

# Permanent Supportive Housing (PSH) Risk Mitigation Pool (RMP)



## RMP Program Manual

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## Background and Purpose

In the 2023 legislative session, Senate Bill 5511 was passed providing \$4 million to establish the Risk Mitigation Pool (RMP) to support the stabilization of operating costs for Permanent Supportive Housing (PSH) properties financed by OHCS. The RMP is designed to help partners operating properties with PSH units offset high operating costs. Partner feedback received by OHCS has indicated that rapidly rising insurance rates, higher than anticipated damage incidents, and inflationary factors that cannot be offset by rent increases have resulted in an unstable financial environment for many PSH owners. This is important in Oregon, as PSH seeks to provide housing solutions for an unprecedented number of families and individuals experiencing homelessness.

PSH is a best practice and proven strategy to successfully house people experiencing chronic homelessness. Members of these households often have complex needs including mental illness, substance use, and chronic physical difficulties alongside of their experience of long-term homelessness. PSH combines three elements:

- The development of permanently affordable housing;
- Comprehensive tenancy support services; and
- Project based rental assistance.

PSH must be affordable to households with extremely low incomes and must provide wraparound services. PSH services must be designed to effectively support communities' most vulnerable populations in reaching long-term housing success. PSH is a key resource for people who, without support in their tenancy, may not be successful in maintaining stable housing and who, without housing, may not be as successful in utilizing services to achieve and maintain recovery, health, and wellness.

## Definitions

For the purposes of this RMP Program Manual, capitalized words will refer to the following definitions:

**Claimant** means the property owner, or someone authorized to act on their behalf, who is submitting an RMP claim.

**Claim Form** means a form prescribed by OHCS designed to gather information to determine claim eligibility.

**Communities of Color** means identity-based communities that hold a primary racial identity that describes shared racial characteristics among community members. The term aims to define a characteristic of the community that its members share (such as being African American) that supports self-definition by community members, and that typically denotes a shared history and current/ historic experiences of racism. An older term for Communities of

Color is that of "minority communities" which is increasingly inaccurate given that people of color are majority identities on a global level. That term has also been rejected for its potential to infer any inferior characteristics. The community may or may not also be a geographic community. Given that race is a socially defined construct, the definitions of these communities are dynamic and evolve across time. The Coalition of Communities of Color defines Communities of Color to include Native Americans, Latinos, Asian and Pacific Islanders (further disaggregated according to local preferences), African Americans, African immigrants and refugees, Middle Eastern, and Slavic communities.

**Continuum of Care (CoC)** means a regional or local planning body that coordinates housing and services funding for families and individuals experiencing homelessness. CoCs are organized to carry out the responsibilities required under 24 CFR part 578 and are composed of representatives of organizations, including nonprofit homeless service providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless individuals to the extent these groups are represented within the CoC's geographic area and are available to participate.

**Coordinated Entry** means a centralized or coordinated process developed to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs. Coordinated Entry is facilitated by a region's Continuum of Care.

**Culturally Responsive Organization (CRO)** means an entity that comprehensively addresses power relationships throughout the organization, from the types of services it provides and how it maximizes language accessibility to its human resources practices-who it hires, how they are skilled, prepared, and held accountable, to its cultural norms, its governance structures and policies, and its track record in addressing conflicts and dynamics of inclusion and exclusion, to its relationships with racial groups in the region, including its responsiveness to expectations. Furthermore, a Culturally Responsive Organization is one that is dynamic, on a committed path to improvement and one that is hardwired to be responsive to the interests of Communities of Color. Culturally Responsive Organizations hire and train culturally and linguistically diverse staff to meet the needs of the diverse communities they serve.

**Non-Metro Urban Areas** means areas of the state that are not classified as Rural Areas and are located outside of the Portland Metro area.

**Permanent Supportive Housing (PSH)** means a housing or program type that combines a leased unit with Rental Assistance and Comprehensive Tenancy Support Services for persons experiencing chronic homelessness so that they may live independently.

**Procorem Workcenter** means a secure portal technology solution by ProLink Solutions™ used by OHCS to help facilitate collaboration and communication models for all Claimants and future housing partners.

**Rural Area – Urban Areas** means definitions that first evaluate housing density by census tract. Those tracts with 640 or more housing units per square mile are tentatively considered urban, below 640 housing units is rural.

## Eligibility and Eligible Uses

### 1. Eligibility.

To be eligible for RMP resources, a PSH property must meet all the requirements below:

- Have at least one PSH unit in the property;
- Utilize Coordinated Entry or other OHCS-approved process to fill PSH units;
- Utilize project-based rental assistance for PSH units;
- Provide on-site tenancy support services; and
- Be part of the OHCS Affordable Rental Housing portfolio.

### 2. Eligible Uses.

The RMP is a reimbursement-based program designed to pay for extraordinary costs associated with a property's physical and operational losses connected to the operation of PSH. These are costs that extend beyond a property's standard operating budget and are not being reimbursed by security deposits, insurance payments, or other forms of coverage or reimbursement.

The RMP may be used to reimburse owners of eligible properties for:

- Physical damage beyond normal wear and tear caused by a PSH tenant or their guest(s);
- Operational losses associated with a PSH tenant or their guest(s); and
- An administrative fee of up to 5% of the amount of the total eligible costs associated with physical damage and operational losses are allowable (included in the maximum funding allowable for the claim).

Eligible properties must exhaust any local risk mitigation pool or similar program resources before utilizing the RMP funding. If there is a local risk mitigation pool or similar resource available, Claimants need to provide documentation that funds from the local risk mitigation resources have been exhausted. OHCS may verify the information directly with local risk mitigation programs.

### 3. Physical Claims.

Claims for physical damage must be for damage to a PSH unit or for damage to the property/ other units caused by a PSH tenant or their guest.

- a. Eligible physical claims include, but may not be limited to, the following:
  - Excessive cleaning;

- Excessive debris removal;
- Excessive extermination needs;
- Excessive repairs;
- Other damage exceeding what is normally experienced in unit turnover and supportive housing operations; and
- Damage to common areas by a PSH tenant or their guest (may qualify at the discretion of OHCS).

Other items not specifically excluded may be eligible, depending on the circumstances. OHCS will review other items and make an eligibility determination on a case-by-case basis.

- b. Ineligible physical claims include, but are not limited to the following:
- Normal wear and tear (e.g., small holes in the wall, minor carpet repairs, items that need to be replaced due to age);
  - Normal turnover costs\* (e.g., unit cleaning, carpet cleaning, painting, small appliance replacement);
  - Damage not caused by a PSH tenant or their guest; and
  - Damage that happened prior to January 1, 2024.

All unit turnovers require a certain amount of work for normal wear and tear (cleaning, painting, carpet cleaning, etc.); these are not covered by the RMP. RMP claims must be reserved for excessive physical damage. Funds received or planned to be received from security deposits, insurance payments, or other forms of assistance will be deducted from the eligible claim amount.

#### **4. Operational Claims.**

Operational claims are for lost rent revenue or excessive operating losses due to damage or events caused by a PSH tenant or their guest. Though RMP can be used for some operational costs, it is important to note that the RMP is not a rent subsidy program.

- a. Claims for excessive operational expenses include but may not be limited to the following:
- Relocation expenses;
  - Up to 90 days' worth of uncollected rent, late fees, or lease break fees that are owed by a PSH household; and
  - Lost rental income for qualified PSH units during a vacancy period that exceeds 60 days, due to an event caused by a PSH tenant. Claims for such lost rental income may only cover the portion of the vacancy period that is in excess of 60 days. If a property is eligible for vacancy rent payments associated with other project-based rental assistance programs, it is not eligible for rental income loss reimbursement under RMP for the month(s) for which such vacancy rent payments were received.

Other items not specifically excluded may be eligible, depending on the circumstances. OHCS will review other items and make an eligibility determination on a case-by-case basis.

b. Ineligible operational claims include, but are not limited to:

- Insurance premiums;
- Claims for supportive services;
- Lost rent during the initial lease-up period of the property; and
- Losses that occurred prior to January 1, 2024.

## Risk Mitigation Pool Set-Asides

OHCS is committed to achieving equitable access to RMP funding across Oregon. To achieve this, the RMP will use CRO and geographic set-asides. OHCS intends to review the use of the set-asides every six months during each biennium. Based on spending and remaining funds, OHCS reserves the right to move unspent funds into a general pool available to all eligible properties.

### 1. Culturally Responsive Organization Set-Aside.

The CRO set aside is for eligible PSH properties owned by CROs with an active DEI registration. There will be a DEI registration link in the Claim Form. The CRO set aside is 10% of the total RMP funding for each biennium.

### 2. Geographic Set-Aside.

After the CRO set-aside has been allocated from the total biennial programmatic funding, the remaining funding will be divided across three regions. The percentages allocated to each region are based on current PSH property locations:

- Portland Metro (an Urban Area): 65% of available funds
- Non-Metro Urban Areas: 25% of available funds
- Rural Area: 10% of available funds

## Claim and Property Limits

Claims are subject to claim and property limits based on unit size and the number of PSH units. Claim and property limits will be reviewed by OHCS periodically. OHCS may implement changes to claim and property limits from time to time based on program data, available resources, or other determining factors. Approval of funding for claims is dependent on RMP funding availability. Please see below for details on the claim and property limits:

### 1. Claim Limit.

The maximum allowable claim amount is based on unit size. The table below shows the maximum funding allowable for each unit. ***The minimum amount for a claim is \$1,000.***

Unit Size	Maximum Funding per Unit
Single Room Occupancy	\$10,500
Studio	\$12,600
One-bedroom	\$14,000
Two-bedrooms	\$20,300
Three-bedrooms	\$25,000
Four-bedrooms & up	\$30,000

For example, if a claim is seeking reimbursement for physical damage repairs on two, one-bedroom PSH units, the maximum amount for the claim would be \$28,000. This is based on the unit size. The maximum amount for a one-bedroom unit in the table above is \$14,000. Accordingly,  $2 \times \$14,000 = \$28,000$  would be the maximum total claim amount and \$14,000 would be the maximum claim amount for each unit. Another example: if a claim is seeking reimbursement for physical damage repairs on a PSH one-bedroom unit that damaged another non-PSH one-bedroom unit, the property owner may submit a claim for both units and the maximum total amount for the claim would be \$28,000 and the maximum claim amount for each unit would be \$14,000. The claim amount for each unit is based on the unit size, regardless of whether the unit is PSH or non-PSH.

## 2. Property Limit.

A single property could have several units. The maximum amount of funding available to a property is determined by multiplying the number of PSH units of each type described in the table above by the corresponding maximum funding amount and calculating the total sum of those amounts (non-PSH units are not included in this calculation). This is the maximum funding available to the property for the ten-year period described below. For example, if a property has 100 units and 25 of the units are PSH, and all units are studios, the ten-year claim limit for the property is \$315,000 ( $25 \times \$12,600 = \$315,000$ ). The ten-year timeframe begins on January 1, 2024 and ends on December 31, 2033, and the property limits will be reset every ten years. After ten years, eligible properties will be able to request their full claim limit again. The timeframe limit is subject to change depending upon availability of future funding.

## 3. Damage to Common Areas.

If there is physical damage to common areas, the total claim limit for units involved in the claim is still based on the maximum funding per unit described above. However, Claimants can request up to the full amount of their ten-year property maximum to reimburse eligible costs for physical damage to common areas.

## Claims Process

Claimants can initiate the claims process by submitting a Claim Form. Claim Forms must be submitted within 12 months of the date of the incident, or, if later, the date the property manager or owner became aware of the damage or loss. Claims for increased operating costs must be submitted within 12 months of the date on which such costs were incurred. Claims submitted after these deadlines are ineligible and will be denied.

OHCS will process eligible claims in the order received as long as RMP funding is available.

### **1. Claim Submission Process.**

Claim Forms must be filled out completely and include all requested information regarding the claim. There are three tabs to complete: general info, physical damage (if applicable), and operational loss (if applicable).

Claim Forms must be submitted electronically to [RMP@hcs.oregon.gov](mailto:RMP@hcs.oregon.gov). Hard copies of Claim Forms will not be accepted. The Claim Form and instructions can be found on the RMP webpage: [Permanent Supportive Housing Risk Mitigation Pool](#).

### **2. OHCS Eligibility Review.**

OHCS will review Claim Forms for completeness and eligibility. OHCS will notify the Claimant of an approval or denial of the claim within 21 business days following submission.

- a. Denials. If a claim is denied, OHCS will notify the Claimant via email and include a summary of the reason the claim was denied as well as an appeal form. In the event a claim is denied, the Claimant may file an appeal through the appeals process. An appeal must be submitted within 7 business days of receiving the denial. The appeal form and any supplemental documentation must be complete to be considered. Appeal forms must be submitted to [RMP@hcs.oregon.gov](mailto:RMP@hcs.oregon.gov). The Claimant filing an appeal will be notified by OHCS within 30 business days following submission regarding a final decision of the appeal. If an appeal is found to be valid, OHCS will proceed with processing the claim.
- b. Approvals. If a claim is approved for eligibility, OHCS will notify the Claimant via email. The Claimant will be responsible for submitting the requested backup documentation to support the claim. OHCS will subsequently notify the Claimant of the amount that is eligible for reimbursement. The Claimant may also be required to sign an agreement allowing, among other things, OHCS to audit, inspect, or verify the claim in other ways, as determined by OHCS.

### **3. Upload Backup/ Supplemental Documentation.**

OHCS will create a Procorem Workcenter for a property once the Claimant has met eligibility requirements. The link to the property's Procorem Workcenter will be provided via email. The



Procorem Workcenter will act as a document hub for the Claimant to upload supporting documents for the claim.

The Claimant must submit additional documentation to support a claim to the “Submit Documentation Here” file in the property’s Procorem Workcenter. OHCS will use this documentation to determine the eligible amount of funding that will be distributed to the Claimant. The Claimant must provide evidence that local risk mitigation pool resources are not available for the property or claim.

- a. For physical claims, Claimants must submit:
  - Evidence that the damage occurred in a PSH unit or was caused by a PSH tenant or their guest. Examples include:
    - Rent rolls indicating PSH unit status
    - Letter/email from the property manager or services provider confirming PSH unit status
    - HMIS report confirming PSH unit status
    - Documents of insurance claims on the unit (if applicable)
  - Photos of damage and repairs (if available)
  - Backup documentation that confirms all physical damage costs are true and accurate. Examples include:
    - Invoices from contractors or repair services
    - Work orders that provide detail to support invoices or receipts
    - Receipts for purchases (e.g., new appliances, plumbing, tools. etc.)
- b. For operational claims, Claimants must submit:
  - Evidence that the operational losses resulted from damage to a PSH unit or as a result of a PSH tenant or guest’s actions
  - Backup documentation that confirms all operational losses are true and accurate. Examples include:
    - Rent rolls indicating vacancy or rent loss
    - Move in and move out documentation
    - Receipts from relocation activities (e.g., transport, hotel stay, etc.)

OHCS reserves the right to request any documentation associated with the claim, in addition to the documents submitted by Claimant for approval. Claimants must upload all backup documentation to their Procorem Workcenter no later than 30 days after their eligibility approval.

## Disbursement of Funds

OHCS will pay approved claims within 45 days of approval of the amount to be paid.

Funds will only be disbursed using electronic payment via ACH. The Claimant will have the option to have funds disbursed to an existing account on file with OHCS, or the Claimant may

submit an ACH authorization to establish a new account. The Claimant will need to specify on their Claim Form which ACH authorization they would like to use for the disbursement of funds.

## Record Retention and Program Audits

Claimants must retain and keep accessible all records for a minimum of 6 years following expiration or termination of the grant agreement related to these funds, or such longer period as may be required by applicable law or the grant agreement. OHCS may conduct monitoring or audits on properties that have received RMP funding to ensure funding was utilized appropriately.