

## **Section 17.0 OWNER RENTS AND RENT REASONABLENESS**

### **17.01 Rent to Owner in the Housing Choice Voucher Program**

The allowable rent to owner is limited primarily by rent reasonableness. However, if the proposed gross rent for a unit is above the payment standard, the impact this will have on a family's maximum allowed rent burden also becomes a factor. At the time a family initially receives Housing Choice Voucher (HCV) assistance, whether a new admission or a move to a different unit, the family share may not exceed 40 percent of the family's monthly adjusted income when the gross rent for the unit exceeds the applicable payment standard for the family.

All owners will be advised that by accepting each monthly housing assistance payment they are certifying that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the same premises. If requested, the owner must give the PHA information on rents charged by the owner for other units in the premises or elsewhere.

### **17.02 Rent Proration**

When initiating voucher assistance, the general standard is to begin assistance on either the 1<sup>st</sup> or the 15<sup>th</sup> of the month. However, Local Administrators are authorized to initiate assistance on any day of the month in circumstances when a landlord is unwilling to hold a unit until the 1<sup>st</sup> or the 15<sup>th</sup> and the voucher holder would thereby lose access to the unit.

In such cases, assistance for the initial month is to be prorated based on the number of days under HAP contract for that specific month (example, a unit rented on July 13<sup>th</sup> would be prorated based on 19 days). Prorated assistance is calculated by dividing the 19 days by the number of days in the month (31); in this case, multiplied by the full rent for the month.

To ensure that all leases are for a minimum of 12 months, the lease for the unit would be 12 months plus the additional days in the month being prorated.

### **17.03 Rent Reasonableness Determinations**

The LA will not approve an initial rent or a rent increase in the HCV program without determining that the rent amount is reasonable with respect to rents for comparable unassisted units in the market area.

Reasonableness is determined prior to the initial lease and in the following circumstances:

- Before an increase in rent to owner is approved;
- If 60 days before the contract anniversary date, there is a 10 percent decrease in the published Fair Market Rent (FMR) as compared to the previous FMR; and
- If the LA, HCR or HUD directs that reasonableness be redetermined.

As part of the overall Section 8 Housing Choice Voucher System (SHCVS), HCR has developed an automated database for analyzing and determining rent reasonableness on an individual unit basis. Data for unassisted units has been gathered from contacts via newspaper classified listings, realtors, professional associations, direct inquiries of owners, market surveys, local tax assessors, waiting list queries and other available sources. In order to ensure uniformity and consistency, the rent reasonableness system establishes standard criteria for all units entered in the database. Unit rents within any/all defined housing market areas are individually identified and segregated and are compared to similar units within the same market area.

The following criteria are included in the system database:

- size (number of bedrooms);
- location;
- general quality;
- amenities (bathrooms, dishwasher, air conditioning, etc.);
- services;
- age of unit;
- unit type;
- maintenance; and
- utilities.

#### **17.04 Rent Reasonableness Methodology**

The HCR/LA rent reasonableness system is based on unit comparison per the criteria listed above. The system uses a non-weighted total point count determined by summing the responses to questions about each criterion.

Based on the number of points derived for each unit, the automated rent reasonableness system then displays low, average and high rents for units of similar size and type within the same market area.

While LAs are always encouraged to obtain multiple (three or more) comparables for each proposed unit, HCR currently requires a minimum of two comparable units in order for the unit to pass the rent reasonableness test.

Information on unassisted units is maintained in the automated database and is updated or purged when that data is more than 12 months old.