

Community Development Committee

Meeting date: February 3, 2020

For the Metropolitan Council meeting of February 12, 2020

Subject: Metro HRA Housing Choice Voucher Administrative Plan Revision

District(s), Member(s): All

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

Staff Prepared/Presented: Jennifer Keogh, Metro HRA Manager (651-602-1584)

Division/Department: Community Development/HRA

Proposed Action

That the Metropolitan Council approve revisions to the Housing Choice Voucher Administrative Plan, as shown in the attachments, to:

1. Adopt and implement Small Area Fair Market Rents
2. Revise Mainstream Voucher program language

Background

The Metropolitan Council's Housing and Redevelopment Authority (Metro HRA) is required by the U.S. Department of Housing and Urban Development (HUD) to adopt an Administrative Plan that establishes local policies for administering the Housing Choice Voucher (HCV) Program. The Administrative Plan is the main policy document of the Metro HRA and is updated as HUD adopts new or revised regulations and as the HRA determines a need for policy revisions. The Administrative Plan and any revisions must be approved by the Council.

The proposed policy changes to the Administrative Plan, Chapters 6 and 16, will allow the Metro HRA to adopt and implement Small Area Fair Market Rents. SAFMRs are rent limits by zip code instead of for the entire metropolitan area, allowing for the variation in rents across the region. The Metropolitan Council approved the adoption of SAFMRs to be used as payment standards at its [December 11, 2019 meeting](#). HUD approved the Metro HRA's request to adopt SAFMRs in a letter dated January 23, 2020. The final step for SAFMR implementation is revision of the Administrative Plan.

In addition, the Metro HRA is revising language in Chapter 4 to provide clarifying language regarding referrals for the Mainstream Voucher program to include County partners as a referral source.

The proposed changes to the Administrative Plan are outlined in the attached Summary of Proposed Changes and are available in full online in a red-lined [2020 Draft Administrative Plan](#).

Rationale

The U.S. Department of Housing and Urban Development requires policy changes in the Administrative Plan be approved by the Council. The proposed changes reflect the Council's past action to implement Small Area Fair Market Rents.

Thrive Lens Analysis

The Housing Choice Voucher Administrative Plan supports the Thrive outcomes of equity, livability, and stewardship. By using a Thrive Lens, discretionary policies of the HRA promote equity and choice, while ensuring that the federal

resources to fund the Housing Choice Voucher Program are maximized to serve families efficiently. The implementation of SAFMRs will provide Metro HRA participants with greater housing choice, and over time will make the voucher program more cost-effective.

Funding

Funding for the Housing Choice Voucher Program is provided by the U.S. Department of Housing and Urban Development.

Known Support / Opposition

The Metropolitan Council approved the adoption of Small Area Fair Market Rents at the December 11, 2019 meeting.

Attachments

- Attachment A: Excerpt of pages from the 2020 Draft Administrative Plan with proposed revisions
- Attachment B: Summary of proposed changes

- Income and citizenship eligibility will be determined according to Housing Choice Voucher program rules.
- Admission will be prohibited for any member of the household that is subject to a lifetime sex offender registration. All other screening criteria will be waived.

Mainstream Voucher Program

- This program provides funding to assist non-elderly persons with disabilities who are:
 - Transitioning out of institutional or other segregated setting,
 - At serious risk of institutionalization,
 - Homeless, or
 - At risk of becoming homeless
- ~~The Metro HRA was awarded 89 vouchers to serve unsheltered homeless, non-elderly persons with disabilities, using transit as shelter.~~
- Admission for the program will be made through referrals from contracted service partners working directly with the Metro Transit Homeless Action Team, [through Coordinated Entry and through direct referrals from County partners.](#)
- If additional Mainstream vouchers become available through HUD, the Metro HRA will apply to receive additional vouchers.

Other targeted funding, if awarded new funding.

Regular HCV Funding

Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in Section 4-III.C.

4-III.C. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use 24CFR [982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

PHA Policy

The HRA has adopted the following category of preferences:

Decreases

If the amount on the payment standard schedule is decreased during the term of the HAP contract, the lower payment standard generally will be used beginning at the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard. The PHA will determine the payment standard for the family as follows:

If a PHA changes its payment standard schedule, resulting in a lower payment standard amount, during the term of a HAP contract, the PHA is not required to reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect [FR Notice 11/16/16].

However, if the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount. At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA's payment standard schedule, or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (e.g., different zip code areas).

In any case, the PHA must provide the family with at least 12 months' notice that the payment standard is being reduced before the effective date of the change. The PHA's policy on decreases in the payment standard during the term of the HAP contract apply to all families under HAP contract at the time of the effective date of the decrease in the payment standard within the designated area.

PHA Policy

~~If a PHA changes its payment standard schedule resulting in a lower payment standard amount, during the term of a HAP contract, the PHA will not reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect.~~

~~The PHA will not establish different policies for decreases in the payment standard for designated areas within their jurisdiction.~~

- The PHA will voluntarily adopt Small Area Fair Market Rents for its service area.
- The PHA will adopt a hold harmless protection – no reduction in subsidy. For a family that was under HAP on the effective date of the decrease in the payment standard, the PHA will continue to use the existing higher payment standard for the family's subsidy calculation for as long as the family continues to receive voucher assistance in the same unit

Exception Payment Standards [982.503(c)]

The PHA must request HUD approval to establish payment standards that are higher than the basic range. At HUD's sole discretion, HUD may approve a payment standard amount that is higher than the basic range for a designated part of the FMR area. HUD may approve an exception payment standard amount (in accordance with program requirements) for all units, or for all units of a given size, leased by program families in the exception area. Any PHA with jurisdiction in the exception area may use the HUD-approved exception payment standard amount. The total population of all HUD-approved exception areas in an FMR area may not include more than 50 percent of the population of the FMR area.

[Voluntary Use of Small Area Fair Market Rents \[24 CFR 982.503, Notice PIH 2018-01\]](#)

[PHAs that administer vouchers in a metropolitan area where the adoption of Small Area Fair Market Rent \(SAFMR's\) is not required may request approval from HUD to voluntarily adopt SAFMR's. SAFMR's may be voluntarily adopted for one or more zip code areas.](#)

PHA Policy

- [The PHA will voluntarily adopt the use of SAFMR's for its service area for the Housing Choice Voucher and Project Based Voucher programs.](#)
- [See Chapter 6 for application of payment standards.](#)

Unit-by-Unit Exceptions [24 CFR 982.503(c)(2)(ii), 24 CFR 982.505(d), Notice PIH 2010-26]

Unit-by-unit exceptions to the PHA's payment standards generally are not permitted. However, an exception may be made as a reasonable accommodation for a family that includes a person with disabilities. (See Chapter 2 for a discussion of reasonable accommodations.) This type of exception does not affect the PHA's payment standard schedule.

When needed as a reasonable accommodation, the PHA may make an exception to the payment standard without HUD approval if the exception amount does not exceed 120 percent of the applicable FMR for the unit size [HCV GB 7-9]. The PHA may request HUD approval for an exception to the payment standard for a particular family if the required amount falls between 110 and 120 percent of the FMR.

PHA Policy

- A family that requires a reasonable accommodation may request a higher payment standard at the time the Request for Tenancy Approval (RFTA) is submitted. The family must document the need for the exception. In order to approve an exception, or request an exception from HUD, the PHA must determine that:
 - The family's TTP would otherwise exceed 40 percent of adjusted monthly income;
 - and
 - The rent for the unit is reasonable.

The Summary of Changes provides an overview of the recommended red-lined changes to the 2020 Housing Choice Voucher Administrative Plan.

POLICY CHANGE: ADOPT AND IMPEMENT SMALL AREA FAIR MARKET RENTS

CHAPTER 6: INCOME AND SUBSIDY DETERMINATIONS

6-III.C. APPLYING PAYMENT STANDARDS [24 CFR 982.505]

The Metro HRA is adopting Small Area Fair Market Rents (SAFMRs) for its entire service area. The revised language provides guidance on how to apply the new schedule if the family lives in an area with a decreased payment standard. The Metro HRA is adopting a hold harmless protection for any family that would experience a reduction in payment standard. The HRA will use the higher payment standard until the family moves to another unit.

REQUIRED CHANGE: This policy change is to provide guidance for the implementation of the adoption of the use of Small Area Fair Market Rents.

CHAPTER 16: PROGRAM ADMINISTRATION

16-II. B. PAYMENT STANDARDS. [24 CFR 982.503]

Voluntary Use of Small Area FMRs [24 CFR 982-503, PIH 2018-01]

This proposed policy change is required language for the adoption of the Small Area Fair Market Rent Payment Standards. The new language simply states the Metro HRA will adopt SAFMRs for its entire service area.

REQUIRED CHANGE: Revising the Housing Choice Voucher Administrative Plan for the adoption and Implementation of Small Area Fair Market Rents is required by the US Department of Housing and Urban Development.

POLICY CHANGE: REVISE MAINSTREAM VOUCHER LANGUAGE

CHAPTER 4: APPLICATIONS, WAITING LIST AND TENANT SELECTION

4-III. B. SELECTION AND HCV FUNDING SOURCES

MAINSTREAM VOUCHER PROGRAM

In November 2018, the Metro HRA was awarded 89 Mainstream Vouchers to assist non-elderly persons with disabilities who are: transitioning out of institutional or other segregated setting, at serious risk of institutionalization, homeless, or at risk of becoming homeless. In November 2019, the HRA fully utilized all 89 vouchers and were awarded 67 additional vouchers. The changes in this section are to remove the specific language about the population served and provide clarification of the Counties as a referral source.

DISCRETIONARY CHANGE: Clarifying language