



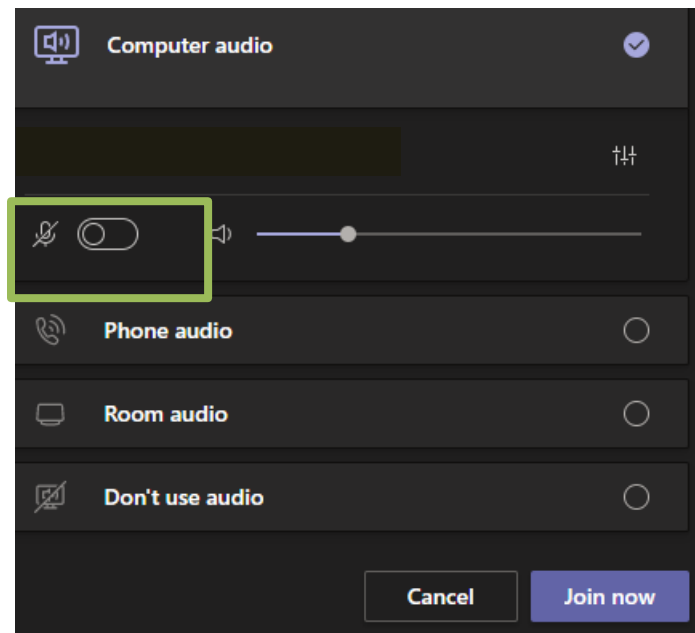
Federal Emergency Rental Assistance Program (ERAP)

When and How to Deny Households for Fraud

July 9, 2021

Please Mute

Please join the meeting muted during the session to keep interruptions to a minimum

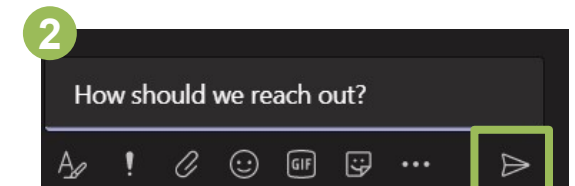
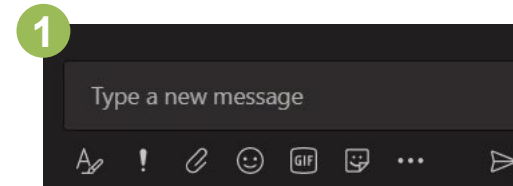


Engage During Meeting

1. Teams Chat

Send a message in the **Teams Chat** panel

1. Type in your **question**
2. Hit Enter



2. Questions

- We will be monitoring the Teams Chat for questions throughout the session
- We will triage questions during designated checkpoints



WELCOME

THIS CALL IS BEING RECORDED





Our Journey Today

I HOUR



Objective & Introduction

5 mins



Fraud—What is it?



Denial Process for Suspected Fraud

30 mins



Policy Updates/Reminders



Questions

25 mins



Wrap Up

Purpose



Provide guidance **to protect against fraud** and outline **the process for denial** in cases of fraud.

Goal



Provide RAA staff with **guidance and continued support** related to ERAP and other EDI programs



When and How to Deny Households for Fraud

What is fraud?



Fraud is defined as **wrongful or criminal deception intended to result in financial or personal gain** in situations where they would not be eligible. This includes **the intentional, false representation or concealment of a material fact** for the purpose of inducing another to act on it.

Applicants and/or recipients can commit rental assistance fraud by...

- Knowingly **making a false statement or representation**,
- Intentionally **falsifying required documentation**,
- Deliberately **failing to disclose material facts**, or
- Knowingly **withholding information** in order to obtain benefits

What isn't fraud but equally important to watch out for?

IMPROPER PAYMENTS

Improper Payments are payments that should not but have been made or were made in the incorrect amount without the intent and knowledge of wrongdoing, such as payments to ineligible recipients or duplicate payments (same period, multiple programs, etc.)

USER ERROR

Households and/or landlords unknowingly providing incorrect information or failing to report due to lack of understanding. This includes failing to provide sufficient documentation, misrepresenting income or household size, or amount of assistance requested. Best practices are to give applicants the opportunity to provide updated information if needed.

Where can fraud originate from?

**Households (Tenants)
Falsifying Applications**

**Landlords (Owners)
Falsifying Applications**

**Landlord / Tenant
Collusion**

**Coordinated Criminal
Attacks**

Understanding Common Fraud Scenarios



Households (Tenants) Falsifying Applications

Households (tenants) provide falsified applicant information or supporting documentation used to determine benefit eligibility

EXAMPLE SCENARIOS

- **Tenant does not live at the address listed**
- **Tenant falsifies documents or signatures**
- **Tenant intentionally misrepresents or fails to report income, assets and allowances**
- **Tenant falsifies property landlord information and/or housing crisis**
- Tenant is adamant about receiving payment directly, and landlord cannot be contacted via phone, email, or mail
- Tenant is not head of household or does not report all household members living in the unit
- Tenants overstating amount of relief needed or knowingly exceeding cap
- Tenants applying for arrears for months covered by past stipends/subsidized portion of rent

Landlords / Property Owners Falsifying Applications

Landlords obtain payments for unknowing tenants, or falsifying application information/documentation to receive payment

EXAMPLE SCENARIOS

- **Owners falsifying documentation to satisfy program requirements**
- **Landlord/Owner listed is not the legal recipient of rental payments**
- **Landlord and Tenant have the same property/unit address**
- Owners collecting housing assistance payments for units not occupied by program participants.
- Owners collecting extra or side payments in excess of family share of rent
- Owners knowingly submitting duplicate applications for the same unit

Landlord / Tenant Collusion

Landlords and tenants working together to receive payments for situations that are not eligible for rental assistance

EXAMPLE SCENARIOS

- **Landlord and tenant knowingly submit fully completed applications with falsified information and documents**
- Landlord and tenant knowingly overstate amount of assistance required (month of arrears, rent amount)
- Tenant is a relative of the landlord and not an actual rent paying tenant

***Suggest using fraud language for scenario**

How to spot potential fraud in rental assistance applications



When processing applications for rental assistance, keep an eye out for the following key red flag indicators of potential fraud

SUSPICIOUS DOCUMENTS	SUSPICIOUS PERSONAL ID INFO	SUSPICIOUS APPLICATION INFO	SUSPICIOUS ACTIVITY
Tenant and/or landlord intentionally provides misleading or falsified documents that are required to receive benefits	Tenant and/or landlord unable to be verified through direct contact or provide materially false personal identification info	Information submitted with the application is intentionally misrepresented and cannot be validated with supporting documentation or outreach	Tenant and/or landlord behavior or actions taken are intended to mislead or persuade application case managers
What should I look out for?			
<ul style="list-style-type: none"> ➤ Fictitious freehand docs with no standard format or letterhead ➤ Dates of docs inconsistent with benefit claim or back dated to satisfy requirements ➤ Tenant/Landlord info on docs is drastically different from App Form (address, names, rent, etc.) ➤ Handwritten or manually altered docs (e.g. Revised, copied, whited out, pre- or post-dated notes). ➤ Complete absence of verifiable documents (e.g. 1040's, W9, Notice of arrears, acceptable photo ID) 	<ul style="list-style-type: none"> ➤ Inconsistencies with state verified identifiers: DMV license numbers, SSN discrepancies, etc. ➤ Does not provide a phone number or states they do not have a phone number ➤ Tenant/Landlord have the same unit address, last name, and/or contact information ➤ Emails or telephone numbers are not valid ➤ Applicant cannot be verified through any trusted third party data sources or valid documentation 	<ul style="list-style-type: none"> ➤ Blatant material misrepresentation of application info: completely fake address, falsified tenant ➤ Multiple claims submitted for the same property address ➤ Property address is not a valid MA residence (PO Box, hotel, place of employment, etc). ➤ Tenant/Landlord have the same address or last name ➤ Multiple addresses listed on app and supporting forms ➤ Benefit amount/months covered is equal to the max amount without any supporting evidence ➤ Claims are incompatible with residence, average rent, and/or income. 	<ul style="list-style-type: none"> ➤ Aggressive pressure from claimant demanding for a quick decision or threats to file complaints if app not processed ➤ Applicant pushes for smaller benefit amount to obtain funds ➤ Applicant refuses to be contacted by phone, avoids in person interactions, and only will communicate via email ➤ Applicant or landlord does not know basic info that would be common to remember ➤ Frequent updates to app details to support claim ➤ Pattern of tenant closing out apps due to lack of req's, then immediately resubmitting a new app with the same details

Best Practices to Minimize Fraud



BEST PRACTICES TO MINIMIZE FRAUD

- ✓ **Assume best intent:** *Only assume fraud with clear, material indicators of the intent to deceive and allow applicants the opportunity to correct unintended errors*
- ✓ **Compare Cognito Application to Supporting Documentation to identify discrepancies:** *Ensure that the details in the supporting documentation are consistent with the Cognito application details. claim being made*
- ✓ **Analyze Payment History if available:** *Leverage internal data sources of program participants/past payments (HAPPY, RAA case management details, etc..) to ID similarities between other fraudulent payments.*
- ✓ **Attempt direct contact to Tenants and Landlords whenever possible to verify application:** *Directly contacting participants by phone or in person helps minimize suspicious application activity and identity*
- ✓ **Perform additional due diligence for higher risk scenarios:** *Pay extra attention to apps that cannot be verified with acceptable forms of ID (e.g. government/state issued ID), official supporting docus (W9's, 1040's, court docs, lease docs, consistent signatures), or third-party data sources (e.g. property records, wage data, etc.)*
- ✓ **Log fraud denials in HAPPY to avoid repeat offenders:** *Strengthening document retention, and accurate entry of fraud denials in HAPPY can support easy identification of similar repeat fraudulent claims in the future*

Process for Denying for Suspected Fraud



- RAAs will use the existing denial/time out letter (“RAFT/ERMA/ERAP Status Notification”) to deny households for suspected fraud
- Cases of suspected fraud should be escalated to RAA managers who will make the final decision to deny for fraud
- If a household is being denied for suspected fraud, RAAs will check off box “Other” on p. 2 and insert the following language
 - *“Your application is being denied at this time due to suspected fraud, misrepresentation of facts, or providing inconsistent/inaccurate information.”*
 - RAAs should not make changes or additions to this language
- Applicants denied for suspected fraud, like applicants denied for all other reasons, have the right to request an administrative review at the RAA if they disagree with your decision



Massachusetts Department of Housing and Community Development

RAFT/ERMA/ERAP Status Notification

Date: _____ Regional Administering Agency: _____
Applicant Name: _____
Address, City and Zip: _____

This notice communicates the status of your RAFT/ERMA/ERAP application.

- ☐ **Application Closed Out for Incomplete Applicant Documentation:** Household failed to provide all required supporting documentation. Missing documentation was _____

If you have this documentation or believe you already submitted it, please respond to this notice via email or phone within 14 days.

- ☐ **Application Closed Out Due to Property Owner Inaction**

- ☐ **Property Owner not willing to Participate:** household’s landlord refused to accept RAFT payments offered by Agency on behalf of the household.
☐ **Property Owner failed to produce required documentation:** Missing documentation was _____

If you have this documentation or believe your Property Owner already submitted it, please respond to this notice via email or phone within 14 days.

- ☐ **Application Denied for Ineligibility:**

- ☐ **Income:** total household income exceeds program eligibility income limits.
☐ **Participant Non-Compliance:** the household previously received financial assistance but failed to comply with the terms of Participant Contract (failed to comply with rent and utility payment obligations, committed fraud, or did not follow-through with other referral services offered by RAFT agency).
☐ **No Eligible Housing Crisis:** household did not present with a housing emergency that met program eligibility criteria.
☐ **Receiving Identical Benefits:** Household received other benefits already for the same time cost in the same time period.

Process for Denying for Suspected Fraud



- Households who are denied for suspected fraud should be entered into HAPPY with the denial reason “FRAUD”

A screenshot of a web application interface. On the left, there is a light blue sidebar with two labels: "ERAP Status" and "Ineligible / Close out Reason". To the right of the sidebar, a dropdown menu is open, displaying a list of status options. The option "FRAUD Fraud" is highlighted in yellow. Below the dropdown menu, there is a small white input field with a downward arrow icon.

ERAP Status
AppDoc Applicant Docs Incomplete
EL Eligible
FRAUD Fraud
NC Non Compliance
NHC No Housing Crisis
OI Over Income
OT Other
PO1 PO Docs Incomplete
PO2 PO refused
RIB Receiving Identical Benefits
TERM Termination

Ineligible / Close out Reason



QUESTIONS



POLICY UPDATES/REMINDERS

- Treasury requires states to spend 65% of ERAP I funds by September 30, 2021 or risk having funds reallocated to other states
- To aid with ERAP I spending push, DHCD is asking RAAs to use ERAP I for recertifications instead of ERAP 2 (up to month 15)

Received already	Needs now	Funding source to use for current need
0-12 months arrears	Arrears up to 12 months total (including what was already received)	ERAP 1
0-12 months arrears	Arrears 13-18 months total (including what was already received)	ERAP 2 (so as not to issue 2 separate arrears checks to the landlord)
Any level of assistance, up to 18 months of assistance	More stipends (recertification or regular application)	ERAP 1 up until month 15, then ERAP 2 for months 16-18 if needed

Received already	Needs now	Funding source to use for current need
0-12 months arrears	Arrears up to 12 months total (including what was already received)	ERAP 1
0-12 months arrears	Arrears 13-18 months total (including what was already received)	ERAP 2
Less than 15 months total assistance	More stipends (whether through a recertification or not)	ERAP 1 up until month 15, then ERAP 2 for months 16-18 if needed
15 months total assistance	More stipends, but not through a recertification	ERAP 2
Any level of assistance, up to 18 months of assistance	More stipends (recertification)	ERAP 1 up until month

- FY22 RAFT and ERAP Administrative Plans were issued this week as part of the FY22 RAFT/ERAP contracts
- Policy change: \$5,000 limit on moving assistance (moving trucks, movers) for both RAFT and ERAP
 - *For moving-related expenses outside of furniture and security deposits, RAAs should aim to keep total assistance below \$5,000 per household (and less if the most economical solution is lower). DHCD can approve waivers for moving-related requests above \$5,000. Moving-related expenses do not include first month's rent or last month's rent, which are considered prospective rent payments and count toward the overall 18-month limit on assistance.*
 - Waiver requests can be sent to dhcdraaraft@mass.gov
- ERAP Admin Plan updated to include 18 Months policy, Paying Tenants policy, and new guidance on using ERAP I for recertifications



QUESTIONS



RESOURCES

1

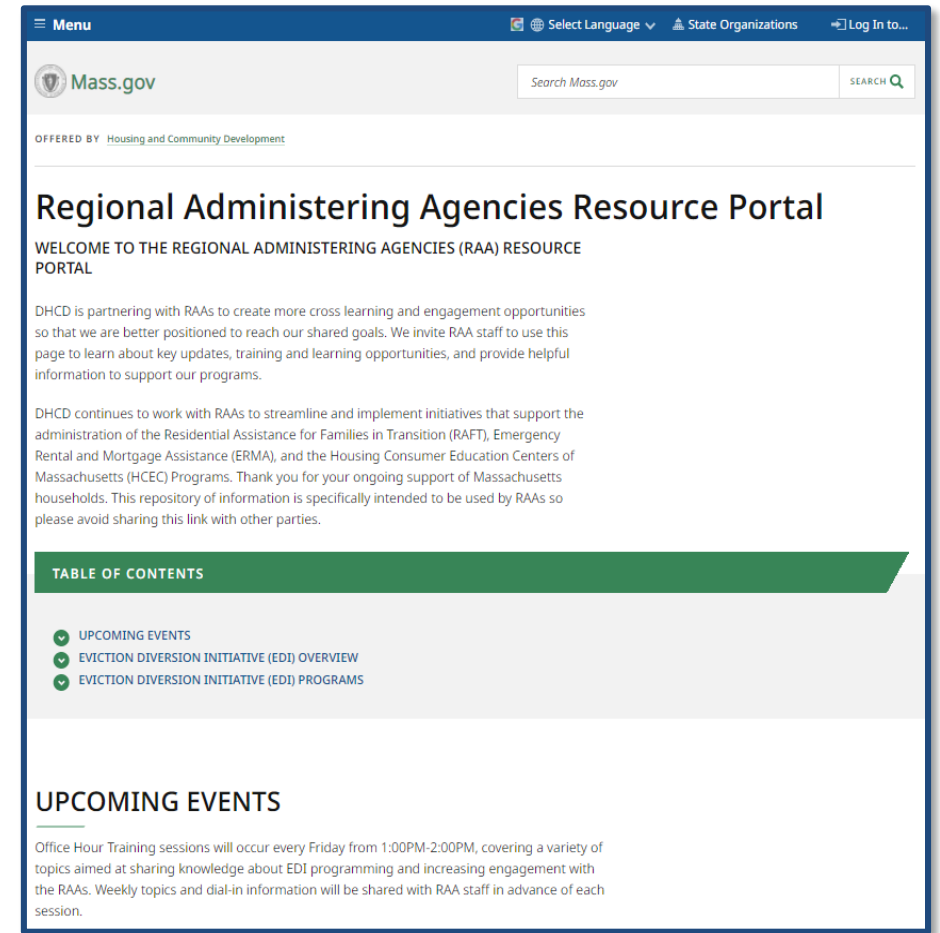
[RAA Resource Portal](#)

Central resource to provide RAA staff with key updates, training and learning opportunities, and helpful information to support programs

2

Further Questions

Contact the RAA support inbox (dhcdraaraft@mass.gov) as a point of escalations for questions. A member of the RAA Support Team will respond.





Further Questions

Direct questions to your supervisor and then contact the **RAA** support inbox (dhcdraaraft@mass.gov) as a point of escalations for questions. A member of the **RAA Support Team** will respond.

- ***Time-sensitive Questions:*** Critical questions that require responses within 24hrs should be submitted with a subject line that includes “**URGENT.**”
- *Example:* Tenant is facing imminent loss of housing (24 hours) and applicant does not necessarily fit guidelines.



Best Practice

Please **specify the program** that you are reaching out about to ensure that the DHCD RAA Support team is best positioned to provide policy guidance.

THANK YOU!

