

Payment Standards and Rent Reasonableness

PAYMENT STANDARDS

The Department of Housing & Urban Development (HUD) publishes the fair market rents for each market area in the United States. Every HRA must adopt a payment standard schedule for each “unit size”.

The HRA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size. The HRA may grant a higher payment standard within the basic range if required as a reasonable accommodation for a family that includes a person with disabilities.

The Itasca County Payment Standards effective 12/01/2016 are:

	0 BR	1 BR	2 BR	3 BR	4 BR
FMR	\$474.00	\$557.00	\$740.00	\$926.00	\$1,020.00
PS	\$521.00	\$612.00	\$814.00	\$1,000.00	\$1,101.00

RENT REASONABLENESS

Why does the PHA question the rent amount you submitted?

- HUD requires the PHA to demonstrate, and document, that the rent to owners is “reasonable” as compared to similar units in the community.

Why does HUD require the PHA to have a “Rent Reasonableness” program?

- To assure that the Section 8 Program does not artificially inflate rents in the community.
- To assure that a fair rent is paid for units selected for participation in the Section 8 Program.

What is the PHA looking at when evaluating rents?

- The PHA compares the following characteristics:
Size, Maintenance, Location, Unit Type, Utilities, Quality, Age, Amenities
*Some comparison criteria are valued more than other criteria.

What are the requirements?

- During the entire term of the lease (initial and extensions), the rent to the owner:
 1. Must meet the PHA’s Rent Reasonableness test.
 2. Must not exceed rents charged for the owner’s comparable unassisted units