

## APPENDIX C. FAIR MARKET RENT & RENT REASONABLENESS

(adapted from the Housing Opportunity Grant Program Standards)

The ESG CARES Housing Voucher Project requires that a client’s rent must meet HUD’s **Rent Reasonableness** standard(24 CFR 982.507). In addition, the ESG CARES Housing Voucher Project has established the HUD **Fair Market Rent** (FMR) as the project standard. It is recommended that the unit’s rent meet the FMR standard; however, the client may request a waiver of this requirement. Local CARES Housing Support Agencies are responsible for completing this process and submitting the form to finalize a CARES Housing Voucher.

### FAIR MARKET RENT (FMR)

To meet this standard, an apartment’s rent is at or below the current HUD-published FMRs for the particular geographic region.

**Fair Market Rent Verification Calculation:** How to determine if the rent meet HUD’s Standard

**Step 1:** Find out what utilities, if any, are not included in the rent.

**Step 2:** Look at the Utility Allowance Schedule. It gives an estimated cost for each utility not included in the rent – (ones the tenant is required to pay). <https://www.vsha.org/wp/wp-content/uploads/2020/02/SINGLE-FAMILY-2020.pdf>

**Step 3:** Add those not-included utility amounts to the rent the landlord is charging.

**Step 4:** Compare that total to the HUD FMR **Payment Standard** for the town where the rental unit is located. <http://www.huduser.org/portal/datasets/fmr.html>

If the total is **not more** than the Payment Standard, then that apartment meets the Fair Market Rent standard and is eligible for rent assistance, if it also meets the housing inspection and the rent is determined to be reasonable.

### Example - FMR Verification Calculation (not current VT numbers)

FMR Payment Standard =	<b>\$ 632</b>
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A P A R T M E N T	<b>Actual Rent</b>	= \$ 500	List Utilities <b>Not</b> Included in Rent Here
		= \$ 72	Oil heat
	<b>Utilities</b>	= \$ 14	Electric hot water
	<i>(get from HUD allowance sheet)</i>	= \$ 4	Electric cooking
		= \$ 18	Electric lights
	<b>TOTAL</b>	<b>\$ 608</b>	(this apartment is eligible since the total is less than the \$632 Payment Standard)

Rent for units assisted as part of the CARES Housing Voucher Project may exceed current HUD-published FMRs. Clients may request a waiver of the Fair Market Rent standard. **However, if the unit exceeds the Fair Market Rent, this may reduce options for the client to transfer to another long-term voucher while staying in the same unit. In all cases, the client will be responsible for the full rent of the unit when the CARES Housing Voucher ends. The client and Housing Support Work should work together on a plan to prepare for the end of rental assistance.**

## **RENT REASONABLENESS**

HUD's rent reasonableness standard is designed to ensure that rents being paid are reasonable in relation to rents being charged for comparable unassisted units in the same market.

The rent reasonableness standard considers the location, quality, size, type and age of the unit, as well as any amenities, maintenance and utilities to be provided by the owner. Record the unit's rent and description.

Acceptable methods of determination and documentation include but are not limited to:

- A printout of three comparable units' rents with evidence that units share the same features (location, size, quality, etc.).
- Written verification by the property owner or management company, affirming that rent for a unit is comparable to current rents charged for similar unassisted units managed by the same owner.
- Annual study of rent levels in the community – using sources such as:
  - Public aggregate data through the Public Housing Authority or Chamber of Commerce;  
or
  - Real estate advertisements and contacts – newspaper/internet ads; bulletin boards; property management companies; etc.

**CARES HOUSING VOUCHER PROJECT  
RENT REASONABLENESS AND FAIR MARKET RENT FORM (2 PAGES)**

	<b>Proposed Unit</b>	<b>Unit #1</b>	<b>Unit #2</b>	<b>Unit #3</b>
Address				
Number of Bedrooms				
Square Feet				
Type of Unit/ Construction				
Housing Condition				
Location/Accessibility				
Amenities Unit Site				
Age in Years				
Utilities (type)				
Unit Rent				
Utility Allowance				
Gross Rent				
Accessible?				

**RENT REASONABLENESS COMPLIANCE CERTIFICATION**

The comparable rents above demonstrate that the proposed rent is, is not, reasonable.

**The Unit must meet the Rent Reasonableness Standard.**

**FAIR MARKET RENT COMPLIANCE CERTIFICATION**

\_\_\_\_\_ + \_\_\_\_\_ = \_\_\_\_\_

Proposed Contract Rent + Utility Allowance = Proposed Gross Rent

The Proposed rent does, does not, exceed HUD's Fair Market Rent of \$ \_\_\_\_\_

**If the Unit does not meet the Fair Market Rent Standard, the client must request a waiver.**

**Is the client requesting a waiver?** yes no

When rental assistance ends, the client will be responsible for the full amount of rent. The client and the Housing Support Worker should work on a plan for when the CARES Housing Voucher ends.

Date: \_\_\_\_\_

Name (of person completing the form): \_\_\_\_\_

Signature of Local CARES Housing Support Worker: \_\_\_\_\_

Signature of Client: \_\_\_\_\_