

Community Development Committee

For the Metropolitan Council meeting of December 11, 2019

Subject: Adoption of Payment Standards for the Metro HRA Rent Assistance Programs

Proposed Action

That the Metropolitan Council adopt Small Area Fair Market Rents as payment standards (Attachment 1) for the Housing Choice Voucher and other rent assistance programs effective January 1, 2020.

Summary of Committee Discussion/Questions

Terri Smith, Director of the Metropolitan Council Housing and Redevelopment Authority (Metro HRA), presented the staff report to the Committee. There was extensive discussion on the adoption of Small Area Fair Market Rents (rent limits by zip code) instead of the tradition way of doing business and having one set of Fair Market rents for the entire region. Here is a summary of the discussion:

The purpose of adopting Small Area Fair Market Rents (SAFMR) is to develop a more localized strategy for setting rent limits, allowing for the variation in rents across a large service area. The idea is the high rent areas balance out the low rent areas and, over time, bringing budget neutrality.

Success rates for voucher placement is 56%, resulting in 44% of vouchers coming back not used. Much of this is due to the rental market conditions. Adopting SAFMRs will help increase voucher placement success and allow families access to more neighborhoods.

There are areas of the region that will experience decreases in rent limits and areas of the region that will experience increases in rent limits. Current tenants will be held harmless. The areas with a decrease in rent limits (resulting in increased tenant rent) will only be implemented as families move. AS a result, the policy change may take a year or two to provide budget balance.

There was discussion on how the adoption of SAFMRs may impact areas of concentrated poverty. Staff responded that the goal is to open opportunity for families rather than limit them to low-rent areas of the region. Families do not have trouble moving to high-poverty, low-rent areas. They do have trouble moving to low-poverty, high rent areas. The adoption of SAFMRs assists with increasing opportunity.

After lengthy discussion, committee members unanimously approved the proposed action.

Community Development Committee

Meeting date: December 2, 2019

For the Metropolitan Council meeting of December 11, 2019

Subject: Adoption of Payment Standards for Metro HRA Rent Assistance Programs

District(s), Member(s): All

Policy/Legal Reference: 24 CFR Part 982

Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority (651) 602-1187

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council adopt Small Area Fair Market Rents as payment standards (Attachment 1) for the Housing Choice Voucher and other rent assistance programs effective January 1, 2020.

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 must be set at amounts that ensure a sufficient supply of privately-owned rental housing is available to voucher program participants.

Payment standards are limited by the Fair Market Rents (FMRs) published annually by the U.S. Department of Housing and Urban Development (HUD). By federal regulation, the Metropolitan Council is provided the flexibility to establish payment standards between 90% and 110% of the published FMRs. The 2020 FMRs for the metro area increased by 5.3% to 7%. This has substantial budget implications for the Council and for low-income families in the region.

In addition to the rental market knowledge of Metro HRA staff, market data from CoStar and Housing Link is reviewed annually. The analysis revealed that rents continue to rise, making it difficult for voucher holders to lease units in portions of the region.

Metro HRA's service area includes nearly 100 communities. Thrive provides direction in setting paying standards to ensure they are high enough to allow access to units in all parts of the region, but low enough to ensure service to as many families as possible. Higher payment standards result in higher subsidy costs per family and higher overall program costs.

Staff is recommending the adoption of Small Area Fair Market Rents (SAFMR) as payment standards for 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 of the region and lower rent limits in lower rent areas of the region. This strategy improves housing choice in all neighborhoods, increases voucher placement success and provides for budget neutral potential in future years.

Funding

Funding for the Housing Choice Voucher, Continuum of Care, and Housing Opportunities for People with AIDS programs is provided by the U.S. Department of Housing and Urban Development through congressional appropriations. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is provided by Minnesota Housing Finance Agency through State appropriations.

The adoption of SAFMRs results in subsidy costs of \$2 million in 2020, impacting service to 210 families. No family will lose their voucher. The program will be temporarily reduced through attrition. As the lower rent limits and higher rent limits become effective as families move, the potential for budget neutrality in future years becomes a reality.

Known Support / Opposition

An information item was presented to the Community Development Committee on November 18, 2019 to discuss payment standard options. There was full support of the SAFMR model for 2020.

**ATTACHMENT 1
METRO HRA SMALL AREA FAIR MARKET RENTS BY ZIP CODE**

Zip Code	Community 1	Community 2	Community 3	Community 4	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
55346	Eden Prairie				\$1,230	\$1,460	\$1,820	\$2,580	\$3,040
55401	Minneapolis				\$1,230	\$1,460	\$1,820	\$2,580	\$3,040
55347	Eden Prairie				\$1,210	\$1,430	\$1,790	\$2,540	\$2,990
55311	Osseo	Corcoran	Hassan Township	Maple Grove	\$1,200	\$1,420	\$1,770	\$2,510	\$2,950
55011	Cedar	East Bethel	Oak Grove		\$1,180	\$1,390	\$1,740	\$2,470	\$2,900
55340	Hamel	Corcoran	Medina		\$1,160	\$1,380	\$1,720	\$2,440	\$2,870
55360	Mayer				\$1,160	\$1,380	\$1,720	\$2,440	\$2,870
55445	Minneapolis	Brooklyn Park			\$1,160	\$1,380	\$1,720	\$2,440	\$2,870
55449	Minneapolis	Blaine			\$1,160	\$1,380	\$1,720	\$2,440	\$2,870
55442	Minneapolis	Plymouth			\$1,140	\$1,340	\$1,680	\$2,380	\$2,800
55304	Andover	Anoka	Ham Lake		\$1,100	\$1,300	\$1,630	\$2,310	\$2,720
55446	Minneapolis	Plymouth			\$1,100	\$1,300	\$1,630	\$2,310	\$2,720
55038	Hugo	Centerville	Columbus	Lino Lakes	\$1,090	\$1,300	\$1,620	\$2,300	\$2,700
55101	Saint Paul				\$1,090	\$1,290	\$1,610	\$2,280	\$2,690
55375	Saint Bonifacius	Minnetrissa			\$1,090	\$1,290	\$1,610	\$2,280	\$2,690
55402	Minneapolis				\$1,080	\$1,280	\$1,600	\$2,270	\$2,670
55125	Saint Paul	Woodbury			\$1,070	\$1,260	\$1,580	\$2,240	\$2,640
55374	Rogers	Corcoran	Hassan	Otsego	\$1,070	\$1,260	\$1,580	\$2,240	\$2,640
55092	Wyoming	Columbus	East Bethel		\$1,050	\$1,240	\$1,550	\$2,200	\$2,590
55305	Hopkins	Minnnetonka			\$1,040	\$1,230	\$1,540	\$2,180	\$2,570
55436	Minneapolis	Edina	Saint Louis Park		\$1,040	\$1,230	\$1,540	\$2,180	\$2,570
55416	Minneapolis	Edina	Golden Valley	Saint Louis Park	\$1,030	\$1,220	\$1,530	\$2,170	\$2,550
55435	Minneapolis	Bloomington	Edina		\$1,030	\$1,220	\$1,520	\$2,160	\$2,540
55369	Osseo	Dayton	Hassan	Maple Grove	\$1,020	\$1,210	\$1,510	\$2,140	\$2,520
55415	Minneapolis				\$1,010	\$1,200	\$1,500	\$2,130	\$2,500
55344	Eden Prairie				\$990	\$1,180	\$1,470	\$2,090	\$2,450
55391	Wayzata	Deephaven	Orono	Woodland	\$990	\$1,170	\$1,460	\$2,070	\$2,440
55447	Minneapolis	Plymouth			\$990	\$1,170	\$1,460	\$2,070	\$2,440
55317	Chanhassen				\$970	\$1,150	\$1,440	\$2,040	\$2,400
55345	Minnnetonka	Hopkins			\$970	\$1,150	\$1,440	\$2,040	\$2,400
55410	Minneapolis	Edina			\$970	\$1,150	\$1,440	\$2,040	\$2,400
55424	Minneapolis	Edina	Saint Louis Park		\$970	\$1,140	\$1,430	\$2,030	\$2,390
55127	Saint Paul	North Oaks	Vadnais Heights	White Bear LK	\$960	\$1,140	\$1,420	\$2,010	\$2,370
55431	Minneapolis	Bloomington			\$960	\$1,140	\$1,420	\$2,010	\$2,370
55448	Minneapolis	Coon Rapids			\$960	\$1,140	\$1,420	\$2,010	\$2,370
55005	Bethel	East Bethel	Linwood		\$950	\$1,130	\$1,410	\$2,000	\$2,350
55126	Saint Paul	Arden Hills	Lino Lakes	North Oaks	\$950	\$1,130	\$1,410	\$2,000	\$2,350

55316	Champlin				\$950	\$1,120	\$1,400	\$1,990	\$2,340
55327	Dayton	Hassan	Otsego		\$950	\$1,130	\$1,410	\$2,000	\$2,350
55014	Circle Pines	Blaine	Columbus	Lexington	\$940	\$1,110	\$1,390	\$1,970	\$2,320
55378	Savage				\$940	\$1,110	\$1,390	\$1,970	\$2,320
55408	Minneapolis				\$930	\$1,100	\$1,370	\$1,940	\$2,290
55438	Minneapolis	Bloomington			\$930	\$1,100	\$1,380	\$1,960	\$2,300
55439	Minneapolis	Bloomington	Edina		\$930	\$1,100	\$1,370	\$1,940	\$2,290
55441	Minneapolis	Medicine Lake	Plymouth		\$930	\$1,100	\$1,370	\$1,940	\$2,290
55116	Saint Paul				\$920	\$1,090	\$1,360	\$1,930	\$2,270
55102	Saint Paul				\$910	\$1,070	\$1,340	\$1,900	\$2,240
55120	Saint Paul	Eagan	Mendota Heights		\$910	\$1,080	\$1,350	\$1,920	\$2,250
55343	Hopkins	Eden Prairie	Edina	Minnetonka	\$900	\$1,060	\$1,330	\$1,890	\$2,220
55322	Cologne				\$890	\$1,060	\$1,320	\$1,870	\$2,200
55356	Long Lake	Orono			\$890	\$1,050	\$1,310	\$1,860	\$2,190
55419	Minneapolis				\$890	\$1,050	\$1,310	\$1,860	\$2,190
55443	Minneapolis	Brooklyn Center	Brooklyn Park		\$890	\$1,050	\$1,310	\$1,860	\$2,190
55114	Saint Paul				\$880	\$1,040	\$1,300	\$1,840	\$2,170
55128	Saint Paul	Landfill	Oakdale		\$880	\$1,040	\$1,300	\$1,840	\$2,170
55420	Minneapolis	Bloomington			\$880	\$1,040	\$1,300	\$1,840	\$2,170
55025	Forest Lake	Columbus			\$860	\$1,020	\$1,270	\$1,800	\$2,120
55121	Saint Paul	Eagan			\$860	\$1,020	\$1,270	\$1,800	\$2,120
55352	Jordan				\$860	\$1,020	\$1,270	\$1,800	\$2,120
55422	Minneapolis	Crystal	Golden Valley	Robbinsdale	\$860	\$1,020	\$1,280	\$1,820	\$2,140
55111	Saint Paul	Fort Snelling			\$850	\$1,010	\$1,260	\$1,790	\$2,100
55115	Saint Paul	Grant	Mahtomedi		\$850	\$1,010	\$1,260	\$1,790	\$2,100
55337	Burnsville				\$850	\$1,010	\$1,260	\$1,790	\$2,100
55379	Shakopee	Prior Lake			\$850	\$1,010	\$1,260	\$1,790	\$2,100
55413	Minneapolis				\$850	\$1,010	\$1,260	\$1,790	\$2,100
55414	Minneapolis				\$850	\$1,010	\$1,260	\$1,790	\$2,100
55437	Minneapolis	Bloomington			\$850	\$1,010	\$1,260	\$1,790	\$2,100
55444	Minneapolis	Brooklyn Center	Brooklyn Park		\$850	\$1,010	\$1,260	\$1,790	\$2,100
55105	Saint Paul				\$840	\$990	\$1,240	\$1,760	\$2,070
55315	Carver				\$840	\$1,000	\$1,250	\$1,770	\$2,080
55318	Chaska				\$840	\$1,000	\$1,250	\$1,770	\$2,090
55403	Minneapolis				\$840	\$1,000	\$1,250	\$1,770	\$2,090
55409	Minneapolis				\$840	\$990	\$1,240	\$1,760	\$2,070
55426	Minneapolis	Golden Valley	Saint Louis Park		\$840	\$1,000	\$1,250	\$1,770	\$2,090
55384	Spring Park				\$830	\$980	\$1,230	\$1,740	\$2,050
55406	Minneapolis				\$830	\$980	\$1,230	\$1,740	\$2,050
55423	Minneapolis	Edina	Richfield		\$830	\$980	\$1,230	\$1,740	\$2,050
55407	Minneapolis				\$820	\$980	\$1,220	\$1,730	\$2,040
55412	Minneapolis				\$820	\$980	\$1,220	\$1,730	\$2,040
55417	Minneapolis				\$820	\$970	\$1,210	\$1,720	\$2,020

55433	Minneapolis	Coon Rapids			\$820	\$970	\$1,210	\$1,720	\$2,020
55450	Minneapolis				\$820	\$970	\$1,210	\$1,720	\$2,030
55108	Saint Paul	Falcon Heights	Lauderdale		\$810	\$960	\$1,200	\$1,700	\$2,000
55113	Saint Paul	Falcon Heights	Lauderdale	Roseville	\$810	\$960	\$1,200	\$1,700	\$2,000
55404	Minneapolis				\$810	\$960	\$1,200	\$1,700	\$2,000
55430	Minneapolis	Brooklyn Center			\$810	\$960	\$1,200	\$1,700	\$2,000
55104	Saint Paul				\$800	\$940	\$1,180	\$1,670	\$1,970
55405	Minneapolis				\$800	\$940	\$1,180	\$1,670	\$1,970
55425	Minneapolis	Bloomington			\$800	\$950	\$1,190	\$1,690	\$1,990
55434	Minneapolis	Blaine			\$800	\$950	\$1,190	\$1,690	\$1,990
55418	Minneapolis	Saint Anthony			\$790	\$940	\$1,170	\$1,660	\$1,950
55455	Minneapolis				\$790	\$940	\$1,170	\$1,660	\$1,950
55303	Anoka	Andover	Oak Grove	Ramsey	\$780	\$920	\$1,150	\$1,630	\$1,920
55421	Minneapolis	Columbia Heights	Fridley	Hilltop	\$780	\$920	\$1,150	\$1,630	\$1,920
55427	Minneapolis	Crystal	Golden Valley	New Hope	\$780	\$920	\$1,150	\$1,630	\$1,920
55428	Minneapolis	Brooklyn Center	Brooklyn Park	Crystal	\$780	\$920	\$1,150	\$1,630	\$1,920
55429	Minneapolis	Brooklyn Center	Brooklyn Park		\$780	\$930	\$1,160	\$1,650	\$1,940
55110	Saint Paul	Birchwood	Dellwood	Gem Lake	\$770	\$910	\$1,140	\$1,620	\$1,900
55118	Saint Paul	Lilydale	Mendota Heights	Sunfish Lake	\$770	\$910	\$1,140	\$1,620	\$1,900
55331	Excelsior	Deephaven	Greenwood	Minnetrasta	\$770	\$910	\$1,140	\$1,620	\$1,900
55432	Minneapolis	Fridley	Spring Lake Park		\$770	\$910	\$1,140	\$1,620	\$1,900
55070	Saint Francis				\$760	\$900	\$1,130	\$1,600	\$1,890
55107	Saint Paul	West Saint Paul			\$760	\$900	\$1,130	\$1,600	\$1,890
55117	Saint Paul	Little Canada	Maplewood		\$760	\$900	\$1,130	\$1,600	\$1,890
55119	Saint Paul	Maplewood			\$760	\$900	\$1,130	\$1,600	\$1,890
55386	Victoria				\$760	\$900	\$1,130	\$1,600	\$1,890
55387	Waconia	Minnetrasta			\$760	\$900	\$1,130	\$1,600	\$1,890
55109	Saint Paul	Little Canada	Maplewood	N Saint Paul	\$750	\$890	\$1,110	\$1,570	\$1,850
55112	Saint Paul	Arden Hills	Moundsview	New Brighton	\$750	\$890	\$1,110	\$1,570	\$1,850
55075	South Saint Paul	S Saint Paul			\$740	\$870	\$1,090	\$1,550	\$1,820
55411	Minneapolis				\$730	\$860	\$1,080	\$1,530	\$1,800
55106	Saint Paul	Maplewood			\$720	\$860	\$1,070	\$1,520	\$1,790
55359	Maple Plain	Independence	Medina	Minnetrasta	\$720	\$850	\$1,060	\$1,500	\$1,770
55364	Mound	Minnetrasta	Orono	Shorewood	\$720	\$860	\$1,070	\$1,520	\$1,790
55357	Loretto	Corcoran	Greenfield	Independence	\$710	\$850	\$1,070	\$1,520	\$1,780
56011	Belle Plaine				\$710	\$830	\$1,050	\$1,480	\$1,740
55130	Saint Paul				\$700	\$830	\$1,040	\$1,480	\$1,740
55055	Newport				\$690	\$830	\$1,040	\$1,480	\$1,740
55103	Saint Paul				\$690	\$830	\$1,040	\$1,480	\$1,740
55367	New Germany				\$690	\$830	\$1,040	\$1,480	\$1,740
55368	Norwood Young America	Norwood	Nya		\$690	\$830	\$1,040	\$1,480	\$1,740
55388	Watertown	Minnetrasta			\$690	\$830	\$1,040	\$1,480	\$1,740
55397	Young America				\$690	\$830	\$1,040	\$1,480	\$1,740

55454	Minneapolis				\$690	\$830	\$1,040	\$1,480	\$1,740
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