

# Payment Standards for Metro HRA Rent Assistance Programs

Metropolitan Council Housing and  
Redevelopment Authority

Community Development Committee  
11/1/2021

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1



# 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



## 2021 HOUSING CHOICE VOUCHER ADMINISTRATIVE PLAN

Metropolitan Council Housing and Redevelopment Authority

Approved by Metropolitan Council: September 22, 2021  
September 23, 2020  
February 12, 2020  
September 25, 2019  
November 28, 2018

# 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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