

Committee Report

Community Development Committee



Committee Meeting Date: November 6, 2023

For the Metropolitan Council: December 13, 2023

Business Item: 2023-268

Adoption of Payment Standards for Metro HRA Rent Assistance Programs.

Proposed Action

That the Metropolitan Council adopt payment standards as shown in Attachment 1 for the Housing Choice Voucher and other rent assistance programs effective January 1, 2024.

Summary of Community Development Committee Discussion/Questions

The Director, Metropolitan Council Housing and Redevelopment Authority, presented the item to the Committee. The Action Item followed a [November 6, 2023 Information Item](#) where there was extensive discussion on rental market conditions, average rents and options for payment standard adoption. In addition, the options were presented to the Council's Housing Work Group on October 27, 2023. During both discussions, Committee and Work Group members supported a market driven approach to the adoption of payment standards.

The Action was unanimously approved by the Committee at the November 6, 2023 meeting.



Business Item

Community Development Committee



Committee Meeting Date: November 20, 2023

For the Metropolitan Council: December 13, 2023

Business Item: 2023-268

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 / Research

Proposed Action

That the Metropolitan Council adopt payment standards as shown in Attachment 1 for the Housing Choice Voucher and other rent assistance programs effective January 1, 2024.

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 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 and increase voucher placement success.

HUD issued new SAFMRs in September 2023. 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 177 zip codes.

Staff presented an information item at the [November 6, 2023 Community Development Committee](#) 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 and vacancy rates remain very low for class C rental properties
 - Class A property – luxury apartments. Generally newer or substantially renovated, high end amenities, high quality construction and materials.
 - Class B: exterior and interior amenities are less than what is offered in Class A and is more dated, good quality construction with little deferred maintenance.

- Class C: limited amenities, dated exterior and interior, improvements show some age and deferred maintenance, older, original or dated appliances.
- Rent burden of current program participants = 51% of voucher holders are paying more than 30% of income towards rent.

Staff shared three options with the CDC members as described in Table 1 below.

Table 1. Options for Setting SAFMRs

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	Market driven changes based on average rents. Adjust zip codes between 98% and 110% of new SAFMR
Increases in 146 zip codes	Increases in 174 zip codes	Increases in 174 zip codes
Decreases in 0 zip codes	Decreases in 3 zip codes	Decreases in 3 zip codes
No change in 31 zip codes	No change in 0 zip codes	No change in 0 zip codes
Future rent burden 32%	Future rent burden 5%	Future rent burden 5%
\$2.4 Million to implement	\$5.9 Million to implement	\$5.8 Million to implement
No reduction in service	No reduction in service if average subsidy payment increase is 2% or less	No reduction in service if average subsidy payment increase is 2% or less

The financial impact figures included in the above table are 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 5%
- Will increase housing choice for voucher holders
- Will increase voucher placement success rates

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

Rationale

The federal regulations require adjustments to 146 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 and 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 MSP 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: 2024 Payment Standards

Zip Code	Studio	1BR	2BR	3 BR	4 BR	5 BR	6 BR
55001	1250	1410	1720	2320	2630	3025	3419
55003	1040	1180	1440	1940	2200	2530	2860
55005	1225	1392	1695	2283	2587	2975	3363
55009	910	1040	1270	1730	1990	2289	2587
55011	1578	1784	2176	2930	3322	3821	4319
55013	960	1080	1320	1780	2020	2323	2626
55014	1274	1441	1764	2381	2695	3099	3504
55016	1460	1650	2020	2720	3090	3554	4017
55018	1240	1400	1710	2310	2610	3002	3393
55020	1350	1520	1860	2500	2840	3266	3692
55024	1250	1410	1720	2320	2630	3025	3419
55025	1150	1300	1590	2140	2430	2795	3159
55031	960	1080	1320	1780	2020	2323	2626
55033	1030	1160	1420	1920	2170	2496	2821
55038	1540	1740	2130	2870	3250	3738	4225
55040	1070	1210	1480	2000	2260	2599	2938
55042	1210	1370	1670	2250	2550	2933	3315
55043	1240	1400	1710	2310	2610	3002	3393
55044	1470	1660	2030	2740	3100	3565	4030
55045	970	1090	1330	1800	2040	2346	2652
55047	1760	1990	2430	3280	3710	4267	4823
55054	1250	1410	1720	2320	2630	3025	3419
55055	960	1090	1330	1790	2030	2335	2639
55057	910	1040	1270	1730	1990	2289	2587
55065	1200	1360	1660	2240	2540	2921	3302
55068	1430	1620	1980	2670	3030	3485	3939
55070	1088	1225	1499	2019	2293	2637	2981
55071	1380	1560	1910	2580	2920	3358	3796
55073	910	1040	1270	1730	1990	2289	2587
55074	1020	1150	1410	1900	2150	2473	2795
55075	960	1090	1330	1790	2030	2335	2639
55076	1230	1390	1700	2290	2600	2990	3380
55077	1170	1320	1610	2170	2460	2829	3198
55079	1120	1270	1550	2090	2370	2726	3081
55082	1150	1300	1590	2140	2430	2795	3159
55085	910	1040	1270	1730	1990	2289	2587
55088	1300	1460	1790	2410	2730	3140	3549
55089	1120	1270	1550	2090	2370	2726	3081
55090	1460	1650	2020	2720	3090	3554	4017
55092	980	1110	1360	1830	2080	2392	2704
55101	1362	1539	1882	2538	2871	3302	3733
55102	1260	1420	1740	2350	2660	3059	3458
55103	930	1050	1280	1730	1990	2289	2587

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55104	1060	1200	1470	1980	2250	2588	2925
55105	1170	1320	1610	2170	2460	2829	3198
55106	970	1100	1340	1810	2050	2358	2665
55107	1070	1210	1480	2000	2260	2599	2938
55108	1205	1362	1666	2244	2548	2930	3312
55109	1088	1225	1499	2019	2293	2637	2981
55110	1130	1280	1560	2100	2380	2737	3094
55111	910	1040	1270	1730	1990	2289	2587
55112	1080	1220	1490	2010	2280	2622	2964
55113	1117	1264	1548	2087	2362	2716	3070
55114	1320	1490	1820	2450	2780	3197	3614
55115	1460	1650	2020	2720	3090	3554	4017
55116	1117	1254	1539	2078	2352	2705	3058
55117	1050	1190	1450	1960	2220	2553	2886
55118	1140	1280	1570	2120	2400	2760	3120
55119	1068	1215	1480	1999	2264	2603	2943
55120	980	1110	1360	1830	2080	2392	2704
55121	1250	1410	1720	2320	2630	3025	3419
55122	1260	1420	1740	2350	2660	3059	3458
55123	1320	1500	1830	2470	2800	3220	3640
55124	1380	1550	1900	2560	2900	3335	3770
55125	1430	1620	1980	2670	3030	3485	3939
55126	1215	1372	1676	2264	2558	2941	3325
55127	1294	1460	1784	2401	2724	3133	3542
55128	1140	1280	1570	2120	2400	2760	3120
55129	1705	1931	2362	3185	3606	4147	4688
55130	970	1100	1340	1810	2050	2358	2665
55150	910	1040	1270	1730	1990	2289	2587
55155	1090	1230	1500	2020	2290	2634	2977
55303	1117	1254	1539	2078	2352	2705	3058
55304	1540	1740	2130	2870	3250	3738	4225
55305	1480	1680	2050	2770	3130	3600	4069
55306	1320	1500	1830	2470	2800	3220	3640
55311	1590	1800	2200	2970	3360	3864	4368
55313	1060	1200	1470	1980	2250	2588	2925
55315	1156	1313	1597	2166	2440	2806	3172
55316	1294	1460	1784	2401	2724	3133	3542
55317	1421	1607	1960	2646	2999	3449	3898
55318	1166	1323	1617	2185	2470	2840	3210
55322	1190	1350	1650	2230	2520	2898	3276
55327	1323	1490	1823	2460	2783	3201	3618
55328	920	1040	1270	1730	1990	2289	2587
55330	1040	1180	1440	1940	2200	2530	2860
55331	1199	1364	1661	2244	2541	2922	3303
55337	1270	1430	1750	2360	2670	3071	3471
55338	1220	1380	1690	2280	2580	2967	3354

55339	910	1040	1270	1730	1990	2289	2587
55340	1529	1735	2117	2852	3234	3719	4204
55341	1040	1180	1440	1940	2200	2530	2860
55343	1240	1400	1710	2310	2610	3002	3393
55344	1430	1610	1970	2660	3010	3462	3913
55345	1529	1727	2112	2849	3223	3706	4190
55346	1578	1784	2185	2950	3342	3843	4344
55347	1578	1784	2185	2950	3342	3843	4344
55352	1156	1303	1597	2156	2440	2806	3172
55356	1382	1558	1911	2577	2920	3358	3797
55357	892	1019	1245	1695	1950	2243	2535
55359	990	1120	1370	1850	2090	2404	2717
55360	1210	1370	1670	2250	2550	2933	3315
55363	1000	1130	1380	1860	2110	2427	2743
55364	1117	1264	1548	2087	2362	2716	3070
55367	910	1040	1270	1730	1990	2289	2587
55368	892	1019	1245	1695	1950	2243	2535
55369	1490	1680	2060	2780	3150	3623	4095
55372	1200	1360	1660	2240	2540	2921	3302
55373	1060	1200	1470	1980	2250	2588	2925
55374	1284	1450	1774	2391	2715	3122	3529
55375	1070	1210	1480	2000	2260	2599	2938
55376	1090	1240	1510	2040	2310	2657	3003
55378	1400	1580	1930	2600	2950	3393	3835
55379	1260	1420	1740	2350	2660	3059	3458
55384	1221	1375	1683	2266	2574	2960	3346
55386	1600	1810	2210	2980	3380	3887	4394
55387	1068	1215	1480	1999	2264	2603	2943
55388	910	1040	1270	1730	1990	2289	2587
55390	960	1090	1330	1790	2030	2335	2639
55391	1617	1826	2233	3014	3410	3922	4433
55395	910	1040	1270	1730	1990	2289	2587
55397	921	1039	1274	1715	1950	2243	2535
55398	1220	1380	1690	2280	2580	2967	3354
55401	1725	1950	2381	3214	3636	4181	4727
55402	1560	1760	2150	2900	3280	3772	4264
55403	1180	1330	1630	2200	2490	2864	3237
55404	1090	1240	1510	2040	2310	2657	3003
55405	1140	1290	1580	2130	2410	2772	3133
55406	1140	1290	1580	2130	2410	2772	3133
55407	1090	1240	1510	2040	2310	2657	3003
55408	1254	1421	1735	2342	2646	3043	3440
55409	1130	1280	1560	2100	2380	2737	3094
55410	1430	1606	1969	2651	3003	3453	3904
55411	1078	1221	1496	2013	2288	2631	2974
55412	1250	1410	1720	2320	2630	3025	3419

55413	1230	1390	1700	2290	2600	2990	3380
55414	1170	1320	1610	2170	2460	2829	3198
55415	1725	1950	2381	3214	3636	4181	4727
55416	1595	1804	2200	2970	3366	3871	4376
55417	1110	1260	1540	2080	2350	2703	3055
55418	1188	1342	1639	2211	2508	2884	3260
55419	1230	1390	1700	2290	2600	2990	3380
55420	1110	1260	1540	2080	2350	2703	3055
55421	1090	1240	1510	2040	2310	2657	3003
55422	1220	1370	1680	2270	2570	2956	3341
55423	1120	1270	1550	2090	2370	2726	3081
55424	1480	1680	2050	2770	3130	3600	4069
55425	1170	1330	1620	2190	2480	2852	3224
55426	1245	1411	1725	2323	2636	3032	3427
55427	1190	1340	1640	2210	2510	2887	3263
55428	1039	1176	1441	1940	2205	2536	2876
55429	1127	1274	1558	2097	2381	2739	3096
55430	1117	1254	1539	2078	2352	2705	3058
55431	1420	1600	1960	2640	2990	3439	3887
55432	1090	1230	1500	2020	2290	2634	2977
55433	1127	1274	1558	2097	2381	2739	3096
55434	1264	1431	1744	2352	2666	3065	3465
55435	1628	1837	2244	3025	3432	3947	4462
55436	1518	1705	2090	2816	3190	3669	4147
55437	1310	1480	1810	2440	2770	3186	3601
55438	1350	1520	1860	2510	2840	3266	3692
55439	1430	1606	1969	2651	3003	3453	3904
55441	1260	1420	1740	2350	2660	3059	3458
55442	1499	1695	2068	2793	3156	3629	4102
55443	1147	1294	1578	2127	2411	2772	3134
55444	1090	1230	1500	2020	2290	2634	2977
55445	1705	1921	2352	3175	3597	4136	4676
55446	1509	1705	2087	2813	3185	3663	4141
55447	1421	1607	1970	2656	3009	3460	3911
55448	1382	1558	1911	2577	2920	3358	3797
55449	1568	1774	2166	2920	3312	3809	4306
55450	950	1080	1320	1780	2010	2312	2613
55454	1001	1144	1397	1903	2189	2517	2846
55455	1090	1230	1500	2020	2280	2622	2964
56011	1080	1220	1490	2010	2270	2611	2951
56044	910	1040	1270	1730	1990	2289	2587
56071	1030	1130	1420	1950	2200	2530	2860