

Santa Clara County Office of Supportive Housing Rent Reasonableness Policy

The Office of Supportive Housing (OSH) receives funding from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care (CoC) and Emergency Solutions Grant (ESG) programs to operate programs serving homeless individuals and families in Santa Clara County. Leasing or rental assistance funds in these programs must comply with rent reasonableness as referenced by 24 CFR 578.49 and 24 CFR 578.51.

Providers that are contracted by OSH have the option to adopt this policy or provide their own rent reasonableness policy for OSH approval. Other providers are welcome to use this resource but are encouraged to incorporate it into their existing agency specific policies and procedures.

**Please refer to pgs 10-11 of the [Quality Assurance Standards \(QAS\)](#) for further information on rent reasonableness.

Rent Reasonableness Standard

The rent reasonableness standard is designed to ensure that program rents being paid are reasonable in relation to rents being charged for comparable unassisted units in the same market. In order to determine whether a unit meets this standard, a review must be conducted, and several factors must be considered to ensure compliance is documented prior to executing the lease for an assisted unit and anytime unit rent is increased thereafter.

Documenting Rent Reasonableness

At minimum, no less than three comparable units will be used to complete the rent reasonableness review. It is important to ensure that the comparison you are using is up to date as comparable rents change over time due to market fluctuations.

The comparable rents can be checked by using a market study of rents charged for units of different sizes in different locations or by reviewing advertisements for comparable rental units. If advertisements for rental units will be used, the unit listings must be printed and attached to the form that outlines the comparison of the units including, but not limited to information regarding the rent, size, location, amenities, quality, etc. For reference, please see the sample *Rent Reasonableness Checklist and Certification*.

Another acceptable method of documentation is written verification signed by the property owner or management company confirming that they have similar market rate units that are currently rented at comparable rates.

In order to calculate the gross rent for purposes of determining whether it meets the rent reasonableness standard, consider the entire housing cost: rent plus the cost of any utilities that must be paid by the tenant. Utility costs may include gas, electric, water, sewer, and trash. However, telephone, television service and internet service should be excluded. Other fees such as those that are accrued through the failure to pay per the lease should also be excluded.

Once the comparable units are found and an analysis has been completed, only unit rents that are no more than \$100 above the average of the three comparable rents will be considered rent reasonable.