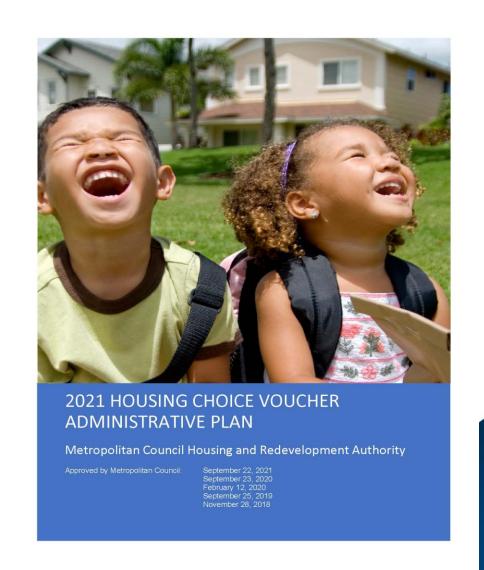
Payment Standards for Metro HRA Rent Assistance Programs

Metropolitan Council Housing and Redevelopment Authority



Payment Standards

- Payment Standards = Rent Limits
- Limited by Fair Market Rents (FMR)
 Set between 90% and 110% of FMR
 - High enough to allow choice in all neighborhoods
 - Low enough to serve as many families as possible
- Small Area Fair Market Rents implemented July 2020



Council Policy Direction

Thrive "will" statements provide direction

- Offer housing options that give people in all life stages viable choices for stable housing
- Develop and provide tools, including competitive rent limits in higher-cost communities to enable voucher holders to choose a location that best meets their needs

Council's housing goal

 Become a region with a broader housing spectrum where all people can thrive.



10/18 CDC Information Item

- Adoption of SAFMRS has increased the number of Voucher Holders living in higher rent areas
- Rents continue to rise faster than inflation
- Vacancy rates remain very low
- Current voucher holders are rent burdened
- Current payment standards are outside of required range



Payment Standard Considerations

HUD Rule

- Federal government directs us to serve as many families as possible within budget authority
 - Council can issue to up 6,894 vouchers
 - \$70M projected federal revenue

Higher Rent Limits

- Higher average subsidy
- Fewer vouchers issued
- Higher success rates

Lower Rent Limits

- Lower average subsidy
- More vouchers issued
- Lower success rates



Payment Standard Options for Consideration

Option 1

 Minimal changes to bring payment standards into required range

Option 2

 Changes based on market and average rents

Option 3

 Adjust all to 100% of new SAFMRs

Option 2

Changes based on market and average rents – new payment standards between 95%-99% SAFMR

Increases vs. Decreases

- Increases in 100 zip codes
- Decreases in 24 zip codes
 - 34 families

Tenant Impact

- Current Rent burden = 48%
- Future Rent burden = 36%
- Within goal range

Implementation Cost

- \$2.2 million
- Reduction in service up to 190 families
 - If enough federal funding
 = no service reduction



Next Steps

- November 10: Council Action
- February March 2022: Implement new SAFMRs



Thank you!

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