds-vch-2017.pdf/view>

OEO provides funding to capitalize a housing risk pool in support of certain Family Supportive Housing and/or Landlord Liaison Programs. Grantees draw this funding up front, and OEO may recapitalize the fund upon request, no more often than annually. Grantees must hold funds in a separate fund/account and provide an annual report to OEO until all funds are expended. A reporting template is included for your convenience. Annual reports must include at a minimum: unique client/tenant identifier, beginning and ending balance of pool, landlord/payee, date paid, amount paid, tenant lease-up date, expiration date of reserved funds if applicable, description of what paid. Funds may be recaptured by the State if they are not used for more than five years, or if the grantee stops operating the associated program.

Funds are restricted to the following purposes:

- Hold a unit for tenants (no more than two months)
- Security deposit
- Eviction prevention
- Back/unpaid rent or utilities (no more than three months or max of \$4,500)
- Bed bug treatment (although this is usually the responsibility of the landlord and providers are advised to consider this on a case by case basis)
- Eviction expenses (legal fees, etc.)
- Equipment/Damages (up to \$2,000 beyond original security deposit)
- Other uses, with prior written permission from OEO

Requirements for Use of Funds

- No more than \$10,000 may be expended related to any one apartment or tenant; grantees may set more restrictive terms on the use of funds.
- In order to be eligible to access these funds, the landlord must have signed a Partnership Agreement and/or Lease Addendum with the grantee which lays out the parameters and process for requesting funds. The grantee should have standard forms and a consistent way of validating requests. If the provider of services to the client is from a different agency than the grantee, then both agencies must be party to the Lease Addendum. There also must be a written agreement/MOU in place to lay out roles & responsibilities between the two agencies.
- Risk pool funds may be used to pay for equipment, property damage, or an insurance deductible in the event that a tenant causes damage to a rental unit beyond reasonable wear and tear that

exceeds the tenant's security deposit. The damages must have been caused by tenants within the time period specified in the original lease addendum (typically a year). The landlord must submit a written claim within 14 days of discovering damage or loss or, if the tenant has moved out, within 14 days of the tenant's move out date. The landlord must provide evidence/documentation of the damage caused. The provider must have a point person to review these claims and respond to the landlord within 14 days of receipt of the claim. All payments from the grantee on the tenant's behalf must be credited to the debt owed by the tenant.

- It is strongly recommended that the grantee either provide or partner in order to facilitate education regarding landlord and tenant rights and responsibilities.