

Community Development Committee

Meeting date: October 6, 2014

For the Metropolitan Council meeting of October 22, 2014

Subject: Adoption of Metro HRA Payment Standards

District(s), Member(s): All

Policy/Legal Reference: Code of Federal Regulations, Title 24, Part 982

Staff Prepared/Presented: Terri Smith, HRA Manager

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council adopt amounts listed below as Payment Standards for the federal Section 8 Housing Choice Voucher and other rent assistance programs effective November 1, 2014.

Background

The Metropolitan Council must annually review and adopt Payment Standards to be used in the administration of the Section 8 Housing Choice Voucher and other rent assistance programs. Payment Standards are set by bedroom size and represent the amount needed to rent a moderately priced housing unit in the metropolitan area. Payment Standards must be set at amounts that ensure a sufficient supply of modestly designed, privately owned rental housing is available to program participants. Payment standards must be high enough to permit choice of unit type and location yet low enough to ensure the allotted program funding can assist as many households as possible.

Payment standards are limited by the Fair Market Rents (FMRs) published annually by the U.S. Department of Housing and Urban Development (HUD). By federal regulation, the Metropolitan Council is provided the flexibility to establish Payment Standards between 90% and 110% of the published FMRs. This provides the HRA the flexibility to set rent limits that are competitive in all rental markets within the HRA's large operating jurisdiction.

Rationale

New FMRs are published annually effective October 1st. FMR limits increased by 5% this year. In addition to the rental market knowledge of Metro HRA staff, market data is purchased quarterly and annually from GVA Marquette and HousingLink. As a result of data analysis and the review of current participant rents, increases in all bedroom size payment standards are recommended.

Metro HRA's service area includes approximately 100 communities. It is important to adopt payment standards high enough to ensure program participants have access to units in all parts of the region while limiting them so that as many families as possible can be served with the funding provided. Higher payment standards result in higher subsidy costs per family and higher program costs. The Metro HRA has adopted exception payment standards for a number of higher cost communities to ensure participants have access to rental units in these higher cost areas. This results in higher payment standards in ten communities (Chanhassen, Chaska, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, Roseville, Shoreview and St. Anthony).

The chart below shows the new FMRs effective October 1, 2014, the current basic and exception payment standards and the recommended basic and exception payment standards:

Bedroom Size	2014 Fair Market Rent		Current Basic Payment Standards	Recommended <u>Basic</u> Payment Standards		Current Exception Payment Standards	Recommended <u>Exception</u> Payment Standards
0BR	\$641		\$651	\$651		\$651	\$675
1BR	\$796		\$800	\$830		\$809	\$875
2BR	\$996		\$970	\$1000		\$1012	\$1090
3BR	\$1405		\$1305	\$1355		\$1425	\$1475
4BR	\$1656		\$1530	\$1575		\$1681	\$1700
5BR	\$1904		\$1760	\$1810		\$1934	\$1950
6BR	\$2153		\$1990	\$2050		\$2186	\$2200

Funding

Funding appropriations for the Section 8 Housing Choice Voucher program are determined annually by Congress. Increases in the Fair Market Rents and payment standards, which increase the cost of rent subsidies, do not result in program funding increases. It is the responsibility of each housing authority to manage the number of families it can afford to assist within funding provided.

Known Support / Opposition

There is no known opposition to this action.