



# Community Development Committee

Business Item

Item: 2009-350

Meeting date: October 5, 2008

ADVISORY INFORMATION	
<b>Date:</b>	September 28, 2009
<b>Subject:</b>	Adoption of Payment Standards for the Section 8 Housing Choice Voucher Program
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Code of Federal Regulations, Title 24, Section 982
<b>Staff</b>	Beth Reetz, Director, Housing and Livable
<b>Prepared/Presented:</b>	Communities, 602-1060
<b>Division/Department:</b>	Community Development / HRA

## Proposed Action

That the Metropolitan Council adopt amounts, listed below, as Payment Standards for the Federal Section 8 Housing Choice Voucher Rent Assistance Program effective November 1, 2009.

## Background

The Metropolitan Council annually reviews and adopts Payment Standards to be used in the administration of the Section 8 Housing Choice Voucher Program. Payment Standards represent the amount needed to rent a moderately priced housing unit in the metropolitan area. Payment Standards must be set at amounts that assure a sufficient supply of modestly designed rental housing is available to program participants. To accomplish this objective, payment standards must be high enough to permit choice of unit types and location and low enough to serve as many households as possible with program funding.

Payment standards are limited by the Fair Market Rents (FMRs) published annually by the U.S. Department of Housing and Urban Development (HUD) for each metropolitan area and/or county. HUD sets FMRs at a level sufficient to pay rent and utility costs for 40 percent of the recently rented, standard quality units in the metropolitan area, excluding all new units. By federal regulation, the Metropolitan Council is provided the flexibility to establish Payment Standards at amounts not less than 90% and not more than 110% of the published FMRs to ensure the rent limits are competitive in all rental markets within the HRA's operating jurisdiction.

## Rationale

New FMRs are published annually effective October 1st. The proposed FMRs for Federal Fiscal Year 2010 increased 3% for each bedroom size. Local market advisor GVA Marquette documents a .7% decrease overall in area rents over the past 12 months.

The recommended Payment Standards reflect no increase for zero, one and two bedroom units which represent 70% of all assisted households. Recommended Standards for three, four and five bedroom units reflect a 3% increase mirroring the FMR increase. This is recommended because three bedroom and larger sized units are more limited with lower vacancy levels requiring larger households to rent home rentals over traditional apartments. The recommended Standards range from 7 – 10% over the FMRs which is necessary to ensure a sufficient supply of rental housing is available to program participants in all communities served by the Metro HRA. Sufficient Payment Standards help ensure voucher holders may successfully utilize their Section 8 Voucher and pay no more than 30 to 40% of their adjusted monthly income toward their housing cost.

	Recommended Payment Standards	Current Payment Standards	% Of Change	\$ Of Change
0 BR	\$671	\$671	0%	\$0
1 BR	\$790	\$790	0%	\$0
2 BR	\$960	\$960	0%	\$0
3 BR	\$1294	\$1257	3%	\$37
4 BR	\$1454	\$1412	3%	\$42
5 BR	\$1672	\$1624	3%	\$48

**Funding**

The recommended payment standards are low enough to enable the Metropolitan Council to continue to assist the maximum allowable number of households with existing funding levels and high enough to provide a sufficient supply of rental housing to program participants to assure continued program success.

**Known Support / Opposition**

There is no known opposition to this action.