

Shared Housing Policy



I. Introduction

The Emergency Solutions Grant (ESG) Program is a federal program operated by the U.S. Department of Housing and Urban Development (HUD) to make grants to states, local governments, and territories for the purposes of funding activities that directly serve people experiencing homelessness, including people at risk of homelessness. The California Department of Housing and Community Development (CA HCD) is a direct recipient of ESG from HUD. CA HCD administers an annual allocation of ESG and an additional one-time allocation of ESG made available under the CARES Act.

For the purposes of this document, “annual ESG” refers to CA HCD’s annual allocation of ESG, “ESG-CV” refers to CA HCD’s one-time allocation of CARES Act ESG, and “ESG” refers to the program in general and to aspects of the program that apply to both annual ESG and ESG-CV.

This ESG Shared Housing Policy (the “Policy”) provides the structure under which ESG-funded Rapid Re-Housing (ESG-RRH) and Homelessness Prevention (ESG-HP) activities may use shared housing as a rental assistance model.

A. Applicability

This Manual applies to ESG grants funded using:

- Annual ESG
- ESG-CV

II. Definitions

A. Shared Housing

Shared housing is defined as a single housing unit occupied by an ESG assisted household and by one or more other residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each ESG assisted household. The unit may be a house or an apartment. Each ESG assisted household has its own lease and rental assistance agreement (also called a housing assistance contract).¹

¹ This definition is adapted from Notice PIH 2021-05, “Use of Shared Housing in the Housing Choice Voucher (HCV) Program: <https://www.hud.gov/sites/dfiles/PIH/documents/pih2021-05.pdf>

III. General Requirements

A. Overview

ESG-RRH and ESG-HP projects may house participants in shared housing using rental assistance funds. HCD encourages subrecipients to offer shared housing to participants as an important route back to safe, stable housing.

Shared housing follows the same rules and requirements as all housing assisted under ESG-RRH and ESG-HP, including fair market rent (FMR), rent reasonableness, and habitability. However, shared housing has certain nuances. This Policy addresses those nuances in full, but in summary:

- **FMR:** the lower of (1) the recommended unit size for the household or (2) the FMR value for the actual shared housing unit prorated based on the number of rooms rented by the household
- **Rent reasonableness:** the rent reasonableness value for the entire shared housing unit prorated based on the number of rooms rented by the household
- **Utility allowance calculation:** the utility allowance value for the entire shared housing unit prorated based on the number of rooms rented by the household
- **Habitability standards:** certain adjustments related to space availability and kitchens

B. General ESG Housing Requirements

The following requirements are applicable to all housing receiving an ESG housing subsidy:

- The unit must have a legally binding written lease between the household and the property owner
- The ESG recipient or subrecipient must have a rental assistance agreement with the property owner; rental assistance payments can only be made in accordance with this agreement
- The unit's rent cannot exceed FMR and must comply with rent reasonableness standards (see below)
- The unit must meet habitability standards (see below)

In addition, please note that all ESG-subsidized housing, including shared housing units, are subject to state landlord/tenant law.

C. Fair Market Rent and Rent Reasonableness

1. Fair Market Rent

All housing receiving an annual ESG subsidy must meet FMR standards. For more information about general FMR guidelines, please refer to the applicable HCD policy.

FMR for a household in shared housing is the lower of:

- The area FMR value for the unit size recommended for the household based on its member composition
- The assisted household's pro rata share of the leased unit's FMR, which is calculated by dividing the number of bedrooms rented to the household by the total number of bedrooms in the unit

Example FMR Calculation for Shared Housing

Assumptions

Household size: 2 adults (married couple)

FMR for a 1-bedroom unit is \$700

FMR for a 3-bedroom unit is \$1200

Calculation

\$700 (*the 1-bedroom FMR—recommended unit size for this HH*)

The household rents one room in a 3-bedroom house. The FMR is the lower of...

\$400 (*1/3rd of the 3-bedroom FMR—the actual unit size*)

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When some or all of the utilities in a shared housing unit are the tenant's responsibility, the assisted household's utility allowance is prorated based on the number of bedrooms rented to the household. For example: if an assisted household rents one room in a 3-bedroom house and the tenants are responsible for heat, water, and sewer, the household's utility allowance would be 1/3rd of the 3-bedroom house utility allowance for heat, water, and sewer.

Please note that the utility allowance calculation above is only used to determine whether the unit meets FMR. Once a unit is approved for use, ESG may be used to pay for actual utility costs.

Example Utility Allowance Calculation for Shared Housing

Assumptions

Tenants are responsibility for
water & sewer

PHA-defined utility allowance
amount for water & sewer for
this unit size: \$120/month

Calculation

Utility allowance owed:
50% (2 BRs rented
divided by 4 BRs total)

The household rents
two rooms in a 4-
bedroom house. The
utility allowance owed is...

Water & sewer utility
allowance owed: \$60
(50% of \$120)

1. Rent Reasonableness

All housing receiving an annual ESG subsidy must meet rent reasonableness standards. For more information about general rent reasonableness guidelines, please refer to HCD's [ESG Fair Market Rent and Rent Reasonableness Policy](#).

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Rent reasonableness for a household in shared housing is prorated based on the number of bedrooms rented to the household. For example: if an assisted household rents one room in a 3-bedroom house, the rent reasonableness value used would be 1/3rd of the 3-bedroom house's rent reasonableness value.

The household's rent cannot exceed their pro rata share of the shared housing unit's rent reasonableness value.

When assessing rent reasonableness, the subrecipient may take into consideration whether kitchens and bathrooms are shared or private. This consideration should affect the rent reasonableness calculation as defined in the subrecipient's policies and procedures.

Example Rent Reasonableness Calculation for Shared Housing

Assumptions

Household size: 1 adult

Entire house has 4 bedrooms

RR value for the entire house is \$1,000

Calculation

Prorated RR: 25% (1 BR rented divided by 4 BRs total)

The household rents one room in a 4-bedroom apartment. The prorated RR value is...

Prorated RR value: \$250 (25% of \$1,000)

D. Habitability Standards

All housing receiving an ESG subsidy must meet habitability standards.² For more information about general habitability standards guidelines, please refer to the applicable HCD policy.

For shared housing:

- Access to a shared kitchen may meet habitability standards related to food preparation areas
- Habitability inspections should determine that the household has adequate space and security for themselves and that their surroundings and the unit are generally habitable

E. Participant Choice

Shared housing is an important tool for serving ESG participants. However, ESG providers should remember that shared housing in the private housing market is a common practice that that landlords are increasingly familiar with and comfortable navigating. Moreover, shared housing has many forms across many cultures; it includes multi-generational families, non-traditional romantic relationships, ‘found families,’ and many other ways that people choose to live together.

Whenever feasible, ESG providers should offer shared housing to participants, framing it as a normal, accessible route to permanent housing. However, ESG providers must prioritize participant choice; while some participants will eagerly accept shared housing, others will refuse. Providers may advocate for certain housing solutions, but each participant is ultimately responsible for deciding what is appropriate and acceptable for them.

F. Example: A Complex Housing Situation

This subsection provides an example of shared housing calculations in a complex situation involving multiple participant households. Most information in this example is applicable to other situations, including simpler situations; however, be aware that this example uses a simple rent reasonableness calculation method that may not be applicable in communities with more nuanced, locally driven rent reasonableness policies and procedures.

² Note: ESG Program recipients and subrecipients must transition from habitability standards to NSPIRE no later than October 1, 2024. HCD will release additional guidance as the NSPIRE compliance date approaches. Questions about NSPIRE can be sent to NSPIRE@hud.gov.

1. Setup

Two participant households have agreed to shared housing:

- Household Alpha, which includes two partnered adults and one minor child; the recommended unit size for Household Alpha is a 2-bedroom
- Household Omega, which includes one adult; the recommended unit size for Household Omega is a 1-bedroom

The shared housing unit is a 4-bedroom house. One bedroom in the house is occupied by a third household, the Tanners, who are private market renters.

The house is in San Bernardino County. It is within the jurisdiction of the Housing Authority of the County of San Bernardino. The following values will be used (all for a 4-bedroom house):

- FMR: \$3,304
- Utility allowance values (monthly)
 - Heating (electric): \$48
 - Cooking (electric): \$28
 - Other electric: \$84
 - Air conditioning: \$54
 - Water heating (electric): \$53
 - Water: \$102
 - Sewer: \$36

Household Alpha rents two bedrooms. Household Omega rents one bedroom.

2. Fair Market Rent Calculation

Household Alpha: the FMR value \$1,652, which is the lower of:

- The area FMR value for the unit size recommended for the household (two bedrooms) is \$2,010
- The household's prorated share (2 out of 4 bedrooms, or 50%) of the total unit's FMR is \$1,652

Household Omega: the FMR value \$826, which is the lower of:

- The area FMR value for the unit size recommended for the household (one bedroom) is \$1,611
- The household's prorated share (1 out of 4 bedrooms, or 25%) of the total unit's FMR is \$826

3. Utility Allowance

Tenants are responsible for electric and air conditioning; they are not responsible for water and sewer. The total monthly utility allowance for the total unit is \$267.

Household Alpha: the monthly utility allowance is \$133.50, which is their prorated share (2 out of 4 bedrooms, or 50%) of the total monthly utility allowance for the unit

Household Omega: the monthly utility allowance is \$66.75, which is their prorated share (1 out of 4 bedrooms, or 25%) of the total monthly utility allowance for the unit

4. Rent Reasonableness

The housing provider for Household Alpha and Household Omega determines that the rent reasonableness value for the total unit is \$3,750.

Household Alpha: the rent reasonableness value and maximum rent for this household is \$1,875, which is their prorated share (2 out of 4 bedrooms, or 50%) of the total unit rent reasonableness value

Household Omega: the rent reasonableness value and maximum rent for this household is \$937.50, which is their prorated share (1 out of 4 bedrooms, or 25%) of the total unit rent reasonableness value

IV. Shared Housing Best Practices

Factors to Consider

Although Shared Housing can be a valuable option for projects and participants alike, it may not be appealing or suitable to all participants. It must be the participant's choice to enter into a shared housing arrangement. Shared housing also has some associated challenges.

Interpersonal Issues: People who live together must negotiate many aspects of daily life. Conflicts will arise and may require third-party (such as the housing program case manager) intervention. Projects providing rental assistance in shared housing arrangements must be willing and able to help monitor and mediate these types of situations.

Rental Property Provider Challenges: The participant and the other unrelated parties in a shared housing arrangement must have separate leases with the rental property provider. The impact of one tenant moving out should be described within the independent leases. The rental agreement should address the project's options and responsibilities in cases where one tenant moves out. Where possible, the housing project should assist the participant and rental property provider in identifying an acceptable replacement for the tenant who moved out. Case managers should be well-versed in explaining the benefits and challenges to rental property provider.

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Utilities: People entering into a shared housing arrangement will have to negotiate who puts utilities in their name. If the lease identifies the participant as responsible for payment of utilities, the utility allowance for a participant living in shared housing is the pro rata share of the utility allowance for the shared housing unit, regardless of whether the utility account is in the participant's name or his/her roommate's.

Housing Stability: If monitoring and mediation are unsuccessful, staff must be able to assist in finding alternative housing arrangements where necessary and desired by the participant. Housing projects have an important role to play in facilitating shared housing to lead to housing stability and positive outcomes for participants. In order to maximize success in shared housing, projects should offer the option. Not all program participants will want to share housing. However, it should be presented and discussed as an option, including both the financial and personal advantages and the challenges.

Roommate Agreement:

Roommate Agreement Template

Roommate Agreement

This agreement is made by and among the roommates _____,
_____, _____, and _____
who
have signed a lease with landlord _____ for a shared dwelling unit at
_____ that makes the roommates jointly liable for all terms
of the contract for the term of the lease from _____ to
_____.

Execution of this roommate agreement does not alter the joint liability of the tenants under the rental contract with the landlord. However, it may be used if a dispute among the roommates arises.

Financial Responsibilities

Rent

The total monthly rent of the unit is _____ and each roommate will be responsible for a portion of that amount as stated below.

Name	Rent
	\$
	\$
	\$
	\$

If roommates will pay different amounts of rent at any point, the changes should be noted above. Any roommate who does not pay any or all of the amount of rent listed above shall be liable to the landlord or to any roommates who pay any amount due for the defaulting roommate.

Any late fees or charges as stated in the lease will be the responsibility of the roommate(s) who fail to pay rent on time.

Utilities

Roommates are responsible for the following utilities under the terms of the lease (check all that apply)

☐ Electric ☐ Water ☐ Sewage ☐ Trash ☐ Natural Gas ☐ Other

List any other utilities:

Utility	Service Provider	Account #	Name on Account

Roommates will divide each utility bill evenly/as follows:

Guests

Each roommate is responsible for the behavior of his or her guests. Guests shall not unreasonably disturb other roommates. No guest may stay for more than _____ consecutive days without the written permission of all other roommate and the landlord.

Any other polices regarding guests that the roommates have agreed upon are stated below:

Quiet Hours

All roommates agree to observe quiet hours for sleep, study, and other purposes on the days and times listed here.

Smoking

Smoking in the unit will/will not be allowed

Housekeeping

Roommates agree to keep outside doors locked at all times/specified times as noted:

Roommates agree to clean up after themselves and their guests.

Household chores (cleaning, taking out trash, etc.) will be divided as follows:

Food/Groceries

Food will be purchased by each individual roommate. If a roommate did not purchase it, he or she will not eat it or offer it to a guest without permission of the roommate to whom the food belongs, with the exception of community items listed below.

Community items will be purchased so that all roommates can use the items, and the cost shall be shared equally among the roommates. Roommates have agreed that the follow are community items:

General Courtesies

A roommate's room is his or her domain. No one but the room's occupant has any control over what goes on in the room unless he or she is doing something illegal that could potentially harm other roommates.

Anything that affects all roommates shall be decided upon by all roommates. If any roommate moves out of the unit for any reason, that roommate is responsible for giving at least 30 days' notice to other roommates, and paying his or her fair share of the rent and utilities until the termination of the lease or a new and suitable roommate is found.

Other

Any other agreements between the roommates are listed below:

By signing my name, I understand and agree to all the terms in the contract and will abide by these terms.

_____ Date _____

_____ Date _____