



Eligible Costs – Rental Assistance & Rapid Re-housing (RRH)

24 CFR 578.51

24 CFR 578.37





Eligible Costs – Rental Assistance

- General use
- Security deposits
- Property damage
- Vacancy payments
- Rental assistance administration
- Rental assistance models
- Administering rental assistance



Eligible Costs – Rental Assistance

- Rent reasonableness
- Resident rent
- Leases
- Rapid Re-housing projects (RRH)



General Use

- Rental assistance is an eligible cost under following CoC program components:
 - Permanent housing: permanent supportive housing (PSH)
 - Transitional housing (TH)
- Length of assistance can be:
 - Short-term: Up to 3 months (TH)
 - Medium-term: 4 to 24 months (TH)
 - Long-term: More than 24 months (PH: PSH)



General Use

- Provision of rental assistance to provide transitional housing or permanent supportive housing to eligible homeless persons and families
- Rental assistance cannot be provided to participant who already receives rental assistance, or living in housing unit receiving rental assistance or operating assistance through other Federal, State or local sources



Security Deposits

- Recipients may use up to two months of rent to pay security deposit to owner
- Advance payment of last month's rent may be provided to landlord



Property Damage

- Recipient can cover up to one month's rent for property damages
- Limited to one time per participant and amount no more than one month's rent



Vacancy Payments

- Recipients may use rental assistance funds to provide vacancy payments to landlords, if:
 - Unit is vacated before end of lease
 - In this situation, rental assistance may continue for maximum of 30 days from end of month in which unit is vacated unless occupied by another participant
- Brief stays (not to exceed 90 days) in an institution are not considered vacancies



Rental Assistance Administration

- Recipients may use rental assistance funds to:
 - Process rental payments to landlords;
 - Examine participant income and family composition;
 - Provide housing information and assistance;
 - Inspect units for compliance with HQS; and
 - Receive new participants into program



Rental Assistance Administration

- Rental assistance administration expenses can be paid by:
 - Matching funds
 - Rental assistance funds, if project is not 100% leased
 - Excess funds, if project is 100% leased but paying below FMR rates



Rental Assistance Models

- Tenant-based (TBRA)
- Sponsor-based (SBRA)
- Project-based (PBRA)



Tenant-based Rental Assistance

- Rental assistance follows participant
- Participants locate housing of their choice
- If participant moves to another unit, can take rental assistance to new unit
- Recipients administering TBRA may:
 - Limit where participants live, if it is necessary to facilitate coordination of supportive services
 - Require participants to live in specific area for their entire period of participation or in specific structure for first year and in specific area within their geographic area for remainder of period of participation



Sponsor-based Rental Assistance

- Rental assistance stays with sponsor
- Recipient contracts with sponsor who locates and rents housing units
- Sponsor may be private, non-profit organization, or mental health agency (established as public non-profit organization)
- Participant must reside in housing owned or leased by sponsor



Project-based Rental Assistance

- Rental assistance stays with unit
- Recipient contracts with building owner
- Owner agrees to lease subsidized units to participants
- If participant moves, unit is rented to another participant



Administering Rental Assistance

- **CoC rental assistance** projects are no longer required to use State, local government, or public housing agency (PHA) to administer rental assistance for their permanent housing projects
- Permanent Authority – Refer to HUD Exchange notification on April 21, 2016



Rent Reasonableness

- HUD will only provide rental assistance for unit if rent is reasonable
- Recipient must conduct rent reasonable review before participant rents unit



Rent Reasonableness

- (1) Rent paid must be reasonable in relation to rents being charged in area for comparable unassisted units, taking into account location, size, type, quality, amenities, facilities, and management and maintenance of each unit; and
- (2) Rent paid must not exceed rents currently being charged by same owner for comparable unassisted units



Rent Reasonableness

- Total contract rent (CoC + tenant payment) for unit must be determined to be rent reasonable
- HUD-published FMRs are used to calculate rental assistance awards, but do not factor in determining rent reasonableness for unit

Relationship Between FMR and Rent Reasonableness

	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 Contract Rent	<u>\$600</u>	<u>\$1,050</u>	<u>\$1,450</u>



Rent Reasonableness

- If rent reasonableness rates are lower than FMR, maximum allowable rent amount is capped at rent reasonableness rates
- If recipient pays rent at rent reasonable rates beyond FMR levels for some units, must ensure sufficient funding is available to serve contracted number of participants for remainder of grant term through participant rent contributions or lower rents in other areas of community



Resident Rent

- Participant contributions are required for rental assistance
- Resident rent payments must be made directly to landlord
- Resident rent must be charged and must be equal to highest of:
 - 30% of family's monthly adjusted income;
 - 10% of family's monthly gross income; or
 - Portion of family's welfare assistance, if any, that is designated for housing costs



Resident Rent

- Recipients must:
 - Examine participant's income initially and reexamine at least annually
 - Conduct interim reexamination and adjust participant's contribution toward rental payment as changes in income are identified
 - Ensure process for determining amount is clearly outlined
 - Follow specific calculation procedures to make sure participant is accurately charged
 - If participant is required to pay for utilities, then utility allowance must be factored into rent calculation determination



Resident Rent

- Utilities include: electricity, gas, water and sewage
- Utilities do not include: telephone, internet and cable
 - Telephone may be included for DV and persons with disabilities if clear safety concern



Resident Rent

- Participants must:
 - Agree to supply information or documentation necessary to verify income
 - Provide recipient with information at any time regarding changes in income or other circumstances that may result in changes to participant's contribution toward rental payment



Resident Rent

- Income must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a)
- See CPD income calculator (use HOME TBRA path) at:
<https://www.hudexchange.info/incomecalculator/>



Leases

- Transitional housing:
 - Initial lease term must be at least one month
 - Lease must be automatically renewable upon expiration, for maximum term of 24 months
- Permanent housing:
 - Initial lease term must be one year
 - Lease must be automatically renewable upon expiration for minimum term of one month



Rental Assistance Guidance

- For more information on rental assistance:
<https://www.hudexchange.info/programs/coc/toolkit/program-components-and-eligible-costs/>



Rapid-rehousing (RRH) Projects





RRH & Recipients

- Must follow CoC's written standards for:
 - Determining and prioritizing which eligible families and individuals will receive assistance
 - Determining what percentage or amount of rent each participant must pay while receiving RRH



RRH & Recipients

- Recipients may set:
 - Maximum amount or percentage of rental assistance;
 - Maximum number of months of assistance;
 - Maximum number of times participant can receive assistance; and
 - Whether participants will share in the cost of rent



RRH & Rental Assistance

- Rental assistance must be:
 - Short-term (up to 3 months) or medium-term (4-24 months)
 - Tenant based
- Can be used for:
 - Rental assistance payments
 - Security deposits and first and last month's rent
 - Vacancy payments
 - Rental assistance administration



RRH & Rental Assistance

- Rental assistance funds cannot be used for damage payments
- Rental assistance funds cannot be provided if participant is already receiving rental or operating assistance through other Federal, State or local sources



RRH & Participants

- Required to meet monthly with case manager
- Must be re-evaluated at least once annually for eligibility
- May be required to share in costs of rent
- Rent shall equal sum of total monthly rent for unit and, if participant pays separately for utilities, monthly allowance for utilities established by public housing authority for area in which housing is located



RRH & Leases & Reasonableness

- Initial lease must be for term of at least one year, automatically renewable upon expiration (for additional terms of at least one month)
- Lease term may be longer than rental assistance
- Total rent for unit must be determined to be rent reasonable



RRH Guidance

- For more information on RRH:
<https://www.hudexchange.info/programs/coc/toolkit/program-components-and-eligible-costs/>