



# **Continuum of Care Program (CoC) Training Requirements Related to Housing Assistance**

## **Rent Reasonableness, Fair Market Rent (FMR) and Housing Quality Standards**

**March 10 2021**

# Rent Reasonableness

## 24 CFR 578.49 and 24 CFR 578.51

- Grantees should have a procedure in place to ensure that compliance with rent reasonableness standards is documented prior to executing the lease for an assisted unit.
- Must be reviewed annually.

# Determining and Documenting Rent Reasonableness

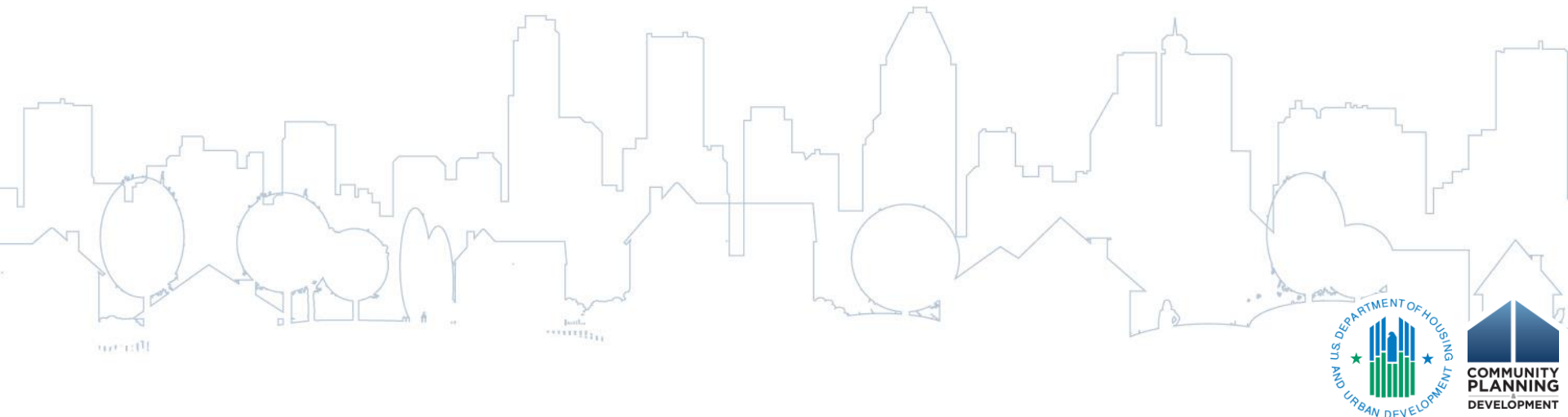
- Grantees and subrecipients are responsible for determining what documentation is required.
- Grantees and subrecipients should determine rent reasonableness by considering the gross rent of the unit and the location, quality, size, type and age of the unit, and amenities, maintenance, and utilities to be provided by the owner.

# Determining and Documenting Rent Reasonableness

- Entire housing cost: rent plus cost of utilities ( gas, electric, water, sewer, trash, etc.) that must, according to the lease be the responsibility of the tenant.
- Exclude telephone, cable, satellite television service and internet. Gross rent does not include pet fees or late fees.

# Rent Reasonableness Methods of Checking

- 1) Use of a market study of rents charged for units of different sizes in different locations or reviewing advertisements for comparable rental units.



# Rent Reasonableness Methods for Checking

2) Written verification signed by the property owner or management company, on letterhead, affirming that the rent for a unit assisted with CoC Program funds is comparable to current rents charged for similar unassisted units managed by the same owner.



# Components of an Effective Rent Reasonableness Policy

## 1) Establish Written Policies and Procedures

- Must be transparent and consistently applied across all projects and comply with HUD requirements.
- Contain methodology for documenting comparable rents, case file checklists and forms, standards for certifying comparable rents as reasonable, staffing assignments and strategies for addressing special circumstances.



# Fair Market Rent (FMR)

## 24 CFR 578.49 and 24 CFR 578.51

- **2) Establish Staff Roles and Responsibilities**
- standard in determining the level of CoC Program funds that can be used to pay rent for an eligible program participant is the Fair Market Rent (FMR)

<https://www.huduser.gov/portal/dataset/fmr-api.html>



# Determining and Documenting FMR

For the geographic area being served, Grantees or subrecipient should place a copy of the applicable FMR data in the program participant's case file to document the FMR for that program participant's unit size and geographic area.



# FMR and Rental Assistance Rent Limits

- Unit rents can exceed FMR but must meet Rent Reasonableness

## Relationship between FMR and Rent Reasonableness (Scenarios)

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Maximum Allowable Contract Rent	\$600	\$1,050	\$1,450



# FMR and Leasing Rent Limits for Units

- Unit rents cannot exceed Rent Reasonableness
- Although CoC Program leasing funds cannot pay above the FMR for a unit, recipients and subrecipients can use non-CoC Program funds to pay for housing costs above the FMR

**Relationship between FMR and Rent Reasonableness (Scenarios)**

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Rent Payment	\$575	\$1,050	\$1,450

# Housing Quality Standards

## 24 CFR 578.75(b) and 24 CFR 578.103(a)(8)

- All housing units assisted with leasing and rental assistance must meet HQS
- Each unit must be physically inspected (**Physical inspections are not required during covid-19 restriction.**)
- Owner has 30 days to correct any deficiencies
- Inspect units at least annually
- HQS inspectors do not need to be certified
- Properties must also meet state and local codes

# Common Monitoring Findings

## Compliance Issue

Failure to comply with HQS requirements:

- Inspections completed after the participant moves into the unit
- Proper inspections not performed at all, or completed poorly (important problems missed)
- Inspection forms incomplete
- Forms not signed or dated



# Questions

