



Eligible Costs – Leasing

24 CFR 578.49





Program Components

- Leasing is an eligible cost under the following CoC program components:
 - Permanent supportive housing (PSH)
 - Transitional housing (TH)
 - Supportive services only (SSO)



Leasing Funds

- May be used to pay the costs of leasing structures, portions of structures, or individual units to provide housing or supportive services to homeless persons
- May not be used to lease units or structures owned by recipient, subrecipient, parent organizations, or any other related organizations, including partnerships, unless HUD authorized an exception for good cause



Rent Reasonableness

- Leasing structures
 - (1) Rent paid must be reasonable in relation to rents being charged in area for comparable space; and
 - (2) Rent paid may not exceed rents currently being charged by same owner for comparable unassisted space
 - No fair market rent (FMR) for structures



Rent Reasonableness

- Leasing individual housing units
 - (1) Rent paid must be reasonable in relation to rents being charged in area for comparable units, taking into account location, size, type, quality, amenities, facilities, and management services; and
 - (2) Rent paid may not exceed rents currently being charged by same owner for comparable units; and
 - (3) Rent paid may not exceed HUD-determined FMRs (FMR includes utilities)



Rent Reasonableness

- CoC funds for leasing individual units are limited to lower of HUD-published FMR or reasonable rent
- Although CoC leasing funds cannot pay above FMR for individual unit, recipient can use non-CoC funds to pay rent above FMR

Relationship Between FMR and Rent Reasonableness

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	<u>\$1,050</u>	<u>\$1,450</u>
Fair Market Rent (FMR)	<u>\$575</u>	\$1,100	<u>\$1,450</u>
Allowable Payment with CoC Program Leasing Funds	<u>\$575</u>	<u>\$1,050</u>	<u>\$1,450</u>



Rent Reasonableness

- Rent Reasonableness and Fair Market Rent under CoC Program document:
 - <https://www.hudexchange.info/resource/4424/coc-rent-reasonableness-and-fair-market-rent/>
- FMRs are published annually:
 - <http://www.huduser.org/portal/datasets/fmr.html>
- Recipient should develop and implement policies and procedures for conducting rent reasonableness



Housing Quality Standards (HQS)

- HQS is applicable and is discussed under General Operations
- Recipient should develop and implement policies and procedures for conducting HQS inspections



Leasing Delivery Costs

- Leasing funds may be used to pay costs of carrying out leasing activity:
 - Inspections;
 - Lease renewal;
 - Preparation of occupancy agreements; and
 - Calculating income and occupancy charges
- Leasing delivery costs are part of leasing budget



Utilities

- Eligible leasing cost if included in rent paid to landlord
- Includes: electricity, gas, oil, water and sewage
- Does not include: telephone, cell phones, internet and cable
- Telephone may be included for DV and persons with disabilities if there is a clear safety concern



Utilities

- Not an eligible leasing cost if not included in rent paid to landlord
- May be eligible as an operating cost of housing
- May be eligible as a supportive service cost of supportive service facility



Security Deposits & Property Damage

- May use leasing funds to pay security deposits in amount not to exceed two months of actual rent
- An advance payment of the last month's rent may be provided to the landlord in addition to the security deposit and payment of the first month's rent
- May not use leasing funds for property damage (security deposits)



Vacant Unit Payments

- Recipient may pay rent on vacant units until new participant moves in
- Recipient must abide by terms of lease
 - If lease is for year, then must pay for year regardless of whether unit is occupied
 - If lease ends when client leaves, then may not pay rent when participant is not living in unit
 - In general, can pay vacancy payments but you must be in compliance with lease agreement
- Recipient can pay rent if participant is in institution for up to 90 days



Occupancy Agreements

- Lease agreement is between recipient and landlord
- Recipient must have signed occupancy agreement with a participant in housing leased with CoC funds
- Sample documents available at:
 - <https://www.hudexchange.info/resource/2894/coc-program-leasing-rental-assistance-examples-of-lease-agreements/>



Length of Agreements

- Transitional Housing (TH):
 - Must be for at least 1 month
 - Must be renewable for up to 24 months
- Permanent Supportive Housing (PSH):
 - Must be for a term of at least 1 year
 - Must be renewable (for a minimum term of 1 month) and terminable only for cause



Occupancy Charges

- Recipients may require participants in housing assisted with leasing funds to pay an occupancy charge
- Imposition of an occupancy charge is optional – not required
- Occupancy charges are paid to the recipient not landlord
- Occupancy charges collected from participants are program income (PI) and may be used as provided under 578.97 – discussed under Financial Management



Occupancy Charges

- Must be calculated as provided in 578.77 and may not exceed the 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, designated for housing costs
- Income must be calculated in accordance with 24 CFR 5.609 and 24 CFR 5.611(a)
- CPD income calculator (HOME TBRA path) at: <https://www.hudexchange.info/incomecalculator/>

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Occupancy Charges

- Recipients must:
 - Examine participant's income initially and re-examine annually;
 - Conduct interim reexamination, if there is a change in participant's family composition or decrease in income during the year and participant requests interim reexamination;
 - Obtain documentation necessary to verify the participant's income;
 - Treat all participants the same; and
 - Develop and implement policies and procedures for occupancy charges



Leasing Guidance

- CoC Program Training – Leasing
 - <https://www.hudexchange.info/resource/3098/coc-program-leasing/>
- CoC Program Toolkit – Leasing
 - <https://www.hudexchange.info/programs/coc/toolkit/program-components-and-eligible-costs/>
- Ask A Question
 - <https://www.hudexchange.info/get-assistance/my-question/>