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 up to 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

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Minimal changes to bring payment standards into required range</td>
<td>• Changes based on market and average rents</td>
<td>• Adjust all to 100% of new SAFMRs</td>
</tr>
</tbody>
</table>
## Option 2

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

<table>
<thead>
<tr>
<th>Increases vs. Decreases</th>
<th>Tenant Impact</th>
<th>Implementation Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 zip codes increases</td>
<td>- Current Rent burden = 48%</td>
<td>- $2.2 million</td>
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<tr>
<td>24 zip codes decreases</td>
<td>- Future Rent burden = 36%</td>
<td>- Reduction in service up to 190 families</td>
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<tr>
<td>34 families</td>
<td>- Within goal range</td>
<td>- If enough federal funding = no service reduction</td>
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</tbody>
</table>
Next Steps

- November 10: Council Action
- February – March 2022: Implement new SAFMRs
Thank you!

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