



## District of Columbia Housing Authority

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### Rent Reasonableness, Payment Standards & Utility Allowances

Effective July 1, 2023, the DC Housing Authority (DCHA) is modifying the process for determining rent reasonableness and utility allowances to conform with HUD guidelines. Below are frequently asked questions associated with the changes.

#### What is rent reasonableness?

HUD requires that Public Housing Authorities (PHAs) ensure that rents charged by owners (contract rent) to Housing Choice Voucher (HCV) program participants are reasonable. To determine whether they are reasonable, PHAs must compare the rent for the voucher assisted units to rents for similar unassisted units in the marketplace. That analysis must consider the location, bedroom size, type and age of unit, some amenities and utilities provided by the owner.

DCHA cannot pay more than what is reasonable, even if the Fair Market Rent (FMR), as defined by HUD, is higher.

#### How will DCHA determine rent reasonableness for new contracts?

DCHA has procured software from an industry-leading company to complete rent reasonableness assessments for the agency. The company is [AffordableHousing.com](http://AffordableHousing.com).

Effective July 1, when a Request for Tenancy Approval (RFTA) is submitted, DCHA will use [AffordableHousing.com](http://AffordableHousing.com) to determine whether the contract rent proposed by the owner is reasonable. This will require landlords to submit information about the location, size, type, and age of the unit, as well as some amenities and utilities provided by the owner. If the contract rent is not reasonable, DCHA, through the landlord portal, will advise the landlord that the rent needs to be reduced for the Agency to continue the leasing process. If the contract rent is determined to be reasonable, DCHA will verify the landlord-reported features during the inspection.

#### How will DCHA determine rent reasonableness for existing contracts?

DCHA will hold harmless all existing rents until a new rent reasonableness determination is made for the unit. This will occur upon an owner's request for a rent increase. If an increase is requested and the rent reasonable amount is lower than the current contract rent amount, the contract rent will be lowered as is required by Federal Regulations.

#### I'm a landlord. How do I request a rent increase?

Rent increases may be requested via the Owners Portal through the Finance tab. Prior to effectuating any rent increases, DCHA will complete a rent reasonableness determination, the unit must have an up to date passed inspection and the HCV participant/your tenant must have resided in the unit for at least one year. **Please note that if, at the time of a requested rent increase, the Agency determines that the current contract rent is not rent reasonable, the Agency is required to adjust the rent downward.**

For rent reasonableness determinations made upon the owner's request, new contract rents will take effect the first of the month following 60-days after the DCHA's receipt of the owner's request and the tenant is notified, or on the date specified by the owner, whichever is later.

The new rent to the landlord is the lesser of the reasonable rent and the requested rent. The example below shows how DCHA will calculate rent increases.

Tenant has been in the unit for at least 12 months	✓
Inspection passed and is current	✓
Current contract rent	\$2,000
Amount requested by landlord	\$2,500
Rent reasonableness maximum as determined by DCHA	\$2,437
New rent to the landlord	\$2,437

**Will a rent increase impact the tenant's portion of the rent?**

Yes, a rent increase may impact the tenant's portion of the rent. This is determined by the current payment standard and the individual tenant's income.

**What is the Agency's timeline for implementation?**

DCHA will begin using the AffordableHousing.com tool effective July 1, 2023. Any lease up packet that is submitted on or after July 1, 2023 will be subject to the new standard.

**What is DCHA's FY2023 payment standard?**

In September 2022, DCHA set the payment standard at 187% of FY2023 FMR for all bedroom sizes with the goal of maintaining maximum access to neighborhoods across the District, but not adversely impacting our ability to serve as many households as possible. The payment standards reflect the maximum amount of subsidy the Agency can pay each month to help a tenant with rent. **They do not indicate the value of a home.** The rent that landlords request for their units should not be based on the payment standard, it should be based on how much the unit is worth in the current rental market regardless of whether the tenant has a voucher.

**How will utility allowances change?**

DCHA, per HUD regulations, completed a utility allowance study of current utility and consumption rates in the District. DCHA contracted with a nationally certified industry expert to complete the study. The study resulted in a new utility allowance (UA) schedule which will go into effect July 1, 2023.

The UA schedule is part of the tenant rent and DCHA subsidy calculation completed when executing a new contract. DCHA applies the allowance based upon who is obligated to pay specific utilities (i.e., Electricity, Gas, water, etc.).

## Stakeholder Questions

### *AffordableHousing.com's Software Tool*

**Will landlords have access to the tool DCHA uses?**

No, landlords will not have access to DCHA's tool. The rent that landlords request for their unit should be based on how much the unit is worth in the current rental market regardless of whether the tenant has a voucher. Owners can use the public facing software to get an idea of the market rent for their unit.

**The Affordable Housing website provides several different estimates based on radius. Which estimate will DC Housing be using?**

AffordableHousing.com will stay as close as possible to the unit for which it is determining rent reasonableness. This may vary depending on volume of comparable units and they will expand the radius until a large enough sample size is achieved. This is usually .25 miles and often within the same census track or building.

**Does AffordableHousing.com include rent-controlled units?**

To the extent possible, AffordableHousing.com will not use rent-controlled units when reviewing comparable units.

**What are the amenities that will impact rent (playground, golf simulator, theatre room, etc...)?**

DCHA will follow the Federal Regulations in using the factors that impact the Reasonable Rent analysis, including but not limited to washer and dryer, refrigerator, microwave, ceiling fans, gated community, pools, etc. See 24 CFR 983.303 -- Reasonable rent.

**What happens if I have a bigger house with many bedrooms and comparable units are not available?**

We will expand the search radius to capture like and similar units to use in the analysis. If none exist, the system will utilize similar units with less bedrooms and adjust accordingly for the larger unit.

**If we provide a rent roll to the website, will it focus on newly signed leases?**

The system will account for all validated rents of like and similar units.

**If I submit a rent that is not reasonable, will I be told what the maximum reasonable rent is that DCHA will accept?**

Yes, we will provide the maximum reasonable rent.

**Is square footage considered when identifying comparable units?**

Yes.

### *Rent Reasonableness*

**Is there a review and or appeal in the reasonable rent determination process?**

Yes, the owner may submit their own comparable units to DCHA, who will submit them to AffordableHousing.com to be validated. If they are validated, the rent reasonableness determination would be updated.

**Will DCHA continue to use submarkets?**

No. DCHA will begin using the AffordableHousing.com tool on July 1, 2023 to complete unit-by-unit rent reasonableness determinations.

**Does this process apply to locally and federally funded vouchers?**

Yes.

**An off-street parking lot is a very common parking amenity. Why is this not listed as an option?**

Parking and the type of parking are considered in the determination.

***Utility Allowances***

**Will the utility allowance (UA) schedule be made public? Will the UA vary by location in the city or only by bedroom size? Will there be a different UA for units that have only electric vs electric and gas?**

Yes, the Utility Allowance (UA) schedules are public and on the Agency's website (see landlord tab). The allowances are by bedroom and by source (i.e.: gas, electric, etc.). There are 3 schedules to account for the different structure types (SFR, 2-4 units, 5 or more units).

**Will the difference in approved rent when the landlord pays utilities vs tenant pays utilities for the exact same unit be the UA?**

The approved rent is based upon the rent reasonableness assessment. The utilities paid by the owner are factored into the approved rent.

**Are the numbers in the utility allowance added to, or subtracted from, the rent calculated by AffordableHousing.com?**

Utilities are included in the calculation of the subsidy paid on behalf of the tenants. If the owner pays 100% of the utilities, that is considered into the approved contract rent.

**Will DCHA cover water bills for tenants that are sub-metered?**

No, utilities – including water – are paid either by the tenant or the landlord. If the family pays some or all of the utilities, DCHA will provide the family with a utility allowance.

**If a landlord disagrees with the rent determination, what is the appeals process?**

The landlord will receive a denial letter with the appeal process outlined. The Quality Assurance department will manage appeal requests.

**Are we able to pick and choose which utilities are included and which are not?**

Yes.

***Rent Increases and Decreases***

**How are tenants notified of a rent increase?**

Owners are required to notify tenants of a rent increase 60 days in advance of the proposed rent increase. DCHA will notify the owner and tenant 30 days in advance of any increase in tenant rent.

**I am a landlord. My lease with the tenant does address rent increases. Can I still request an increase?**

Yes, a new lease is not required.

**Are rent increases 100% paid by the tenant?**

No.

**The DCHA landlord portal doesn't have an option to "request rent increase" under the finance tab. When will it be included?**

Landlords cannot request increases until July 1. At that time, the landlords will see the option to request an increase on the Landlord Portal.

**What happens to tenants if the rent decreases?**

If DCHA decreases the HAP contract, the lease between the tenants and the landlord remains the same. The lease remains the same, but the total contract rent paid for the unit must be lowered to the amount determined reasonable. The tenant cannot pay the difference between the old and new rent. And the owner cannot require the tenant to do so per Federal regulations.

**Can a landlord submit a unit prior to identifying a tenant to confirm the rent would be covered? Is there a bona-fide way for us to see what the rent rate will be before we buy property to list for rent, or list a property to rent, etc.?**

No, landlords should conduct their own market research prior to submission.

**If the landlord does not agree with the decrease, what happens to the tenant living in the unit?**

Landlords should review the lease they have with the customer and must treat DCHA customers like any other tenant in the market. DCHA requires a minimum of a notice of 30 days to terminate a lease.

**Will DCHA automatically do rent increases if a tenant has been in the unit for more than a year?**

No, rent increases must be requested by the landlord.

**Is there a difference in the rent increase request application prior to July 1 vs after July 1 when the AffordableHousing.com software?**

DCHA will not begin processing rent increase requests until July 1, 2023.

**If a landlord requests a rent increase and the tool determines that the rent is not reasonable, will DCHA decrease the rent?**

Yes.

**How would the landlord know the anniversary date of the participant to submitting a rent increase?**

The client is required to be in your unit for 12 months in order to request a rent increase.

**If the rent is decreased, will DCHA provide evidence of "why?"**

Yes.

## ***Inspections***

**How recent does an inspection need to be to request a rent increase?**

An inspection must have taken place in the last 24 months for the owner to request a rent increase.

**I have inspections from last year that were “inconclusive” because the inspector was a no show. Can I still request a rent increase for those units?**  
Yes.

### ***Lease Up Process***

**Will the lease-up package change?**  
Yes, the features and amenities form is the only addition to the RFTA packet.

**How will the changes impact DCHA’s processing timelines?**  
We do not anticipate any delays in processing timelines.

**Do I have to wait until July 1 to submit an RFTA packet?**  
No, rent reasonableness will be assessed using the old submarket system for RFTA packets submitted before July 1.

**Why does the form ask if the unit has a refrigerator and stove? Aren’t these HQS requirements that must be present 100% of the time or the tenant would never have been permitted to move in to begin with?**  
While refrigerators and stoves are required in the District of Columbia, this is a HUD form that is used by PHAs across the country and HQS does not require owners provide these appliances.

**If lease up packages are submitted by the 5<sup>th</sup> of the month, will DCHA continue to process move ins by the first of the next month?**  
Yes.

**What is DCHA’s timeline for reviewing and approving RFTAs and scheduling an inspection?**  
The lease up timeline has not changed; please refer to the RFTA packet for timeframes.

### ***Payment Standards***

**Will the payment standard of 187% FMR be utilized as a rent cap if the rent reasonable tool determines the rent reasonable amount is higher than 187% FMR?**  
No, the Payment standard is the maximum amount of subsidy that can be paid on behalf of an assisted tenant, it is not used to determine the contract rent. Today, the payment standard is 187% of FMR for FY2023.

### ***Tenant Affordability***

**Will changes in the tenant’s income impact the HAP contract?**  
Changes in the tenant’s income may impact the tenant’s portion of the rent, but it will not change the total contract rent.

## ***Other***

### **Will third parties like DHS or the Greater Washington Urban League use the tool? Does this apply for ERAP?**

DCHA has procured the tool to complete rent reasonableness assessments for the Housing Choice Voucher and Local Rent Supplement Programs. This includes units leased by tenants participating in the Permanent Supportive Housing or Targeted Affordable Housing programs where supportive services are offered by DHS. At this time, DCHA is the only entity that will complete rent reasonableness assessments using the tool. This tool is not used for ERAP.

### **For properties that are LIHTC – is max rent automatically considered rent reasonable?**

No, there are situations where the LIHTC rent is higher than the market rent. But, if the rent that is determined reasonable is above the LIHTC maximum rent, the PHA can use the reasonable rent amount for the contract rent.

### **If a tenant cannot afford the rent that a house is approved for, can the lessor deny the applicant or are they obligated to rent to them at a lower rate? I imagine in that scenario; the lessor may prefer to rent to someone who is not using a DCHA voucher.**

The lessor can deny the application.

### **What is the "Tenant Code?"**

This is the customer's identification number, which is used by DCHA to track the customer in our systems.

### **Has DCHA received HUD approval to stop using SAFMR based payment standards and instead issue a single citywide payment standard?**

Since FY2019, DCHA, with its MTW Authority, has set the payment standard at 187% of FMR.

### **DCHA has said that a new lease is not required at the end of a 12-month period. Long-term tenants often ask for a new lease to prove residency for school registration. How should landlords handle this?**

If a new lease is issued, DCHA will also need to complete a new HAP contract. DCHA recommends owners work with tenants to identify other documents that might help the tenant prove residency.

### **Does DCHA offer training for landlords?**

Yes, DCHA offers owner briefings. DCHA will post the schedule on the website.

### **How do we report lease violations to DCHA when violations persist, but do not warrant a hearing in Landlord-Tenant court?**

Landlord and tenants can request assistance from our Mediation Team by contacting us at 202-535-1000. If mediation is not successful, the landlord is responsible for enforcing their own lease.

### **What is the process for determining "rent burden" for a tenant?**

DCHA determines the estimated rent burden when a RFTA is received and a rent reasonableness assessment is completed. If the unit is not affordable but the rent is reasonable, DCHA will contact the owner/property manager to determine if he/she is willing to lower the rent so the unit is affordable for the specific tenant.

### **How should tenants request a transfer voucher and briefing?**

Participants can call DCHA's Call Center at 202-535-1000 to request a briefing.