



MUSCATINE MUNICIPAL HOUSING AGENCY

ITEM 11B

City Hall, 215 Sycamore Street
Muscatine, IA 52761-3840
(563) 264-1554
(563) 264-1550 Voice/TT
Fax (563) 263-3064

MEMORANDUM

TO: Gregg Mandsager, City Administrator
FROM: Dick Yerington, Housing Administrator
DATE: March 13, 2013
RE: Resolution Approving Revision of Payment Standard

INTRODUCTION: Fair Market Rents (FMR) are set by HUD yearly for Muscatine County. In accordance with federal regulations, public housing authorities (PHA) are required implement the new FMR, and a payment standard based on the FMR, in accordance with their PHA Section 8 administration plan.

BACKGROUND: The Section 8 administration plan gives the PHA board of commissioners the authority to set the payment standard between 90% and 110% of fair market rent. Presently the payment standard is set at 110% for all bedroom sizes.

RECOMMENDATION/RATIONALE:

Staff has reviewed the options available to the PHA, taking into account the impact on program participants and the long term viability of the program. It recommends the city council, acting as the MMHA Board of Commissioners, approve resetting the payment standard for two bedroom units and above at 100% of fair market rent effective March 21, 2013.

Attached

Effects of Proposed Payment Standards
Resolution

“I remember Muscatine for its sunsets. I have never seen any on either side of the ocean that equaled them”- Mark Twain

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING ADMINISTRATIVE POLICY CHANGES
TO THE SECTION 8 TENANT BASED HOUSING CHOICE VOUCHER PROGRAM**

WHEREAS, the Section 8 Tenant Based Housing Choice Voucher Program Administrative Plan needs updated to reflect needed changes to allow our agency to better serve our jurisdiction; and

WHEREAS, Muscatine Municipal Housing Agency (MMHA) received notice from HUD the federal sequestration will cause a significant reduction in funding for calendar year 2013 and cost-saving measures such as lowering payment standards should be considered; and

WHEREAS, the MMHA presently has a payment standard of 110% of fair market rent for all bedroom sizes; and

WHEREAS, staff has reviewed all options for payment standards and is now recommending the payment standard be lowered to 100% of FMR for all units with two or more bedrooms; and

WHEREAS, the city council, acting as the public housing agency board of commissioners must authorize and approve all changes to the Section 8 Tenant Based Housing Choice Voucher Program Administrative Plan.

NOW THEREFORE, BE IT RESOLVED, that the city council of the City of Muscatine hereby approves and authorizes policy changes to the Section 8 Administrative Plan as presented.

MOVED, PASSED AND ADOPTED this _____ day of March 2013

DEWAYNE HOPKINS, MAYOR

Effect of Proposed Payment Standard

Revision on Selected Unit Sizes

A payment standard is applied at the time of each regular re-examination to calculate PHA subsidy. When the total housing cost is below the payment standard, the family pays 30% of its income toward housing cost and PHA subsidy pays for the remaining cost. When the total housing costs exceed the payment standard, the family incurs every dollar of additional cost. A higher payment standard increases the threshold for PHA subsidy, increasing per-unit costs and decreasing the number of families that can be served by limited Section 8 funds.

Table 1 shows the Payment Standard schedule that was implemented on January 1, 2013. This payment standard has been used to calculate subsidy for 154 Section 8 families from January 1, 2013 to April 1, 2013. A dramatic increase in payment standard occurred for units of three bedroom size and larger, due to HUD's increased assessment of fair market rent for those unit sizes.

Table 2 shows the proposed revision to the payment standard schedule. It allows for moderate growth in payment standard to the degree allowed within HUD's "basic range" of 90%-110% of the published fair market rent, but limits the dramatic subsidy increases that would be incurred for larger size units. Housing Agency staff do not expect the reduced payment standard on larger unit sizes to significantly limit assisted families' access to rental housing suitable for the program.

Table 1. Payment Standard
1/1/13

All unit totals include utilities

Unit Size	Payment Standard	Percent of FMR
SRO	358	110%
0	477	110%
1	520	110%
2	704	110%
3	965	110%
4	1042	110%

Table 2. Proposed Changes to Payment Standard
3/21/13

All unit totals include utilities

Unit Size	Payment Standard	Percent of FMR	Change
SRO	358	110%	No Change
0	477	110%	No Change
1	520	110%	No Change
2	640	100%	Change
3	878	100%	Change
4	948	100%	Change

The payment standard schedule for the Housing Agency is updated annually or more often if needed. The updated payment standard schedule is used to calculate the family's subsidy at their first regular re-exam (move-in or annual) following the implementation of the new payment standard schedule. In cases where a family's payment standard decreases, the (former) higher payment standard is applied at the first annual re-exam following the decrease and the participant is given notice of the change in payment standard. The lower payment standard is applied at the following annual re-exam.