



**MONTANA**  
DEPARTMENT OF COMMERCE

Tenant Based  
Section 8 Program



RENT

REASONABLENESS

## » 24 CFR 982.507

- > PHA can't approve tenancy until determination made that rent to owner is reasonable
- > PHA must re-determine reasonable rent:
  - + Before any increase to owner
  - + If there's a 5% or more decrease in FMRs effective 60 days before HAP anniversary as compared to prior year's FMRs
  - + If directed by HUD

# Governing Federal Regulation



- » Indicator #2 measures if PHA has and implements written method to determine reasonable rent
- » Each year PHA must draw a random sample of participant files for review
  - > Quality control review must examine rent reasonableness documentation to determine:
    - + If rent is reasonable
    - + If established procedures were followed
    - + If determination is adequately documented

SEMAP



- » Indicator 2 only evaluates the process of determining rent reasonableness *not* if the rents are *actually* reasonable
- » Though HUD only evaluates process, it's a critical management function to ensure rents are reasonable
- » Key to successful program operation is to have:
  - > Data
  - > Experience
  - > Knowledgeof housing market to make informed and careful judgement about the reasonableness of rent

# SEMAP – cont.



## » Factors to take into consideration:

- > Location
- > Size
- > Type
- > Quality and age
- > Amenities
- > Housing services and maintenance
- > Utilities provided by owner

# Comparability



- » Determination must be documented in tenant file
- » Documentation should identify who and when determination conducted

Documenting Rent Reasonableness



## » Potential sources for obtaining data to determine rent reasonableness:

- > Newspaper ads (including internet version of ads)
- > Weekly or monthly neighborhood or shopper newspapers that have rental listings
- > “For Rent” signs in windows or on lawns
- > Bulletin boards in Community locations – grocery stores, laundromats, churches, social services offices
- > Real estate companies that handle rental properties

Documenting Rent Reasonableness –  
cont.



- » HAPPY form: <K:\Quality Control\Training Materials\TBS8\HAPPY Rent survey - blank.pdf>
- » HUD HCV Program Guidebook Samples: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_11753.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11753.pdf)

# HCV Rent Survey Form

