

Exhibit 5-1

Subsidy and Payment Standards

HUD Regulation 24 CFR 982.54

Administrative plan.

(d) The PHA administrative plan must cover PHA policies on these subjects:

(9) Subsidy standards;

(14) The process for establishing and revising payment standards, including policies on administering decreases in the payment standard during the HAP contract term;

1. Reasonable Accommodation

A family may request a Reasonable Accommodation if a family member requires an exception to AHFC subsidy standards to accommodate a disability. Families may also request an exception to a payment standard in order to lease a unit with features to accommodate a family member's disability or other identified need. Requests for a reasonable accommodation are directed to the local AHFC office. See the Reasonable Accommodations exhibit.

2. Subsidy Standards

HUD Regulation 24 CFR 982.402

Subsidy standards.

(a) Purpose.

(1) The PHA must establish subsidy standards that determine the number of bedrooms needed for families of different sizes and compositions.

(2) For each family, the PHA determines the appropriate number of bedrooms under the PHA subsidy standards (family unit size).

(3) The family unit size number is entered on the voucher issued to the family. The PHA issues the family a voucher for the family unit size when a family is selected for participation in the program.

(b) Determining family unit size. The following requirements apply when the PHA determines family unit size under the PHA subsidy standards:

(1) The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.

(2) The subsidy standards must be consistent with space requirements under the housing quality standards (See §982.401(d)).

(3) The subsidy standards must be applied consistently for all families of like size and composition.

(4) A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.

(5) A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family.

(6) Any live-in aide (approved by the PHA to reside in the unit to care for a family member who is disabled or is at least 50 years of age) must be counted in determining the family unit size;

(7) Unless a live-in-aide resides with the family, the family unit size for any family consisting of a single person must be either a zero or one-bedroom unit, as determined under the PHA subsidy standards.

(8) In determining family unit size for a particular family, the PHA may grant an exception to its established subsidy standards if the PHA determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances. (For a single person other than a disabled or elderly person or remaining family member, such PHA exception may not override the limitation in paragraph (b)(7) of this section.)

AHFC Policy

The AHFC Board of Directors approved the following revision to the Housing Choice Voucher Program subsidy standards with Resolution No. 2010-39 on November 22, 2010.

1. AHFC subsidy standards are applied to all families of like size and composition and are based on the number of family members.
2. AHFC assigns no more than two persons per level.
3. Once a subsidy level is assigned, families may select a unit within their shopping guidelines that best fits the needs of the family.
4. AHFC reserves the right to determine a family's subsidy standard.

2.A Subsidy Levels

For purposes of counting the number of persons, all members must make the assisted unit their primary residence.

Number of Family Members	Subsidy Level
1 to 2 persons	One
3 to 4 persons	Two
5 to 6 persons	Three
7 to 8 persons	Four
9 to 10 persons	Five
11 to 12 persons	Six

For families with more than 12 persons, AHFC will add one subsidy level for each additional two persons. For example, a family of 15 persons will receive a level 8 subsidy.

2.B Composition Factors

AHFC will consider the following factors when assigning a subsidy level.

2.B.1. Minors

All minors (including foster care children) who are expected to reside regularly (at least 50 percent of the time) in the unit will be counted, including:

- Those in the process of adoption by the family. During the process, the family must furnish AHFC with verifications from the adoption agent that the child(ren) is matched with the family.
- Those in the process of placement with a foster family. The family must furnish AHFC with verification from the licensing agent that the family is approved as a foster family. AHFC will grant the additional subsidy required for the placement of foster children in the home.
- Those obtained through custody agreements. The family must provide AHFC with custody verification.
- Those temporarily absent from the home due to placement in foster care. During the process, the family must furnish AHFC with verifications from the foster care agent that the child(ren) will be returned to the family timely.

2.B.2. Pregnancy

A pregnant woman is counted as two persons.

2.B.3. Unrelated Elderly/Disabled Persons

Two or more previously unrelated disabled/elderly persons who choose to live together may receive a level two subsidy upon request. Elderly or disabled individuals may decide to cohabitate due to financial, not familial status. This encourages those individuals who are interested in sharing or pooling their resources to do so.

2.B.4. More Than Two Generations

A family comprised of **more than two** generations of family members will qualify the family for a one-step increase in the subsidy level. Families may self-certify the relationship. This encourages families that wish to provide care or support for an elderly relative to do so.

2.B.5. Live-In Aide

A live-in aide approved by AHFC to reside in the unit will be considered when calculating the appropriate subsidy level. AHFC will not provide additional subsidy for a live-in aide's family members to reside in a subsidized unit. See the Live-In Aide Exhibit.

2.C Relation to the Payment Standard

HUD Regulation 24 CFR 982.402(c)

Effect of family unit size-maximum subsidy in voucher program. The family unit size as determined for a family under the PHA subsidy standard is used to determine the maximum rent subsidy for a family assisted in the voucher program. For a voucher tenancy, the PHA establishes payment standards by number of bedrooms. The payment standard for a family shall be the lower of:

- (1) The payment standard amount for the family unit size; or
- (2) The payment standard amount for the unit size of the unit rented by the family.

(3) Voucher program. For a voucher tenancy, the PHA establishes payment standards by number of bedrooms. The payment standards for the family must be the lower of:

- (i) The payment standards for the family unit size; or
- (ii) The payment standard for the unit size rented by the family.

AHFC Policy

A payment standard is tied to each subsidy level. AHFC will apply the lesser of the family's approved subsidy level or the unit bedroom size when determining the appropriate payment standard to use.

3. Payment Standards

HUD Regulation 24 CFR 982.503(a)

Payment standard schedule.

(1) HUD publishes the fair market rents for each market area in the United States (see part 888 of this title). The PHA must adopt a payment standard schedule that establishes voucher payment standard amounts for each FMR area in the PHA jurisdiction. For each FMR area, the PHA must establish payment standard amounts for each "unit size." Unit size is measured by number of bedrooms (zero-bedroom, one-bedroom, and so on).

(2) The payment standard amounts on the PHA schedule are used to calculate the monthly housing assistance payment for a family (§982.505).

(3) The PHA voucher payment standard schedule shall establish a single payment standard amount for each unit size. For each unit size, the PHA may establish a single payment standard amount for the whole FMR area, or may establish a separate payment standard amount for each designated part of the FMR area.

AHFC Policy

Small Area FMRs do not apply to any AHFC geographic jurisdictions.

3.A Establishing Amounts

HUD Regulation 24 CFR 982.503(b)

Establishing payment standard amounts.

(1)

(i) The PHA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size. HUD approval is not required to establish a payment standard amount in that range (“basic range”). The PHA must revise the payment standard amount no later than 3 months following the effective date of the published FMR if a change is necessary to stay within the basic range.

(ii) The PHA may establish a separate payment standard amount within the basic range for a designated part of an FMR area.

(iii) A PHA that is not in a designated Small Area FMR area or has not opted to voluntarily implement Small Area FMRs under 24 CFR 888.113(c)(3) may establish exception payment standards for a ZIP code area above the basic range for the metropolitan FMR based on the HUD published Small Area FMRs. The PHA may establish an exception payment standard up to 110 percent of the HUD published Small Area FMR for that ZIP code area. The PHA must notify HUD if it establishes an exception payment standard based on the Small Area FMR. The exception payment standard must apply to the entire ZIP code area.

(iv) At the request of a PHA administering the HCV program under Small Area FMRs under §888.113(c)(3), HUD may approve an exception payment standard for a Small Area FMR area above the 110 percent of the published FMR in accordance with conditions set forth by Notice in the FEDERAL REGISTER. The requirements of paragraph (c) of this section do not apply to these exception payment standard requests and approvals.

(v) The PHA may establish an exception payment standard of not more than 120 percent of the published FMR if required as a reasonable accommodation in accordance with 24 CFR part 8 for a family that includes a person with a disability. Any unit approved under an exception payment standard must still meet the reasonable rent requirements found at § 982.507.

(vi) The PHA may establish an exception payment standard of more than 120 percent of the published FMR if required as a reasonable accommodation in accordance with 24 CFR part 8 for a family that includes a person with a disability after approval from HUD. Any unit approved under an exception payment standard must still meet the reasonable rent requirements found at § 982.507.

(2) Except as described in paragraphs (b)(1)(iii) through (v) of this section, the PHA must request HUD approval to establish a payment standard amount that is higher or lower than the basic range. HUD has sole discretion to grant or deny approval of a higher or lower payment standard amount. Paragraphs (c) and (e)

of this section describe the requirements for approval of a higher payment standard amount (“exception payment standard amount”).

AHFC Policy

Under Moving to Work Activity 2011-2 approved by the AHFC Board of Directors on February 27, 2013 with Resolution 13-13, AHFC develops its own payment standards that are tied to local market conditions, not the fair market rent.

1. AHFC sets its payment standards within 15 percent of the Department of Labor Rental Market Survey rate. The Public Housing Department Director or designee may waive this limitation based on local market events or circumstances on a case-by-case basis.
2. AHFC will apply a decreased payment standard at the second regular examination following the decrease for traditional calculation method families.
 - a. Families on a Step schedule will not have a decrease applied and will retain their existing Step subsidy schedule.
 - b. Classic and Set Aside families will have decreases applied on the anniversary of the examination date with a minimum notice period of no less than 12 months.
 - c. The Public Housing Director or designee may establish an alternate schedule for application of a payment standard as circumstances warrant.

3.A Applying to Families

Upon admission, families will be attached to the current payment standard based on the subsidy level of the family or the unit size leased, whichever is less.

3.A.1. Step Program

Based on the payment standard of the unit, Step Program families will be provided with a five-year schedule. It is expected that the family will remain on that schedule until the rental assistance period terminates at the end of Year Five.

3.A.2. Classic, Set Aside, and Traditional Programs

Families receive subsidy based on the family’s annual income, the family’s maximum contribution, and the gross rent of the unit.

3.B Payment Standard Adjustments

Local payment standards will be monitored on an annual basis. AHFC may consider the following factors.

- The number of newly admitted families paying more than 40 percent of their gross monthly income for rent and utilities;

- The success rate of shoppers within the last 6 months (at least 75 percent of families secure housing);
- Fair market rents for a jurisdiction and particular bedroom sizes;
- Rent survey data from the State of Alaska Department of Labor and AHFC's Planning & Program Development Department;
- The size of the local rental market;
- Local rental ad information; and
- Local unassisted unit comparability survey data

3.B.1. Classic Program

Revised payment standard schedules are applied at the regular examination or whenever determined necessary by AHFC. If any community experiences a change in the local market rents exceeding five percent (5%), AHFC may choose to adjust and apply a new payment standard for the appropriate bedroom sizes at the first examination following the change.

3.B.2. Step Program

If any community experiences a change of more than 20 percent (20%) in a three-year period, AHFC shall apply a revised payment standard schedule.

3.B.3. Set Aside and Traditional Programs

These families will be eligible for the revised payment standard at the regular examination.

3.B.4. Changes to Family Composition or Unit Size

See the Examinations and Interviews chapter and the Interim Examination Process exhibit to apply the correct payment standard for family composition changes. Changes in unit size will use the rules set forth in this policy exhibit.

3.C Exceptions

HUD Regulation 24 CFR 982.503(c)

HUD approval of exception payment standard amount

(1) HUD discretion. At HUD's sole discretion, HUD may approve a payment standard amount that is higher than the basic range for a designated part of the fair market rent area (called an "exception area"). HUD may approve an exception payment standard amount in accordance with this paragraph (c) of this section for all units, or for all units of a given unit size, leased by program families in the exception area. Any PHA with jurisdiction in the exception area may use the HUD-approved exception payment standard amount.

(2) Above 110 percent of FMR to 120 percent of published FMR. The HUD Field Office may approve an exception payment standard amount from above 110 percent of the published FMR to 120 percent of the published FMR (upper range)

if the HUD Field Office determines that approval is justified by the median rent method or the 40th percentile rent or the Small Area FMR method as described in paragraph (c)(2)(ii) of this section (and that such approval is also supported by an appropriate program justification in accordance with paragraph (c)(4) of this section).

(i) Median rent method. In the median rent method, HUD determines the exception payment standard amount by multiplying the FMR times a fraction of which the numerator is the median gross rent of the exception area and the denominator is the median gross rent of the entire FMR area. In this method, HUD uses median gross rent data from the most recent decennial United States census, and the exception area may be any geographic entity within the FMR area (or any combination of such entities) for which median gross rent data is provided in decennial census products.

(ii) 40th percentile rent or Small Area FMR method. In this method, HUD determines that the area exception payment standard amount equals application of the 40th percentile of rents for standard quality rental housing in the exception area or the Small Area FMR. HUD determines whether the 40th percentile rent or Small Area FMR applies in accordance with the methodology described in 24 CFR 888.113 for determining FMRs. A PHA must present statistically representative rental housing survey data to justify HUD approval.

(3) Above 120 percent of FMR.

(i) At the request of a PHA, the Assistant Secretary for Public and Indian Housing may approve an exception payment standard amount for the total area of a county, PHA jurisdiction, or place if the Assistant Secretary determines that:

- (A) Such approval is necessary to prevent financial hardship for families;
- (B) Such approval is supported by statistically representative rental housing survey data to justify HUD approval in accordance with the methodology described in § 888.113 of this title; and
- (C) Such approval is also supported by an appropriate program justification in accordance with paragraph (c)(4) of this section.

(ii) For purposes of paragraph (c)(3) of this section, the term “place” is an incorporated place or a U.S. Census designated place. An incorporated place is established by State law and includes cities, boroughs, towns, and villages. A U.S. Census designated place is the statistical counterpart of an incorporated place.

(4) Program justification.

(i) HUD will only approve an exception payment standard amount (pursuant to paragraph (c)(2) or paragraph (c)(3) of this section) if HUD determines that approval of such higher amount is needed either:

- (A) To help families find housing outside areas of high poverty, or

(B) Because voucher holders have trouble finding housing for lease under the program within the term of the voucher.

(ii) HUD will only approve an exception

payment standard amount (pursuant to paragraph (c)(3) of this section) after six months from the date of HUD approval of an exception payment standard pursuant to paragraph (c)(2) of this section for the area.

(5) Population. The total population of HUD-approved exception areas in an FMR area may not include more than 50 percent of the population of the FMR area, except when applying Small Area FMR exception areas under paragraph (b)(1)(iii) of this section.

(6) Withdrawal or modification. At any time, HUD may withdraw or modify approval to use an exception payment standard amount.

HUD Regulation 24 CFR 982.503(d)

HUD approval of payment standard amount below the basic range. HUD may consider a PHA request for approval to establish a payment standard amount that is lower than the basic range. At HUD's sole discretion, HUD may approve PHA establishment of a payment standard lower than the basic range. In determining whether to approve the PHA request, HUD will consider appropriate factors, including rent burden of families assisted under the program. HUD will not approve a lower payment standard if the family share for more than 40 percent of participants in the PHA's voucher program exceeds 30 percent of adjusted monthly income. Such determination may be based on the most recent examinations of family income.

3.D Success Rate Amounts

HUD Regulation 24 CFR 982.503(e)

HUD approval of success rate payment standard amounts. In order to increase the number of voucher holders who become participants, HUD may approve requests from PHAs whose FMRs are computed at the 40th percentile rent to establish higher, success rate payment standard amounts. A success rate payment standard amount is defined as any amount between 90 percent and 110 percent of the 50th percentile rent, calculated in accordance with the methodology described in § 888.113 of this title.

(1) A PHA may obtain HUD Field Office approval of success rate payment standard amounts provided the PHA demonstrates to HUD that it meets the following criteria:

(i) Fewer than 75 percent of the families to whom the PHA issued rental vouchers during the most recent 6 month period for which there is success rate data available have become participants in the voucher program;

(ii) The PHA has established payment standard amounts for all unit sizes in the entire PHA jurisdiction within the FMR area at 110 percent of the published FMR for at least the 6 month period referenced in paragraph (e)(1)(i) of this section and up to the time the request is made to HUD; and (iii) The PHA has a policy of granting automatic extensions of voucher terms to at least 90 days to provide a family who has made sustained efforts to locate suitable housing with additional search time.

(2) In determining whether to approve the PHA request to establish success rate payment standard amounts, HUD will consider whether the PHA has a SEMAP overall performance rating of “troubled”. If a PHA does not yet have a SEMAP rating, HUD will consider the PHA’s SEMAP certification.

(3) HUD approval of success rate payment standard amounts shall be for all unit sizes in the FMR area. A PHA may opt to establish a success rate payment standard amount for one or more unit sizes in all or a designated part of the PHA jurisdiction within the FMR area.

3.E Deconcentration

HUD Regulation 24 CFR 982.503(f)

Payment standard protection for PHAs that meet deconcentration objectives. Paragraph (f) of this section applies only to a PHA with jurisdiction in an FMR area where the FMR had previously been set at the 50th percentile rent to provide a broad range of housing opportunities throughout a metropolitan area, pursuant to § 888.113(i)(3), but is now set at the 40th percentile rent.

(1) Such a PHA may obtain HUD Field Office approval of a payment standard amount based on the 50th percentile rent if the PHA scored the maximum number of points on the deconcentration bonus indicator in § 985.3(h) in the prior year, or in two of the last three years.

(2) HUD approval of payment standard amounts based on the 50th percentile rent shall be for all unit sizes in the FMR area that had previously been set at the 50th percentile rent pursuant to § 888.113(i)(3). A PHA may opt to establish a payment standard amount based on the 50th percentile rent for one or more unit sizes in all or a designated part of the PHA jurisdiction within the FMR area.

3.F HUD Review

HUD Regulation 24 CFR 982.503(g)

HUD review of PHA payment standard schedules.

(1) HUD will monitor rent burdens of families assisted in a PHA's voucher program. HUD will review the PHA's payment standard for a particular unit size if HUD finds that 40 percent or more of such families occupying units of that unit size currently pay more than 30 percent of adjusted monthly income as the family share. Such determination may be based on the most recent examinations of family income.

(2) After such review, HUD may, at its discretion, require the PHA to modify payment standard amounts for any unit size on the PHA payment standard schedule. HUD may require the PHA to establish an increased payment standard amount within the basic range.

4. Definitions

HUD Regulation 24 CFR 982.4

4.A Administrative Plan

The plan that describes PHA policies for administration of the HCV program.

4.B Fair Market Rent (FMR)

The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities.

4.C Family Rent To Owner

In the voucher program, the portion of rent to owner paid by the family. For calculation of family rent to owner, see §982.515(b).

4.D Family Share

The portion of rent and utilities paid by the family. For calculation of family share, see §982.515(a).

4.E Family Unit Size

The appropriate number of bedrooms for a family, as determined by the PHA under the PHA subsidy standards.

4.F Initial Payment Standard

The payment standard at the beginning of the HAP contract term.

4.G Payment Standard

The maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family).

4.H PHA

Public Housing Agency (or Authority). Alaska Housing Finance Corporation is the PHA.

4.I Subsidy Standards

Standards established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.