

# County of Santa Cruz, Hollister & San Juan Bautista Payment Standards - Effective January 1, 2023

| Number of Bedrooms | South County<br>(95019, 95076*) | San Lorenzo Valley<br>(95005, 95006, 95007,<br>95018, 95041) | Other Santa Cruz<br>County<br>(All other SC Co. ZIP<br>codes) | Cities of Hollister and<br>San Juan Bautista |
|--------------------|---------------------------------|--|---|--|
| SRO                | \$1,501                         | \$1,526  | \$1,676   | \$1,188                                      |
| 0                  | \$2,002                         | \$2,035  | \$2,234   | \$1,513                                      |
| 1                  | \$2,264                         | \$2,302  | \$2,577   | \$1,768                                      |
| 2                  | \$3,030                         | \$3,030  | \$3,392   | \$2,327                                      |
| 3                  | \$3,751                         | \$3,832  | \$4,118   | \$3,124                                      |
| 4                  | \$4,203                         | \$4,294  | \$4,614   | \$3,744                                      |
| 5                  | \$4,833                         | \$4,938  | \$5,253   | \$4,306                                      |
| 6                  | \$5,463                         | \$5,582  | \$5,938   | \$4,868                                      |
| 7                  | \$6,094                         | \$6,226  | \$6,624   | \$5,429                                      |
| 8                  | \$6,724                         | \$6,870  | \$7,309   | \$5,991                                      |

\*Units in La Selva Beach with ZIP code 95076 are considered Other Santa Cruz County

Contract rent may be set above the payment standard, but it is subject to *rent reasonableness* and the *40% affordability rule* (see **Rent Approval Process** below).

## Rent Approval Process

**Gross Rent:** Gross rent is the rent charged by the owner plus the estimated monthly amount tenants will pay for utilities (utility allowance) assuming normal consumption. The gross rent represents entire housing cost and is calculated as follows:

- Gross rent = *contract rent + utility allowance*
  - *Contract rent* = rent charged by owner
  - *Utility allowance* = estimated monthly cost of tenant-paid utilities

**Tenant Contribution:** The tenant's contribution is calculated at 30% of their monthly income.

**Housing Assistant Payment:** The housing assistance payment is the rental assistance the Housing Authority pays to the owner on behalf of the tenant and is calculated by subtracting the tenant's contribution from the lesser of gross rent or the applicable payment standard. If the gross rent exceeds the applicable payment standard, the tenant's contribution is adjusted to cover the remaining balance.

Note: The tenant is responsible for any amount over the payment standard, in addition to their original 30% of monthly income.

**Maximum Rent Burden at Initial Occupancy:** Tenant's contribution is checked against the *40% affordability rule*

- *40% affordability rule* - tenants may not pay more than 40% of monthly income toward gross rent.
- *If the tenant's contribution exceeds 40% of their monthly income to cover the remaining balance, the Housing Authority will request a lower contract rent from the owner*

Note: The *40% affordability rule* applies to initial lease term only.

**Rent Reasonableness:** Housing Authority determines rent reasonableness of the unassisted unit.

- *Rent reasonableness* verifies that contract rent charged to the unassisted unit is comparable to at least three similar unassisted units.
- *Rent reasonableness* considers unit type, location, size, amenities, and utilities.

Note: The Housing Authority may request a lower contract rent at this time.

**Rent Approval:** Rent is approved if the contract rent is determined to be reasonable and the tenant's contribution is 40% or less of their monthly income.