

Community Development Committee

Meeting date: October 17, 2016

For the Metropolitan Council meeting of October 26, 2016

Subject: Adoption of Payment Standards for Metro HRA Rent Assistance Programs

District(s), Member(s): All

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

Staff Prepared/Presented: Terri Smith, Housing and Redevelopment Authority Manager, (651) 602-1187

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council adopt amounts listed below as Payment Standards for the Housing Choice Voucher and other rent assistance programs effective November 1, 2016.

Background

The Metropolitan Council must annually review and adopt Payment Standards (rent limits) to be used in the administration of the Housing Choice Voucher and other rent assistance programs. Payment Standards must be set at amounts that ensure a sufficient supply of privately owned rental housing is available to program participants.

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 Metro 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 6% this year. In addition to the rental market knowledge of Metro HRA staff, market data is purchased quarterly and annually from Marquette Advisors and HousingLink. As a result of data analysis and the review of current participant rents, increased rent limits for all bedroom sizes are recommended.

Metro HRA's service area includes nearly 100 communities. Payment standards must be high enough to ensure program participants have access to units in all parts of the region but low enough to ensure service to as many families as possible with the funding provided. Higher payment standards result in higher subsidy costs per family and higher overall program costs. The Metro HRA has adopted exception payment standards for a number of higher rent communities to ensure participants have access to rental units in these higher cost areas. This results in higher payment standards in twelve communities (Chanhassen, Chaska, Eden Prairie, Edina, Excelsior, Golden Valley, Hopkins, Maple Grove, Minnetonka, Roseville, Shoreview and St. Anthony).

The chart below shows the new FMRs effective October 1, 2016, the current basic and exception payment standards and the recommended basic and exception payment standards:

Bedroom Size	Fair Market Rent		Current Basic Payment Standards	Recommended <u>Basic</u> Payment Standards		Current Exception Payment Standards	Recommended <u>Exception</u> Payment Standards
0BR	\$699		\$651	\$700		\$700	\$765
1BR	\$862		\$850	\$900		\$880	\$945
2BR	\$1086		\$1025	\$1090		\$1115	\$1190
3BR	\$1538		\$1430	\$1540		\$1550	\$1690
4BR	\$1799		\$1675	\$1800		\$1825	\$1975
5BR	\$2069		\$1925	\$2070		\$2100	\$2275
6BR	\$2339		\$2175	\$2340		\$2350	\$2570

Funding

Funding for the Housing Choice Voucher, Continuum of Care and Housing Opportunities for People with Aids programs is provided by the U.S. Department of Housing and Urban Development through congressional appropriations. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is provided by Minnesota Housing Finance Agency through State appropriations. Increases in the Fair Market Rents and payment standards, which increase the cost of rent subsidies, do not result in program funding increases for the current year. 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.