

## CoC Eligible Costs for Rental Assistance

### 24 CFR § 578.51

#### **(a) Use.**

**(1)** Grant funds may be used for rental assistance for [homeless](#) individuals and families. Rental assistance cannot be provided to a [program participant](#) who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, [State](#), or local sources.

**(i)** The rental assistance may be short-term, up to 3 months of rent; medium-term, for 3 to 24 months of rent; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in [§ 578.7\(a\)\(9\)](#) and this section.

**(ii)** The rental assistance may be tenant-based, [project](#)-based, or sponsor-based, and may be for transitional or [permanent housing](#).

**(2)** Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.

**(b) Rental assistance administrator.** Rental assistance must be administered by a [State](#), unit of general local government, or a public housing agency.

**(c) Tenant-based rental assistance.** Tenant-based rental assistance is rental assistance in which [program participants](#) choose housing of an appropriate size in which to reside. Up to 5 years' worth of rental assistance may be awarded to a [project](#) in one competition.

**(1)** When necessary to facilitate the coordination of supportive services, [recipients](#) and sub [recipients](#) may require [program participants](#) to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. [Program participants](#) who are receiving rental assistance in [transitional housing](#) may be required to live in a specific structure for their entire period of participation in [transitional housing](#).

**(2)** [Program participants](#) who have complied with all program requirements during their residence retain the rental assistance if they move.

**(3)** [Program participants](#) who have complied with all program requirements during their residence, who have been a victim of domestic violence, dating

violence, sexual assault, or stalking, who reasonably believe they are imminently threatened by harm from further domestic violence, dating violence, sexual assault, or stalking (which would include threats from a third party, such as a friend or family member of the perpetrator of the violence) if they remain in the assisted unit, and who are able to document the violence and basis for their belief, may retain the rental assistance and move to a different Continuum of Care geographic area if they move out of the assisted unit to protect their health and safety. These [program participants](#) may move to a different Continuum of Care's geographic service area even if the [recipient](#) or [subrecipient](#) cannot meet all regulatory requirements of this part in the new geographic area where the unit is located. The [recipient](#) or [subrecipient](#), however, must be able to meet all statutory requirements of the Continuum of Care program either directly or through a third-party contract or agreement.

**(4)** [Program participants](#) other than those described in [paragraph \(c\)\(3\)](#) of this section may choose housing outside of the Continuum of Care's geographic area if the [recipient](#) or [subrecipient](#), through its employees or contractors, is able to meet all requirements of this part in the geographic area where the [program participant](#) chooses housing. If the [recipient](#) or [subrecipient](#) is unable to meet the requirements of this part, either directly or through a third-party contract or agreement, the [recipient](#) or [subrecipient](#) may refuse to permit the [program participant](#) to retain the tenant-based rental assistance if the [program participant](#) chooses to move outside of the Continuum of Care's geographic area.

**(d) Sponsor-based rental assistance.** Sponsor-based rental assistance is provided through contracts between the [recipient](#) and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. [Program participants](#) must reside in housing owned or leased by the sponsor. Up to 5 years worth of rental assistance may be awarded to a [project](#) in one competition.

**(e) Project-based rental assistance.** [Project](#)-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to [program participants](#). [Program participants](#) will not retain rental assistance if they move. Up to 15 years of rental assistance may be awarded in one competition.

**(f) Grant amount.** The amount of rental assistance in each [project](#) will be based on the number and size of units proposed by the [applicant](#) to be assisted over the grant period. The amount of rental assistance in each [project](#) will be calculated by multiplying the number and size of units proposed by the [FMR](#) of each unit on the date the application is submitted to HUD, by the term of the grant.

**(g)Rent reasonableness.** HUD will only provide rental assistance for a unit if the rent is reasonable. The [recipient](#) or [subrecipient](#) must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units.

**(h)Payment of grant.**

**(1)** The amount of rental assistance in each [project](#) will be reserved for rental assistance over the grant period. An [applicant](#)'s request for rental assistance in each grant is an estimate of the amount needed for rental assistance. [Recipients](#) will make draws from the grant funds to pay the actual costs of rental assistance for program participants.

**(2)** For tenant-based rental assistance, on demonstration of need:

**(i)** Up to 25 percent of the total rental assistance awarded may be spent in any year of a 5-year grant term; or

**(ii)** A higher percentage if approved in advance by HUD, if the [recipient](#) provides evidence satisfactory to HUD that it is financially committed to providing the housing assistance described in the application for the full 5-year period.

**(3)** A [recipient](#) must serve at least as many [program participants](#) as shown in its application for assistance.

**(4)** If the amount in each grant reserved for rental assistance over the grant period exceeds the amount that will be needed to pay the actual costs of rental assistance, due to such factors as contract rents being lower than [FMRs](#) and [program participants](#) being able to pay a portion of the rent, [recipients](#) or sub [recipients](#) may use the excess funds for covering the costs of rent increases, or for serving a greater number of [program participants](#).

**(i)Vacancies.** If a unit assisted under this section is vacated before the expiration of the lease, the assistance for the unit may continue for a maximum of 30 days from the end of the month in which the unit was vacated, unless occupied by another eligible person. No additional assistance will be paid until the unit is occupied by another eligible person. Brief periods of stays in institutions, not to exceed 90 days for each occurrence, are not considered vacancies.

**(j)Property damage.**[Recipients](#) and sub [recipients](#) may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a [program participant](#). This shall be a one-time cost per participant, incurred at the time a participant exits a housing unit.

**(k) Resident rent.** Rent must be calculated as provided in [§ 578.77](#). Rents collected from [program participants](#) are program income and may be used as provided under [§ 578.97](#).

**(l) Leases.**

**(1) Initial lease.** For [project](#)-based, sponsor-based, or tenant-based rental assistance, [program participants](#) must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.

**(2) Initial lease for transitional housing.** [Program participants](#) in [transitional housing](#) must enter into a lease agreement for a term of at least one month. The lease must be automatically renewable upon expiration, except on prior notice by either party, up to a maximum term of 24 months.

**(m) VAWA emergency transfer plan costs.** [Recipients](#) and sub [recipients](#) of grants for tenant-based rental assistance may use grant funds to pay amounts owed for breaking the lease if the family qualifies for an emergency transfer under the emergency transfer plan established under [§ 578.99\(j\)\(8\)](#).