

# Business Item

Community Development Committee



**Committee Meeting Date:** November 7, 2022

**For the Metropolitan Council:** November 23, 2022

## Business Item: 2022-288

Payment Standards for Metro HRA Rent Assistance Programs

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	24 CFR Part 982
<b>Staff Prepared/Presented:</b>	Terri Smith, Director, Housing and Redevelopment Authority, (651) 602-1187
<b>Division/Department:</b>	Community Development /HRA

### Proposed Action

That the Metropolitan Council adopt payment standards as shown in Table 1 for the Housing Choice Voucher and other rent assistance programs effective January 1, 2023.

### Background

The Metropolitan Council must annually review and adopt Payment Standards (rent limits) to be used in the administration of the Housing Choice Voucher and other rent assistance programs. Payment standards should be set at amounts that ensure voucher holders can be successful in placing their voucher in a community of their choice.

The Council adopted Small Area Fair Market Rents (SAFMRs) in 2020. SAFMRs are rent limits adopted at the zip code level instead of for an entire metropolitan area. This allows for higher rent limits in higher rent areas and lower rent limits in lower rent areas of the region. The goal of SAFMRs is to improve housing choice, increase voucher placement success and provide for budget neutral potential in future years.

HUD issued new SAFMRs in September 2022. By federal regulation, the Metropolitan Council is provided the flexibility to establish payment standards between 90% and 110% of the published SAFMRs. Metro HRA's primary service area includes all of Anoka and Carver Counties and Suburban Hennepin and Ramsey Counties, excluding the cities of Minneapolis, St. Paul, Bloomington, Plymouth, Richfield and St. Louis Park. This includes 89 zip codes. The Metro HRA operates one small rent assistance program throughout the entire Metro Area. As a result, the proposed action includes payment standards for 178 zip codes.

Staff presented an information item at the [October 17, 2022 Community Development Committee Meeting](#) to share rental market data, discuss the factors influencing payments standards, and gather feedback from Committee members. Staff shared:

- The adoption of SAFMRs has increased the number of rental units that fall with the payment standards resulting in increased choice.
- Rents continue to rise faster than inflation for class C rental properties.
- Vacancy rates remain very low for class C rental units.
- Rent burden of current program participants = 60% of voucher holders are paying

more than 30% of income towards rent. The industry guide is not more than 40%.

Staff shared three options with the CDC members as described in the table below:

Option 1	Option 2	Option 3
Minimal changes to bring payment standards into required range	Adjust most zip codes to 95% of SAFMR plus additional increases due to local market knowledge	Adjust all zip codes to 100% of the new SAFMRs
<ul style="list-style-type: none"> <li>• Increases in 79 zip codes</li> <li>• Decreases in 0 zip codes</li> <li>• Future rent burden 48%</li> <li>• Costs \$1.9 Million to implement or reduction in service up to 160 households</li> </ul>	<ul style="list-style-type: none"> <li>• Increases in 111 zip codes</li> <li>• Decreases in 0 zip codes</li> <li>• Future rent burden 39%</li> <li>• Costs \$3.6 Million to implement or reduction in service up to 315 households</li> </ul>	<ul style="list-style-type: none"> <li>• Increases in 117 zip codes</li> <li>• Decreases in 0 zip codes</li> <li>• Future rent burden 20%</li> <li>• Costs \$5.1 Million to implement or reduction in service up to 450 households</li> </ul>

The financial impact numbers in the above table are worst case scenario and assume all voucher holders remain in the same units with the same rents and the federal funding remains the same from 2022 to 2023. These are all assumptions that we know will not be the reality but are based on the data we have today. The hope is the federal funding is enough to serve all potential families and issue all vouchers.

Staff recommended option 3 for the following reasons:

- Allows a re-benchmarking.
  - Only minor changes have occurred since 2020
- Brings rent burden into goal range
- Will increase housing choice for voucher holders
- Will increase success rates

CDC members vocalized support for option 3. The recommended payment standards in Table 2 are reflective of Option 3.

### Rationale

The federal regulations require adjustments to at least 79 zip codes to bring payment standards in line with the required range. Increasing payment standards overall to 100% of the SAFMR will bring payment standards more in line with average rents and provide more locational choice for voucher holders.

Metro HRA met with the Resident Advisory Board on July 14, 2022, to engage on resident success related to housing search and voucher placement. Conversation themes make it clear voucher holders are facing challenges finding units within the current payment standards, further supporting the need for increases.

### Thrive Lens Analysis

The recommended action supports the Thrive outcomes of equity, livability, and stewardship. Thrive 2040 states the Council will:

- 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.

## **Funding**

Funding for the Housing Choice Voucher and Housing Opportunities for People with AIDS programs is provided by the U.S. Department of Housing and Urban Development. Funding for the Minnesota Housing Trust Fund Programs is provided by Minnesota Housing Finance Agency.



# Zipcodes in the Twin Cities 7 County Metro Area

 Metro HRA HCV Service Area

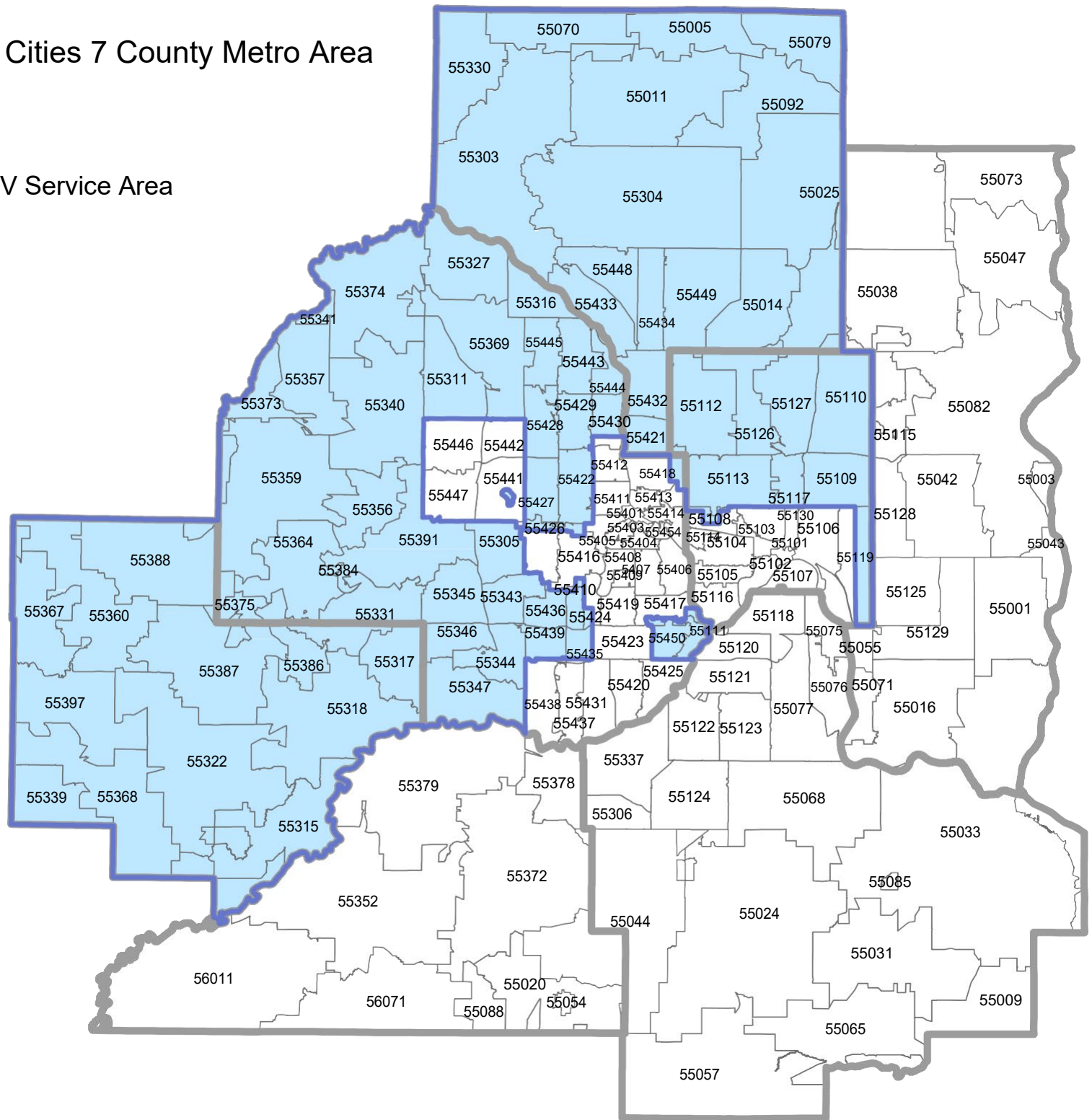


Table 2: Metro HRA Payment Standards Effective 1-1-2023

Zip Code	Studio	1BR	2BR	3 BR	4 BR	5 BR	6 BR
55001	1250	1440	1780	2460	2870	3301	3731
55003	880	1000	1230	1670	1940	2231	2522
<b>55005</b>	970	1120	1380	1910	2230	2565	2899
55009	840	980	1200	1660	1940	2231	2522
<b>55011</b>	1360	1550	1900	2580	2980	3427	3874
55013	840	980	1200	1660	1940	2231	2522
<b>55014</b>	1160	1320	1620	2200	2540	2921	3302
55016	1210	1390	1700	2310	2660	3059	3458
55018	1060	1210	1480	2010	2320	2668	3016
55020	1180	1350	1650	2250	2590	2979	3367
55024	1100	1260	1540	2090	2410	2772	3133
<b>55025</b>	1010	1150	1410	1920	2210	2542	2873
55031	870	990	1220	1660	1940	2231	2522
55033	870	990	1220	1660	1940	2231	2522
<b>55038</b>	1320	1510	1850	2510	2900	3335	3770
55040	930	1060	1300	1770	2040	2346	2652
55042	990	1120	1380	1880	2160	2484	2808
55043	1040	1190	1460	1980	2290	2634	2977
55044	1240	1420	1740	2360	2730	3140	3549
55045	840	980	1200	1660	1940	2231	2522
55047	1060	1240	1540	2160	2530	2910	3289
55054	1070	1220	1500	2040	2350	2703	3055
55055	840	980	1200	1660	1940	2231	2522
55057	840	980	1200	1660	1940	2231	2522
55065	990	1120	1380	1880	2160	2484	2808
55068	1210	1390	1700	2310	2660	3059	3458
<b>55070</b>	970	1110	1360	1850	2130	2450	2769
55071	990	1130	1390	1890	2180	2507	2834
55073	840	980	1200	1660	1940	2231	2522
55074	860	990	1210	1660	1940	2231	2522
55075	860	980	1200	1660	1940	2231	2522
55076	1060	1210	1480	2010	2320	2668	3016
55077	970	1110	1360	1850	2130	2450	2769
55079	890	1020	1250	1700	1960	2254	2548
55082	990	1130	1390	1890	2180	2507	2834
55085	840	980	1200	1660	1940	2231	2522
55088	1170	1340	1640	2230	2570	2956	3341
55089	840	980	1200	1660	1940	2231	2522
55090	1180	1340	1650	2240	2590	2979	3367
<b>55092</b>	920	1050	1290	1750	2030	2335	2639
<b>55101</b>	1360	1560	1910	2600	2990	3439	3887
55102	1070	1220	1500	2040	2350	2703	3055
55103	840	980	1200	1660	1940	2231	2522
<b>55104</b>	940	1070	1310	1780	2050	2358	2665
55105	1010	1160	1420	1930	2220	2553	2886
<b>55106</b>	850	980	1200	1660	1940	2231	2522

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Zip Code	Studio	1BR	2BR	3 BR	4 BR	5 BR	6 BR
55107	930	1060	1300	1770	2040	2346	2652
<b>55108</b>	1040	1190	1460	1980	2290	2634	2977
<b>55109</b>	940	1080	1320	1790	2070	2381	2691
<b>55110</b>	970	1110	1360	1850	2130	2450	2769
<b>55111</b>	840	980	1200	1660	1940	2231	2522
<b>55112</b>	930	1060	1300	1770	2040	2346	2652
<b>55113</b>	990	1120	1380	1880	2160	2484	2808
55114	1110	1260	1550	2110	2430	2795	3159
55115	1180	1340	1650	2240	2590	2979	3367
<b>55116</b>	990	1120	1380	1880	2160	2484	2808
<b>55117</b>	920	1050	1290	1750	2020	2323	2626
55118	990	1130	1390	1890	2180	2507	2834
<b>55119</b>	910	1040	1280	1740	2010	2312	2613
55120	960	1100	1350	1830	2120	2438	2756
55121	1060	1210	1480	2010	2320	2668	3016
<b>55122</b>	1090	1240	1520	2070	2380	2737	3094
55123	1140	1300	1590	2160	2490	2864	3237
55124	1200	1370	1680	2280	2630	3025	3419
<b>55125</b>	1260	1430	1760	2390	2760	3174	3588
<b>55126</b>	1090	1240	1520	2070	2380	2737	3094
<b>55127</b>	1140	1300	1590	2160	2490	2864	3237
55128	990	1130	1390	1890	2180	2507	2834
<b>55129</b>	1510	1730	2120	2880	3320	3818	4316
55130	840	980	1200	1660	1940	2231	2522
55150	840	980	1200	1660	1940	2231	2522
55155	930	1060	1300	1770	2040	2346	2652
<b>55303</b>	980	1120	1370	1860	2150	2473	2795
<b>55304</b>	1370	1570	1920	2610	3010	3462	3913
<b>55305</b>	1300	1480	1820	2470	2850	3278	3705
55306	1140	1300	1600	2170	2510	2887	3263
<b>55311</b>	1390	1580	1940	2640	3040	3496	3952
55313	940	1070	1310	1780	2050	2358	2665
<b>55315</b>	1070	1230	1510	2050	2360	2714	3068
<b>55316</b>	1140	1300	1590	2160	2490	2864	3237
<b>55317</b>	1210	1390	1700	2310	2660	3059	3458
<b>55318</b>	1040	1190	1460	1980	2290	2634	2977
<b>55322</b>	1090	1250	1530	2080	2400	2760	3120
<b>55327</b>	1240	1420	1740	2360	2730	3140	3549
55328	840	980	1200	1660	1940	2231	2522
55330	910	1040	1280	1740	2010	2312	2613
<b>55331</b>	950	1080	1330	1810	2080	2392	2704
55337	1100	1260	1540	2090	2410	2772	3133
55338	1040	1190	1460	1980	2290	2634	2977
55339	840	980	1200	1660	1940	2231	2522
<b>55340</b>	1350	1540	1890	2570	2960	3404	3848
55341	840	980	1200	1660	1940	2231	2522

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Zip Code	Studio	1BR	2BR	3 BR	4 BR	5 BR	6 BR
55343	1070	1220	1500	2040	2350	2703	3055
55344	1240	1420	1740	2360	2730	3140	3549
55345	1220	1390	1710	2320	2680	3082	3484
55346	1430	1630	2000	2720	3130	3600	4069
55347	1430	1630	2000	2720	3130	3600	4069
55352	1030	1170	1440	1960	2260	2599	2938
55356	1160	1320	1620	2200	2540	2921	3302
55357	840	980	1200	1660	1940	2231	2522
55359	840	980	1200	1660	1940	2231	2522
55360	1040	1180	1450	1980	2300	2645	2990
55363	850	980	1200	1660	1940	2231	2522
55364	970	1110	1360	1850	2130	2450	2769
55367	840	980	1200	1660	1940	2231	2522
55368	840	980	1200	1660	1940	2231	2522
55369	1260	1430	1760	2390	2760	3174	3588
55372	1060	1210	1490	2020	2330	2680	3029
55373	890	1010	1240	1690	1940	2231	2522
55374	1160	1330	1630	2220	2550	2933	3315
55375	910	1040	1280	1730	2000	2300	2600
55376	970	1110	1360	1850	2130	2450	2769
55378	1160	1330	1630	2220	2550	2933	3315
55379	1090	1250	1530	2080	2400	2760	3120
55384	970	1110	1360	1850	2130	2450	2769
55386	960	1100	1350	1830	2120	2438	2756
55387	920	1050	1290	1750	2020	2323	2626
55388	840	980	1200	1660	1940	2231	2522
55390	890	1020	1250	1700	1960	2254	2548
55391	1310	1500	1840	2500	2880	3312	3744
55395	840	980	1200	1660	1940	2231	2522
55397	840	980	1200	1660	1940	2231	2522
55398	1090	1240	1520	2070	2380	2737	3094
55401	1510	1730	2120	2880	3320	3818	4316
55402	1310	1500	1840	2500	2880	3312	3744
55403	1040	1180	1450	1970	2270	2611	2951
55404	960	1100	1350	1830	2120	2438	2756
55405	990	1130	1390	1890	2180	2507	2834
55406	1010	1150	1410	1920	2210	2542	2873
55407	960	1090	1340	1820	2100	2415	2730
55408	1110	1270	1560	2120	2440	2806	3172
55409	960	1090	1340	1820	2100	2415	2730
55410	1110	1260	1550	2110	2430	2795	3159
55411	840	980	1200	1660	1940	2231	2522
55412	1080	1230	1510	2050	2370	2726	3081
55413	1070	1220	1500	2040	2350	2703	3055
55414	980	1120	1370	1860	2150	2473	2795
55415	1500	1710	2100	2850	3290	3784	4277

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Zip Code	Studio	1BR	2BR	3 BR	4 BR	5 BR	6 BR
55416	1270	1450	1780	2420	2790	3209	3627
55417	960	1090	1340	1820	2100	2415	2730
55418	910	1040	1280	1740	2010	2312	2613
55419	1060	1210	1480	2010	2320	2668	3016
55420	970	1110	1360	1850	2130	2450	2769
55421	960	1090	1340	1820	2100	2415	2730
55422	1040	1190	1460	1980	2290	2634	2977
55423	990	1120	1380	1880	2160	2484	2808
55424	1160	1330	1630	2220	2550	2933	3315
55425	990	1120	1380	1880	2160	2484	2808
55426	1100	1260	1540	2090	2410	2772	3133
55427	1010	1150	1410	1920	2210	2542	2873
55428	940	1070	1310	1780	2050	2358	2665
55429	1010	1150	1410	1920	2210	2542	2873
55430	970	1110	1360	1850	2130	2450	2769
55431	1210	1390	1700	2310	2660	3059	3458
55432	940	1080	1320	1790	2070	2381	2691
55433	1000	1140	1400	1900	2190	2519	2847
55434	1060	1210	1490	2020	2330	2680	3029
55435	1280	1460	1790	2430	2800	3220	3640
55436	1170	1340	1640	2230	2570	2956	3341
55437	1090	1250	1530	2080	2400	2760	3120
55438	1160	1330	1630	2220	2550	2933	3315
55439	1090	1250	1530	2080	2400	2760	3120
55441	1070	1220	1500	2040	2350	2703	3055
55442	1340	1530	1880	2550	2950	3393	3835
55443	1030	1170	1440	1960	2260	2599	2938
55444	960	1100	1350	1830	2120	2438	2756
55445	1430	1630	2000	2720	3130	3600	4069
55446	1340	1520	1870	2540	2930	3370	3809
55447	1240	1420	1740	2360	2730	3140	3549
55448	1190	1350	1660	2260	2600	2990	3380
55449	1390	1580	1940	2640	3040	3496	3952
55450	840	980	1200	1660	1940	2231	2522
55454	840	980	1200	1660	1940	2231	2522
55455	1040	1180	1450	1970	2270	2611	2951
56011	840	980	1200	1660	1940	2231	2522
56044	840	980	1200	1660	1940	2231	2522
56058	900	1000	1260	1730	2020	2323	2626
56071	640	700	900	1250	1530	1760	1989