



Rent Calculation

The Housing Choice Voucher Program (commonly known as Section 8) assists low-income families by subsidizing their rent. Here's a simplified overview of how rent calculation works, including the 40% rule:

1. **Income Calculation:** Your public housing agency (PHA) will first determine your family's total annual income. This includes wages, benefits, and other sources of income.
2. **Adjusted Income:** Certain deductions can be subtracted from your total income to arrive at your adjusted income. These deductions might include dependents, disability, expenses for childcare, medical costs, or other allowable deductions.
3. **Payment Standard:** Your PHA will establish a payment standard based on the local rental market. This is the maximum amount they are willing to pay for housing, which is often set at a percentage of the Fair Market Rent (FMR) for your area.
4. **Tenant Contribution:** Under the program, you will typically pay 30% of your adjusted monthly income toward rent and utilities. However, there's a cap: you won't pay more than 40% of your monthly adjusted income if the rent is higher than the payment standard.
5. **Rent Calculation:**
 - If the rent is below the payment standard: You pay 30% of your adjusted income towards rent and utilities.
 - If the rent is above the payment standard: You can be required to pay up to 40% of your adjusted income. The PHA will cover the difference between your payment and the actual rent.

Here's an example:

- Adjusted Income: \$1,500 per month
- 30% of Adjusted Income: $\$1,500 \times 30\% = \450
- 40% of Adjusted Income: $\$1,500 \times 40\% = \600
- Payment Standard is \$960
- Utilities are \$100

Rent Calculation:

- If the landlords rent for the unit is \$700
- Housing Voucher Subsidy is \$510 (Payment Standard \$960 – 30% Adjusted Monthly Income \$450)
- Tenant's rent is \$190
 - Because tenant rent of \$190 plus utilities of \$100 is less than 40% of the adjusted monthly income.

Always check with your local PHA for specific details, as rules and calculations can vary by location.