

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF FINANCIAL ASSISTANCE**

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HCD HPRP Notice

Subject: Policy and Procedure for determining Rent Reasonableness per HPRP federal regulation.	Notice #: 23-11
	Date Issued: 9-26-11
References: Homelessness Prevention and Rapid Re-Housing Program (HPRP)	Supersedes:

To: All Sub-grantees

A recent audit finding by HUD regarding Rent Reasonableness determination necessitates a reiteration of our previous guidance issued 12-15-09 via HCD HPRP Notice 09-06.

The attached policy and procedure will serve as a reminder and clarification as to the importance of determining "Rent Reasonableness" when making rental assistance payments under HPRP.

No HPRP funds may be used without the determination of Rent Reasonableness.

I have enclosed the HUD Rental Reasonableness Checklist for use. Please let your HCD Representative if you need further guidance.

Sincerely,

Dan Apodaca

Dan Apodaca, Manager
 Homeless Operations Programs
 Attachment

Policy and Procedure for determining Rent Reasonableness per HPRP federal regulations

The rental assistance paid cannot exceed the actual rental cost, which must be in compliance with HUD's standard of "rent reasonableness".

Rent Reasonableness means that the total rent charged for a unit must be reasonable in relation to the rents being charged during the same time period for comparable units in the private unassisted market and must not be in excess of rents being charged by the owner during the same time period for comparable non-luxury unassisted units.

To make this determination, the sub-grantee and grantee should consider the following elements:

- a. the location, quality, size, type and age of the unit; and
- b. any amenities, housing services, maintenance and utilities to be provided by the owner.

Comparable rents can be checked by using a market study by reviewing comparable units advertised for rent, or with a note from the property owner verifying the comparability of charged rents to other units owned by the owner and for which documented rents paid in other units is present.

It is recommended that sub-grantees utilize the attached "Rental Reasonableness Checklist" when making the rent reasonableness determination, as both "a", and "b" above are identified within the checklist.

The Rent Reasonableness Checklist should be completed and included with each client file receiving rental assistance under HPRP.

No rental assistance should be paid unless the rental assistance to be paid meets the rent reasonableness definition in paragraph two.

HUD's worksheet may be found at:

www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc

Approved by: *Sabrina Sassman, Section Chief*

Date: 9-26-11

**RENT REASONABLENESS CHECKLIST AND CERTIFICATION
(THIS FORM MAY BE USED TO ESTABLISH REASONABLENESS OF RENT)**

	Proposed Unit	UNIT #1	UNIT #2	UNIT #3
ADDRESS				
NUMBER OF BEDROOMS				
SQUARE FEET				
TYPE OF UNIT/CONSTRUCTION				
HOUSING CONDITION				
LOCATION/ACCESSIBILITY				
AMENITIES UNIT: SITE: NEIGHBORHOOD:				
AGE IN YEARS				
UTILITIES (TYPE)				
UNIT RENT UTILITY ALLOWANCE GROSS RENT				
HANDICAP ACCESSIBLE?				

CERTIFICATION:

A. COMPLIANCE WITH PAYMENT STANDARD

 PROPOSED CONTRACT RENT + UTILITY ALLOWANCE = PROPOSED GROSS RENT

B. APPROVED RENT DOES NOT EXCEED APPLICABLE PAYMENT STANDARD OF \$_____.

NAME:	SIGNATURE:	DATE:
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