# Payment Standards & Utility Allowances

## Payment Standard

The Payment Standard will be set annually by the HA as an amount between 90% and 100% of the HUD-established Fair Market Rent.

Annual adjustments will be considered at the beginning of each fiscal year and/or when HUD publishes new FMR standards for the jurisdiction.

Adjustments will be implemented when necessary to ensure:
- compliance with federal regulations (regarding minimum and maximum amounts)
- rents are affordable for families receiving assistance
- the maximum amount of assistance is provided with the available budget

In evaluating whether adjustment should be made, the HA will consider the following:

- **Are Assisted Family Rent Burdens Excessive?**

The HA will review information regarding the average rent burden by bedroom size annually to determine whether the average rent burden is more than 45% of income. If a family selects a unit size larger than its Voucher size, the unit/family will not be included in a review/determination of excessive rent burden.

- **Are there Suitable Vacant Units Available below the Payment Standard?**

The HA will review the local vacancy rate by bedroom size to determine whether there is an ample supply of vacant units available below the Payment Standard when making the determination as to whether to increase the Payment Standard.

- **Market Factors**

The HA will review the quality and size of units selected by participant families where the contract rents to owner are above the Payment Standard by more than 25%.

The HA will use rent reasonableness data in analyzing the average Voucher Rents to owner.

The HA will review a sample of the units to determine how often owners are increasing rents after the first term and what is the average percent of increase by bedroom size. The sample will be divided into units with and without the highest cost utility included.

A comparison will then be made to the annual adjustment factor for the area (including or excluding the highest cost utility) to determine where the actual owner increases are in relation to the published annual adjustment factor.

The HA will consider the average time period for finding eligible housing by reviewing Voucher turnover. The HA will sample the units to determine several factors:

■ What percent of the Vouchers turned over without extensions (did not leaseup when issued)?
■ What percent of the Vouchers were granted extensions?
■ What percent of the Vouchers that were granted extensions did or did not result in executed leases?
■ For those Vouchers that resulted in an executed lease, how many days elapsed between Voucher issuance and the RFTA submission?

The HA will review information regarding the local vacancy rate by bedroom size and consider that information in relation to the average time period for finding eligible housing.

■ **Is it Financially Feasible?**
The HA will review the budget and analyze the impact various projected subsidy increases would have on the funding available for the program.

In order to make this determination, the HA will compare the average gross rent paid by the families paying more than 45% of their income for rent (from the sample) to the current Payment Standard and the current FMR.

The HA will also take into consideration legislative changes that have or have not been implemented, which will affect tenant contribution.

**Effecting Adjustments**
Based on the above factors, the HA will propose an increase or decrease if warranted.
If the number of families served will have to be reduced, the HA will make a decision whether to:
■ Reduce the number of families served as Housing Vouchers turn over.
■ Grant a smaller increase than originally projected.
■ Grant no increase at that time.
■ Grant an increase only for certain unit sizes.

# Utility Allowances

The HA establishes utility allowances annually based on average consumption rates for units in the jurisdiction. The HA provides allowances for all utilities based on bedroom size, type of utility (gas, electric) and type of unit rented (townhouse, single-family).

The utility allowances are adjusted–either increased or decreased--annually for implementation effective at the beginning of each fiscal year.

To effect changes, HA staff contact utility providers and obtain the current cost per unit of service. The HA then enters the data obtained in a spreadsheet that calculates the utility allowance by multiplying the current cost per unit of service by the established factor for each unit size and type. The mulitplier was obtained by the original HUD approved utility schedule for the jurisdiction.