

Metropolitan Council Housing and Redevelopment Authority

Payment Standards

November 19, 2018

Community Development Committee



Proposed Action

- That the Metropolitan Council adopt amounts listed in Table 1 of the business item as Payment Standards for the Housing Choice Voucher and other rent assistance programs effective January 1, 2019.

Payment Standards

- Payment Standards = Rent Limits
- Must be reviewed annually
- Limited by Fair Market Rents (FMR) set by HUD
 - 90% - 110% of FMR
- Set by bedroom size
- High enough to allow choice in all neighborhoods
- Low enough to serve as many families as possible

Tenant Rent Payments

- Tenants pay between 30% and 40% of income towards rent
- Rent within the payment standard = 30% of income
- Rent above the payment standard = up to 40% of income
 - 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

Considerations

- Fair Market Rents increased by 5.6% - 6.8%
 - Significant increase = significant budget impact
- Currently two sets of payment standards
 - Regular standards – cover most of Metro HRA's service area
 - Exception standards – cover 13 high rent communities
- Reviewed scenarios at the 11/5 CDC Meeting and the 11/7 COW Meeting

Exception Communities

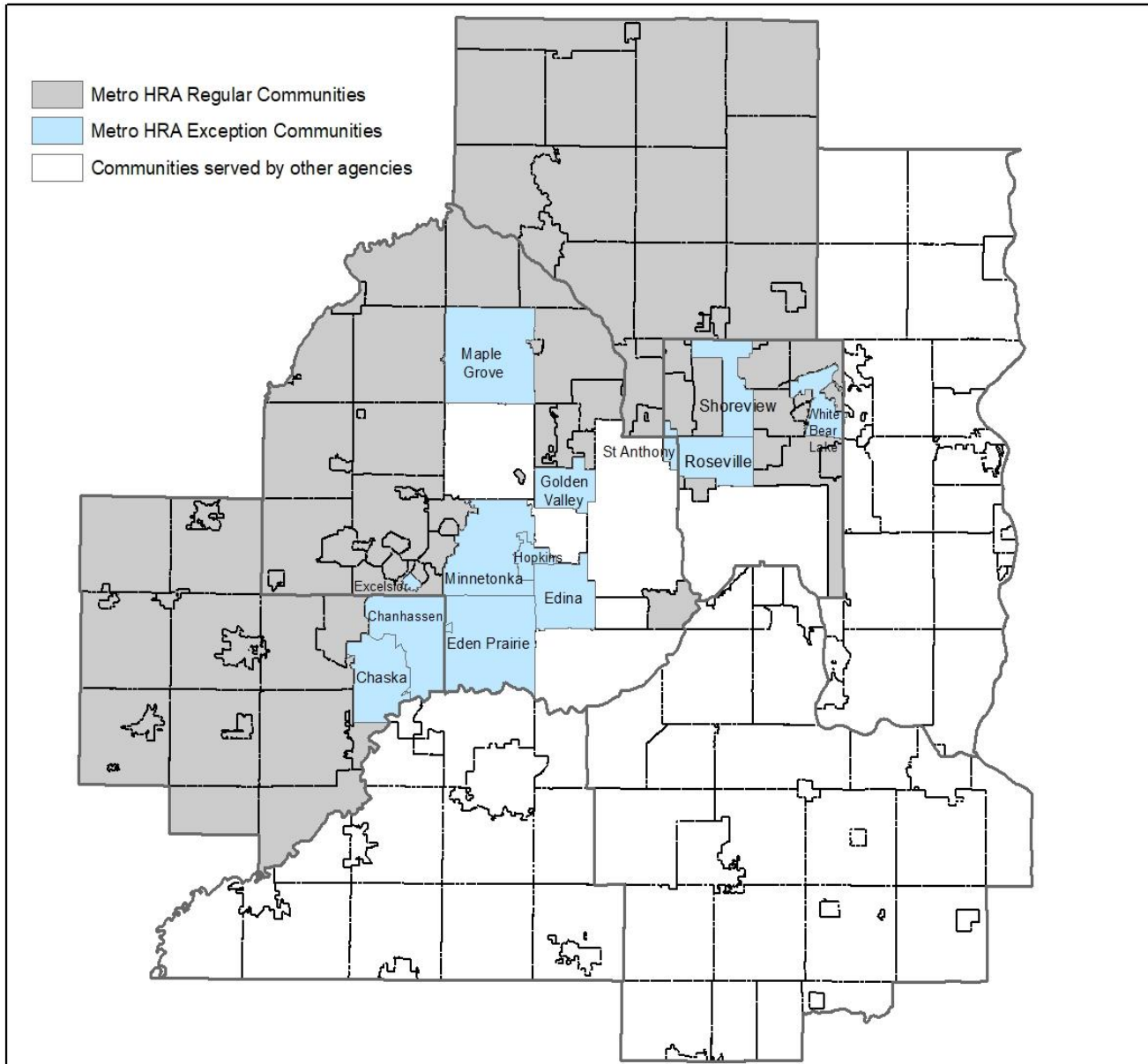


Table 1: Proposed Standards

Bedroom Size	Fair Market Rent	Current Basic Payment Standards	Proposed <u>Basic</u> Payment Standards	Current Exception Payment Standards	Proposed <u>Exception</u> Payment Standards
0BR	\$763	\$700	\$763	\$765	\$835
1BR	\$915	\$900	\$940	\$945	\$1005
2BR	\$1151	\$1090	\$1185	\$1190	\$1265
3BR	\$1636	\$1540	\$1570	\$1690	\$1790
4BR	\$1923	\$1800	\$1845	\$1975	\$2110
5BR	\$2211	\$2070	\$2170	\$2275	\$2425
6BR	\$2500	\$2340	\$2500	\$2570	\$2740

2019 Budget Impact

	<u>Scenario 3</u> Targeted Increase
Program Level Impact - 2019 Budget	
Federal Reimbursement	(\$2M)
Council Subsidy	\$1.1M
Budget Impact	(\$0.9M)
Options to Balance 2019 Budget	
Reduce Vouchers; OR	100
Reduce Community Choice; OR	\$1M
Subsidize with Council or other funds	\$0.9M

Rationale

- Allows participants choice of rental units in all Metro HRA service communities
- Avoids concentrations in lowest costs communities and neighborhoods
- Reduces rent burden to families
- Allows service to as many families as possible with allocated funding
- Remains consistent with Thrive “will” statements

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