

## How To Know A Unit Is Affordable

**Fair Market Rents (FMRs)** are used to determine **payment standards** for the Housing Choice Voucher program. FMRs are determined by the government, based on rents in a particular geographic area and **include utilities**. These standards change annually.

Current Gardner Housing Authority's Payment Standards and Utility Allowance Schedule are located on the next page.

When the utilities are NOT included in the rent amount, we use the Utility Allowance Schedule to calculate GROSS RENT. This is done by, 1st determining what type of building the unit is located in (see DEFINITIONS on GHA's form), 2nd determine which utilities the tenant is expected to pay per fuel source; 3rd add all Tenant paid utilities together. Tenant paid utilities + rent requested = gross rent. This may, in some cases, increase the tenant portion of the rent beyond the 40% allowable by HUD. If this happens, the program representative will attempt to negotiate a lower rent. Sometimes, this is not possible and the tenant will need to keep looking for a unit that charges a reasonable rent.

Utility Allowances are estimated dollar amounts of various types of utilities and usage, averaged over a year. "To approximate a reasonable consumption of utilities by an energy-conservative household of modest circumstances consistent with the requirements of safe, sanitary, and healthful living environment." If the tenant usage exceeds what HUD has determined to be reasonable, discuss this with the program representative. <https://files.hudexchange.info/resources/documents/Utility-Allowance-Guidebook-Part->

In addition: 1) Most major utility companies offer a 25% rate discount to low-income households when metered individually (directly billed to Head of Household). 2) An application for fuel assistance, may benefit the household. (Both of which may be applied for separate from this office. Which means, the tenant will have to do this on their own, as we do not have the resources to help with this.)

**How to know which apartment unit is affordable?** This is not a quick, one-step answer. The following are different scenarios that will guide each person through the process. Please contact the program representative with any questions.

EXAMPLE #1	0 bedroom	1 bedroom	2 bedroom	3 bedroom	4 bedroom
<b>Utilities included (stove &amp; refrigerator included)</b>					
Rent Landlord is asking for:	750	815	1,050	1,350	1,524
<b>Gross Rent amount</b>	<b>750</b>	<b>815</b>	<b>1,050</b>	<b>1,350</b>	<b>1,524</b>
<b>GHA 2020 Payment Standard</b>	<b>812</b>	<b>818</b>	<b>1,077</b>	<b>1,358</b>	<b>1,524</b>

Tenant portion of the rent is called Total Tenant Payment (TTP), which is always calculated first at 30% of the tenant's adjusted income. (After deductions i.e., \$480/year each minor child, \$400/ year elderly/disabled. If gross rent is less than the payment standard, the Housing Assistance Payment (HAP) will be reduced.

**Because HUD does not want the tenant to fail:** The TTP cannot be greater than 40% of their adjusted income; at the time they lease-up (move-in). Keep in mind, tenant's must have some type of income to move. If they have no income or their income is too low, their request to move with assistance may be

EXAMPLE #2	0 bedroom	1 bedroom	2 bedroom	3 bedroom	4 bedroom
<b>Heat &amp; Hot water included (stove and refrigerator included)</b>					
Rent Landlord is asking for:	750	775	1050	1325	1450
Electric Cooking	10	14	18	22	28
Electricity	27	37	48	59	75
<b>Gross Rent amount</b>	<b>787</b>	<b>826</b>	<b>1,116</b>	<b>1,406</b>	<b>1,553</b>
<b>GHA 2020 Payment Standard</b>	<b>812</b>	<b>818</b>	<b>1,077</b>	<b>1,358</b>	<b>1,524</b>
Amount over the standard, would be in addition to 30% of the tenant's adjusted income.	-0-	8	39	48	29

*HUD does not prohibit, but discourages TTP greater than 40% after the first year. There are exceptions to this.*

Remember we start with the tenant's total income from all sources and calculate what is 30% of their adjusted income. Adjusted income means: gross income minus deductions for: dependents, medical expenses for those who are disabled or over 62 years of age, child care for someone who works, etc.

<b>EXAMPLE #3</b>	<b>0 bedroom</b>	<b>1 bedroom</b>	<b>2 bedroom</b>	<b>3 bedroom</b>	<b>4 bedroom</b>
<b>Utilities NOT Included (stove and refrigerator owned by tenant)</b>					
Rent Landlord is asking for:	700	750	1025	1175	1325
Gas Heat	56	79	102	125	181
Gas Hot Water	18	23	31	38	48
Electric Cooking	10	14	18	22	28
Electricity	27	37	48	59	75
Refrigerator	8	8	8	8	8
Stove	8	8	8	8	8
Monthly surcharge--gas	9	9	9	9	9
<b>Gross Rent amount</b>	<b>836</b>	<b>928</b>	<b>1,249</b>	<b>1,444</b>	<b>1,682</b>
<b>GHA 2020 Payment Standard</b>	<b>812</b>	<b>818</b>	<b>1,077</b>	<b>1,358</b>	<b>1,524</b>
Amount over the standard, would be in addition to 30% of the tenant's adjusted income.	24	110	172	86	158

<b>LANDLORD: O'Neill Unit Specific: 12 Orielle St. Unit # Gardner</b>	<b>3 bedroom</b>				<b>3 bedroom</b>
<b>Utilities NOT Included (owner provides appliances)</b>					<b>Affordable</b>
Rent Landlord is asking for:	1450				1,234
Gas Heat	38		38	38	
Gas Water	14		14	14	
Gas Cooking	4		4	4	
Electricity	59		59	59	
Monthly surcharge Gas	9		9	9	
<b>Gross Rent amount</b>	<b>1,574</b>		<b>124</b>	<b>1,358</b>	
<b>GHA 2020 Payment Standard</b>	<b>1,358</b>			<b>1,358</b>	
Amount over the standard, would be in addition to 30% of the tenant's adjusted income.	216			0	

The "clock stops" once we receive a completed Request for Tenancy Approval (RTA) packet. (Sometimes called "suspended" or "tolling".) This means a suspension of time begins and the clock stops, thereby extending the expiration date out further. Mainly, it takes time to process the RTA to ensure all paperwork is received and compliance to regulations are met. **If the rent is not reasonable, the tenant will need to continue searching for a unit. The clock will then re-start.**

We only process one (1) RTA at a time. The tenant will need to decide which unit they want to move into and submit an RTA for that unit. Changing their mind or "hedging their bets" (protecting themselves against disappointment, by submitting more than one possible unit) wastes time and adds additional expenses for this office.

Pay attention to the voucher expiration date. Extensions are not automatic. Tenants must be able to prove that they have been actively searching for affordable housing in order to request an extension. Tenants have been provided with a search log to fill out in their briefing packet. If tenants cannot provide adequate documentation of their search efforts, they may be denied an extension. They may then reapply to the waitlist.

Keep in mind, most applicants have waited 10 years for this opportunity. Don't waste time.

We understand that this part of the process can be confusing.  
Please don't hesitate to ask questions of the program representative.