

PAYMENT & RECOVERY OF DEPOSITS UNDER THE OVW TRANSITIONAL HOUSING GRANT PROGRAM

Since federal funds are being used to pay deposits for participants in this grant program, organizations must make a good-faith effort to recover any deposits paid to private landlords. Organizations should have policies in place that explain the steps they will take to recover any such deposits.

PAYMENT OF DEPOSIT FOR TRANSITIONAL HOUSING

SCATTERED SITE: TRANSITION IN PLACE

If the original deposit was paid by the organization to the landlord and the participant elects to stay in the unit they have occupied while in the Transitional Housing Program (transition-in-place), the program can set up a payment plan with the participant prior to their exiting the program. If the original deposit was paid by the organization with a documented promise from the landlord to pay the organization back, the organization should remind the landlord of this prior to the participant exiting the program. It is important that this documentation be available when the funds are returned to the grantee agency. The organization and participant can also work with the landlord to retrieve program funds used for the deposit and provide a new deposit paid by the participant. The program must also have a copy of the lease agreement between the landlord and the participant prior to providing a deposit.

SCATTERED SITE: MOVE AT END OF TRANSITIONAL HOUSING

Programs may elect to create a document stating the deposit is being paid by [ORGANIZATION] and must be returned to [ORGANIZATION] at the end of the lease agreement unless damages occur. The document should further state that the landlord must provide an itemized list of such damages and provide documentation of reasonable costs to repair any damages. The program must also have a copy of the lease agreement between the landlord and the participant prior to providing a deposit.

PAYMENT OF DEPOSIT FOR PERMANENT HOUSING

When a participant is moving into a new location, to avoid needing to keep track of deposits and spend time retrieving them at the end of the tenancy, the program can pay two months of rent for the

permanent housing, thus freeing up money for the participant to pay the deposit on their own. In this case the program would never need to recover money from the landlord.

If a deposit is paid to a landlord for permanent housing, the program will need to make an attempt to retrieve the deposit when the participant moves from the unit. The program may put in place an agreement that states the deposit will be returned to the organization when the participant moves out of the unit. Programs have also created payment plans with participants in permanent housing so the participant can pay the deposit back to the organization during their time in permanent housing to avoid the program having to recoup any money in the future. When participants stay long-term in a unit for which OVW funds have been used for the deposit, retrieving the deposit can be difficult as the program may lose touch with the participant.

DEPOSITS ON PROGRAM-OWNED BUILDINGS

OVW funding cannot be used to pay deposits on program-owned buildings. Additionally, repair of damages to program-owned property cannot be paid for with OVW grant funds. Programs can request that participants pay a deposit on program-owned property from their own funds. However, if a participant does not have income, this must be accommodated and inability to pay a deposit cannot be a reason for non-acceptance into the program. If the program elects to have participants pay a deposit on program-owned property, the deposit should be a reasonable for someone who is coming out of homelessness. Programs requesting client-paid deposits should also have policies in place that outline the following:

- 1.) How the deposit amount was determined;
- 2.) How the condition of the unit before and after being leased to the participant will be documented;
- 3.) How damages will be documented;
- 4.) How costs for damages are determined;
- 5.) How and when the deposit will be returned to the participant;
- 6.) Methods by which the deposit can be paid by the participant (cash, personal check, money order, etc.);
- 7.) Whether the program will arrange a payment plan for the deposit by a participant who has no income, or whose income is insufficient to pay the whole deposit amount prior to moving in.

Programs should consider alternatives to deposits for program-owned buildings. Alternatives may include donated materials and time from companies or associations (Homebuilders Association), community donations and volunteer time to repair units, flexible funding from the city/county, and United Way.

DEPOSITS ON SUBLET UNITS WHILE IN TRANSITIONAL HOUSING

For housing units leased to the program and sublet to the participant, the program should recover the deposit at the end of the lease period. This would require no payment by the participant back to the organization or to the landlord. However, if the program is willing to allow the unit to be transferred to the participant and a new lease signed between the participant and the landlord, the original deposit would be returned to the program, less any damages, and the participant would pay the new deposit.

UTILITY DEPOSITS

Often utility companies will require the payment of a deposit before the utility can be turned on. Companies may return the deposit to the payee in multiple ways.

- 1) After 6-12 months of on-time payments, the utility company may credit the deposit to the account holder's bill. This will lower their payment for a limited amount of time, often 1-2 months.
- 2) When the individual moves from the location, the utility company may provide a check to the account holder, less any payments or late fees due on the account. If a check is provided, the program would need to recover the deposit from the survivor.

The organization should consider contacting all utility companies before providing any deposits to see if the deposit made can be refunded to the organization after a period of time or at move out.

NOTE: Not all programs cover utilities for participants. If you have questions about paying utility deposits or monthly utility bills, contact your OVW Program Manager.

USE OF DEPOSIT FOR DAMAGES

If the deposit is used to pay for damages, the program does not need to retrieve the money from the landlord or participant. However, the program must receive a list of damages and repair costs to document how the deposit was used.

If a participant leaves the transitional housing program early (with or without the organization's knowledge) and termination of lease is necessary, money paid as a deposit may be claimed to cover losses by the landlord. Proper documentation of the participant exiting the program and lease stipulations should be retained. However, the organization should consider working with the landlord to see if they can get someone else in the unit quickly so the deposit is not lost.

NOTE: The program cannot pay rent on an unoccupied unit.

ADDITIONAL NOTES ON DEPOSITS

- For any deposit paid by a program to a landlord, it is important to document when the deposit was paid, what entity paid it, the amount paid, details on how it was paid (i.e. check number, ACH authorization, etc.), how damages will be assessed and documented; and the agreed conditions for return of the deposit, including the time frame the landlord has to do so.
- Any deposits returned to the program must be used for an allowable purpose under the program's OVW-funded Transitional Housing Program, even if the organization's grant has been closed out. Allowable purposes may include:
 - Rental or utilities assistance;
 - Supportive services;
 - Staff wages/time/salary.

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