

IX. PAYMENT STANDARDS

A. ESTABLISHING THE PAYMENT STANDARD

Each year, the CDC will establish Payment Standards between 90%-110% of the current Fair Market Rent (FMR). HUD approval will be obtained if the subsidy amount is below or above the established FMR. If below the FMR, HUD will not approve if more than forty percent (40%) of the CDC's participants are paying a family share above thirty percent (30%) of their adjusted monthly income.

- a. Exception payment standards may be approved on a case by case basis as a Reasonable Accommodation. Based on PIH-Notice 2025-12, CDC may approve an exception payment standard of not more than 120% of the FMR without HUD approval if required as a reasonable accommodation for a family that includes a person with a disability.

B. WHEN THE PAYMENT STANDARD IS ADJUSTED

Increases in Payment Standards

When the payment standard increases, CDC will apply the increased payment standard at the family's next regular reexamination or at the time of relocation, whichever occurs first.

Decreases in Payment Standards (Hold Harmless Policy)

If CDC decreases its payment standard schedule, the decreased payment standard will not be applied to families who are under an existing Housing Assistance Payments (HAP) contract at the time of the decrease, provided the family remains in the same unit.

For these families, CDC will continue to use the payment standard in effect at the last regular reexamination prior to the decrease. The payment standard will not be reduced at any subsequent annual or interim reexamination as long as the family continues to reside in the same unit under a HAP contract.

If the family moves to a new unit and a new HAP contract is executed, the payment standard in effect at the time of the move will be applied.

This policy is consistent with HUD regulations and is intended to prevent a reduction in housing assistance payments due solely to a decrease in the payment standard.

Changes in Family Unit Size

If there is a change in the family unit size, the applicable payment standard for the new unit size will be used as follows:

- If the family unit size increases, the higher payment standard will be applied at the next regular or interim reexamination, or at relocation, whichever occurs first.
- If the family unit size decreases, the lower payment standard will be applied no later than the family's next regular reexamination or relocation, whichever occurs first.

C. WHEN THE PAYMENT STANDARD IS ADJUSTED

When the Payment Standard increases, staff will make the appropriate changes during the family's next annual reexamination or relocation, whichever is sooner.

If CDC decreases its payment standard schedule, the decreased payment standard shall not be applied to families who are under an existing Housing Assistance Payment (HAP) contract at the time of the decrease, provided the family remains in the same unit.

For such families, CDC will continue to use the payment standard in effect at the last regular reexamination prior to the decrease. The payment standard will not be reduced at any subsequent annual or interim reexamination as long as the family continues to reside in the same unit.

If the family moves to a new unit, the payment standard in effect at the time of the move will be applied.

This policy is consistent with HUD regulations and is intended to prevent a reduction in housing assistance payments due solely to a decrease in the payment standard.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size either increases or decreases, the payment standard for the new unit size will be applied immediately (if an increase) or if a decrease no later than the family's first regular reexamination or relocation (whichever is soonest) following the change in family unit size.

D. FACTORS TO REVIEW

Factors that the CDC may review on an annual basis, within sixty (60) days of the publication of the Fair Market Rents schedule, including the following:

- a. Participant rent burdens (percent of Tenant Rent to adjusted household income);
- b. Participant rent burden relative to the quality of units selected by participant families;
- c. Participant rent burden relative to availability by bedroom size;
- d. Actual contract rents for specific bedroom sizes;
- e. Actual rent increases for participating households;
- f. The average time period for finding eligible housing;
- g. The local vacancy rate; and
- h. Prior approved rent exceptions will apply.

E. MAXIMUM INITIAL RENT BURDEN

- a. Families receiving initial assistance or moving after October 1, 1999, may not pay more than forty percent (40%) of monthly-adjusted income;
- b. This does not apply if family stays in unit; and
- c. Is applicable with each move.

F. PROCEDURES FOR EVALUATION

During the annual evaluation process, the CDC may use the above data to determine what impact an increase in the payment standard will have on the number of families who can be assisted.