

## CITY OF FLAGSTAFF HOUSING AUTHORITY

### SECTION 8 AND VETERANS ADMINISTRATION SUPPORTIVE HOUSING

#### SECURITY DEPOSIT ASSISTANCE PROGRAM POLICY

##### Overview

The Security Deposit Assistance Program (SDAP) provides funding to Section 8 and other voucher holders for the security deposit at the time of unit lease up. Funding will be in the form of a loan with a term of six to twelve months. The purpose of the program is to overcome the barrier created by high security deposits; many voucher clients do not have the resources to pay a security deposit or are severely burdened by the payment. This program will assist program participants in securing a more affordable rental housing unit.

##### Program Description

SDAP loans will be provided to households with S8 Housing Choice Vouchers, Veterans Administration Supportive Housing (VASH) and other vouchers issued by the Housing Authority, excluding incoming portability vouchers as discussed in Section 12.4 of the Administrative Plan, when each of the following criteria are met:

1. SDAP funding is available;
2. SDAP loans will be available for units within CFHA's jurisdiction for initial lease-up and unit transfers meeting the following criteria:
  - a. Unit transfer due to:
    - i. Sale of property and resulting lease non-renewal;
    - ii. Change in family size requiring a change in needed bedrooms;
    - iii. Change in employment where access to place of employment is limited by location of current unit;
    - iv. Circumstances covered by the Violence Against Women Act;
  - b. Non-renewal of lease by landlord for causes beyond the household's control;
  - c. Moves approved as a reasonable accommodation as set forth in the Administrative Plan for the S8 Program;
  - d. Relocation due to major unit repairs or incidents such as flooding or fire damage (non-tenant caused).
3. Household has not received security deposit assistance from the City of Flagstaff Housing Authority (CFHA) in the last three years;
4. Household gross income is less than 50% of Area Median Income (AMI);
5. Household has no outstanding debts owed to CFHA;
6. Household is in compliance with all other program and lease requirements;
7. Household has not had a Repayment Agreement with CFHA for reasons other than SDAP within the 24 months preceding application for SDAP assistance; AND
8. The unit to be occupied must be within our jurisdiction and meet all S8HCV housing quality standards and the landlord must agree to participate in this program.

Upon approval of SDAP application and the Request for Tenancy Approval (RFTA) and household execution of the Promissory Note, a letter of intent will be issued to landlord indicating that CFHA has approved paying the refundable portion of security deposit and that payment of the deposit will be released with first Housing Assistance Payment, unless other arrangements have been made with landlord.

## **SDAP Program Funding**

The SDAP program is a revolving loan fund program. Initial funding for the program shall be \$75,000, which shall be available until December 31, 2021. After that date, the program shall be self-funded with SDAP loan repayments, and SDAP awards shall be subject to funds availability.

## **Amount of SDAP Household Assistance**

Eligible SDAP expenses are limited to refundable security deposit in an amount no greater than one month's rent on the unit to be leased PLUS the cost of up to two application fees per adult family member. Non-refundable portions of the security deposit are not eligible to be covered by this program. For example, non-refundable pet deposits are not eligible to be paid under this program.

Households are encouraged to contribute a minimum of \$100.00 to the payment of security deposit and application fees. However, because the amount of security deposit is limited to one month's rent and up to two application fees, it is possible that the household may need to contribute more than \$100.00.

The amount of SDAP assistance shall be limited as follows:

1. Households with income below 30% of AMI are eligible for the maximum amount of available assistance as defined above.
2. Households with family income between 30% and 50% of AMI are eligible for 50% of the maximum amount of available assistance as defined above.

## **Household Obligations**

Households choosing to participate in the SDAP program will agree to certain obligations as listed below. Failure to meet household obligations shall be grounds for termination of participation in the program.

1. Household will enter a Promissory Note to repay the assistance in 12 or fewer monthly payments. The term of the Promissory Note will be based on household family income as described below.
2. Failure to meet repayment obligations shall constitute a failure to comply with S8HCV program requirements and constitute grounds for termination of assistance under the S8HCV program.
3. Payment of security deposit on behalf of households in no way makes the Housing Authority responsible for tenant charges/ tenant-caused damages.

## **Household Application for SDAP Assistance**

Applications for SDAP assistance shall be submitted with the RFTA form. The CFHA has up to 15 business days to process the RFTA. During this period the CFHA will review the RFTA, process the Application for approval/denial and, inspect the unit, and the Promissory Note and lease will be executed by the adult household members.

## **SDAP Assistance Repayment Requirements**

The approved SDAP funds will be provided in the form of a zero-interest loan; SDAP payments will be paid directly to the landlord. The terms of the loan, including provision for repayment, shall be set out in a written Promissory Note between the CFHA and adult household members, signed after both SDAP application and RFTA are approved. The repayment term shall be no longer than 12 months for families with income at or below 30% of AMI and no longer than 6 months for families with income between 30% and 50% of AMI. Repayment shall be monthly due on the first day of each month. The first payment shall be due no later than 45 days after the first day of the lease agreement. If household moves out of unit before the loan is repaid, the remaining balance shall be immediately due in full. Outgoing portability requests will not be approved until the Promissory Note is repaid in full.

**ATTACHMENTS**

**APPLICATION FOR SECURITY DEPOSIT ASSISTANCE PROGRAM LOAN**

**PROMISSORY NOTE**

**LETTER OF INTENT TO LANDLORD**

**DRAFT**



CITY OF FLAGSTAFF HOUSING AUTHORITY

Application for Security Deposit Assistance Program Loan



Application MUST be submitted with Request for Tenancy Approval

A description of the Housing Authority's Security Deposit Assistance Program (SDAP) was provided in your briefing packet. Please note that your qualification for the SDAP program will be based on the income information you have provided to CFHA as well as other program requirements set forth in the program description.

Head of Household Name \_\_\_\_\_

Current Address \_\_\_\_\_

Home Phone (\_\_\_\_) \_\_\_\_\_ Cell Phone (\_\_\_\_) \_\_\_\_\_ Email: \_\_\_\_\_

SECURITY DEPOSIT INFORMATION

Address of Prospective Unit (including street address, apt #, city, zip code) \_\_\_\_\_

Requested move-in date \_\_\_\_\_

Name of Landlord/Complex: \_\_\_\_\_

Landlord/Complex Address (including street address, city, state, zip code) \_\_\_\_\_

Landlord/Complex Phone: ) \_\_\_\_\_ Landlord/Complex FAX/Email: \_\_\_\_\_

1. Amount of Application Fee Required per Adult \_\_\_\_\_

2.Total Application Fee Required \_\_\_\_\_

3, Amount of Refundable Security Deposit Required \_\_\_\_\_

4. Total Amount Required by Landlord (Line 2 plus Line 3) \_\_\_\_\_

5.Amount Household Will Pay : \_\_\_\_\_

6.Requested Amount of Assistance (Line 4 minus Line 5) \_\_\_\_\_

7. If this is a unit transfer, please check off reason for move:

- a. Property old to new owner and lease not renewed
- b. Change in family size
- c. Change in employment where access to place of employment is limited by location of current unit;
- d. Circumstances covered by the Violence Against Women Act;
- e. Non-renewal of lease by landlord for causes beyond the household's control;
- f. Moves approved as a reasonable accommodation as set forth in the Administrative Plan for the S8 Program;

- g. Relocation due to major unit repairs or incidents such as flooding or fire damage (non-tenant caused).
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DRAFT

## CERTIFICATION

I/We do hereby certify that all the information above is true and correct to the best of my/our knowledge. I/We understand that false statements or information are punishable under Federal and state law and are grounds for denial or termination of housing assistance.

I/We understand that this program is a loan program and that I/we will be required to enter into a Promissory Note to repay funds advanced under this program. The term of repayment is based on household income; families with income below 30% Area Median Income (AMI) will have up to 12 months to repay the note and families with income between 30% and 50% of AMI will have up to six months to repay. I/We understand that failure to meet repayment obligations shall constitute a failure to comply with program requirements and constitute grounds for termination of assistance.

Signature of Head of Household: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Spouse: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Other Adult: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Other Adult: \_\_\_\_\_ Date: \_\_\_\_\_

**WARNING!! Title 18, Section 1001 of the United States Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department or agency of the United States.**

# PROMISSORY NOTE

Date: \_\_\_\_\_

(VO#): \_\_\_\_\_

Payee: City of Flagstaff Housing Authority

Principle Amount Owed: \_\_\_\_\_

Maker: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**Purpose for Note: Repayment of Security Deposit Assistance**

Maker, as principal, without grace, for value received, promises to the Payee (FHA) in lawful money of the United States the principal amount hereof, together with interest thereon, if any, in the manner and at the time hereinabove set out. Maker shall have the right of early prepayment of any or all of the principle without penalty. Repayment shall be as set forth in the attached repayment schedule. Balance shall immediately become due in full should maker move out of assisted unit listed above.

Any failure on the part of the Maker hereof to pay the principal and interest, if any, as hereinabove set out, when due, shall, at the option of the Payee, mature the whole amount of this amount.

If this note be placed in the hands of an attorney after maturity or default, for collection, then the Maker, sureties and endorsers agree to pay in addition to the principal and interest, if any, then due hereon, a reasonable amount as attorney's fees. The sureties, endorsers and guarantors of this note consent that the time of payment may be extended without notice thereof. We, Maker and endorsers, waive protest, notice of non-payment and suit and all exemption laws and rights there under.

❖ **This note shall be governed by the laws of the State of Arizona. Waiver of any default shall not constitute waiver of any subsequent default. If this note is signed by more than one Maker, the obligations of all such Makers shall be joint and several. All words herein shall be construed to be of such gender and number as the circumstances require and all references herein to Maker shall include all other persons primarily or secondarily liable hereunder, including heirs, successors or assigns. The provisions hereof shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors or assigns of the parties hereto.**

Maker

Signature/s: \_\_\_\_\_ Date: \_\_\_\_\_

Payee

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

(FHA Staff)



Name  
Street Address  
City, State, Zip

Dear :

**LETTER OF INTENT Security Deposit assistance Payment Program (SDAP)**

The City of Flagstaff Housing Authority (CFHA) has approved paying the **refundable portion** of the security deposit and application fee for:

Household Name	Application Fee Amount	Refundable Security Deposit Amount	Address

Payment cannot be made until you indicate agreement to participate in this program by signing and returning this letter to CFHA. Please also complete and return the attached W-9 Form, if a W-9 is not already on file with CFHA.

Please contact me if you have any additional questions.

Thank you,

Housing Services Specialist

By signing and returning this letter:

- 1 You agree to accept our payment by direct deposit **with the first Housing Assistance Payment on the assisted unit.**
- 2 At the time the participating household moves out of the unit, the refundable portion of the security deposit, less any damages or other charges allowed under state law, will be returned to the participating household.
- 3 Payment of security deposit on behalf of participating household in no way makes the Housing Authority responsible for tenant charges/ tenant-caused damages.

\_\_\_\_\_  
Property Manager/Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name/Position