

**C** Community Development Committee  
Meeting date: October 15, 2012  
For the Council Meeting of October 24, 2012

ADVISORY INFORMATION	
<b>Date:</b>	October 8, 2012
<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, Part 982
<b>Staff Prepared/Presented:</b>	Terri Smith, HRA Manager, (651) 602-1187
<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 and other rental assistance programs effective November 1, 2012.

**Background**

The Metropolitan Council annually reviews and adopts Payment Standards to be used in the administration of the Section 8 Housing Choice Voucher and other rental assistance programs. 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 type and location and low enough to serve as many households as possible with the allotted 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. HUD sets FMRs at a level sufficient to pay rent and utility costs for the lower 40 percent of recently rented, standard quality units in the metropolitan area. By federal regulation, the Metropolitan Council is provided the flexibility to establish Payment Standards between 90% and 110% of the published FMRs. This ensures rent limits are competitive in all rental markets within the HRA's operating jurisdiction.

**Rationale**

New FMRs are published annually effective October 1st. The FMRs for Federal Fiscal Year 2013 decreased slightly for 0 and 1 bedroom units, increased slightly for 2 bedroom units and increased modestly for higher bedroom sizes. In addition to the knowledge Metro HRA staff has from working with the rental market, the Metro HRA purchases rental market data annually from GVA Marquette and HousingLink. This data documents a 2% overall increase in rents over the last 12 months.

Metro HRA's service area includes approximately 100 communities. The recommended Payment Standards range from 100% to 110% of the FMRs, which is necessary to ensure a sufficient supply of rental housing is available to program participants in the majority of communities served. To ensure participants have access and opportunity to rental units in higher cost areas, the Metro HRA is proposing Exception Payment Standards, to the maximum of 110% of FMR, in ten communities (Chanhassen, Chaska,

Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, Roseville, Shoreview and St. Anthony) for all bedroom sizes. Below are the proposed Payment Standards and Exception Payment Standards:

<b>Bedroom Size</b>	<b>2013 HUD Fair Market Rents</b>	<b>Current Payment Standards</b>	<b>Proposed Payment Standards</b>	<b>Exception Payment Standards</b>
0BR	\$592	\$671	\$651	\$651
1BR	\$736	\$790	\$800	\$809
2BR	\$920	\$960	\$970	\$1012
3BR	\$1296	\$1294	\$1305	\$1425
4BR	\$1529	\$1454	\$1530	\$1681
5BR	\$1758	\$1672	\$1760	\$1934
6BR	\$1988	\$1890	\$1990	\$2186

If a program participant chooses a unit within the above Standards, they pay 30% of their income towards rent and utilities. If a participant chooses a unit over the above Standards, they pay the difference. However, in no instance can a participant pay more than 40% of their income towards rent and utilities at move-in. The higher a program participant's income, the higher their maximum rent limit.

**Funding**

The recommended payment standards are low enough to allow the Metropolitan Council to continue assisting the highest number of households with existing funding levels and high enough to provide a sufficient supply of rental housing options to provide housing choice.

**Known Support / Opposition**

There is no known opposition to this action.