

# Business Item

Community Development Committee



**Committee Meeting Date:** November 4, 2024

**For the Metropolitan Council:** November 13, 2024

## Business Item: 2024-326

Adoption of Payment Standards to 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, Metro HRA, (651) 602-187
<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, 2025.

### 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 limits to 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 one rent for the entire Metro HRA service area. This allows for higher rent limits in higher rent areas and lower rent limits in lower rent areas of our service area. The goal of SAFMRs is to improve housing choice and increase voucher placement success.

HUD issued new SAFMRs. 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 79 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 177 zip codes.

Staff presented an information item at the [October 21, 2024 Community Development Committee meeting](#) to share rental market data, discuss the factors influencing payment standards, and gather feedback from Committee members. Staff shared:

- The adoption of SAFMRs has increased choice for voucher holders and increased the number of rental units that fall with the payment standards.
- Rents have increased the most amongst the most affordable apartments.
- Rent increases in HRA communities have outpaced the wider region since 2018.
- Rent burden of current program participants: 38% of voucher holders are paying more than 30% of their income toward rent.

Staff presented three options for Committee Member discussion (summarized in the table below). Committee members expressed support for option 3.

Option 1	Option 2	Option 3
Minimal changes to bring payment standards into required range	Adjust all zip codes to 100% of the new SAFMRs	Make required changes Adjust all to 100% SAFMR Do not make any discretionary reductions
Increases in 11 zip codes	Increases in 51 zip codes	Increases in 60 zip codes
Decreases in 4 zip codes	Decreases in 28 zip codes	Decreases in 4 zip codes
No change in 64 zip codes	No change in 0 zip codes	No change in 15 zip codes
Future rent burden 20%	Future rent burden 15%	Future rent burden 15%
\$1.91 Million to implement	\$2.67 Million to implement	\$2.69 Million to implement
Potential reduction in service – 147 households	Potential reduction in service – 205 households	Potential reduction in service – 207 households

The financial impact figures included in the above table are a worst-case scenario. Costs assume all voucher holders remain in the same units with the same rents and the same household income. These are all assumptions that HRA staff understand will not be the reality but are based on the data available today. HRA staff will continue to monitor funding closely to determine if allocated federal funding will be enough to serve all potential families and issue all vouchers.

Staff recommended and CDC members vocalized support for Option 3 for the following reasons:

- Allows for local market knowledge and data to supplement the HUD-issued rents
- Decreases future rent burden for existing voucher holders to 15%
- Will increase housing choice for voucher holders
- Will increase voucher placement success rates

The recommended payment standards in Table Attachment 1 are reflective of Option 3.

### Rationale

The federal regulations require adjustments to 15 zip codes to bring payment standards in line with the required range. Increasing payment standards overall will bring payment standards more in line with average rents, will provide more locational choice for voucher holders, and will improve voucher placement success rates.

### 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.



Table 1. Proposed Payment Standards, 2025

Zip Code	Studio	1BR	2BR	3BR	4BR	5BR	6BR
55001	1280	1450	1770	2350	2630	3025	3419
55003	1110	1250	1530	2040	2280	2622	2964
55005	1400	1590	1940	2580	2890	3324	3757
55009	1060	1200	1460	1970	2240	2576	2912
55011	1578	1784	2176	2930	3322	3821	4319
55013	1060	1200	1460	1970	2240	2576	2912
55014	1320	1500	1830	2440	2730	3140	3549
55016	1540	1750	2130	2840	3180	3657	4134
55018	1232	1400	1710	2310	2630	3025	3419
55020	1370	1520	1870	2500	2870	3301	3731
55024	1250	1420	1730	2320	2630	3025	3419
55025	1190	1350	1650	2200	2460	2829	3198
55031	1060	1200	1460	1970	2240	2576	2912
55033	1080	1220	1490	1980	2240	2576	2912
55038	1580	1790	2180	2900	3250	3738	4225
55040	1070	1210	1480	2000	2260	2599	2938
55042	1270	1430	1750	2330	2610	3002	3393
55043	1290	1460	1780	2370	2650	3048	3445
55044	1550	1750	2140	2850	3190	3669	4147
55045	1060	1200	1460	1970	2240	2576	2912
55047	1830	2070	2530	3370	3770	4336	4901
55054	1300	1470	1790	2380	2670	3071	3471
55055	1060	1200	1460	1970	2240	2576	2912
55057	1060	1200	1460	1970	2240	2576	2912
55065	1360	1540	1880	2500	2800	3220	3640
55068	1470	1660	2030	2700	3030	3485	3939
55070	1088	1225	1499	2019	2293	2637	2981
55071	1590	1800	2200	2930	3280	3772	4264
55073	1060	1200	1460	1970	2240	2576	2912
55074	1060	1200	1460	1970	2240	2576	2912
55075	1060	1200	1460	1970	2240	2576	2912
55076	1240	1400	1710	2290	2600	2990	3380
55077	1230	1390	1700	2260	2540	2921	3302
55079	1190	1350	1650	2200	2460	2829	3198
55082	1190	1340	1640	2180	2450	2818	3185
55085	1060	1200	1460	1970	2240	2576	2912
55088	1300	1460	1790	2410	2730	3140	3549
55089	1120	1270	1550	2090	2370	2726	3081
55090	1570	1780	2170	2890	3240	3726	4212
55092	1060	1200	1460	1970	2240	2576	2912
55101	1470	1660	2030	2700	3030	3485	3939



Zip Code	Studio	1BR	2BR	3BR	4BR	5BR	6BR
55102	1280	1450	1770	2360	2660	3059	3458
55103	1060	1200	1460	1970	2240	2576	2912
55104	1060	1200	1470	1980	2250	2588	2925
55105	1170	1320	1610	2170	2460	2829	3198
55106	1060	1200	1460	1970	2240	2576	2912
55107	1110	1250	1530	2040	2280	2622	2964
55108	1220	1380	1690	2250	2548	2930	3312
55109	1150	1300	1590	2120	2370	2726	3081
55110	1140	1290	1570	2100	2380	2737	3094
55111	1060	1200	1460	1970	2240	2576	2912
55112	1100	1250	1520	2020	2280	2622	2964
55113	1180	1340	1630	2170	2430	2795	3159
55114	1400	1590	1940	2580	2890	3324	3757
55115	1570	1780	2170	2890	3240	3726	4212
55116	1170	1320	1610	2140	2400	2760	3120
55117	1060	1200	1460	1970	2240	2576	2912
55118	1140	1280	1570	2120	2400	2760	3120
55119	1110	1250	1530	2040	2280	2622	2964
55120	1060	1200	1460	1970	2240	2576	2912
55121	1320	1490	1820	2420	2710	3117	3523
55122	1270	1430	1750	2350	2660	3059	3458
55123	1370	1550	1890	2520	2820	3243	3666
55124	1380	1570	1910	2560	2900	3335	3770
55125	1580	1790	2180	2900	3250	3738	4225
55126	1280	1450	1770	2360	2640	3036	3432
55127	1380	1560	1900	2530	2830	3255	3679
55128	1180	1340	1630	2170	2430	2795	3159
55129	1720	1950	2380	3185	3606	4147	4688
55130	1060	1200	1460	1970	2240	2576	2912
55150	1060	1200	1460	1970	2240	2576	2912
55155	1120	1270	1550	2060	2310	2657	3003
55303	1170	1330	1620	2160	2420	2783	3146
55304	1560	1760	2150	2870	3250	3738	4225
55305	1480	1680	2050	2770	3130	3600	4069
55306	1370	1550	1890	2520	2820	3243	3666
55311	1640	1850	2260	3010	3370	3876	4381
55313	1060	1200	1470	1980	2250	2588	2925
55315	1220	1380	1680	2240	2510	2887	3263
55316	1360	1540	1880	2500	2800	3220	3640
55317	1520	1720	2100	2800	3130	3600	4069
55318	1240	1400	1710	2280	2550	2933	3315
55322	1190	1350	1650	2230	2520	2898	3276
55327	1323	1490	1823	2460	2783	3201	3618



Zip Code	Studio	1BR	2BR	3BR	4BR	5BR	6BR
55328	1060	1200	1460	1970	2240	2576	2912
55330	1100	1250	1520	2020	2270	2611	2951
55331	1199	1364	1661	2211	2475	2846	3217
55337	1290	1460	1780	2370	2670	3071	3471
55338	1210	1375	1683	2266	2563	2947	3331
55339	1060	1200	1460	1970	2240	2576	2912
55340	1640	1850	2260	3010	3370	3876	4381
55341	1080	1220	1490	1980	2240	2576	2912
55343	1250	1420	1730	2310	2610	3002	3393
55344	1470	1660	2030	2660	3010	3462	3913
55345	1529	1727	2112	2849	3212	3693	4175
55346	1640	1860	2270	3020	3390	3899	4407
55347	1670	1890	2310	3080	3450	3968	4485
55352	1200	1360	1660	2210	2480	2852	3224
55356	1530	1730	2110	2810	3150	3623	4095
55357	1060	1200	1460	1970	2240	2576	2912
55359	1060	1200	1460	1970	2240	2576	2912
55360	1210	1370	1670	2220	2490	2864	3237
55363	1090	1230	1500	2000	2240	2576	2912
55364	1150	1300	1590	2120	2370	2726	3081
55367	1060	1200	1460	1970	2240	2576	2912
55368	1060	1200	1460	1970	2240	2576	2912
55369	1560	1760	2150	2860	3210	3692	4173
55372	1240	1400	1710	2280	2550	2933	3315
55373	1110	1250	1530	2040	2280	2622	2964
55374	1320	1490	1820	2420	2715	3122	3529
55375	1110	1260	1540	2050	2290	2634	2977
55376	1090	1240	1510	2040	2310	2657	3003
55378	1470	1660	2030	2700	3030	3485	3939
55379	1310	1480	1810	2410	2700	3105	3510
55384	1221	1375	1683	2266	2541	2922	3303
55386	1830	2070	2530	3370	3770	4336	4901
55387	1150	1300	1590	2120	2370	2726	3081
55388	1060	1200	1460	1970	2240	2576	2912
55390	1060	1200	1460	1970	2240	2576	2912
55391	1617	1826	2233	2970	3333	3832	4332
55395	1060	1200	1460	1970	2240	2576	2912
55397	1060	1200	1460	1970	2240	2576	2912
55398	1220	1380	1690	2280	2580	2967	3354
55401	1830	2070	2530	3370	3770	4336	4901
55402	1610	1830	2230	2970	3330	3830	4329
55403	1200	1360	1660	2210	2490	2864	3237
55404	1110	1250	1530	2040	2310	2657	3003



<b>Zip Code</b>	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>
<b>55405</b>	1160	1310	1600	2130	2410	2772	3133
<b>55406</b>	1140	1290	1580	2130	2410	2772	3133
<b>55421</b>	1090	1240	1510	2040	2310	2657	3003
<b>55426</b>	1270	1430	1750	2330	2636	3032	3427
<b>55438</b>	1360	1540	1880	2510	2840	3266	3692
<b>55443</b>	1160	1310	1600	2130	2411	2772	3134
<b>55449</b>	1600	1810	2210	2940	3312	3809	4306
<b>55455</b>	1090	1240	1510	2020	2280	2622	2964
<b>56011</b>	1080	1220	1490	2010	2270	2611	2951
<b>56044</b>	1060	1200	1460	1970	2240	2576	2912
<b>56071</b>	1070	1200	1460	1970	2240	2576	2912

