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# HAP PROGRAM MANUAL

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State of Wisconsin  
Department of  
Administration  
Division of Energy,  
Housing, and  
Community Resources

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Program Rules and Guidance  
for the Housing Assistance  
Program (HAP)

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Last Revised July 2021

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# Chapter 1: General Information

The Wisconsin Department of Administration’s (DOA) Division of Energy, Housing, and Community Resources (DEHCR) developed this handbook as a resource for Housing Assistance Program grantees. HAP grantees are required to follow all state requirements, policies, and procedures in this guide. Grantees may only operate the types of programs that have been included in their written contract agreement with the state. In the event of a conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract shall take precedence.

## Program Overview

The Housing Assistance Program (HAP) is a State of Wisconsin funding source. The funding is distributed to one lead fiscal agent in each HUD-recognized COC.

Program	Authorized By	Project Types
<b>Housing Assistance Program (HAP)</b>	Wisconsin Statutes § 16.306 Wisconsin Admin Code § 87.03	Housing
		Administrative Costs

# Chapter 2: Application Process

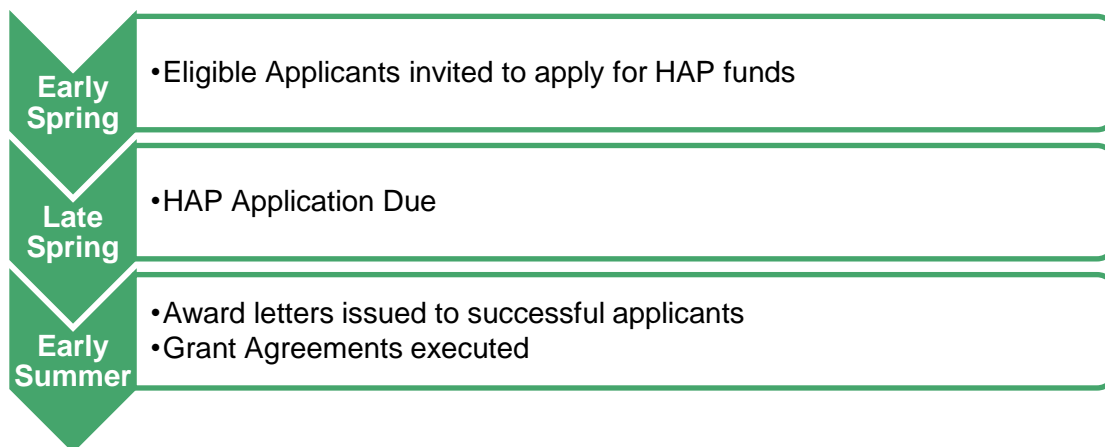
## Eligible Applicants

Eligible applicant agencies must meet the following eligibility criteria:

- The applicant must be one of the following:
  - A county or municipal governing body,
  - A county or municipal governmental agency,
  - A community action agency under s. 49.265,
  - A private, nonprofit organization, OR
  - An organization operated for profit.
- The applicant must have a history in the implementation of housing programs.
- The applicant must demonstrate an ability to coordinate with other local agencies to provide job training, counseling, day care and/or other supportive services.

## Timeline

The HAP Application timeline is typically as follows; however, it is subject to change.



## Application Process

A Continuum of Care (COC) is a regional planning body that receives HUD funding and coordinates efforts to address housing and homeless issues. There are four HUD-recognized COCs in Wisconsin. The Milwaukee, Dane/Madison, and Racine COCs each cover one county. The Balance of State COC covers the other 69 counties and is divided into groups of counties known as local homeless coalitions. Each COC designates a Lead Applicant that receives a HAP allocation for the COC.

The lead applicant is responsible for the implementation of the grant and the proper use of grant funds. Applications may also have sub-recipient applicants who also apply for HAP funding but are grantees of the lead applicant.

## Environmental Review

All lead agencies and sub-recipients must complete an Environmental Review Determination Exemption form. The form is used to satisfy the applicable environmental review requirements.

(Agencies are not required to complete the form if they are exclusively applying for Administration funding.)

## Appeals

If an agency believes a HAP Lead Agency made an unfair funding or enforcement decision, they may submit a letter explaining the grievance to DEHCR. The letter should thoroughly explain the situation and the reason the grievance is being made. DEHCR will respond within 30 days.

# Chapter 3: Program Requirements

## Involuntary Family Separation & Nondiscrimination

All individuals or groups of individuals regardless of age, gender identification, sexual orientation, and marriage status identifying as a family at must be served as a family by any project which serves families. There can be no involuntary separation.

There can be no documentation requirement or need for “proof” of family, gender identification, and/or sexual orientation. Examples of prohibited inquiry and documentation include but are not limited to parentage, birth certificates, and marriage certificates.

## Conflict of Interest

State regulations require compliance with organizational, individual, and procurement conflict of interest provisions. Lead agencies/sub-recipients will be required to repay any HAP funds disbursed for persons with whom there is an identified conflict of interest unless an exception is granted from DEHCR.

### Organizational Conflicts of Interest

1. Grantees must not condition HAP assistance on a participant’s acceptance of housing owned by the grantee or a parent or subsidiary of the grantee.

### Individual Conflicts of Interest

The individual conflict of interest regulations prohibit financial gain for self, family, or those with business ties.

1. No person who exercises responsibility over HAP funded projects or who is in a position to participate in a decision-making process or gain inside information with regard to HAP funded projects may:
  - a. Obtain a financial interest or benefit from an assisted activity
  - b. Have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity
  - c. Benefit from an assisted activity, either for themselves or for those with whom they have family or business ties, during their tenure or during the one-year period following their tenure

### Individual Conflict of Interest Exception Process

Upon written request of the grantee, DEHCR may grant an exception to the provisions above on a case by case basis. The most common situation where an exception is requested is when a family member of an employee needs HAP assistance. Follow the steps below if a conflict of interest is identified when providing HAP funded assistance.

1. Submit a request for an exception in writing to DEHCR. The request must contain the following items:
  - a. A narrative of the situation, which must contain the name and title of the person for whom the exception is requested, and a brief description of the person’s position as it relates to the DEHCR-assisted project or contract award. The narrative must also address all applicable factors below.

- i. Whether the person is a member of a group or class of persons intended to be the beneficiaries of the DEHCR-assisted activity, and if so, whether the exception would permit the person to receive generally the same interests or benefits being made available or provided to the group or class.
  - ii. Whether the affected person has withdrawn from his or her functions or responsibilities or the decision-making process with respect to the specific assisted activity in question.
  - iii. If the agency requesting an exemption is a government, they must also provide an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.
  - iv. Any other relevant considerations.
2. DEHCR will review the request for exception based on the above factors and any other applicable information. In determining whether to grant the requested exception, DEHCR shall consider whether an exception will serve to further the purposes of the HAP program and the effective and efficient administration of the organization's project. If the request is deemed appropriate, DEHCR will seek a legal opinion from the DOA Legal Counsel stating whether there would be a violation of local, state, or federal law if the exception were granted.
3. DEHCR will notify the grantee of the final determination. At any point, DEHCR reserves the right to refuse a request for an exception. If this occurs, a written response will be provided.

## **Procurement Conflicts of Interest**

In the procurement of property and services, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. These regulations require grantees to maintain written standards governing the performance of their employees engaged in administering contracts.

## **Confidentiality**

Lead agencies and sub-recipients must develop and implement written confidentiality procedures to ensure:

1. All records containing personally identifying information of any person or family who applies for and/or receives HAP assistance will be kept secure and confidential.
2. The address or location of any housing of a program participant will not be made public except as provided under a preexisting privacy policy of a lead agency or sub-recipient and consistent with all applicable state and local laws regarding privacy and obligations of confidentiality.
3. Lead agencies and sub-recipients must develop and implement procedures to ensure the confidentiality of records pertaining to any person provided family violence prevention or treatment services under any project assisted under the HAP program.

## **Violence Against Women Act (VAWA)**

VAWA prohibits denial or termination of assistance or eviction solely because a person is a victim of domestic violence, dating violence, sexual assault, or stalking. This protection applies to all eligibility and termination decisions that are made with respect to HAP rental assistance.



Lead agencies and sub-recipients that determine eligibility for or administers HAP rental assistance are responsible for ensuring that a notice of VAWA protections (HUD forms 5380 and 5382) are provided to each applicant for HAP rental assistance and each program participant receiving HAP rental assistance at each of the following times:

1. When an individual or family is denied HAP rental assistance
2. When a program participant begins receiving HAP rental assistance
3. When a program participant is notified of termination of HAP rental assistance
4. When a program participant receives notification of eviction

The VAWA Lease Addendum (HUD 91067) must also be signed with every lease.

## **Emergency Transfer Plan**

Lead agencies and sub-recipients must develop and implement an emergency transfer plan compliant with 24 CFR 5.2005(e).

## **Faith-Based Activities**

All HAP-funded activities must be administered in a manner that is free from religious influences and in accordance with the following principles.

- Grantees must not discriminate against any employee or applicant for employment and must not limit employment or give preference in employment to persons on the basis of religion.
- Grantees must not discriminate against any person applying for services and must not limit services or give preference to persons on the basis of religion.
- Grantees must provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing and exert no other religious influence in the provision of programs or services funded under HAP.
  - If a grantee conducts these activities, the activities must be offered separately in time or location from the programs or services funded under HAP, and participation must be voluntary for HAP program participants.

## **Recordkeeping and Retention**

Lead agencies and sub-recipients must have written policies and procedures in place to ensure all recordkeeping requirements are met. Lead agencies must also maintain a copy of any executed contract with any sub-recipient which relates to project activities funded under their HAP contract.

Program and financial records for lead agencies and sub-recipients must be maintained for a minimum of five years after the final expenditure under their HAP contract.

## **Participation in HMIS, HIC, PIT**

### **Homeless Management Information System (HMIS)**

All lead agencies and sub-recipients must participate in HMIS and comply with participation requirements.

Victim service providers cannot participate in HMIS and Legal Services Organizations may choose to not participate in HMIS. Providers which do not participate in HMIS must use a

comparable database that produces unduplicated, aggregate reports. The comparable database must be capable of producing all HAP-required reports.

### **Housing Inventory Chart**

Each COC must complete a census for the fourth Wednesday of the month for all emergency shelters, rapid re-housing programs, permanent housing, safe haven, and transitional housing programs. This information is reported on the Housing Inventory Chart (HIC) maintained by the HUD COCs. The data is required of all agencies with the above-referenced program types regardless of whether they participate in HMIS or a comparable system.

### **Point-in-Time**

All lead agencies and sub-recipients receiving HAP funds must actively participate in the overnight Point-in-Time (PIT) street count conducted statewide during the last ten days of January. Participation in the July PIT count may be required by the HUD-recognized COCs.

## **Participation in Continuum of Care**

Lead agencies and sup-recipients are encouraged to participate in their HUD-recognized COC and/or local homeless coalition. Participation can take many forms including:

- Attend COC membership meetings
- Participate in a COC committee
- Participate in advocacy efforts organized by the COC
- Use COC data when talking about homelessness in your community
- Attend COC sponsored training
- Participate in coordinated entry

## **Monitoring and Enforcement**

### **Monitoring of Lead Agencies by DEHCR**

#### ***Notification of Monitoring***

DEHCR will annually monitor the performance of each HAP grantee. In conducting performance reviews, information will be obtained from the records and reports from onsite or desk monitorings, audit reports, and information from HMIS. Monitoring reviews to determine compliance with specific program requirements will be conducted as necessary.

#### ***Components of a Monitoring***

During DEHCR's annual monitoring of lead agencies, several different components may be reviewed, including:

- Personnel policies and procedures, such as conflict of interest and confidentiality policies
- Fiscal policies and procedures
- Funding-specific requirements
- Client files
- Backup documentation supporting reimbursement requests
- Performance as a lead agency
- Participation in HMIS or HMIS-comparable database

- Participation in the January Point-in-Time (PIT) count
- Completion of monthly Housing Inventory Chart (HIC) report

### **Monitoring of Sub-Recipients by Lead Agencies**

Lead agencies are required to perform a desk or on-site monitoring at least once during each grant cycle for each sub-recipient. The monitoring must ensure each sub-recipient meets obligations specified in the grant agreement (examples provided above) as well as minimum fiscal standards. The lead agency must also review documentation supporting reimbursement requests, such as invoices and timesheets, to ensure proper payment requests are being made.

A summary of each sub-recipient monitoring should be made available to DEHCR for review during its monitoring of the lead applicant as well as upon request.

### **Expectations of Lead Agencies**

Lead applicants for HAP funds have the following expectations:

- Comply with all funding requirements
- Collect and ensure timely submission of all reports required by DEHCR in the grant agreement
- Ensure all funds are spent in an appropriate manner within the agreed-upon budget
- Reallocate funds as needed to fully spend out all funds
- Meet all HMIS compliance standards, if applicable

### **Expectations of Lead Agencies with Sub-Recipients**

Lead applicants for HAP funds with sub-recipients have the following expectations in addition to those listed above:

- Issue agreements or contracts with each sub-recipient laying out expectations regarding matters such as the use of grant funds, monitoring expectations, payment requests, and eligible activities
- Collect and review invoices from sub-recipients to ensure proper payment requests
  - Backup documentation should be collected at least once per grant cycle to ensure proper usage of funds
- Ensure timely payment disbursement to sub-recipients
  - Sub-recipients must be reimbursed within 21 days of the lead agency receiving reimbursement from DEHCR
- Collect and ensure timely submission of all sub-recipient reports required by DEHCR in the grant agreement
- At least once during the grant agreement period, perform a desk or on-site monitoring to ensure program compliance
- Ensure that each sub-recipient meets HMIS compliance standards, if applicable
- Notify DEHCR immediately if contractual issues arise with a sub-recipient's performance
- Ensure that information such as new rules or income/rent limits is promptly passed along to sub-recipients
- Facilitate communication for sub-recipients
- Ensure that the process for allocating HAP funds locally is fair and transparent

## Expectations of Sub-Recipients

Sub-recipients of HAP Lead Agencies have the following expectations:

- Comply with all funding requirements
- Submit invoices and reports on a timely basis
- Undergo and complete a monitoring review at least once every grant cycle
- Notify DEHCR of any concerns related to the performance of the lead agency
- Ensure all funds are spent in an appropriate manner within the agreed-upon budget
- Request budget adjustments to the lead agency as needed to fully spend out all funds

# Chapter 4: Allowable Costs

## Housing and Supportive Services

The purpose of HAP funding is to provide housing and associated supportive services to homeless individuals and families to facilitate their movement to independent living.

HAP funds may be used to support a housing program that does all of the following:

1. Facilitates the utilization, by residents, of appropriate social services available in the community.
2. Provides, or facilitates the provision of, training in self-sufficiency to residents.
3. Requires that at least 25 percent of the income of participants be spent on rent.

### Eligible Costs:

- a) Housing Payments, including but not limited to:
  - a. Rental application fees
  - b. Security deposits
  - c. Rent payments
  - d. Rent arrearages
  - e. Utility deposits and payments (gas, electric, water, sewer)
  - f. Utility arrearages (gas, electric, water, sewer)
  - g. Moving costs (e.g. truck rental, moving company, storage fees)
- b) Supportive Services, including but not limited to:
  - a. Housing search and placement necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.
  - b. Housing stability case management to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
  - c. Tenant/Landlord mediation
  - d. Legal services (must be necessary to resolve a legal problem which prohibits the program participant from obtaining or maintaining permanent housing.)

## Administration

All grantees have a 10% cap on HAP administrative expenses.

### Eligible Costs:

1. General management, oversight, and coordination
2. Reporting on the program as required by DEHCR
3. Program administration costs
4. Travel costs incurred for monitoring of sub-recipients

# Chapter 5: Client File Requirements

The requirements in this section must be followed and documented in client files.

## Client Eligibility

Homeless individuals and families are eligible for HAP funds. Grantees may determine which definition of homelessness they will use in their program(s).

## Evaluation of Participant's Need

Any household provided with assistance must have at least an initial consultation with a case manager or other authorized representative who can determine the appropriate type of assistance to meet their needs.

There must be an initial evaluation of all applicants to determine:

- Eligibility for HAP assistance
- Amount and type of assistance necessary for the household to regain stability in permanent housing

## Coordination with Homeless Services and Mainstream Resources

Lead agencies and sub-recipients must assist homeless individuals in obtaining permanent housing, appropriate supportive services, and other Federal, state, local, and private assistance available for such persons.

Lead agencies and sub-recipients should coordinate HAP-funded activities with other programs targeted to serving homeless households.

## Habitability

HAP establishes habitability standards for permanent housing. Lead agencies and sub-recipients must document compliance with the applicable standards.

1. Permanent Housing Standards.
  - a. The lead agency or sub-recipient cannot use HAP funds to help a program participant remain in or move into housing which does not meet the minimum habitability standards

## Rent Reasonableness

Lead agencies and sub-recipients providing rental assistance must create policies and procedures to ensure that all units meet rent reasonableness standards.

To calculate rent under this section, the unit's rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees), and, if the tenant pays separately for utilities, the monthly allowance for utilities established by the public housing authority for the area in which the housing is located.

Agencies must determine whether a unit's rent is reasonable in comparison to rent for other comparable unassisted units. To make this determination, the agency must consider:

- (1) The location, quality, size, unit type, and age of the contract unit; and
- (2) Any amenities, housing services, maintenance, and utilities to be provided by the owner per the lease.

To establish whether a unit meets rent reasonableness standards, it must be compared to at least two comparable units. Documentation of comparable units for a city or region must be updated at least annually. A sample "Rent Reasonableness Checklist and Certification" form is available at: <https://www.hudexchange.info/resource/2098/home-rent-reasonableness-checklist-and-certification/>.

[WIHousingSearch.org](http://WIHousingSearch.org) is a potential resource for finding comparable units. It is a state-wide resource of affordable rental housing in a searchable database that is free to anyone seeking affordable rental housing. The website lists the number of bedrooms and other features for units.

Lead agencies and sub-recipients must establish their own written policies and procedures for documenting comparable rents and ensure that they are followed when documenting rent reasonableness in case files. Policies must include a process for exceptional circumstances in the event the rent reasonableness standard cannot be met (accessibility, unit size, etc.).

See <https://www.hudexchange.info/resource/3070/esg-rent-reasonableness-and-fmr/> for additional guidance.

## Lead Safety

**Housing Programs:** Every assisted unit must be free from lead-based paint contamination wherein that assistance lasts 100 days or more AND a child less than 6 years of age and/or a pregnant woman is expected to reside there. If these conditions are met and the unit was built before 1978, a visual inspection is necessary before assisting the unit in question.

## Rent Assistance and Lease Standards

1. Compliance with **Rent Reasonableness**.
2. **Habitability Standards** apply for all units assisted with HAP monies.
3. **Lead-Based Paint** standards apply to all HAP funds in that a visual assessment is required for all units receiving assistance if the unit was constructed before 1978 and a child under 6 or a pregnant woman will live there.
4. There must be a **legally binding lease** between tenant and landlord to receive HAP rental assistance.
5. There must be a **rental assistance agreement** between grantee agencies and landlords. This can be between a property manager or owner and a lead agency or sub-recipient.
6. Late Payments
  - The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease

- The lead agency or sub-recipient must make timely payments to owners per the rental assistance agreement
  - The lead agency or sub-recipient is solely responsible for paying with non-HAP funds any late payment penalties that it incurs
7. Lead agencies and sub-recipients may set a maximum dollar amount and maximum period for which a program participant may receive any of the types of assistance or services described within the regulatory maximums.

## Lease Requirements

The following rules apply whenever a client receives rental assistance.

1. Clients must have a legally binding lease for the rental unit.
2. Leases must include a provision or incorporate a lease addendum that includes all requirements that apply to tenants, landlords, and leases under 24 CFR Part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking).
3. Leases are encouraged to have an initial term of one year. Leases may be renewed or extended as needed for as long as a client remains eligible.

## Terminating Assistance

To terminate assistance to a program participant, the lead agency or sub-recipient must establish and follow their formal process which meets all statutory requirements.

1. Lead agencies and sub-recipients may terminate HAP assistance if a participant violates the rules of the program.
  - Lead agencies and sub-recipients must establish and follow a formal process that recognizes individual rights.
2. Termination may only occur in the most severe cases.
3. Assistance to a program participant who has been terminated from a program may resume at a later date.
4. DEHCR may grant exceptions for HAP funds.

## HAP Documentation Requirements

Lead agencies and sub-recipients will be responsible for demonstrating how each requirement for documentation is met, maintained, and monitored. Regardless of how the documentation is maintained, it must be consistent for each client within the project.

1. **Demonstration of intake** and basic assessment of needs and program eligibility
2. Documentation of **homelessness** or at-risk of homelessness
3. **Type of service** refers to the amount and type of assistance provided to that program participant
4. **Termination procedure** documentation that demonstrates clients have been informed of their rights and of the procedure, and any correspondence related to a termination proceeding, if applicable
5. Demonstration of **referral and connection** to homeless and mainstream services



6. **Rental assistance agreements and payments** which include copies of all leases and rental assistance agreements for the provision of rental assistance
7. Documentation of compliance with **Rent Reasonableness**
8. Documentation of providing, or facilitating the provision of, **training in self-sufficiency** to residents
9. Documentation showing that at least 25% of client income is **spent on rent**
10. **Habitability Standards** Checklist
11. Documentation showing **entry and exit dates** to the program
12. Documentation showing the **housing and employment status** of each person at program exit

## HAP Reporting Requirements

Each HAP grantee shall provide all of the following information to the DEHCR upon request:

1. The total number of persons served.
2. The length of stay in housing of each person served.
3. The housing and employment status of each person served, at the time that the person leaves the housing program.
4. Any other information that the department determines to be necessary to evaluate the effectiveness of the housing program operated by the recipient.

# Chapter 6: Method of Payment

## HAP Payment Request Forms

Grantees may draw on Department funds as reimbursement of actual reported expenditures. To initiate each payment, grantees must complete and submit the HAP Payment Request Excel Form. Before submitting a payment request, lead agencies should look over the payment request to ensure no rows are overdrawn. All columns should add up as expected. If any columns are not totaling up the reported expenses properly, contact the HAP Program Manager.

If corrections need to be made to the expenses reported in past months, do not edit the expenses which have already been submitted and reimbursed. Past omissions in reimbursable expenses can be added to the current month's column on the payment request. If previously reported expenses were reported incorrectly and need to be removed from the request, this correction can be made in the current month's column on the payment request. Those funds should be subtracted from any requested funds in the current month so all totals update accordingly. If a budget category would turn negative if the correction were to be entered in a single month's column, spread the negative funds across multiple payment requests.

## Program Income

Program income includes any amount of a security or utility deposit returned or rent payment made to a lead agency or sub-recipient. Lead agencies and sub-recipients are prohibited from requiring or suggesting repayment of any service or financial assistance except for security deposits, utility deposits, and rent payments.

Program income must be used for HAP-eligible expenses (e.g. expenses the agency may request reimbursement for on the HAP Payment Request Form).

There must be an auditable trail that details how the program income was spent. Documentation of program income expenditures may be requested during monitoring visits.