



**Your Subrecipient Monitoring
Training
will begin shortly.**

**Please add your name and agency
to the chat.**

Subrecipient Monitoring Training Series

Housing Related Requirements

Presented by
Sacramento Steps Forward

July 2025

Topics

- Overview
 - Housing program types
- Rent reasonableness and fair market rent (FMR)
- Lease agreements
- Housing quality standards (HQS)
- Lead-based paint

Housing Program Types

Permanent Housing

Permanent Supportive Housing (PSH)

- Long-term housing assistance where supportive services are provided to assist individuals and families experiencing homelessness with a disability to live independently
 - Can be either be 100% dedicated to chronic homelessness, or it can be a DedicatedPlus project.
 - Under chronic homelessness, the head of household must have the disability.
- No designated length of stay

Rapid Re-Housing (RRH)

- Tenant-based rental assistance for up to 24 months
- Supportive services to assist program participants to obtain and maintain stability in permanent housing.
- Assistance can only be provided to individuals and families experiencing homelessness.



Housing Projects

Income

- No income limits for entry or exit.
- PSH (Section 578.77 of CoC Program Interim Rule)
 - PSH funded with Rental Assistance or Leasing
Must charge rent
- RRH Rental Assistance
 - Determine rent calculation per CoC's written standards; progressive engagement approach.



Lease and Sublease Agreements

- Permanent Housing (PSH & RRH) - Program participant must be a tenant on a lease/sublease for a term of at least one year.
 - The lease/sublease must be renewable for terms that are a minimum of one month long, terminated only for cause
- Transitional Housing (TH) - Program participants must have a lease, sublease, or occupancy agreement for a term of at least one month, that ends in 24 months



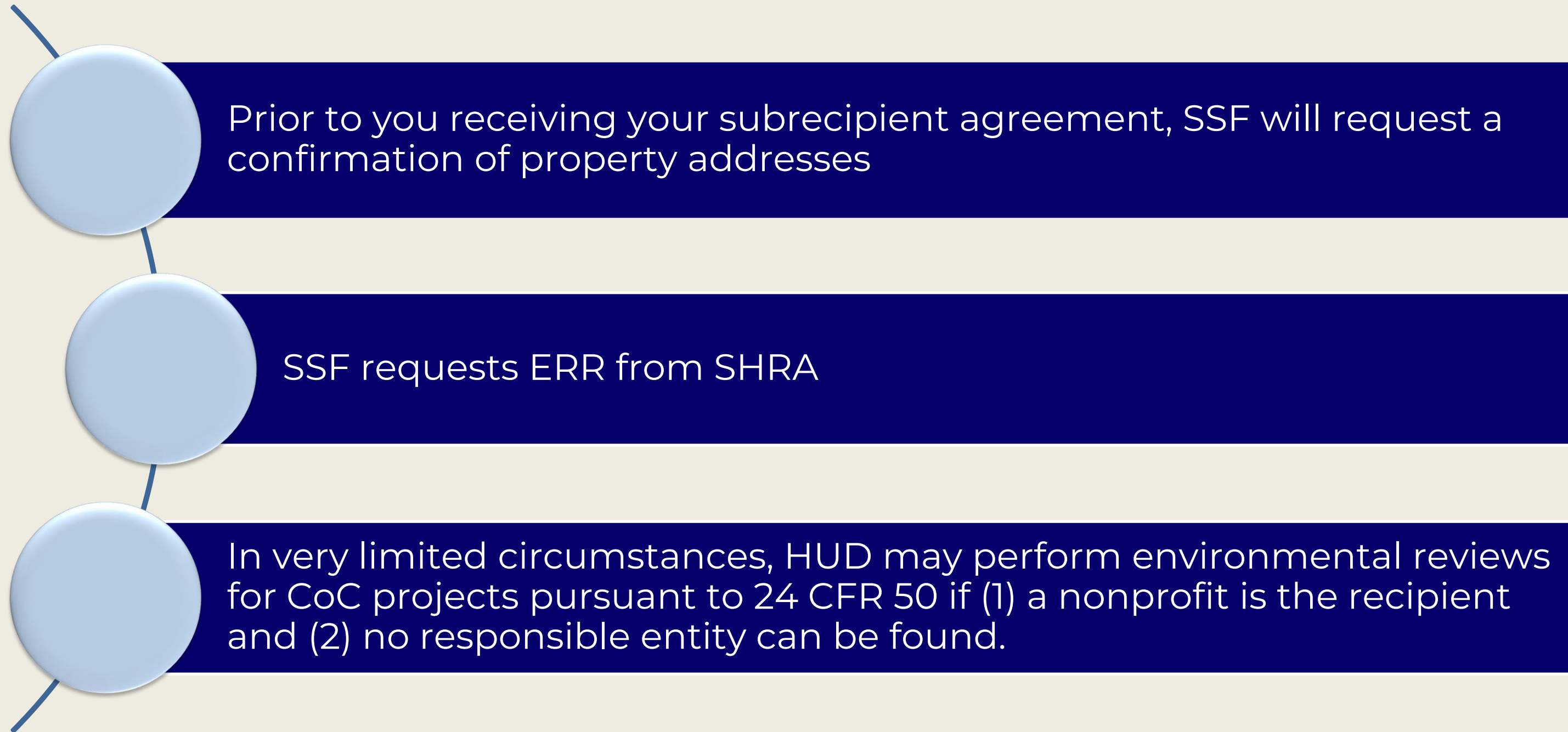
Environmental Review

ALL new and renewal projects receiving Federal funds (including all CoC Program activities) require an environmental review.

Environmental reviews must be conducted BEFORE funds are committed.

Activities under the CoC Program require environmental reviews by a Responsible Entity (RE) under 24 CFR 58.

Environmental Review Responsible Entity



Environmental Review Responsible Entity



Under Part 58, only a Unit of General Local Government may act as a Responsible Entity and conduct environmental reviews.

Nonprofit recipients should work with state and local government to coordinate the environmental review process.

In very limited circumstances, HUD may perform environmental reviews for CoC projects pursuant to 24 CFR 50 if (1) a nonprofit is the recipient and (2) no responsible entity can be found.

Environmental Review

- Tenant-based rental assistance and leasing projects are not subject to Section 58.5
- Sponsor-based and project-based rental assistance and project-based leasing are classified as categorically excluded not subject (CENST) to 24 CFR 58.5 and require a higher level of review than tenant-based rental assistance – called a “limited scope”
- Exempt/CENST
 - Only one Exempt/CENST form needs to be filled out per project
- CENST “Limited Scope”
- EA (Environmental Assessment)

Environmental Review Resources

- [Environmental Review Flow Chart](#)
- [Frequently Asked Questions](#)
- [How to Prepare ER for CoC Rental or Leasing Projects without Any Associated Repairs...](#)

Fair Market Rent & Rent Reasonableness

Fair Market Rent

Established annually by HUD by geographic area and bedroom size.

- [Fair Market Documentation System](#)
- [2025 Fair Market Rents – Sacramento Area](#)

FMR includes Rent & Utilities.

Reflects the cost of modest rental housing in the area.

FMRs are updated and effective October 1st each year.

Rent Reasonableness (RR)

Rent paid must be reasonable in relation to rents being charged in the area for comparable space.

A “reasonable” rent is a rent that is comparable to other units in similar locations or similar size and which offer similar amenities.

Ensures program participants are paying the same rents as other non-program participants.

Must determine that the rent is:

- ☐ Reasonable in relation to rents being charged for comparable unassisted units with similar features and amenities; and
- ☐ Not more than rents currently being charged by the same owner for comparable unassisted units.
- ☐ Rent paid may not exceed rents currently being charged by the same owner for comparable unassisted space.
- ☐ Things to consider; include unit size, type, location, amenities, age of unit and owner covered utilities.



Rent Reasonableness (RR) Timing & Recordkeeping

Must do the Fair Market test before signing a lease

Must have written policies & procedures for documenting comparable rents

Must be reviewed and documented annually



Rent Reasonableness (RR)

Rent reasonableness review form must be on file for each of the following situations:

- initial inspection and before lease is signed;
- at renewal of a lease;
- if, and when, a rent increase is requested and approved;
- when there is a 5% decrease in the published Fair Market Rent (FMR); or
- when directed to do so by HUD.

Step 1: Fill in information for the proposed unit. The tool will indicate if the unit is within FMR. Note: Leasing-funded projects must rent units within FMR and rent reasonableness standards; Rental assistance-funded projects do not have to rent units at or under FMR but must meet rent reasonableness standards.

Fair Market Rent Test

Fair Market Rent and Rent Reasonableness Calculator						
Landlord						
Address						
Client HMIS ID						
Monthly rent						
# of bedrooms		For SROs, enter 0.5 for # of bedrooms				
Utility Allowance	\$	-				
Total Rent	\$	-				
Fair Market Rent						
FMR (includes utilities)		1679				
Amount over FMR	\$	(1,679)	UNIT IS WITHIN FMR			

Step 2: Enter the utilities rates for the proposed unit and the 3 comparable units.

Use Utility Allowance Tables

Apartment - Walk-Up Unit Utility Allowance										
UNIT TYPE: Apartment/Walk-Up (exp 4/30/2026)										
							PROPOSED UNIT			
UTILITY	0 BR	1 BR	2 BR	3 BR	4 BR	5BR		COMP 1	COMP 2	COMP 3
Gas										
Heating	21	25	29	33	37	40				
Cooking	6	6	10	12	16	18				
Water Heating	12	14	20	26	34	40				
Watter Heating Bottle Gas	7	8	12	14	17	21				
Electric										
Heating	12	14	18	21	25	29				
Cooking	6	7	11	14	18	21				
Water Heating	15	17	22	27	32	37				
Other Electric	24	28	39	50	61	73				
Monthly Electric	26	26	26	26	26	26				
Air Conditioning	12	14	20	25	31	36				
City Water/Sewer/Trash	116	116	119	121	125	129				
Range/Microwave/Refrig	23	23	23	23	23	23				
					TOTAL GAS		-	\$ -	\$ -	\$ -
					TOTAL ELECTRIC		-	\$ -	\$ -	\$ -
					AIR CONDITIONING		-	\$ -	\$ -	\$ -
					TOTAL WATER/SEWER/TRASH		-	\$ -	\$ -	\$ -
					TOTAL UTILITIES		-	\$ -	\$ -	\$ -

Step 3: Complete the following information for the 3 comparable units. The tool will indicate if the proposed unit meets rent reasonableness standards.

Comparable Units Test

Identify 3 comparable units. The estimated utility allowance should be specific to each comparable unit. Use the Utility Allowance Tabs						
	Unit 1		Unit 2		Unit 3	
Address						
Square feet						
Type of unit						
Amenities						
Year built						
Utilities that are included						
# of bedrooms	0		0		0	
Rent						
Utility allowance for utilities that are not included*	\$ -		\$ -		\$ -	
Total Rent	\$ -		\$ -		\$ -	
Average	\$ -					
	UNIT IS REASONABLE					
Rent Reasonableness Policy	Rent is reasonable when the total rent of the proposed unit is lower than or no more than \$50 higher than the average of the three comparables.					

Leasing Rent Limits for Units

- Unit rents cannot exceed Rent Reasonableness.
- CoC Program leasing funds cannot pay above the FMR for a unit, but recipients and subrecipients can use non-CoC Program funds to pay above FMR if rent is document as reasonable.

Relationship between FMR and Rent Reasonableness (Scenarios)

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Allowable Rent Payment with CoC Program grant funds	\$575	\$1,050	\$1,450

Rental Assistance Rent Limits

- Unit rents can exceed FMR but must meet Rent Reasonableness.

Relationship between FMR and Rent Reasonableness (Scenarios)

	1-Bedroom Housing Unit	2-Bedroom Housing Unit	3-Bedroom Housing Unit
Reasonable Rent	\$600	\$1,050	\$1,450
Fair Market Rent	\$575	\$1,100	\$1,450
Maximum Allowable Contract Rent	\$600	\$1,050	\$1,450

Resources

- Rent Reasonableness and FMR
 - <https://www.hudexchange.info/resource/4424/coc-rent-reasonableness-and-fair-market-rent/>



1. Answer the Poll!

1. Use of CoC Program leasing funds is capped at the lower of rent reasonableness or FMR amounts.

True or False?

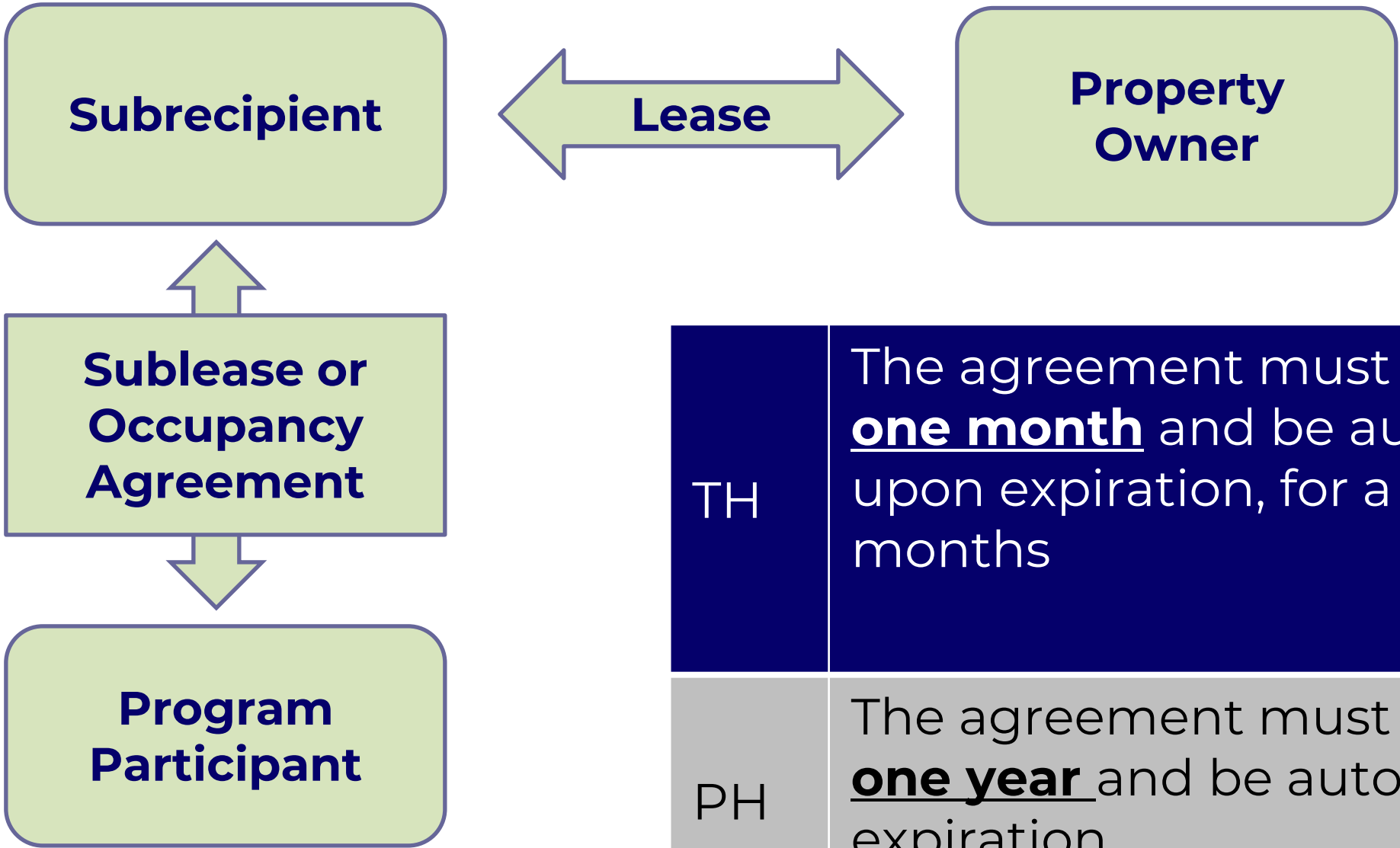
2. Use of CoC Program rental assistance funds is capped at the lower of rent reasonableness or FMR amounts.

True or False?

Leasing Budget Line Item (BLI) Costs And Requirements

Leasing BLI: Occupancy Agreements/Lease/ Sublease

Leasing funds can cover the leasing costs of units or structures providing transitional housing, permanent housing and/or supportive services. Funds cannot be used to lease units or structures owned by the subrecipient.



TH	The agreement must be for a term of <u>at least one month</u> and be automatically renewable upon expiration, for a maximum term of 24 months
PH	The agreement must be for a term of <u>at least one year</u> and be automatically renewable upon expiration

Leasing BLI Review

Eligible cost for CoC program type	<ul style="list-style-type: none">• Transitional housing• Permanent housing: PSH• Joint Transitional Housing – Rapid Re-housing (TH portion)• Supportive services
Model of assistance	Leasing structures, portions of building, or individual units
Length of assistance	<ul style="list-style-type: none">• TH: Up to 24 months• PSH: No limit
Lease agreement	Lease between recipient/ subrecipient and owner; sublease or occupancy agreement with program participant
Unit rent	May not exceed Rent Reasonableness amount or FMR, whichever is lower
Vacancy payment	No, but can pay rent until a new participant moves in
Security deposits	Up to equivalent of 2 months of rent (CA law limits up to 1 month rent as of 7/1/2024)
Last month’s rent	Up to equivalent of 1 month of rent; advanced payment allowed
Property damage	Not allowable

Occupancy Charges

- Must treat all program participants the same.
- Process for determining amount of charge must follow Section 578.77 of CoC Program interim rule.
- Occupancy charges collected from program participants are considered program income.
 - Funds must be retained by recipient/subrecipient, committed to project, and used to cover any eligible CoC Program costs.
- Impose occupancy charge equal to no more than highest of:
 - 30 percent of the family's monthly adjusted income;
 - 10 percent of the family's monthly gross income; or
 - The portion of the family's welfare assistance, if any, that is designated for paying rent.
- Income must be calculated according to 24 CFR 5.609 and 24 CFR 5.611(a)



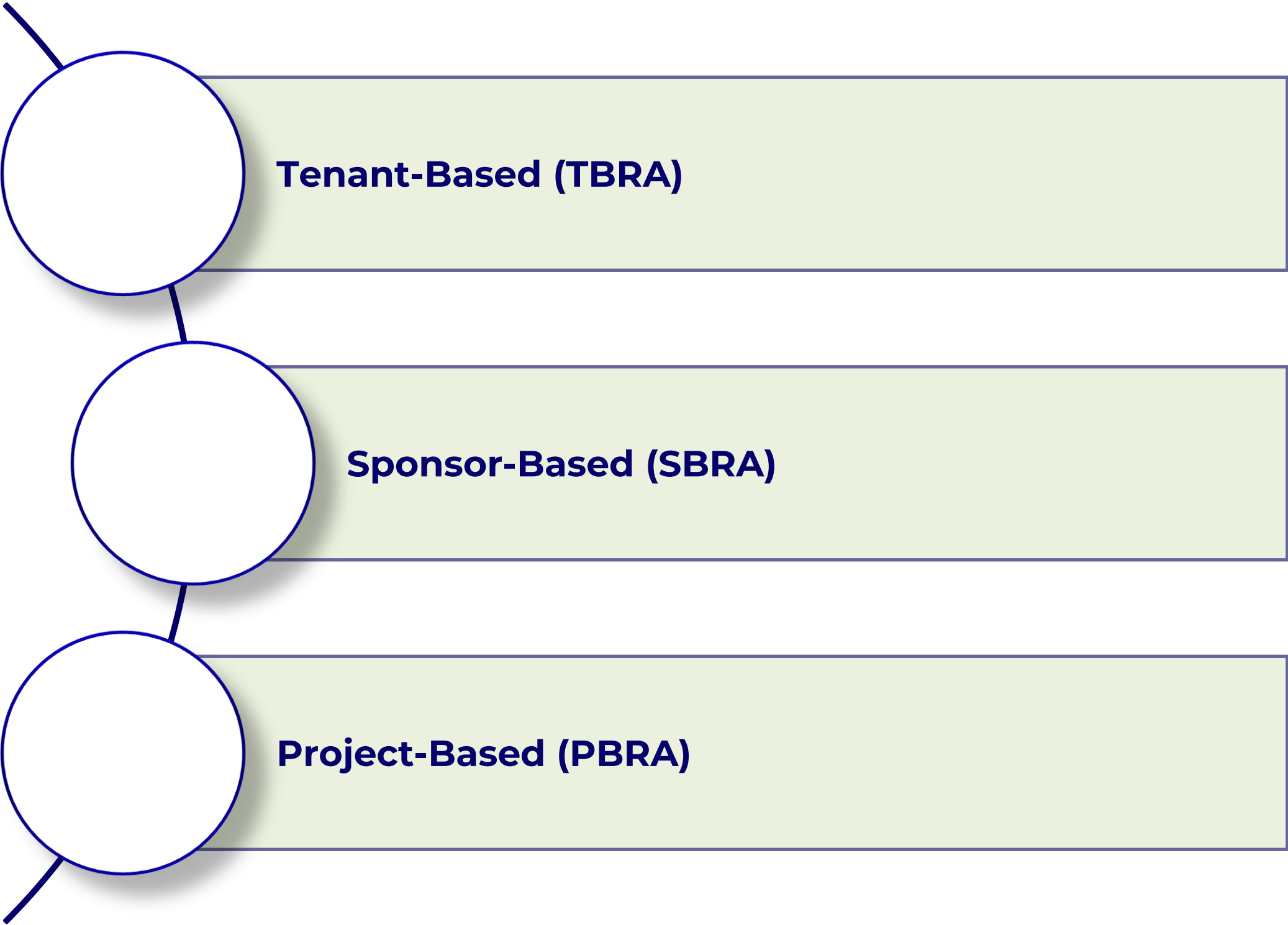
2. Poll Time

Occupancy charges collected from program participants are considered program income and:

1. Funds may be used by recipient/subrecipient for any type of project expense.
2. Funds may be used by recipient/subrecipient for any purpose.
3. Funds must be retained by recipient/subrecipient, committed to project, and used to cover any eligible CoC Program costs.
4. Funds must be returned to HUD as programs are not allowed to accrue income.

Rental Assistance Budget Line Item (BLI): Costs And Requirements

Different Models of Rental Assistance



<https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-eligible-activities/coc-rental-assistance/types-of-rental-assistance/>

Tenant-Based Rental Assistance (TBRA)



- Program participants locate housing of their choice.
- Rental assistance follows the program participant.
- If program participants move, they can take rental assistance to a new unit.
- May require program participants to live in a certain structure or area for the first year of the program, or certain area for the end of participation, but ONLY if it is necessary for service coordination.

Project-Based Rental Assistance(PBRA)

Rental assistance stays with the unit

Subrecipient
contracts with
property owner



Owner leases the
subsidized units to
program
participants



If a program
participant moves
out of the unit, the
unit is rented to
another eligible
program participant

Rental Assistance BLI - Lease Arrangements

Tenant-based and project-based rental assistance



Sponsor-Based Rental Assistance (SBRA)

- Rental assistance stays with the units owned or managed by the project sponsor.
- Subrecipient contracts with the Sponsor who locates and rents housing units.
- Sponsor subleases units to program participants.
- If the program participant moves out of the unit, the sponsor can then sublease it to the next eligible program participant.
- Rental assistance can be maintained if the program participant moves to another unit owned or contracted by the sponsor.



HUD Exchange Resource Documents: Examples of Lease Agreements

- [Leasing and Rental Assistance Summaries of Lease and Sublease Examples](#)
- [Leasing Projects - Example of Lease and Sublease Agreement](#) (between the recipient or subrecipient (the tenant) and the landowner or sublessor)
- [Rental Assistance Projects - Example of Three-Party Lease Agreement](#) (between program participant and the property owner, or sublessor and the subrecipient).
- [Sample HAP Contract](#) (lease and housing assistance payment contract)
- [Summary of Lease Occupancy Agreement Requirements](#)

Rental Assistance BLI – Rent Requirements for TH & PSH

Recipients with rental assistance funds **are required** to charge program participants rent. This does not apply to RRH.

- Must treat all program participants the same.
- Process for determining amount of charge must follow Section 578.77 of CoC Program interim rule.
- Program participant rent is NOT considered program income, EXCEPT FOR THE SPONSOR-BASED RENTAL ASSISTANCE PROGRAM.
- Must be charged rent and must equal the highest of:
 - 30 percent of the family's monthly adjusted income;
 - 10 percent of the family's monthly gross income; or
 - The portion of the family's welfare assistance, if any, that is designated for paying rent.
- Income must be calculated according to 24 CFR 5.609 and 24 CFR 5.611(a).

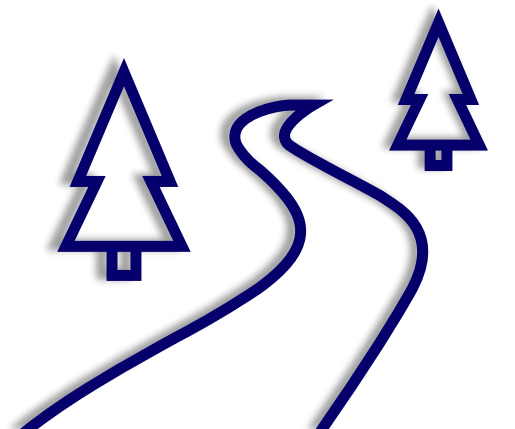
Participant Rent: RRH

Rapid re-housing projects are **NOT required** to charge program participants rent

- Must treat all program participants the same.
- Local CoC process for determining rent utilizes a progressive engagement approach
- Program participant rent is NOT considered program income.
- Rental Assistance must be:
 - Short-term (up to 3 months) or medium-term (4-24 months)
 - Tenant-based

Geographic Mobility Amendment

- Allows persons receiving TBRA to choose housing outside of the CoC's geographic area.
- Persons can move and retain assistance as long as recipient continues to meet certain requirements.
- CoC Program Interim Rule Amendment to § 578.51(c): Increasing Mobility Options for Homeless Individuals and Families With Tenant-Based Rental Assistance
- Increasing Mobility Options for Homeless Households Assisted with TBRA Webinar



Rental Assistance Review

Eligible cost for CoC program components component	<ul style="list-style-type: none">• Transitional housing• Permanent housing: PSH and RRH
Model of assistance	<ul style="list-style-type: none">• Tenant-based rental assistance• Sponsor-based rental assistance• Project-based rental assistance
Length of assistance	<ul style="list-style-type: none">• Short-term (up to 3 months)• Medium-term (3–24 months)• Long-term (longer than 24 months)
Unit rent	<ul style="list-style-type: none">• Awarded at FMR, but capped at Rent Reasonableness.
Vacancy payment	<ul style="list-style-type: none">• May pay rent for a maximum of 30 days from the end of the month in which the unit was vacated.

Rental Assistance Review (cont.)

Lease agreement	<ul style="list-style-type: none">• Lease is between participant and owner; Except for SBRA, where the lease is between the subrecipient and landlord, and a sublease between subrecipient and participant
Security deposits	<ul style="list-style-type: none">• Up to equivalent of 2 months rent. (CA law limits up to 1 month rent as of 7/1/2024)
Last month's rent	<ul style="list-style-type: none">• Up to equivalent of 1 month rent; advanced payment allowed.
Property damage	<ul style="list-style-type: none">• Up to equivalent of 1 month of rent to pay for any damage.

Property Requirements

Housing Quality Standards (HQS)

- Housing units must meet HQS UNTIL [NSPIRE](#) is in effect.
 - Each unit must be physically inspected prior to move in and at least annually.
 - Owner has 30 days to correct any deficiencies.
 - Properties must also meet state and local codes.
- HQS inspectors do not need to be certified.
 - Documentation should be on the HUD HQS form
 - Either [HUD-52580](#) (Inspection Checklist) or
 - HUD-52580A ([Inspection Form](#))

National Standards for the Physical Inspection of Real Estate (NSPIRE)

Applicability: All CoC-funded housing units, including Permanent Supportive Housing (PSH) and Rapid Re-Housing (RRH).

Compliance Deadline: October 1, 2025.

Inspection Frequency:

- Initial inspections prior to occupancy
- Annual inspections thereafter

Key Changes:

- Emphasis on resident health and safety over minor cosmetic issues.
- New, simplified categories: Life-threatening, Severe, Moderate, and Low deficiencies.
- Self-inspections for RRH units still permitted but must be documented against NSPIRE criteria.

Documentation:

- Maintain inspection records demonstrating compliance with NSPIRE standards.

Lead-Based Paint – Applies to All Households

No later than final lease signing and before any contracts are signed the following documents will be provided to participant. Project staff must obtain from landlords for all participant units where CoC Program rental assistance or leasing funds are utilized.

- ‘Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazard’ Form
 - Obtain from landlords for all participant units where CoC Program rental assistance or leasing funds are utilized.
- ‘Protect Your Family from Lead in Your Home’ pamphlet
 - Project staff must provide this pamphlet to households at intake.

Lead-Based Paint

Compliance issues

- Lead-based paint visual assessments were not conducted for ALL units receiving financial assistance if they were constructed before 1978 and will have a child under age 6 or pregnant woman residing in a unit.
- Landowner/landlord remediation not completed where units failed inspection.

24 CFR 982.401		
Rehabilitation Requirements: 24 CFR Part 35 Subparts A, B, J, and R	Project or Sponsor Based Rental Assistance: 24 CFR Part 35 Subparts A, B, H, and R	Acquisition, Leasing, Services, or Operating Costs: 24 CFR Part 35 Subparts A, B, K, and R

Lead-Based Paint

Steps to Informing Households

- ☐ If the dwelling unit occupied or to be occupied by families or households will have or expect to have one or more children of less than 6 years of age:
- ☐ Inform the head(s) of household about lead hazards often present in housing.
- ☐ Provide the subsidy recipient with [“Protect Your Family from Lead In Your Home”](#).
- ☐ Advise family to look for housing in buildings built after 1978 or housing that has been recently rehabilitated.
- ☐ Advise family to look for housing that is free from peeling, chipped paint not only inside the unit, but also in building common areas and outside where children will play.
- ☐ When conducting initial and required annual HQS inspections.
 - ☐ Staff must evaluate not only the interior of the unit, but also the exterior and common areas of the building, especially areas where children may play.

Lead-Based Paint – Staff Training

- Staff who are completing inspections for the CoC Program units will complete the following trainings. Proof of training completion will be kept in agency HR file and be available upon inspection.
- All staff encouraged to complete the 'HUD Visual Assessment Training:
 - <https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>
- EBLL LSHR Amendment Training For TBRA Recipients:
 - <https://www.hudexchange.info/trainings/courses/ebll-lshr-amendment-training-for-tbra-recipients/4824/>
- General resources on Lead Disclosure Rule can be found [here](#).
 - https://www.hud.gov/program_offices/healthy_homes/enforcement/disclosure



VAWA (Violence Against Women Act) Updates

HUD has updated the Violence Against Women Act (VAWA) forms. These forms are designed to handle transfers, certification of domestic violence, dating violence, sexual assault, and/or stalking. Additionally, these forms provide notice of rights and responsibilities to residents and housing providers. These forms now expire on January 31, 2028.

Notice provided to tenants when admitted as a tenant, when received an eviction or termination notice and prior to termination of tenancy, or when denied as an applicant.

- **HUD-5380** Notice of Occupancy Rights Under the Violence Against Women Act

Emergency Transfer Plan, Emergency Transfer Request Form and Certification of DV Form

- **HUD-5381** Model Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

- **HUD-5382** Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation

- **HUD-5383** Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

Emergency Transfer Data Collection Form for CoC Collaborative Applicants, HUD CoC funding recipients

- **HUD 5384** – VAWA Emergency Transfer Data Collection Form



3. Poll Time

If a unit fails to meet HQS, the owner has 30 days to correct any deficiencies. Otherwise, recipients:

1. May approve the unit conditionally for an additional 30 days.
2. Are prohibited from expending CoC Program funds for the unit.
3. Must make repairs directly and charge the owner.
4. Must notify the PHA and place unit rent in escrow until repairs are made by owner.

Q&A

Do you have any unanswered questions about housing requirements?

Thank You

Please complete the brief exit survey.

SACRAMENTO CONTINUUM OF CARE

July 2025



SACRAMENTO
STEPS FORWARD