

Section 16.0 PAYMENT STANDARDS

16.01 Setting the Payment Standard

For each local program in HCR's Statewide Voucher Program, payment standards are established within the allowed "basic range" - 90 percent to 110 percent of the applicable HUD published Fair Market Rent (FMR). If, as a result of a HUD published FMR a payment standard falls outside of the basic range, a revision must be completed within 3 months following the effective date of the change in the FMR. Specific payment standards for all bedroom sizes in each LA jurisdiction are established per the unique market forces at play in each local program area.

HCR may, within the HUD-allowed basic range, approve a higher payment standard for a designated part of an LA's FMR area if it is needed to expand housing opportunities outside areas of minority or poverty concentration.

HCR may also, upon LA request, approve a higher payment standard within the basic range, if required as a reasonable accommodation for a family that includes a person with disabilities.

The payment standard required for either a recertification or a newly issued voucher will depend on the effective date of the certification. If the effective date of the certification is before the effective date of the new payment standard schedule, then the old payment standard schedule must be used. If the effective date is on or after the effective date of the new payment standard schedule, then the new payment standard schedule must be used.

Use of Small Area FMR's

HCR may elect to adopt the use of Small Area Fair Market Rents (SAFMR's) in an entire metropolitan area or specified zip codes as allowed by HUD. In doing so, HCR will also consider and indicate whether it applies SAFMR's to the PBV program. HCR will follow the requirements outlined in HUD guidance and PIH notices as published to properly implement SAFMRs.

16.02 Revising the Payment Standard

HCR and LAs will review payment standard levels annually, concurrent with publication of Fair Market Rents. The LA may also request payment standard adjustments at times other than the annual review when circumstances warrant.

Adequacy/appropriateness of existing payment standard levels will consider:

1. The percentage of annual income families pay for rent under the voucher program (rent burdens);
2. Program utilization rates;
3. Rents for units currently leased;
4. Size and quality of units leased under the program;

5. Rental vacancy rates and rents in the market area; and
6. Success rates of voucher holders in finding units.

If it is determined that existing payment standard levels present an obstacle to achieving favorable success and/or utilization rates, reasonable rent burdens or that families are generally renting low quality units, HCR may, within the basic range, raise the payment standard to a higher level. LAs will be responsible for initiating this process by providing HCR with analyses that document the nature of the problem and recommend specific payment standard levels that will alleviate these hardships.

HCR, either acting alone or on the advice of an LA, may also reduce a payment standard for a specific bedroom size or all bedroom sizes if analysis shows that a significant percentage of leased units of moderate to high quality have rents that are substantially below the payment standard level.

Before increasing any payment standard, HCR will conduct a financial feasibility test to ensure that in using the higher standard, adequate funds will continue to be available to assist families in the program.

Hold Harmless Exception Payment Standard - Should the payment standard be reduced during the term of any existing tenant-based HAP contract, HCR will continue to use the pre-existing higher payment standard to calculate the subsidy for those affected families under their respective HAP contracts, for as long as the family resides in their unit. The exception expires if the household either: 1) moves to a different unit or, 2) experiences a change in composition. The exception will no longer apply when assistance in that unit ends or once a new payment standard, as calculated at the next annual review, exceeds the excepted payment standard.

16.03 Reasonable Accommodation

HCR Section 8 Local Administrators are authorized to grant exception payment standards between 90% and 120% of the Fair Market Rent (FMR) in instances where a higher standard is necessary to provide reasonable accommodation for a family member with disabilities. This policy applies to cases where the HCR Local Administrator approves higher payment standards only in cases involving disabilities in conformity with the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973 and other applicable Federal and State human rights laws.

When a Local Administrator plans to increase the payment standard on behalf of a tenant in this category, the following procedures must be implemented:

1. The tenant must submit documentation to the LA verifying that the household member is in fact disabled. While a "diagnosis" is not required, there should be documentation in the file that provides substantiation of and is directly related to the person's disability. Proof of the disability and/or the disability-related need for the accommodation may be requested unless the disability and need are obvious or

otherwise known. The LA must place a memo into the file documenting the amount of the increase and the justification of the use of a higher rent/payment standard.

2. Once the LA has obtained documentation that verifies the tenant's disability and connection to the accommodation, the LA should notify his/her Statewide Section 8 Program Representative. The letter should indicate that the LA has increased the payment standard to the specified percentage, and state the month/date in which the increase will take effect. The Program Representative will maintain a copy for their file.

Payment standards above 120% for disabled participants require HUD's approval. When submitting exception payment standard requests in this range, the following procedures **must** be implemented:

1. Submit a written request to your SS8 Program Representative outlining your justification for this request. The submission should include:
 - i. A specific statement that you have reviewed and enclosed all pertinent information and that you support this request.
 - ii. Documentation verifying that the approved gross rent is reasonable, in relation to unassisted units within and outside of, the building or development in question.

After reviewing your request, the Program Representative will forward the request to the local HUD Field Office for final approval. The Program Representative will notify the LA of HUD's response.