



RENT REASONABLENESS & AFFORDABILITY

What is Rent Reasonableness?

The Housing Authority (HA) is required to make a determination and certify that every rent approved for the Section 8 Housing Choice Voucher Program is reasonable. Reasonable rent means that **the rent may not exceed the rent that is charged for a comparable unit, with similar amenities, in the same or a similar location in the private, unassisted rental market.**

The HA collects and maintains data on rental rates of all types (single family, multi-family, etc.) and sizes of unassisted housing within all areas of our jurisdiction. At least two comparable units are used in determining the maximum allowable rent for a unit. For multi-family properties, the rent roll for the property is used.

How to Request the Proposed Rent for Your Unit:

On the Request for Tenancy Approval form provided to you by your prospective tenant, or current tenant if a lease renewal, please indicate the most recent rent that was charged for your unit. If the rent that you are proposing is different than the most recent rent charged, you must indicate why it is different.

How Is the Rent for Your Unit Determined?

In determining if your proposed rent is reasonable, the HA will inspect the unit, and determine if the unit meets Housing Quality Standards (HQS), determine the number and type of amenities in the unit, and their condition. The HA will also compare your proposed rent to that of at least two similar unassisted units in the same or a similar neighborhood (non-apartment complexes). (Units in apartment complexes will be compared to non-assisted units of the same type and size in the same complex as taken from the rent roll provided by the management office).

The amenities in your unit are noted as are their condition, and this may also be used in determining the rent for your unit. For example, a two bedroom single-family house with wall to wall carpet in fair condition, a dishwasher in fair condition, and wall unit air conditioning units, would rent for less than the same size and type unit with new wall to wall carpeting, a new dishwasher and central heat and air conditioning.

Neighborhood and site conditions, e.g. lawn, driveway, etc., are also very important factors in determining the reasonable rent for a unit. Rents in some neighborhoods are much less than rents in other neighborhoods. For example, a three bedroom, single-family house which meets HQS, but is located in a non-kept, higher crime neighborhood, and with no grass or landscape on the site, would rent for less than the same house located in a well maintained, lower-crime neighborhood, with a well kept yard.

For apartment communities, rent rolls are required. The rent charged to unassisted tenants for the same unit size and type in the same apartment complex is the maximum reasonable rent for a Section 8 assisted unit.

What are Fair Market Rents (FMR's)?

According to HUD, FMR's are "gross rent" estimates that include both shelter rent paid by the tenant to the landlord, and the cost of tenant-paid utilities. Housing Authorities do not establish/set the contract rent or the reasonable rent using the FMR's. Housing Authorities use the FMR's to determine payment standard amounts for the Housing Choice Voucher program. Payment Standards are used by HA staff to calculate the tenant's portion of rent. The FMR's for each year can be found on HUD's website at <http://www.huduser.org/portal/datasets/fmr.html>.

What does Tenant Affordability Mean?

Not only does the rent have to be reasonable compared to the unassisted market, it must be *affordable* for the tenant. Once the Rent Reasonableness study has been completed, HA staff determine if the unit is affordable for the selected tenant. The affordability depends on the voucher size the tenant is issued and the income of the tenant.

There may be cases where the rent for a unit is reasonable, but the tenant cannot afford it. In these instances, it will be the Landlord's decision to either accept the rent that is affordable to the tenant or select another tenant for occupancy.