



# Metro HRA Payment Standards Adoption

Community Development Committee



November 4, 2024



# 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

# What is the data showing us?

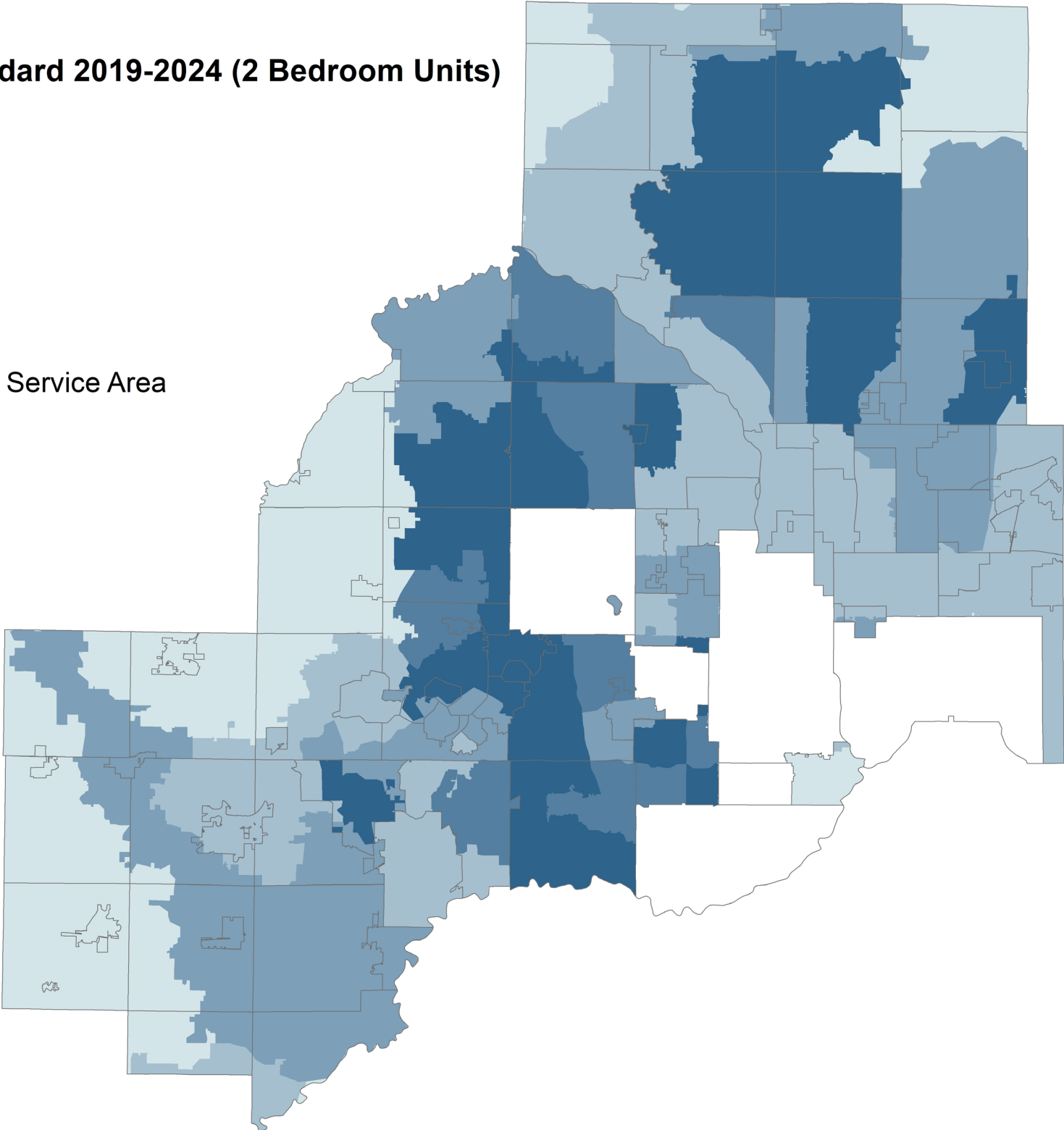
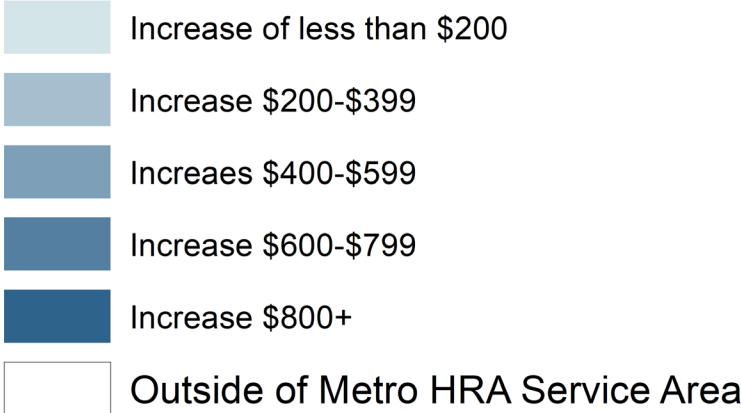


- Rents have increased more among Metro HRA communities than the region overall
- The most affordable rental units have increased in price the fastest
- Housing cost burden has substantially increased since the start of the pandemic, particularly for lower-income households
- The adoption of Small Area Fair Market Rents has increased choice for voucher holders.



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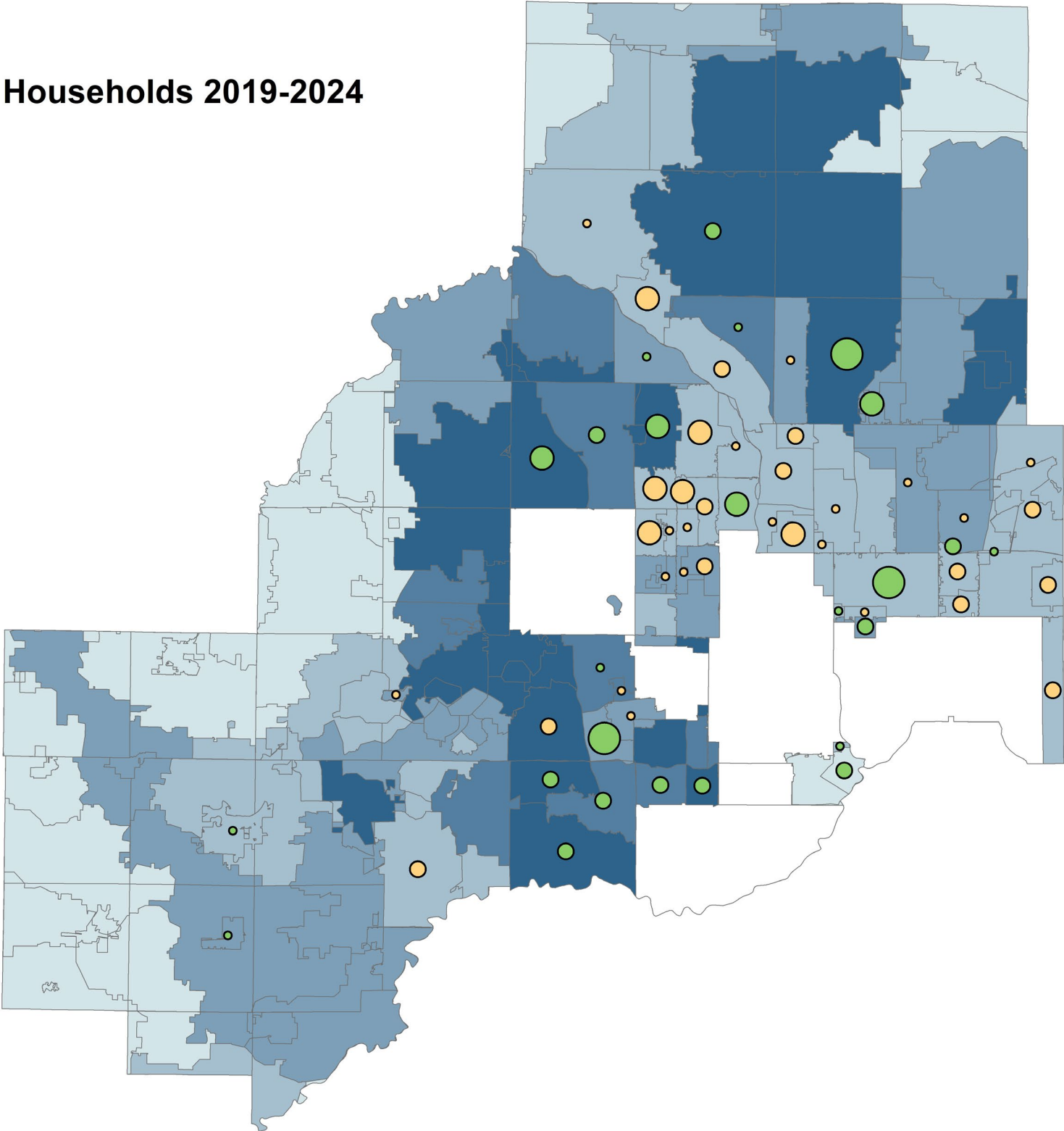
## Change in Payment Standard 2019-2024 (2 Bedroom Units)



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## Change in Assisted Households 2019-2024

- Decrease 50+
- Decrease 20-49
- Decrease 5-19
- Increase 5-19
- Increase 20-49
- Increase 50-99
- Increase 100+



# 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

# Payment Standard Considerations

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

- Council can issue up to 7,283 vouchers
- \$91 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



# Payment Standard Options

## Option 1

- Make minimal changes to bring payment standards into required range
- Required range = 90% to 110% of Small Area Fair Market Rent
- Increase 11 zip codes
- Decrease 4 zip codes, impacting 37 households
- \$1.91 million
- Potential service reduction – 147 households

## Option 2

- Adjust all to 100% of new Small Area Fair Market Rents
- Increase 51 zip codes
- Decrease 28 zip codes, impacting **768** households
- \$2.67 million
- Potential service reduction – 205 households

## Option 3

- Make required changes
- Adjust all to 100% of the Small Area Fair Market Rent
- But . . . Do not reduce any payment standards that are currently above 100% (unless over 110%)
- Increase 60 zip codes
- Decrease 4 zip codes, impacting 37 households
- \$2.69 million
- Potential service reduction – 207 households



# Proposed Action



## That the Metropolitan Council

Adopt payment standards as shown in Table 1 (in the business item) for the Housing Choice Voucher and other rent assistance programs effective January 1, 2025





Thank You

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