

Modality	Podcast
Topic	<b>Leasing and Rental Assistance</b>
Subtopic	<b>Differences Between Leasing and Rental Assistance</b>
Interviewer	
Speaker	
Pre-Intro	You're listening to Continuum of Care 2.0, a podcast sponsored by the U.S. Department of Housing and Urban Development.
Intro	<i>[Start jingle with ducking (music gets quieter when speaker starts)]</i> . This is your host Jessica Hinkson. Welcome to Continuum of Care 2.0. Today we have Brett Gagnon and Justin Brock to talk with us about the differences between leasing and rental assistance. We know that the regulations provide for both, and each offers different advantages to recipients, as well as somewhat different requirements. We would like to spend a few minutes talking about why a recipient might choose to use funds for leasing versus rental assistance, and what one should consider before making that decision. And now to Robert Waters.
Interviewer Intro Remarks	This is Robert Waters. I am here with Brett Gagnon and Justin Brock. Thank you for taking time to talk about leasing and rental assistance under the CoC Program.
Initial Question	<p>Leasing and Rental Assistance have been eligible costs under HUD's Homeless Assistance Act Programs for a while. Why is HUD emphasizing the differences between the two now?</p> <p><b>BRETT:</b> Well, Robert, while the costs have been eligible for quite some time now, as you pointed out, rental assistance and leasing used to be funded under two separate programs, as two separate things, but which we know recipients treated as the same thing.</p> <p><b>BRETT:</b> With the HEARTH Act amendments to the McKinney-Vento Act, and the consolidation of those two programs - the SHP Program and the Shelter Plus Care program - into the single CoC Program, rental assistance and leasing were placed right next to each other in the Act, and it became necessary for HUD to be clear about what the requirements of each were.</p> <p><b>JUSTIN:</b> Reading the McKinney-Vento Act, as amended by the HEARTH Act, helps us understand the differences. Let me read a portion of the language to you.</p> <ul style="list-style-type: none"> <li>• Section 423 of the Act, which authorizes leasing as an eligible cost, states "Leasing of property, or portions of property, not owned by the recipient or project sponsor involved..."</li> <li>• Section 423 of the Act, which also authorizes rental assistance, and states "provision of rental assistance to provide transitional or permanent housing to eligible persons..."</li> <li>• This language helps us to understand that leasing dollars are related to <i>property</i> and rental assistance funds are related to <i>persons</i>.</li> </ul>
Follow-up Question:	<p>Thank you. That does help me begin to understand what each type of assistance is meant to fund. But, what are the characteristics of leasing and rental assistance, and the differences between the two?</p> <p><b>BRETT:</b> That's a great question, Robert. Justin and I are going to take turns addressing the differences between leasing and rental assistance under 6 characteristics: first, the type of space that can be rented; second, who must hold the lease; third, how the rent is paid and by whom; fourth, who can administer the funds; fifth, when rent can be paid on a vacant space; and finally, six, and the match requirements.</p> <p><b>BRETT:</b> I'll start with the type of space that can be rented:</p>

- Recipients (and when I say recipients, I mean recipients and sub-recipients; unless otherwise noted) of funds for leasing can use leasing dollars to lease structures or portions of structures to provide housing or supportive services to program participants. Additionally, leasing dollars can be used to rent units to be used as housing for program participants. Recipients of rental assistance can only use rental assistance dollars to rent units to be used as housing for program participants.

**JUSTIN:** So, who holds the lease?

- Well, in projects that receive rental assistance, program participant must be the sole party on the lease with the landowner. (When I say landowner, I'm also speaking of the sublessor.) For projects that receive leasing funds, however, the recipient must be the tenant with the landowner and have a sublease or occupancy agreement with the program participant.
- Here are some additional agreements:
  - Aside from the lease, there are additional written agreements required of the recipient depending upon whether they receive funds for leasing or rental assistance. Recipients receiving funds for rental assistance must have a written agreement with the landowner governing the payment of rental assistance.
  - Under leasing, the lease is the written agreement with the landowner, and recipients must have a sublease or occupancy agreement signed with each program participant.

**ROBERT:** Now that we've discussed the agreements that must be in place, how is the rent paid?

**BRETT:** Well, Robert, that depends on the type of assistance the recipient is receiving.

- For recipients that receive funds for rental assistance, the program participant must pay his or her portion of the rent directly to the landowner. The rental assistance administrator must then make rental assistance payments to the landowner based on the difference between the total rent and the amount paid by the program participant. The recipient can never cover the cost of the program participant's rent if the program participant fails to pay his or her portion.

**JUSTIN:** And as far as administering funds, recipients receiving funds for rental assistance must have the rental assistance administered by a State government, local government, or a Public Housing Authority. Administering leasing funds has no such regulatory requirement and therefore can be carried out by any eligible recipient.

**ROBERT:** So what happens when a funded unit becomes vacant?

**BRETT:** Well, Robert, recipients receiving funds for rental assistance can only make rental assistance payments on a vacant unit in accordance with the interim rule. When recipients receives funds for leasing, though, the recipient must follow the terms of the lease agreement signed with the landowner, which may require paying for a space even when it is vacant. The CoC Program interim rule does not set forth any additional requirements for how leasing funds can pay for vacant units.

**JUSTIN:** And finally, I'd like to mention the match requirements. –

- Recipients receiving funds for rental assistance must include the amount of funds received for rental assistance in the match calculation for the grant. However, leasing funds are excluded from the match calculation; therefore, recipients must not include the amount of any funds received for leasing in the match calculation.

Follow-up Question	<p>Under which CoC Program components can recipients expend funds for leasing or rental assistance?</p> <p><b>JUSTIN:</b> Well, for leasing, Robert, recipients can use leasing funds under the following program components: permanent supportive housing, transitional housing, HMIS, supportive services only, and renewing safe havens.</p> <p><b>JUSTIN:</b> In the case with rental assistance, recipients can use funds under the following program components: permanent supportive housing, rapid re-housing, and transitional housing. Homelessness prevention is also included, but only for those projects in the CoCs that have been approved by HUD as high performing communities.</p>
Wrap-up	<p>Thank you, this is a lot of helpful information for recipients to consider. Is there anything else that recipients should consider to make their decision?</p> <p><b>BRETT:</b> Well, Robert, there are a number of resources available to recipients explaining the requirements of leasing and rental assistance to help them make their decision and, ultimately, to help them comply with the requirements of the type of funding they receive. I would suggest that recipients:</p> <ul style="list-style-type: none"> <li>• Review the resources on the OneCPD Resource Exchange about leasing and rental assistance.</li> <li>• Examine the requirements of each, focusing in particular about which entity you think is the most appropriate to be responsible for the housing and ultimately whether you want the tenant to have the opportunity to retain it, and then</li> <li>• Submit any questions that you still might have through the OneCPD Ask A Question portal.</li> </ul>
Outro	<p><i>[Start jingle with ducking]</i>. Thank you to Brett Gagnon and Justin Brock for taking the time to talk about leasing versus rental assistance. This is Jessica Hinkson, and you've been listening to Continuum of Care 2.0.</p>