# THRESHOLD BY HOM
# RISK MITIGATION GUIDELINES

## Overview

Threshold by HOM (Threshold) – a service of HOM, Inc. – is Maricopa County's centralized landlord liaison service, which supports all scattered site permanent housing programs in Maricopa Regional CoC. As its operator, HOM, Inc. will support and collaborate with property owners and operators to be active partners in solving homelessness. Threshold is owned by and benefits all programs throughout the CoC, not just programs by HOM and its partners.

Threshold is the first-ever centralized network of resources and support for property owners and managers participating in supportive housing programs in the Greater Phoenix area. Threshold services and benefits will enable like-minded property owners and managers to operate profitable and well-maintained properties while providing safe and stable homes for those who need them.

At Threshold, we believe you play a crucial role in building a community where everyone goes to sleep with a roof over their head. Our priority is ensuring your investment works for you. The risk mitigation funds offered through Threshold allow you to rent your property to a participant in a supportive housing program while ensuring it remains well-maintained and profitable.

While housing programs primarily focus more on tenants, Threshold recognizes and serves the specific and unique needs of property owners and managers. We know that when we work together, we can create a stronger, better community for all.

## Notable Threshold Contacts

**Chris Hooley**
Director of Housing Programs, Landlord Relations
602.507.4164 – Daniel@HOMInc.com

**Stella Darnall**
Landlord Engagement Supervisor
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Landlord Support Supervisor
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**Zach Zachman**
Inspections Supervisor
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# Commitments of HOM, Inc., Threshold Administrator

**Centralized Support –** HOM will operate a dedicated hotline staffed by professionals ready to assist you with non-emergency issues related to Threshold-assisted tenants participating housing programs. Emergency situations should be handled by calling 9-1-1. This hotline provides property owners and operators with a centralized point of contact for questions and concerns. HOM will coordinate communication and response with Service Providers to mitigate issues that put the housing stability of program participants at risk.

**Risk Mitigation Funds** – HOM will contact the owner or operator regularly to ensure successful tenancies for the Threshold-assisted tenants and to maintain an effective partnership with the owner/operator. If damages or eviction occur despite interventions, the operator will follow the Risk Mitigation Fund Guidelines in seeking reimbursement from Threshold for move-out charges for eligible participants. HOM will oversee the Threshold Risk Mitigation Fund which will cover up to **one (1) time the monthly contract rent (on top of any refundable deposit) in move-out charges for Threshold-assisted tenants during their tenancy and up to one (1) time the monthly contract rent in vacancy loss coverage**. These funds are available for damages and vacancy loss caused during the HOM participant's tenancy during a HOM program as well as one (1) subsequent lease in that same unit (up to 2 years after exiting a housing assistance program). HOM will verify and process all damage claims submitted and pay operators for verifiable damages and move-out charges using the Threshold Risk Mitigation Funds.

Risk mitigation funds are intended to reduce the potential loss of a tenancy, not eliminate the risk associated with operating a profitable residential property business. As with all tenancy leases, the owner/operator assumes all financial risk as prescribed in the Arizona Residential Landlord and Tenant Act (ARLTA) when leasing to a Threshold-supported tenant. HOM recognizes property owners and operators make decisions based on potential risk, including the choice to require tenants to acquire renter's insurance as well as the owner/operator choice to hold active "Landlord Insurance". As such, in the event of substantial or catastrophic loss due to a Threshold-supported tenant, owners/operators are encouraged to use their standard operating policies when addressing damages, using risk mitigation funds to reduce any associated loss, up to and including filing an insurance claim in the event of substantial or catastrophic loss. Risk mitigation funds can be used to offset the deductible of such a claim at the standard award rates.

# Risk Mitigation Reimbursement Process

## Move-Out Inspections

Once the tenant vacates the dwelling unit, the **owner/operator has 2 business days from the time of regaining possession of the unit to request a move-out inspection** from HOM, Inc. or the respective case manager. HOM inspections department or the respective service provider will arrange to conduct a move-out inspection of the unit within of the operator's notification of move-out. The Inspector will take photos and complete a move-out inspection form. **The owner/operator then has thirty (30) calendar days to complete and submit a Damage Claim and Vacancy Loss Worksheet** to HOM for reimbursement for damages and vacancy loss via email to damageclaims@hominc.com.

## Damage Claims

Through Threshold or program funds, HOM provides a **damage claim reimbursement at a rate of up to one (1) month's Contract Rent**. Physical damages must be documented via a move-out inspection by HOM or Service Provider and Damage Claims may not be processed without a move-out inspection conducted by HOM or Service Provider. Qualifying expenses accrued by the operator due to damage to the unit that must be tenant-caused and exceed normal wear. Replaced or repaired appliances, flooring, or other physical assets of the unit will be reimbursed at the industry-standard pro-rated rate for the asset supplied during the tenancy. Additional qualifying expenses include cleaning fees accrued more than what was collected at move-in, legal fees, and rental arrears.

The Damage Claim and Vacancy Loss Worksheet can be found at: thresholdaz.com/damageclaims

## Vacancy Loss

Through Threshold, HOM also provides reimbursement for **vacancy loss at a rate of up to one (1) month's Contract Rent**. Vacancy Loss is paid for the number of days the unit remains vacant beyond the last day of the month that the Tenant vacated, at a prorated rate from the first day of that month to the day of the next lease.

## Example of Risk Mitigation Reimbursement

| | Tenancy Information | | | |
|---|---|---|---|---|
| 1 | Monthly Contract Rent (Base + Fees) | | $ | 1,400 |
| 2 | Refundable Security Deposit | | $ | 2,100 |
| 3 | Lease Terms | 08/01/2023 - 07/31/2024 | | |

| | Move Out Process Dates | |
|---|---|---|
| 4 | Move Out Date | 7/31/2024 |
| 5 | Posession of Unit | 8/1/2024 |
| 6 | Request Move-Out Inspection | 8/2/2024 |
| 7 | Move-Out Inspection Occurs | 8/5/2024 |

| | Damage Claim + Vacancy Loss Submission | | | | *Calculation, if applicable* |
|---|---|---|---|---|---|
| 8 | **Damage Claim** | Arrears | $ | 1,000 | |
| 9 | | Damages | $ | 1,200 | |
| 10 | | Cleaning Fees | $ | 400 | |
| 11 | | Total Damage Claim | $ | 2,600 | *Sum of Lines 8, 9, and 10* |
| 12 | | Refundable Security Deposit | $ | 2,100 | *Line 2* |
| 13 | | Remaining Damage Loss | $ | 500 | *Line 11 - Line 12* |
| 14 | | Lessor of Contract Rent or Damages | **$** | **500** | *Lessor of Line 1 or Line 13* |
| | | | | | |
| 15 | **Vacancy Loss** | Date Unit is Released | | 8/27/2024 | |
| 16 | | # Days Vacant | | 26 | *Line 15 - Line 8* |
| 17 | | Prorated Contract Rent | **$** | **1,214** | *Line 17 * Line 1* |
| | | | | | |
| | **Total Risk Mitigation Reimbursement** | | **$** | **1,714** | *Line 14 + 18* |