Rent Limit and Determining Rent Subsidy Policy and Procedures

**Background**

Section 7.4 Rent Limit

Lead/subgrantees must set a rent limit policy for their service area using a percentage of HUD’s Fair Market Rent (FMR). The rent limit is the maximum rent that can be paid for a unit of a given size. Rent calculations must include the cost of utilities as detailed on utility allowance schedules established by the local Housing Authority. The policy may also include a description of how exceptions are made to the rent limit when circumstances require a rent amount that exceeds the limit.

If a rent limit policy exceeds 120 percent FMR, lead/subgrantees must submit the rationale to Commerce for approval.

Section 7.5 Determining Rent Subsidy

Lead/subgrantees must have a standardized procedure for determining the amount of rent subsidy for each household. The procedure should include a consideration of the household’s resources and expenses. Although each household may receive a different amount of rent subsidy, the procedure for determining the subsidy must be standardized.

Client files must include documentation of the subsidy amount and the determination process. Rent subsidy should be adjusted when there is a change in household circumstance, income, or need.

**Rental Assistance:**

a. **Amount of Assistance.** Rental assistance is generally provided for 6-9 months. However, there is no time limit for clients to become stable if individual circumstances require additional time beyond 6 to 9 months of subsidy. The goal of the program is to help clients move out of homelessness (including transitional housing and shelters) as quickly as possible.

b. **Eligibility Reassessment.** Recertification assessments must be completed every 90 days or when a participant notifies a provider of a change of household composition, need, income, and or age.
c. **Duration of Rental Assistance.** The standard duration of rental assistance will be six to nine months. If the lease is dated on or before the 14th of the month, it will be considered one full month of rental assistance. If the lease is dated on the 15th of the month or later, the following month (the first full month of the lease) will be considered the first month of rental assistance.

d. **Dual Subsidy.** Rapid Re-Housing monthly rental assistance cannot be used with any other local, state or federal housing subsidy or rental assistance. For example, monthly rapid re-housing monthly rental assistance cannot be used in combination with a Section 8 Voucher. However, rapid re-housing move-in assistance can be used to assist a household get into a unit for which they have a Section 8 Voucher.

e. **Fair Market Rent.** The total monthly amount of rent and utility costs for each unit must not exceed 120% of HUD Fair Market Rents for the year in which the contract begins.

f. **Household Contribution.** After the first month, each household is required to contribute at least 30% of their current income toward their rent each month and cover 100% of their utilities. This amount needs to be clearly documented and includes a utility allowance if they pay for utilities directly.

The actual contribution will be determined monthly, based on each household’s specific situation and financial resources. Program staff will help households obtain outside utility assistance if they are unable to pay for the utilities themselves (i.e. no income). In rare cases where the household is unable to locate other utility assistance, program funds can be used if the household demonstrates a clear need for assistance (i.e. utility shut-off notice, monthly budget indicating the inability to pay utilities, etc. and list of community resources they attempted to obtain) and the Housing Case Manager supports providing utility assistance.
If program funds are used, the payment should take into consideration the utility allowance given to the household in the client contribution calculation for rent.

g. **Rent Reasonableness.** Rapid Re-Housing funds will only provide rental assistance for a unit if the rent is reasonable. CCAP will determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units.

h. **Change in Circumstances.** Participants must notify the provider of changes in the participant’s income or other circumstances (e.g., changes in household composition, need, age, etc.) that affect the participant’s need for assistance.