

# McKinney Housing Authority

## Payment Standard Schedule

### Effective October 1, 2016

### Revised 10-17-16

**Explanation:** This Payment Standard Schedule is comprised of five individual Payment Standard Levels. Level I includes the highest payment standards. Level V includes the lowest payment standards. Each level includes the corresponding zip codes and the Payment Standard Table itself. Each Payment Standard Table provides the Payment Standards for each bedroom size within each level. The basic reasons for structuring the payment standards and important implementation notes are provided at the end of this schedule. The documentation for the percent of FMR for each Payment Standard is provided on a supporting Excel spreadsheet. All payment standards are set at between 90% - 110% of the FFY 2017 FMRs effective 10-1-16.

**Explanation of revisions from FYE 2016 PS Table:** Three revisions were made. 1- Zip code 75069 was moved to Level III. 2- The PS for 4 BR in Level IV was corrected from \$1543 to \$1620. 3- Zip code 75442 was added to Level IV.

**Payment Standard Decrease Alert:** Some payment standards decreased. The zip codes for the lower payment standards are listed on the second page. No FMRs decreased more than 5%.

### **Payment Standard Level I** *(based on 2 BR FMR of \$1,440 or higher)*

Zip Codes: 75013, 75035, 75048, 75068, 75070, 75078, 75089, 75126, 75205, 76227

**Payment Standard Table**

BR Size	Payment Standard
0	918
1	1098
2	1359
3	1836
4	2349
5	2701

**Payment Standard Level II** (based on 2 BR FMRs between \$1,210 - \$1,310)

Zip Codes: 75002, 75010, 75023, 75025, 75034, 75056, 75071, 75093, 75098

**Payment Standard Table**

BR Size	Payment Standard
0	810
1	975
2	1215
3	1620
4	2043
5	2349

**Payment Standard Level III** (based on 2 BR FMR between \$1050 - \$1190)

Zip Codes: 75007, 75040, 75044, 75069, 75074, 75075, 75080, 75081, 75092, 75115, 75149, 75409

**Payment Standard Table**

BR Size	Payment Standard
0	729
1	864
2	1071
3	1449
4	1809
5	2080

**Payment Standard Level IV** (based on 2 BR FMR between \$880 - \$1040)

Zip Codes: 75009, 75043, 75057, 75067, 75150, 75180, 75211, 75217, 75227, 75235, 75240, 75241, 75254, 75287, 75407, 75442  
76208

**Payment Standard Table**

BR Size	Payment Standard
0	630
1	756
2	955
3	1271
4	1620
5	1774

## **Payment Standard Level V** *(based on 2 BR FMR at \$860 and lower)*

Zip Codes: 75042, 75061, 75215, 75224, 75228, 75237, 75238, 75243

### **Payment Standard Table**

BR Size	Payment Standard
0	531
1	638
2	803
3	1067
4	1350
5	1542

### **Primary Payment Standard Logic**

- The Payment Standards were established to maximize participant mobility while enabling compliance, payment standard accuracy, high HAP utilization, and high Unit Months Leased utilization.
- As much as possible the Payment Standards for 2017 remained the same as 2016 to maximize the possibility of increasing the UML and to decrease the need to re-do calculations due to the mandated effective date of October 1, 2016.
- If MHA determines that too many RFTAs cannot be accepted due to the 40% regulation, the MHA can contact The Nelrod Company to increase the payment standards at no additional charge.
- As most of the payment standards are under 100% of the FMR, if MHA had a decrease in the success rate, then The Nelrod Company should be contacted to raise the payment standards at no additional cost.

### **Lower Payment Standards**

- For participants who are under HAP Contract at the time the payment standard decreases, the HOTMA regulations effective July 29, 2016, allow housing authorities to either lower the payment standard at the second annual recertification or to keep using the higher payment standard. If the agency chooses to use the higher payment standard, this policy must be explained in the Administrative Plan.

- FMRs for the following zip codes decreased by less than 5%: 75010, 75093, 75044, and 75238.

## **Notes**

- Payment Standards for Level II and Level V did not change.
- Payment Standards for Level IV did not change except for the 4BR and 5BR.
- Payment standard increases do not justify rent increases. Rent increases must still meet the Reasonable Rent Determination test.
- It is a best practice to NOT provide owners with the payment standard schedule. Owners should be encouraged to request a rent that they think is fair, not a rent that corresponds to the payment standard.
- When an RFTA is denied because the participant will pay more than 40% of their monthly-adjusted income for rent at initial occupancy, the MHA may review the need to increase the payment standard for that zip code.
- FMRs for the Level I zip codes increased significantly
- The 5 BR FMR was calculated by multiplying the 4 BR FMR by 1.15%.
- The HUD SAFMR Table did not list 75092. The only zip that was listed on the HUD SAFMR table that touched 75092 was 75262. So, the FMR for this zip was used for 75092.
- When adding 75042 to Level V, the 4 BR PS was changed to 1350.

## **Recalculations Caused by October 1, 2016 Mandatory Effective Date**

The regulation providing the new FMRs was published on August 26, 2016. This regulation required agencies to make the new payment standard table effective October 1, 2016. Therefore, all initial and annual renewal contracts effective on or after October 1, 2016 must be reviewed to see if the payment standard changed. If the payment standard increased, the rent shares must be recalculated using the new payment standard.