

CoC AT A GLANCE

LEASING

RESOURCES:

CONSULT THE CoC RULE

CoC Interim Rule – 578.49 Leasing:

<https://www.govinfo.gov/content/pkg/CFR-2017-title24-vol3/xml/CFR-2017-title24-vol3-part578.xml#seqnum578>

RESOURCES

ON THE HUD EXCHANGE

CoC Program Toolkit – Leasing:

<https://www.hudexchange.info/programs/coc/toolkit/program-components-and-eligible-costs/#leasing-and-rental-assistance>

Overview Slides:

<https://files.hudexchange.info/resources/documents/CoC-Program-Leasing-Slides.pdf>

Lease Agreement Examples:

<https://www.hudexchange.info/resource/2894/coc-program-leasing-rental-assistance-examples-of-lease-agreements/>

CPD Notice – Utility Calculation:

<https://www.hudexchange.info/resource/5630/notice-cpd-17-11-determining-program-participant-rent-contribution-in-the-coc-program/>

This resource is prepared by technical assistance providers and intended only to provide guidance. The contents of this document, except when based on statutory or regulatory authority or law, do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

SUMMARY

CoC Program funds may be used to lease a structure or a portion of a structure for PSH, TH, or SSO, or to lease individual housing units for TH or PSH.

- **Important:** Leasing funds must be used within the geography of the CoC.
- The recipient/subrecipient are not required to provide matching funds for leasing.

LEASE AGREEMENT

The recipient or subrecipient enters into a lease with the landlord and, if leasing is used for housing, enters into a sublease (PSH) or occupancy agreement (TH) with the program participant. [See sidebar for lease agreement examples.](#)

The lease agreement length of term must be:

- For TH – at least a month for a maximum term of 24 months
- For PSH – at least one year for initial term with no maximum term

For both TH and PSH, the lease must be automatically renewable upon expiration, and for no more than 24 months for TH.

OCCUPANCY CHARGES

Recipients and subrecipients are not required to impose occupancy charges on program participants. If they do, they must calculate the maximum charge allowable by following the CoC Interim Rule: 578.77(b). They may charge less than the maximum. Program fees other than occupancy charges (e.g., fees for cleaning services, laundry, transportation, etc.) may not be charged.

UTILITIES

If the rent includes utilities, leasing funds may cover these costs. If the rent does not include utilities, leasing funds may not cover utilities. In that case, the recipient/subrecipient may require program participants to pay utilities and should carefully [review the CPD notice in the sidebar](#) on how utility costs should be calculated. Recipient/subrecipient could use CoC Program operating funds or other sources to pay utilities. If the structure is being leased as a supportive services facility, then utilities are eligible as a supportive services cost. If the recipient's budget includes an operating cost budget line item, utilities may be paid for using operating funds.

RESTRICTIONS ON COMBINING CoC PROGRAM FUNDS

CoC program funds used for leasing may not be combined in a single structure or housing unit with CoC program funds used for:

- Rental assistance
- Acquisition, rehabilitation, or new construction

FAIR MARKET RENT AND RENT REASONABLENESS

Leasing funds may pay up to 100% of rent, as long as the rent is at or below the Fair Market Rent (FMR) and determined reasonable when

RESOURCES

RESOURCES ON THE HUD EXCHANGE

FMR & Rent Reasonableness:

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

Environmental Review

Flow Chart & Forms:

<https://www.hudexchange.info/resource/4045/coc-program-environmental-review-flow-chart/>

RESOURCES AT A GLANCE

Housing Quality Standards (HQS):

Information about HQS criteria can be found in Chapter 10 of the Housing Choice Voucher Program Guidebook: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/forms/guidebook

Lead Paint:

https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr

compared with comparable rents. [See sidebar resources](#). Rents paid with CoC Program funds for individual units may never exceed the FMR; however, recipients/subrecipients may use other funds to pay amounts in excess of the FMR so long as the contract rent is reasonable.

LEASING: ELIGIBLE USE OF FUNDS

Use of Funds	Eligibility Conditions
Vacancy payment	Rent costs until a new participant moves in, in accordance with the lease agreement between the recipient/subrecipient and landlord
Security deposits	Up to equivalent of 2 months of rent
First & last month's rent	Up to equivalent of 1 month of rent for each; advanced payment is allowed
Property damage	Not an eligible cost, but payment for damages may come out of the security deposit, if provided
Staff Costs	Costs directly related to carrying out eligible activities, including: <ul style="list-style-type: none">• Processing rental payments to landlords;• Examining participant income and family composition;• Providing housing information and assistance;• Inspecting units for compliance with housing quality standards (HQS); and• Receiving new participants into the program.

HOUSING QUALITY STANDARDS (HQS)

Units assisted with leasing must meet Housing Quality Standards (HQS). The recipient or subrecipient must physically inspect each unit prior to providing CoC leasing funds, and annually thereafter.

LEAD PAINT

The lead-based paint requirements are located in 24 CFR Part 35. For leasing see Subparts A, B, K and R.

ENVIRONMENTAL REVIEW

An environmental review must be conducted for all projects prior to CoC funds being committed. Tenant-based leasing is not subject to 24 CFR 58.5; recipients will use the Exempt/CENST form. Project-based leasing without any associated repairs or rehabilitation is categorically excluded and subject to 24 CFR 58.5 (CEST).