

Community Development Committee

Meeting date: November 19, 2018

For the Metropolitan Council meeting of November 28, 2018

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, Director, Housing and Redevelopment Authority, (651) 602-1187

Division/Department: Community Development / HRA

Proposed Action

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

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 this year by 5.6% to 6.8%, depending on bedroom size. 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. Thrive provides direction in setting paying standards to ensure they are high enough to allow access to units in all parts of the region, but low enough to ensure service to as many families as possible. 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 thirteen communities (Chanhassen, Chaska, Eden Prairie, Edina, Excelsior, Golden Valley, Hopkins, Maple Grove, Minnetonka, Roseville, Shoreview, St. Anthony and White Bear Lake).

Table 1 below shows the new FMRs effective October 1, 2018, the current basic and exception payment standards and the recommended basic and exception payment standards:

Table 1. Payment Standards by Bedroom Size

Bedroom Size	Fair Market Rent	Current Basic Payment Standards	Recommended Basic Payment Standards	Current Exception Payment Standards	Recommended Exception 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

Funding

Increases in the Fair Market Rents and payment standards, which increase the cost of rent subsidies, do not result in current year federal or state funding increases. The cost is leverage for increased future year 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. Other local funds can provide financial support, so all vouchers can be fully issued.

The new payment standards will be reflected by an increase of \$900,000 of general levy funds in the final 2019 Unified Budget, to be adopted by the Council on December 12, 2018.

Known Support / Opposition

There is no known opposition to this action.