
VIII. REQUEST FOR TENANCY APPROVAL, DISAPPROVAL OF OWNER/LANDLORD, RENT REASONABLENESS, EXECUTION OF LEASE AND HAP CONTRACT, AND RENT INCREASE

A. REQUEST FOR TENANCY APPROVAL

1. Upon finding a unit that is suitable and if the owner/landlord is willing to lease the unit to the family under the HCV Program, the family must request tenancy approval of the unit from the CDC. Two documents must be submitted to the CDC to begin the process of approving the unit selected by the family. These documents are:
 - a. Request for Tenancy Approval (RTA) (form HUD-53517);
 - b. Copy of the proposed lease between the owner and the family (this must include the HUD prescribed tenancy addendum).
2. The RTA must be completed in full and submitted to the CDC no later than the expiration date stated on the Voucher.
3. The owner/landlord must certify, on form HUD-53517, the most recent amount of rent charged for the unit. If there is any difference between the prior rent charged and the proposed rent, the owner/landlord must provide an explanation for the difference. The CDC may require supporting documentation for the difference in rent when applicable.
4. The owner/landlord must certify that they are not a related to any member of the family (parent, child, grandparent, grandchild, sister or brother). The certification will not be required if the CDC has granted the family a request for reasonable accommodations for a person with disabilities who is a member of the tenant household.
5. For units built prior to 1978, the owner/landlord must either:
 - a. Certify that the unit, common areas, and exterior have been found to be free of lead-based paint by a certified inspection; or
 - b. Attach a lead-based paint disclosure statement.
6. The CDC will permit a family to submit only one Request for Tenancy Approval at a time.

B. CDC'S APPROVAL OF THE TENANCY

1. The CDC will ensure that the following program requirements have been met prior to approving the Request for Tenancy Approval:

-
- a. The unit is eligible;
 - b. The unit has been inspected by the CDC and meets HQS;
 - c. The proposed lease includes the HUD prescribed tenancy addendum;
 - d. The proposed rent by the owner/landlord is reasonable.

The CDC will review the rent to owner to determine if the rents are reasonable. During the HAP contract term, the rent to owner at no time may exceed the reasonable rent for the contract unit as most recently determined by the CDC.

24 CFR 982.507(a)(3) provides that the CDC may determine the reasonable rent of units under contract at any time. The CDC may also request information at any time from the owner to ensure that the rent to owner does not exceed rents charged by the owner for comparable unassisted units in the premises.

The owner must give the CDC any information requested by the CDC on rents charged by the owner for other units in the premises or elsewhere. If the rent to owner is not reasonable as most recently determined by the CDC, the owner must reduce the rent to owner to the reasonable amount or the HAP contract must be terminated.

2. The CDC will not approve a Request for Tenancy Approval if the unit that is chosen is one of the following:
 - a. Public or Indian housing unit;
 - b. Unit receiving Housing Choice Voucher project-based assistance;
 - c. Nursing homes, board and care homes, or facilities providing continual psychiatric, medical or nursing services;
 - d. College or other school dormitories;
 - e. Units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions; or
 - f. Unit occupied by the owner or by a person with interest in the dwelling unit.

C. NOTIFICATION TO FAMILY AND OWNER/LANDLORD

1. The CDC will promptly notify the family and the owner/landlord of approval of the Request for Tenancy Approval.
2. The CDC will promptly notify the family and the owner/landlord of disapproval of the Request for Tenancy Approval. The notification will provide the reason(s) for disapproval. The notification will also provide the owner/landlord and family with an opportunity to correct the problems within fifteen (15) days.

D. CDC'S DISAPPROVAL OF OWNER/LANDLORD

1. The CDC will not approve an assisted tenancy if:
 - a. The owner/landlord is debarred, suspended, or subject to a limited denial or participation;
 - b. The federal government has instituted an administrative or judicial action against the owner/landlord for violation of the Fair Housing Act or other federal equal opportunity requirements and such action is pending; or
 - c. A court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements.
2. The CDC will not approve as assisted tenancy if the lease is executed between relatives. That is, if the owner/landlord of the unit is related to any member of the assisted family.
3. The CDC will not approve contracts in which any of the following parties have current interest in the HAP contract, or will have an interest in the HAP contract for one year thereafter.
 - Present or former member or officer of the CDC, except a participant commissioner;
 - Employee of the CDC or any contractor, subcontractor or agent of the CDC who formulates policy or influences program decisions;
 - Public official, member of a governing body, or state or local legislator who exercises functions or responsibilities related to the program; or
 - Members of the U. S. Congress.

E. CDC'S DISCRETION TO DISAPPROVE OWNER/LANDLORD

The CDC, at its discretion, will disapprove an owners/landlord for any of the specific reasons listed below:

1. Violation of obligations under one or more HAP contracts;
2. Acts of fraud, bribery or other corrupt or criminal act in connection with any federal housing programs;
3. Participation in any drug related activity or any violent criminal activity;

-
4. Current or previous practice on non-compliance with HQS and/or state and local housing codes or with applicable housing standards for units leased under any other federal housing programs;
 5. Current or prior history or refusing to evict housing choice voucher program or other assisted housing tenants for activity by the tenant, any member of the household, a guest, or another person(s) under the control of any member of the household that:
 - Threatens the right to peaceful enjoyment of the premises by other residents;
 - Threatens the health or safety of residents, CDC employees, or owner employees;
 - Threatens the neighbors' health or safety, or neighbors' right to peaceful enjoyment of their residence; or
 - Engages in drug related criminal activity or violent criminal activity.
 6. Fails to pay state or local real estate taxes, fines, or assessments.

F. RENT REASONABLENESS DETERMINATION AND DOCUMENTATION
Resolution No. 1009-12 (July 2012)

This Policy includes the following sections.

- Statement of Compliance
- I. Step-by-Step Explanation of Procedures
- II. Explanation of Analysis used in the Procedures
- III. Agency Staff Training
- IV. Agency's Interaction with Landlords
- V. Agency-owned Units
- VI. Data Collection of Unassisted Comparable Units

Statement of Compliance

Background

The EZ-Reasonable Rent Determination (EZ-RRD) system is utilized to assist staff to conduct reasonable rent analysis for units to be assisted. The EZ-RRD system was designed to correct long-standing misconceptions and problems about reasonable rent analysis. For example, other systems allow the Agency Analyst to select the comparable units, allowing for possible favoritism and subjectivity. EZ-RRD automatically selects the best comparable units in the database using consistent and objective methods. Thus, the Agency and U. S. Department of Housing and Urban Development (HUD) are protected from fraud, waste, and mismanagement.

In another example, some systems look for comparable units based only on the same or similar rents. They do not account for differences in the characteristics between the assisted and comparable units. The EZ-RRD system uses the standard deviation method to enable proper comparisons of the unit to be assisted and comparable units with different characteristics, assuring the Agency that an “apples-to-apples” comparison is made.

This Policy represents a reasonable method per the Section 8 Housing Choice Voucher and SEMAP regulations, as well as the HUD Housing Choice Voucher Program Guidebook. It also represents a common sense approach according to the HUD SEMAP Confirmatory Review and Reasonable Rent Quality Assurance protocols.

Timing

A unit will not be approved until it is determined that the requested rent by the owner/agent is a reasonable rent. The Agency will also determine the reasonable rent before approving any increase in the rent or if there is a five percent (5%) decrease in the published FMR sixty (60) days before the contract anniversary as compared with the FMR in effect one year before the contract anniversary, or if directed by HUD. The agency may elect to re-determine reasonable rent at any other time.

Compliance with 24 CFR Section 982.507 Rent to Owner: Reasonable Rent and 24 CFR Section 985.3 (b) Reasonable Rent.

The regulations do not require a specific method to be utilized. The only requirements for comparability at 24 CFR 982.507 (b) is for the Agency to utilize unassisted units as comparable units and to consider all nine characteristics for each determination. Therefore, the reasonable rent system uses only unassisted units for comparable units. It also considers the following characteristics for each determination.

- Location
- Quality
- Size (by # of bedrooms, overall size and # of bathrooms)
- Unit type
- Age of the contract unit
- Amenities
- Housing services
- Maintenance
- Utilities to be provided by the owner

The only requirements for reasonable rent at 24 CFR 985.3 (b) is for the Agency to have and implement a reasonable written method that uses all nine of the above characteristics. This Policy describes the reasonable method herein.

The EZ-Reasonable Rent Determination (EZ-RRD) Report documents implementation of this Policy. This Policy includes an example of this Report.

I. Step-by Step Explanation of Procedures

This section first explains the preparation needed to perform reasonable rent determinations; then it provides the steps to implement the reasonable rent determinations.

Preparation: Use of Location

The first step in preparation concerns the location characteristic. Location has the greatest impact on rent. Therefore, this system gives the greatest weight to location.

To define location the EZ-RRD Analysts divide the Agency's jurisdiction into three rental market value areas. Each unit to be assisted and each comparable unit is assigned to be in either a high, medium, or low rental location. Section III of this Policy provides an explanation of how these rental market values are determined.

Preparation: Assigning Maximum Value Points to HUD Required Characteristics

EZ-RRD assigns maximum value points to each HUD required characteristic. These value points represent the economic value for each characteristic. Section III of this Policy provides an explanation of how the value points are determined.

Value Point Levels Applied to Each Characteristic

Each characteristic is assigned a value point level. Characteristics with higher levels have more impact on the actual rent. Level V has the highest number of potential value points. Level I has the lowest number of potential points.

Each level has a value point range. The actual number of value points assigned to a characteristic is determined by the description of each characteristic in a particular unit. For example, for the quality characteristic, a unit with high quality will receive more value points than an unit with fair quality. The table below provides value levels and point ranges.

Characteristic	Value Point Level	Value Point Range
Location	V	15-23
HQS Quality	IV	10-18
Utilities Provided by Owner	IV	0-18
Building Structure (Unit Type)	IV	10-18
Overall Unit Size	III	8-13
Number of Bedrooms	II	4-9
Number of Bathrooms	II	4-9
Age	II	4-9
Amenities	II	0-9
Maintenance	I	1-5
Housing Services	I	0-5

Implementation

Below are step-by-step procedures for performing each reasonable rent determination. These procedures include data entry into the web-based EZ-RRD system and analysis performed by the system.

1. Agency Analyst enters accurate description of unit to be assisted including description for each required characteristic. To ensure an accurate description a laminated guide called EZ-RRD Rent Reasonableness Determination Steps is used. This guide contains definitions used for each characteristic. It is provided in the detailed Reasonable Rent Procedures that are provided separate from this Policy.
2. Based on the descriptions entered into the EZ-RRD system, it assigns the appropriate value points to each characteristic for the unit to be assisted.
3. EZ-RRD system totals the value points of each characteristic for the unit to be assisted to obtain the unit's Total Value Points.
4. EZ-RRD system analyzes the Total Value Points and descriptions of all characteristics for both the unit to be assisted and the comparable unit database. It locates units with exact points and characteristics to use as comparable units.
5. If there is no exact match, EZ-RRD system will next select comparables based on the database search priorities listed on the following chart.

Database Search Priorities Chart

Priority #	Action
I	Exact match on all 9 required characteristics and total value points
II	Exact match to structure type, location, # of bedrooms, and same or similar total value points for all required characteristics
III	Exact match to location, # of bedrooms, and same or similar total value points for all required characteristics

Through the above database search process, the three comparable units most similar to the unit to be assisted are selected.

6. EZ-RRD system then populates the Reasonable Rent Determination Report (hereafter called Report) with the characteristic descriptions and total value points for the unit to be assisted and each of the three comparables. See sample Report below.

-
7. On the bottom of the Report, EZ-RRD displays:
 - a. Average Rents of Comparable Units
 - b. Average Total Value Points of Comparable Units
 - c. Requested Rent of the Unit to be Assisted
 - d. Total Value Points of Unit to be Assisted

 8. Agency Analyst reviews the above four items to determine rent reasonableness.
 - a. If the Total Value of the comparables is equal to the Total Value of the unit to be assisted, and if the Average Rent of Comparables is equal to or more than the Requested Rent of the Unit to be Assisted, the rent is reasonable. **The Agency Analyst checks “Yes” on the Report, signs, and dates the Report and places it in the tenant file.**

 - b. If the Total Value of the comparables is equal to the Total Value of the unit to be assisted, and if the Average Rent of Comparables is less than the Requested Rent of the Unit to be Assisted, the rent is not reasonable. **The Agency Analyst checks “No” on the Report, signs, and dates the report and follows the agency’s procedures when the requested rent is not reasonable.**

 - c. If the Total Value Points of the Unit to Be Assisted and the Comparables are not equal, the Agency Analyst may perform a calculation using the total value points and unit rents. The Analyst may divide the Average Rent of Comparables by the Average Total Value Points of Comparables.(This division provides the dollar value per point for the comparable units).Then, the Analyst may multiply this number by the Total Value Points of the Unit to be Assisted. This calculation provides the maximum reasonable rent.

If the maximum reasonable rent is higher than the requested rent, the requested rent is reasonable. If it is lower, the requested rent is not reasonable.

If the rent is reasonable, follow step “8.a” above. If the rent is not reasonable, follow step “8.b” above.

Sample Reasonable Rent Determination Report

A sample Reasonable Rent Determination Report is provided below. The Value Point level and the actual points assigned to each characteristic in this sample are also provided.

As needed an optional Reasonable Rent Determination Standard Deviation Adjusted Report showing standard deviation comparisons maybe used. This optional report illustrates the results of standard deviation calculations for the characteristics of unit size, unit type, quality, and age if needed.

For illustration purposes only

Red lettering does not appear on system-generated reports. Used here to illustrate values assigned to categories.

EZ-Reasonable Rent Determination Report

Unit To Be Assisted	Comp 1	Comp 2	Comp 3
Address 2917 maxson road Anytown, TX 76116	Address 1140 Stevens - SF2 Anytown, TX 76022	Address 317 V Street 2G Any City, TX 75818	Address 1091 Freinza Ave Any City, TX 75815
Census Tract 27	Census Tract 27	Census Tract 21	Census Tract 63
Location ** Low Rent Area Level V - 15	Location ** Low Rent Area Level V - 15	Location ** Low Rent Area Level V - 15	Location ** Low Rent Area Level V - 15
Unit Size ** Small Level III - 8	Unit Size ** Small Level III - 8	Unit Size ** Small Level III - 8	Unit Size ** Small Level III - 8
Unit Type ** Level IV - 15 Garden/Walkup/Apt/Multi	Unit Type ** Single Family Level IV - 18	Unit Type ** Level IV - 15 Garden/Walkup/Apt/Multi	Unit Type ** Duplex Level IV - 16
Quality ** Good Level IV - 14	Quality ** Good Level IV - 14	Quality ** Fair Level IV - 12	Quality ** Good Level IV - 14
Age ** Level II - 6 21-50 Years (built 1963)	Age ** Level II - 6 21-50 years	Age ** Level II - 6 21-50 Years	Age ** Level II - 4 50+ Years
Amenities ** None Level II - 0	Amenities ** Level II - 4 Carpeting, Refrigerator, Range, Unit is Cable Ready	Amenities ** Level II - 3 Central A/C Unit, Laundry Facilities	Amenities ** Level II - 3 Covered / Off-Street Parking
Housing Services ** Level I - 5 Landlord Provides Services	Housing Services ** No Services Level I - 0	Housing Services ** No Services Level I - 0	Housing Services ** No Services Level I - 0
Maintenance ** Owner Provides Onsite Maintenance Level I - 5	Maintenance ** Owner Provides Offsite Maintenance Level I - 2	Maintenance ** Owner Provides Offsite Maintenance Level I - 2	Maintenance ** Owner Provides Offsite Maintenance Level I - 2
Paid Utilities ** None Level IV - 0	Paid Utilities ** None Level IV - 0	Paid Utilities ** Level IV - 6 Water, Sewer, Trash	Paid Utilities ** Level IV - 6 Water, Sewer, Trash
Bedrooms 2 Bedrooms Level II - 6	Bedrooms 2 Bedrooms Level II - 6	Bedrooms 2 Bedrooms Level II - 6	Bedrooms 2 Bedrooms Level II - 6
Bathrooms 1 Bathroom Level II - 4	Bathrooms 1 Bathroom Level II - 4	Bathrooms 1 1/2 Bathrooms Level II - 5	Bathrooms 1 Bathroom Level II - 4
Requested Rent \$925.00	COL Rent \$744.00	COL Rent \$758.00	COL Rent \$712.00
Value 78	Value 77	Value 78	Value 78
Date of Data 03/20/2012	Date of Data 12/01/2011	Date of Data 11/01/2011	Date of Data 11/01/2011

Reasonable Rent Determination

Average Rents of Comparables:	\$738.00
Average Value of Comparables:	78
Unit To Be Assisted Rent:	\$925.00
Unit To Be Assisted Value:	78
The analysis of the above data shows the requested rent for the unit to be assisted to be reasonable?	___ YES _X_ NO
If YES above, the Requested Rent is reasonable.	



© 2012 The
Nelrod Company
Fort Worth,
Texas
(817) 922-9000
Other offices:
Washington D.C.
Area
Houston, Texas
San Juan, P.R

Staffperson Name _____ Date _____
Although the EZ-Reasonable Rent Determination system is an aid to provide data and analysis, the Agency is solely responsible for the reasonable rent determination herein.

** Required in accordance with 24CFR§985.3(b)(3)(A)

II. Explanation of Types of Analysis used in the Procedures

The EZ-RRD system uses three basic methods of analysis. They are determining high, medium, and low Rental Market Value Areas, Assigning Value Points to Characteristics, and Standard Deviation calculation.

Determining High, Medium, and Low Rental Market Value Areas

High, medium, and low rental areas or submarkets within the Agency's jurisdiction are determined through a process called Value of the Unit's Location. EZ-RRD Analysts perform extensive economic research. This research identifies the value of rental property in all areas of the Agency's jurisdiction. This research entails examining many factors that affect property values and rental values within each submarket. These factors include but are not limited to census tract income levels, percent of population above or below poverty, median family income, renter occupied units, owner occupied units, percent of vacant units, median house age, crime statistics, public transportation, population impaction, community parks and other amenities, hospitals, airports, recreational facilities, waterfront access, etc.

These factors are used to evaluate the immediate three to four block area surrounding each comparable unit and unit to be assisted to assign a high, medium, or small rental market value rating.

The high rental market value area consists of luxury communities in the most favorable locations. These communities are usually newer construction and may have additional community/association amenities such as recreational facilities or be on a waterfront. Individual properties would include state-of-the-art systems, modern appliances, and/or superior quality finishes.

A medium rental market value area is considered an average neighborhood or intermediate community. These areas are slightly less favorable than the luxury areas. These communities include newer, larger homes and may include quality finishes. These areas may have additional amenities such as a fitness center, swimming pool, and recreational courts. Properties would contain adequate systems and appliances.

The lower rental market value area is a below average neighborhood, ranging from minimal to depleted or impoverished areas. Minimal communities often include older, smaller homes in good condition (that would be considered starter homes if being purchased). They may also include buildings in poor condition that have been abandoned or vandalized. These neighborhoods may have community parks and swimming pools.

Assigning Value Points to Characteristics

The value for each characteristic is based upon the economic research for the Agency's jurisdiction described above. In addition, it is based on several years of rental market research using an enormous, national, unassisted rental market

unit sampling. Each HUD required characteristic was individually analyzed to accurately represent its contribution to the unit's total rental value. The specific values used are proprietary and cannot be disclosed.

For example, the Agency gives the highest weight to location. Higher weights are also given to utilities paid for by the landlord, quality, and unit type. The lowest values are given to maintenance and services.

The value points for each characteristic are added for each unit to become the Total Value Point rating. This rating represents the unit's actual rental value. The Total Value Points for the unit to be assisted are compared with the Average Total Value Points for the three comparable units during the reasonable rent determination process. This process is illustrated on the sample Reasonable Rent Report provided above.

This methodology is also supported by the Housing Choice Voucher Program HUD Guidebook. This Guidebook refers to the Point and Dollars per Feature System.

Standard Deviation Calculations

The EZ-RRD system uses the standard deviation procedure to compare differing characteristics between the unit to be assisted and the comparable units. Standard Deviation uses the value points assigned to each characteristic to calculate the appropriate rent for units having different characteristics. The following examples illustrate how the EZ- RRD system applies the standard deviation calculation.

1. The high quality characteristic has a value of 16 points. The fair quality characteristic has a value of 13 points, a 19% difference ($16-13 = 3$ point difference; $3 \text{ points} \div 16 \text{ points} = 19\%$). If the other characteristics are the same and if the high quality unit rents for \$1,000, the fair quality unit should rent at \$810.00 or 19% less.
2. The single-family structure type characteristic has a value of 18 points. The garden/walkup structure type characteristic receives 15 points or 17% less. If the other characteristics are the same, and the single-family unit rents for \$1,200.00, the garden/walkup unit should rent for \$996.00, or 17% less.

The above calculation is made for each characteristic with different descriptions during each reasonable rent determination. The results of these standard deviation calculations are presented in the Total Value Points. For example, using the sample Reasonable Rent Determination above, the following Total Value Points and rents were listed:

Average Total Value Points of Comparables:	78
Average Rents of Comparables:	\$738.00

Total Value Points of Assisted Unit: 78
 Requested Rent of Assisted Unit \$925.00

After applying the standard deviation calculations, this system determined that the average comparable units and the unit to be assisted had the same total value. As the requested rent for the unit to be assisted unit is higher than the average of the comparable units, the requested rent is not reasonable.

This method is described in the HUD HCVP Guidebook page, 9-10. It states the Analyst may need to review the database for (a) same number of bedrooms and building type but in a broader geographic location or (b) have the same number

The proposed program unit is located in geographic Area A, has three bedrooms and is a garden apartment. The proposed rent is \$1,220.00. There are no other garden apartments in Area A in the database. If there are other garden apartments in Area A, the analyst might try to obtain information about them. However, if there are no other garden apartments in Area A, then the analyst might look at 3 bedroom single family homes in Area A and compare them with information on both garden apartments and single family homes in nearby Area B. The information found (all rents are gross rents) is:

Unit	Area A	Area B
3-bedroom garden apartment	(None)	\$1,400.00
3 bedroom single family home	\$1,400.00	\$1,600.00

The single family homes in Area B (that are similar to those in the database for Area A) are about 14 percent higher than garden apartments in Area B. If one estimates a rent for a garden apartment in Area A is 14 percent below that of the single family homes in Area A the result is \$1,228.00. Assuming the other factors for comparison are generally equal, this should provide one indication that the proposed rent is comparable.

of bedrooms, are in the same geographic location, but are in other types of buildings. In addition, the HUD HCVP Guidebook provides the following example:

III. Agency Staff Training

As new analysts and new supervisors are appointed, they will undergo training concerning the reasonable rent requirements and the EZ-RRD system. This training will include a review of:

- 24 CFR Section 982.507 Rent to Owner: Reasonable Rent
- 24 CFR Section 985.3 (b) Reasonable Rent
- HUD Housing Choice Voucher Program Guidebook Chapter 9

- Reasonable Rent Policy
- EZ-RRD Procedures

The Analyst performing reasonable rent determinations will demonstrate proficiency for correctly performing the reasonable rent determination.

IV. Agency Interaction with Landlords

Owner/Agent Relations

The owner/agent will be advised by accepting each monthly housing assistant payment he/she will be certifying that:

- The Rent to Owner is not more than rent charged by the owner/agent for comparable unassisted units in the premises.
- The assisted family is currently occupying the unit and the assisted family is not in violation of lease obligations.

Owner/Agency Negotiations

If owners object to the approved rent, they may submit all HUD required comparable data for at least three unassisted units. The data will be confirmed by the Agency and added to the existing comparable units database. The Agency will then run a new determination.

V. Agency-owned Units

Local government or independent entities (approved by HUD) must perform rent reasonableness determinations for Agency owned units leased by voucher holders. In these cases, the following arrangements may be made:

- The Authority may pay expenses associated with this service.
- The Authority may use administrative fee income to compensate the independent agencies for their services.
- The family cannot be charged for these services.

VI. Collection of Unassisted Comparables Units

Data for comparable units may be collected from the following sources:

- Onsite visits
- Real estate, Landlord/real estate investor groups, property managers
- Any publication with real estate ads
- Available Census Reports for the most recent years
- Various Internet sources
- Multiple Listing Service
- Newspaper ads followed by owner/agent interviews
- Owner/agent questionnaires
- Apartment and home rental guides
- Fair Housing groups
- Government sources
- Other methods as needed

G. RENT INCREASES

The owner/landlord must submit a rent increase in accordance with the HAP Contract. The tenant/participant must be served with the notice of the increase in rent and the effective date must be no sooner than sixty (60) days after the notice date. The CDC must receive a copy from the owner/landlord in order to process the increase.

Upon receipt of the notice of rent increase the CDC must determine if the increased rent meets the rent reasonableness standard. In areas where there is rent control, the CDC must determine whether or not rent control restrictions also impact the rent increase.

In cases where the CDC cannot justify the rent increase through rent reasonableness, the owner/landlord must be notified in writing. The owner/landlord may appeal the CDC's decision, providing the CDC with non-assisted comparable units in his/her property receiving the requested rent. If the CDC does not approve the increase, the tenant/participant cannot assume the burden of the increase.

Owners/landlords may request and HUD may approve a special rent increase pursuant to the HAP Contract.

H. MANUFACTURED HOMEOWNERS LEASING PAD

The subsidy amount for expenses associated with pad leasing for mobile homeowners has been increased from thirty percent (30%) of the two-bedroom FMR to forty percent (40%). CDC will use the standard as prescribed by HUD or any allowable Payment Standard.

