Housing and Homeless Services Department
808 W. Spokane Falls Blvd.
Spokane, Washington 99201

RENT REASONABLENESS AND FAIR MARKET RENT POLICY

Purpose

This policy establishes how subrecipients funded through CoC, ESG, CHG, DRF/HHAA, and ROW-ERP must determine rent subsidy limits for assisted units. Two tests must be satisfied before any unit can be approved.

Fair Market Rent (FMR): A regulatory ceiling set annually by HUD. Gross rent (contract rent + utilities) cannot exceed 110% of the applicable FMR for the unit size.

Rent Reasonableness: A market comparison confirming the proposed rent is reasonable relative to similar unassisted units in the local market. This is a qualitative determination based on documented comparables—it is not replaced by the FMR check.

Program Requirements

All programs in the table below require both tests.

Funding Source	**Rent Reasonableness**	**FMR Cap**	Regulatory Citation
CoC (PSH & RRH)	Required	Yes (up to 110%)	24 CFR 578.49(b)(2); CoC NOFO
ESG (HP & RRH)	Required	Yes (cannot exceed FMR)	24 CFR 576.106(d)
CHG (HP, RRH, PSH)	Required	Yes (up to 110%)	WA Commerce CHG Guidelines
DRF/HHAA (HP, RRH, PSH)	Required	Yes (up to 110%)	Aligns with CHG Guidelines
ROW-ERP (PHS)	Required	Yes (up to 110%)	Aligns with CHG Guidelines

FY2026 Fair Market Rents – Spokane, WA HUD Metro FMR Area

Effective October 1, 2025. Updated FMRs are published each October 1 at huduser.gov/portal/datasets/fmr.html. Always confirm you are using the current fiscal year rates.

Unit Size	**FY2026 FMR (100%)**	**110% Cap (Max Gross Rent)**	**Utility Allowance**
SRO / Efficiency	$1,103	$1,213	See SHA Chart
1 – Bedroom	$1,193	$1,312	See SHA Chart
2 – Bedroom	$1,531	$1,684	See SHA Chart
3 – Bedroom	$2,088	$2,296	See SHA Chart
4 – Bedroom	$2,260	$2,486	See SHA Chart

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Gross rent = contract rent + utility allowance. Utility allowances are published in the Spokane Housing Authority (SHA) Spokane County Utility and Payment Standard Chart, updated each January 1. Available at: spokanehousing.org/library. Do not apply a flat or estimated utility amount.

The 110% FMR cap is absolute. Gross rent may never exceed this amount.

Unit Approval Checklist

Complete every step before approving a unit for subsidy. All steps must be documented in the client file.

✓	Step	Action Required
☐	1 – Look up FMR	Find the unit's bedroom size in the FY2026 FMR table above. Note the 110% cap –that is your maximum allowable gross rent
☐	2 – Get utility allowance	Identify which utilities the tenant pays. Look up the applicable amount from the current SHA Spokane County Utility and Payment Standard Chart (spokanehousing.org/library, updated each January 1)
☐	3 – Calculate gross rent	Add contract rent + utility allowance = gross rent. If gross rent exceeds the 110% FMR cap, the unit is ineligible
☐	4 – Find 3 comparables	Use Zillow, Craigslist, or Apartments.com to locate 3 similar unassisted units. Match on: neighborhood, bedroom count, condition, and amenities
☐	5 – Make determination	Is the proposed rent reasonable compared to those units? If yes, document your conclusion. If the rent exceeds comparables, negotiate or document specific justifying factors (e.g. accessible features, new appliances)
☐	6 – Document the file	Retain in the client file: FMR calculation, utility allowance, comparable listings with addresses and rents, and your written reasonableness conclusion
☐	7 – Above FMR? Justify	If gross rent exceeds 100% FMR but is at or below 110%, write a brief narrative explaining why. This must be in the file before assistance is approved
☐	8 – Repeat annually	At each recertification or lease renewal, if the amount of rent being charged has changed, redo the FMR check and rent reasonableness using current data. Update the file

Required File Documentation

The following must be retained in every assisted household file. These items are reviewed during annual monitoring.

- **FMR calculation**: Unit size, applicable FMR, utility allowance used, gross rent total
- **Rent Reasonableness comparables**: At least 3 comparable units with address, bedroom count, asking rent, key amenities, and source/date of listing
- **Written determination**: A brief conclusion stating the rent is reasonable, signed or initialed by the staff member completing the review

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- **Above-FMR justification (if applicable):** If gross rent exceeds 100% FMR but is at or below 110%, a written narrative explaining specific justifying factors must be in the file before assistance is approved
- **Annual recertification update**: The unit must be re-inspected for habitability each year, and the inspection included in the client file. The household's income must be reassessed annually, and if the amount of rent being charged has changed, the FMR check and reasonableness determination must be repeated using current data.

Special Situations

CHG Homelessness Prevention – Deposits

When CHG-HP funds cover a security deposit on a new unit, the subrecipient must confirm the ongoing rent passes both tests before approving the deposit. The deposit amount itself is not subject to the FMR cap, but the unit rent is. Rent eligibility documentation must be in the file at the time deposit assistance is approved

CHG Homelessness Prevention – Arrears on Existing Unsubsidized Tenancies

When CHG-HP funds are used to pay rental arrears on a unit the household already occupies without any program subsidy, the FMR ceiling does not apply to the arrears payment. HHS has no jurisdiction over the rent that was originally negotiated between a private landlord and an unassisted tenant. Requiring the household to vacate or renegotiate their lease as a condition of receiving arrears assistance would be contrary to the purpose of homelessness prevention. Rent reasonableness must still be conducted and documented. The reasonableness determination confirms the unit rent is not grossly above market, which supports program integrity and demonstrates that the assistance is a reasonable use of public funds.

Additionally, subrecipients must assess and document housing stability: if the unit rent significantly exceeds the household's ability to sustain payments going forward, arrears assistance alone may not constitute a viable prevention intervention. The housing stability plan must address long-term affordability.

Accessible or Adapted Units

Accessible features (roll-in showers, widened doorways, elevator access) may justify a rent up to 120% FMR, with City approval. Document the specific features in the above-FMR justification narrative. City approval must be secured in writing and kept in the client file.

Limited Inventory

Where comparable units are difficult to locate, subrecipients may use broader geographic comparables (adjacent zip codes or neighborhoods) and must document the limited availability in writing.

Program Monitoring

Rent compliance is a standard component of City of Spokane and Spokane County monitoring. Common findings include:

- **Missing documentation:** No FMR calculation or comparables on file
- **FMR ceiling exceeded:** Gross rent exceeds 110% FMR. Subsidy payments for the non-compliant period may be subject to disallowance
- **Insufficient above-FMR justification:** Rent exceeds 100% FMR without adequate written rationale. ESG funded projects may not exceed 100% FMR under any circumstances.