

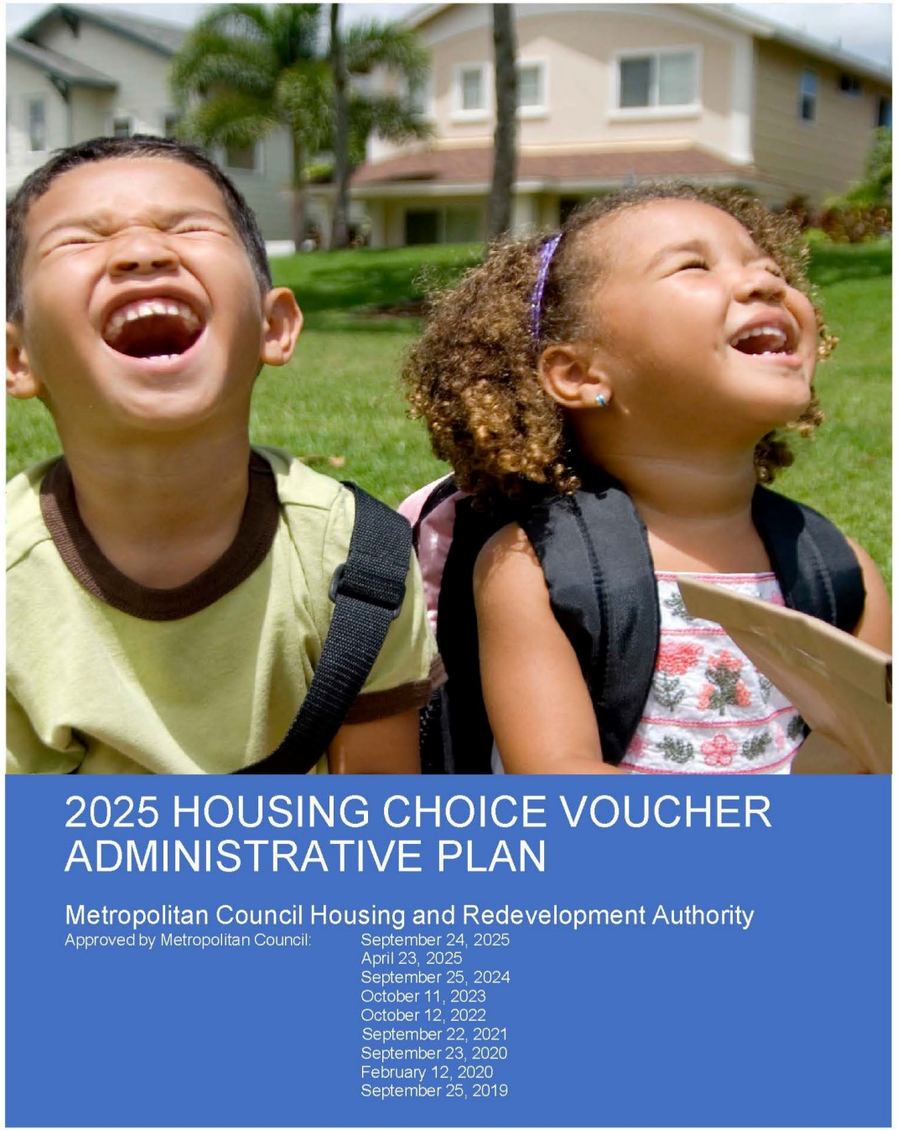
Metro HRA
Payment Standards Approval

Community Development Committee

METROPOLITAN COUNCIL

November 16, 2026

Payment Standards



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

Key Data 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 community and type of apartment (class)

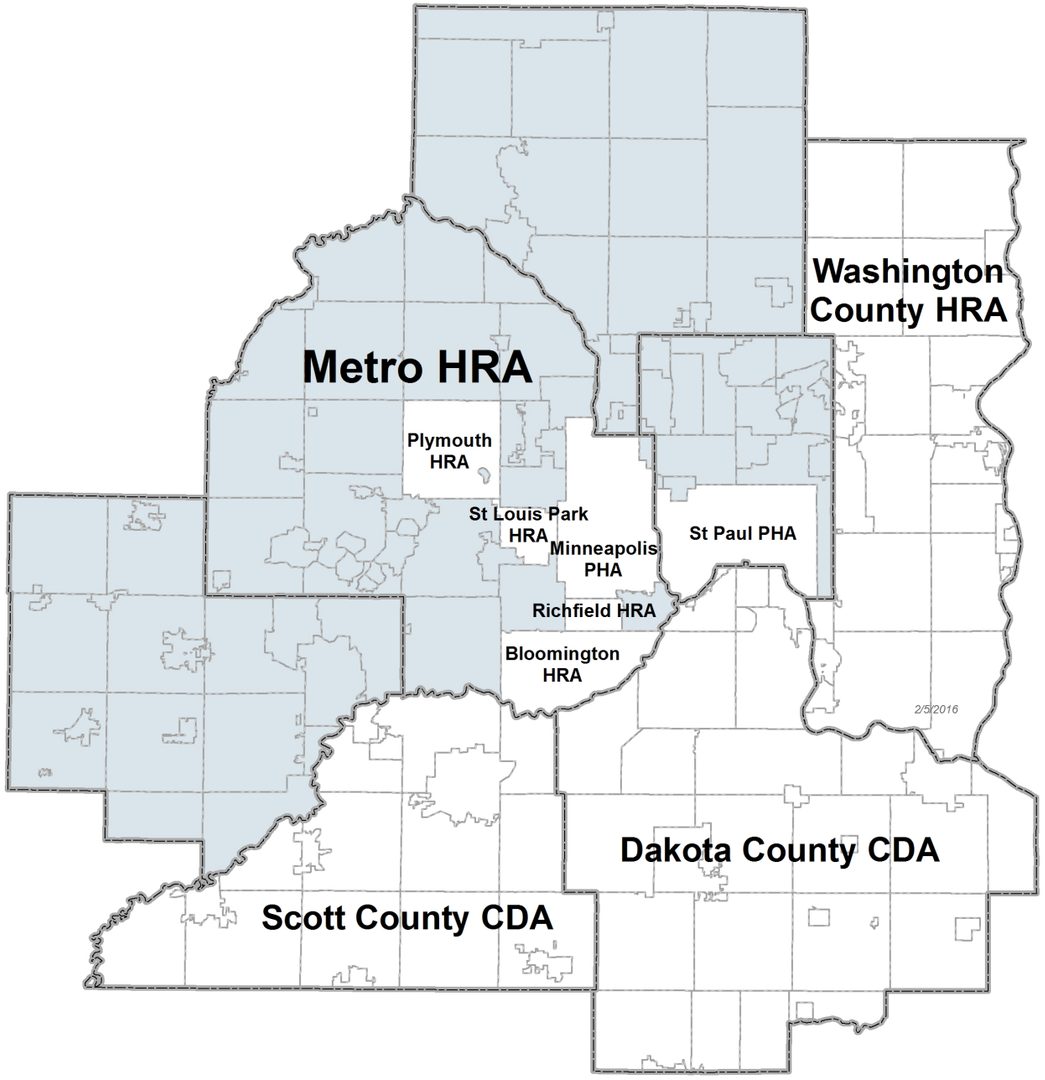
What are Small Area Fair Market Rents?



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
- Metro HRA adopted in 2020

Metro HRA Service Area



Blue areas served by Metro HRA

- Anoka and Carver Counties
- Suburban Hennepin and Ramsey Counties
  - Excluding Minneapolis, St. Paul, Bloomington, Plymouth, Richfield, and St. Louis Park

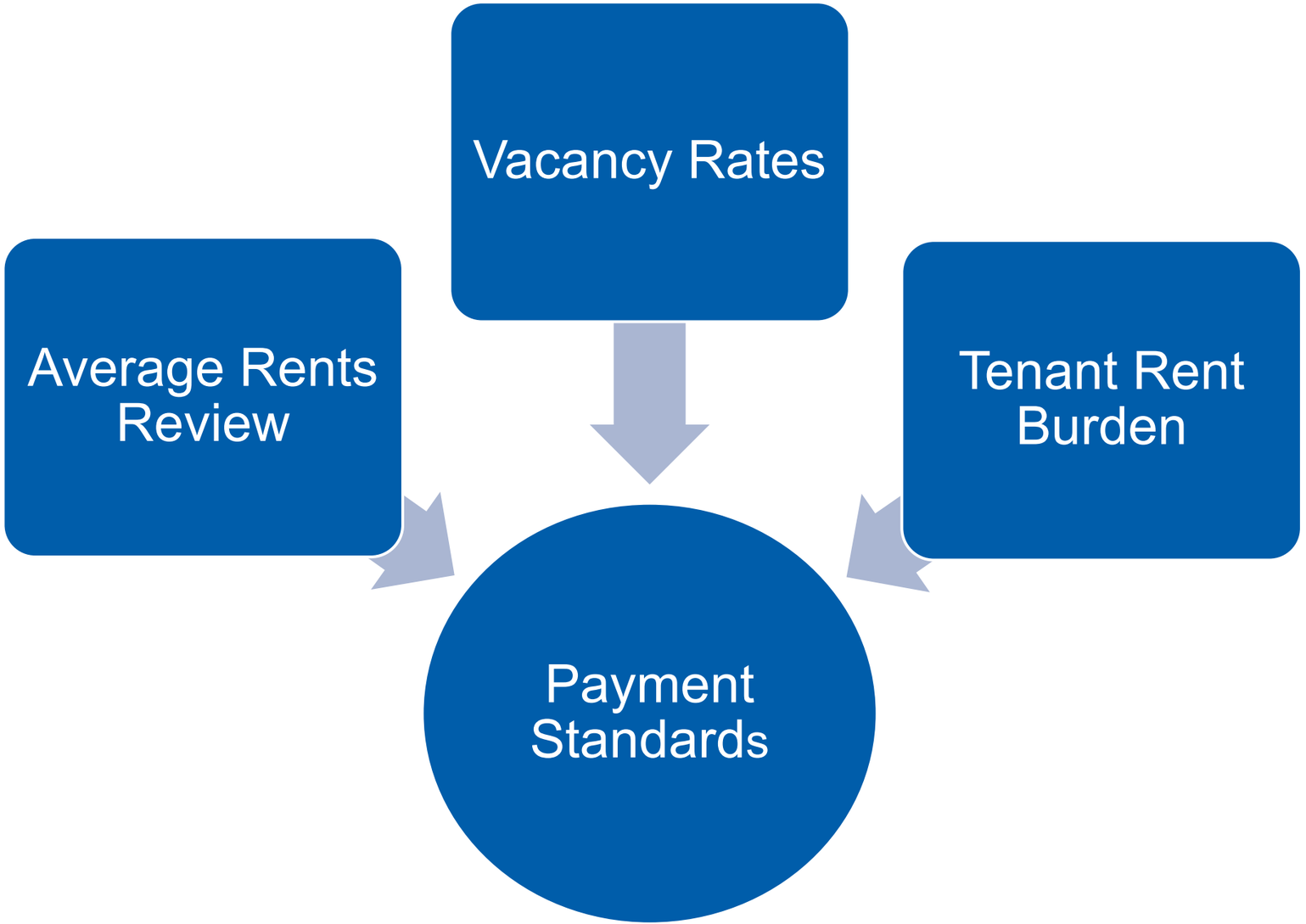
Summary of SAFMR Changes

Total Zip Codes in 7-County Region*	Zip Codes in Metro HRA Service Area	Total Zip Codes Requiring Change	Zip Codes Requiring Change in Metro HRA Service Area
177	79	20	9

Requiring change = Outside of required range of 90%-110% of new SAFMRs

*The Metro HRA operates some small programs throughout the entire Metro Area

Payment Standards Review



Payment Standard Options

Option 1 - Recommended

- Make minimal changes to bring payment standards into required range of 90% to 110%
- Increase 4 zip codes
- Decrease 5 zip codes, impacting 51 households
- Implementation Cost - $122,000
- Potential service reduction – 10 households

Option 2

- Adjust all to 100% of new Small Area Fair Market Rents
- Increase 57 zip codes
- Decrease 20 zip codes, impacting 1,251 households
- Implementation Cost - $1,410,516
- Potential service reduction – 97 households

Option 3

- Make required changes
- Add market-driven upward adjustments to 5 zip codes
- Increase 9 zip codes
- Decrease 5 zip codes, impacting 51 households
- Implementation Cost - $400,000
- Potential service reduction – 27 households

Payment Standard Considerations



Things to think about

- Flat funding in 2025 and 2026 reduced program size by 500 households.
  - Flat funding = like a reduction due to increased rents
- 2027 federal budget is very uncertain
- Average rents seem to fall in line with current payment standards, with a few exceptions
- 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 2027 payment standards as shown in Table 2 (in the Business Item) for the Housing Choice Voucher and other rent assistance programs.



Thank you

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