



Approval of Metro HRA Payment Standards

Community Development Committee



October 30, 2025

Payment Standards



2024 HOUSING CHOICE VOUCHER ADMINISTRATIVE PLAN

Metropolitan Council Housing and Redevelopment Authority

Approved by Metropolitan Council:

September 25, 2024
October 11, 2023
October 12, 2022
September 22, 2021
September 23, 2020
February 12, 2020
September 25, 2019

Payment Standards = Rent Limits

- Limited by Fair Market Rents (FMR) issued each year by U.S. Department of Housing and Urban Development
- Must adopt Payment Standards between 90% and 110% of the new FMRs
- Used to calculate maximum rent for voucher holders

Rental Market Key Takeaways



- Rents are still increasing
 - Fastest for most affordable units
 - Faster in our region than other metro areas
- Rent burden becoming more common, and more severe
- Important variation in rent growth trajectories by region and type of apartment (class)

What are Small Area Fair Market Rents?



HUD Published Final Rule in 2016

- Calculated at the zip code level vs. metropolitan area-wide Fair Market Rent
- Fair Housing Initiative
- Provide Voucher holder access to lower poverty areas
- Improve housing choice

Payment Standard Considerations

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

- Council can issue up to 7,303 vouchers
- \$94 million in 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

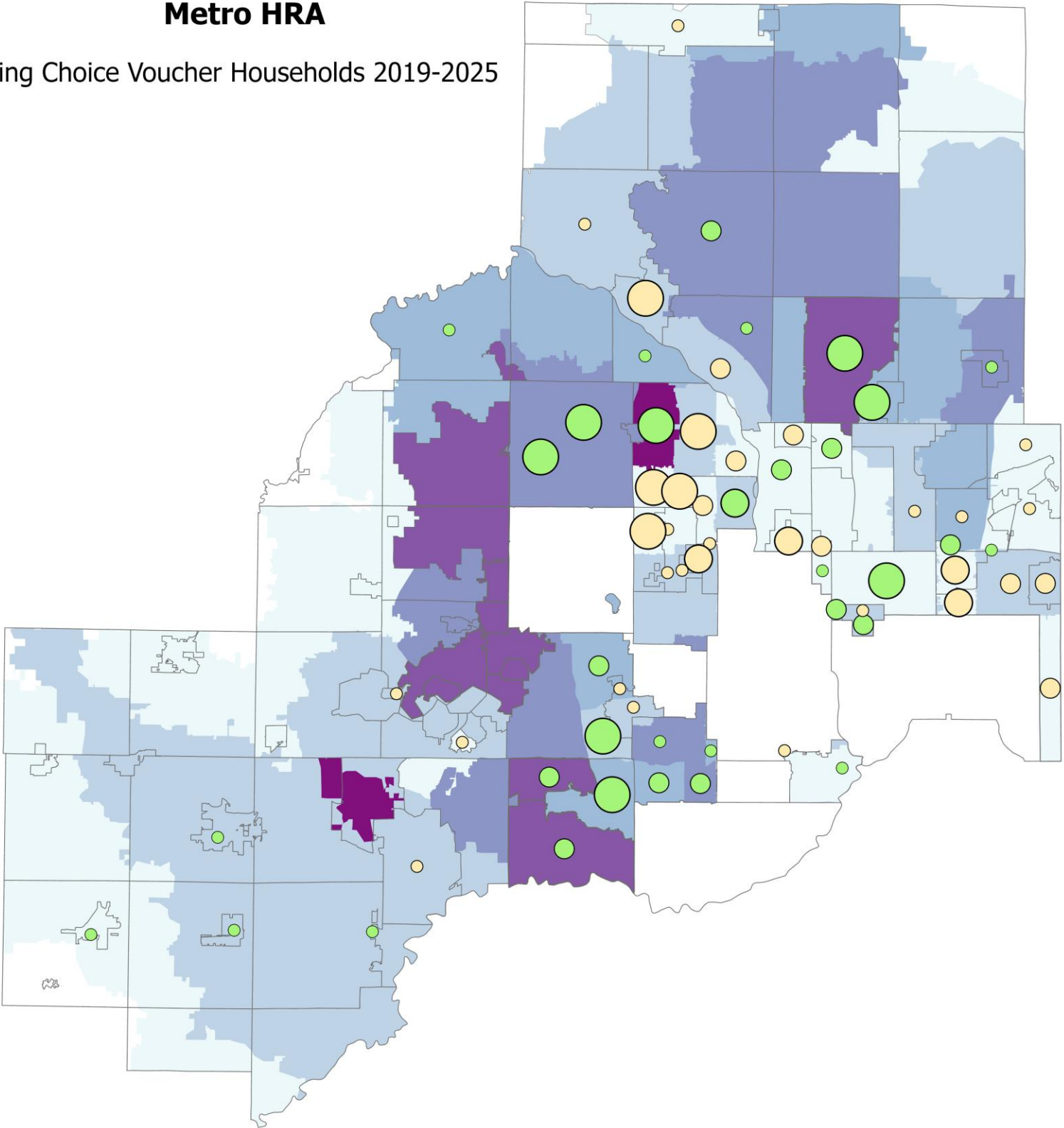
Small Area Fair Market Rent Analysis



Metro HRA

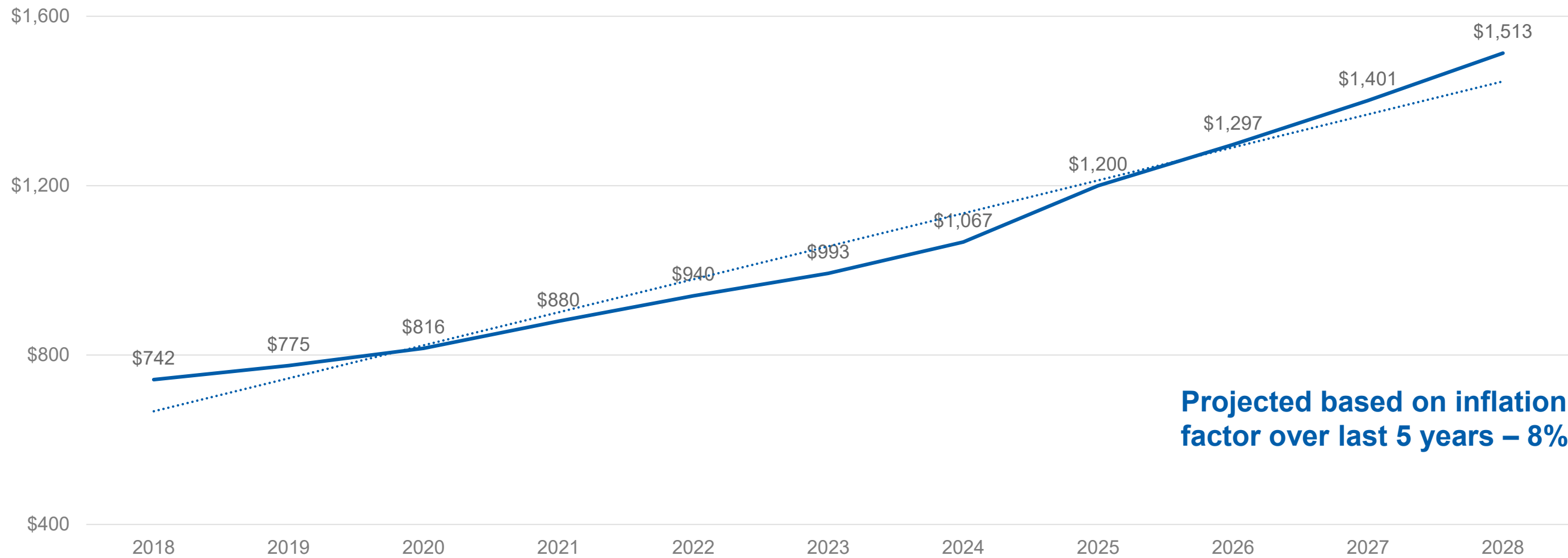
Change in Housing Choice Voucher Households 2019-2025

- Decrease 75+
- Decrease 50-74
- Decrease 20-49
- Decrease 5-19
- Increase 5-19
- Increase 20-49
- Increase 50-74
- Increase 75+



Average Per-Family Subsidy Cost

Steady increase in rents over time



Options for Consideration



Payment Standard Options

Option 1 – Recommended Option

- Make minimal changes to bring payment standards into required range
- Increase 1 zip codes
- Decrease 6 zip codes, impacting 25 households
- \$275,000
- Potential service reduction – 20 households

Option 2

- Adjust all to 100% of new Small Area Fair Market Rents
- Increase 57 zip codes
- Decrease 22 zip codes, impacting 1,040 households
- \$785,000
- Potential service reduction – 54 households

Option 3

- Make required changes
- Reduce all zip codes above 100% to 100%
- Increase 2 zip codes
- Decrease 22 zip codes, impacting 900 households
- \$260,000
- Potential service reduction – 18 households

Payment Standard Considerations



Recommendation to approve Option 1

- Flat funding in 2025 reduced program size by 400 households.
- 2026 federal budget is very uncertain
- Average rents seem to fall in line with current payment standards
- HUD guideline suggests that no more than 40% of voucher holders are rent-burdened
 - All options meet this guideline

Proposed Action

That the Metropolitan Council

approve payment standards as shown in Table 2 (attached to the business item) for the Housing Choice Voucher and other rent assistance programs effective January 1, 2026.



Thank You

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