

Metro HRA

Metro HRA Payment Standards

October 17, 2016

Community Development Committee



Proposed Action

- That the Metropolitan Council adopt amounts listed in the business item as Payment Standards for the Housing Choice Voucher and other rental assistance programs effective November 1, 2016.

Payment Standards

- Payment Standards = Rent Limits
 - Amount needed to rent a modest housing unit
- Must be reviewed annually
- Limited by Fair Market Rents (FMR) set by HUD
 - 90% - 110% of FMR
 - Allow for local market conditions
- Set by bedroom size
- High enough to allow choice in all neighborhoods
- Low enough to serve as many families as possible

Tenant Rent Portions

- Tenants pay between 30% and 40% of income towards total housing costs (rent and utilities)
- Gross rent within the payment standard = 30%
- Gross rent above the payment standard = up to 40%
 - Tenant pays 30% plus the difference
 - Tenant cannot pay more than 40% of their income toward rent at initial move-in
 - Maximum rent limit based on income
 - different for each family

Payment Standard Example

2 bedroom apartment

- Rent \$1025
- Utility allowance + \$ 57 (electric only)
- Gross Rent = \$1082
- 2 bedroom payment Standard = \$1090
- The gross rent falls within the payment standard so tenant will pay 30% of their income towards rent and utilities.

Payment Standard Example

2 bedroom apartment

- Rent = \$1050
- Utility allowance = \$ 57 (electric only)
- Gross Rent = \$1107
- 2 bedroom payment Standard = \$1090
- The unit cost is over the payment standard (by \$17).
Tenant pays 30% of their income plus the difference
- Tenant rent portion may not exceed 40% of income at move in.

Payment Standards

Bedroom Size	Current Basic Payment Standards	Proposed Basic Payment Standards	Current Exception Payment Standards*	Proposed Exception Payment Standards*
0	\$651	\$700	\$700	\$765
1	\$850	\$900	\$880	\$945
2	\$1025	\$1090	\$1115	\$1190
3	\$1430	\$1540	\$1550	\$1690
4	\$1675	\$1800	\$1825	\$1975
5	\$1925	\$2070	\$2100	\$2275
6	\$2175	\$2340	\$2350	\$2570

*Exception communities: Chanhassen, Chaska, Eden Prairie, Edina, Excelsior, Golden Valley, Hopkins, Maple Grove, Minnetonka, Roseville, Shoreview and St. Anthony

Rationale

- Allow participants choice of rental units in all communities served
- Avoid concentrations in lowest costs communities and neighborhoods
- Maintain rent burden to participant at 30%-40% of adjusted income towards housing costs
- Serve as many families as possible with allocated funding

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