



Payment Standards for Metro HRA Rent Assistance Programs

Metro HRA



November 7, 2022

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 2040

- 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.

Payment Standard Considerations

HUD Rule: serve as many families as possible within budget authority

- Council can issue up to 6,997 vouchers
- \$76 million projected federal revenue

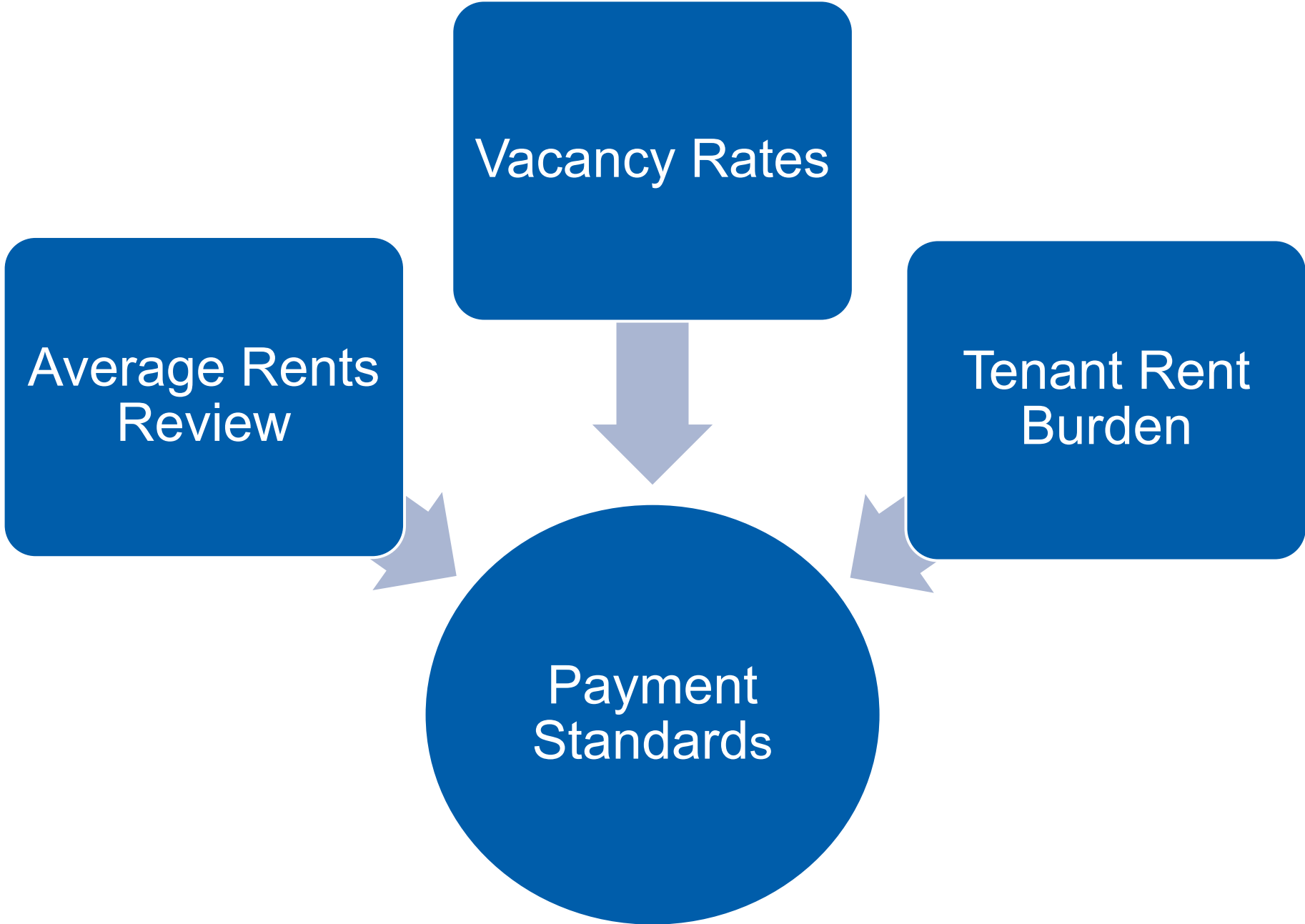
Higher Rent Limits

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

Lower Rent Limits

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

Payment Standards Review



2022 Data Review

Review Findings

- Rents continue to rise faster than inflation for some rental units
- Vacancy rates remain very low for some rental units
- The adoption of SAFMRs has increased the number of rental units available to voucher holders
- Rent burden of current program participants is current far higher than guidelines
- Some changes must be made to remain compliant with federal program rules

Payment Standards and Rent



Tenant Rent Portions

- Tenants pay between 30% and 40% of income towards rent
- If Unit Rent within the payment standard
 - Tenant pays 30%
- If Unit Rent above the payment standard
 - Tenant pays 30% of income plus the difference
 - Tenant cannot pay more than 40% of income at initial move-in

Payment Standard Options

Option 1

- Make minimal changes to bring payment standards into required range
- Required range = 90% to 110% of Small Area Fair Market Rent
- No reductions

Option 2

- Adjust all to 95% of SAMFR
- Make changes based on market and average rents
- No reductions

Option 3

- Adjust all to 100% of new Small Area Fair Market Rents
- Re-benchmarking
- No Reductions

Recommendation

Option 3 - Adjust all to 100% of new Small Area Fair Market Rents

Increase vs. Decreases

- Increases in 117 zip codes
- Decrease in 0 zip codes

Tenant Impact

- Current Rent burden = 48%
- Future Rent burden = 20%
- Within goal range

Implementation Cost

- \$5.1 million
- Reduction in service to 450 families
- If enough federal funding = no service reduction

Next Steps



Upcoming Dates

- November 7: CDC Action
- November 23: Council Action
- February – March 2023: Implement new Payment Standards

Thank You

Terri Smith, Director, Metro HRA

November 7, 2022

