

### **Payment Standards**

Annually the Department of Housing and Urban Development (HUD) establishes new Fair Market Rents (FMRs) which are used by housing agencies to calculate Payment Standards, which include the cost of rent and utilities. These standards are used to determine the maximum allowable rental subsidy for the Housing Choice Voucher (HCV) program.

The regulations that govern Payment standards are published in [24 CFR 982.503](https://www.federalregister.gov/documents/2015/06/02/2015-13430/establishing-a-more-effective-fair-market-rent-fmr-system-using-small-area-fair-market-rents-safmrs)  
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Effective 04/2021, Charter Oak Communities' (COC) payment standards are:

<b>Unit Size</b>	<b>Current Payment Standards</b>
0BR	\$ 1,421
1BR	\$ 1,783
2BR	\$ 2,153
3BR	\$ 2,682
4BR	\$ 2,992

The payment standard for the family is the lower of:

- The payment standard amount for the household unit (voucher) size
- The payment standard amount for the size of the unit leased by the household

It is important to note that the payment standards are not used to set rents, instead they are used to calculate the monthly Housing Assistance Payment (HAP) paid on behalf of HCV households. Generally, households pay 30% of their household income toward rent and utilities, but may pay more if the rent for the unit they select is higher than the payment standards. Rents that exceed the payment standard may only be approved if the family can afford to pay the difference without paying more than 40% of their household income upon initial lease up and if the rent is determined to be reasonable.

HUD requires that rents must be reasonable in relation to comparable unassisted units and must not be in excess of rents charged for comparable, unassisted units in the same market area. COC must conduct a rent reasonable test for each unit rented under the HCV Program to ensure that a fair rent is paid.

When doing so, COC must take the following factors into consideration:

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made
- Amenities, services, and utilities included in the rent

Households with a Housing Choice Voucher who are looking to move in Stamford should note that four bedroom units are difficult to find, and they typically require that the resident pay all of the utilities, including heat, hot water, gas and electricity. This can add at least \$250 or more each month to the cost of the unit, which should be subtracted from the payment standard amounts when looking for a unit. HUD no longer allows a utility allowance based on the unit size, all utility allowances are based on your voucher size.