



Owner Frequently Asked Questions: Small Area Fair Market Rents (SAFMRs)

On October 24, 2023, HUD announced that an additional 41 metropolitan areas would begin to use Small Area Fair Market Rents (SAFMRs) to determine the amount of assistance it provides to households participating in the Housing Choice Voucher program. This expansion brings the total metropolitan areas where SAFMRs are required to 65 and Public Housing Agencies (PHAs) in these new areas must implement SAFMRs in their voucher program no later than January 1, 2025. This handout answers some basic questions about SAFMRs. Please visit our website at www.hud.gov/program_offices/public_indian_housing/programs/hcv/safmr for additional information.

What are SAFMRs?

SAFMR stands for “Small Area Fair Market Rent.” SAFMRs are estimates of the typical rent for different unit sizes in a specific ZIP code. They are determined by the U.S. Department of Housing and Urban Development (HUD) each year, based on the distribution of all rents for standard quality housing within that ZIP code.

What are payment standards?

Payment standards are the maximum amount a PHA will pay towards rent and utilities for individuals and families who use Housing Choice Vouchers. The PHA uses the SAFMRs for each ZIP code to calculate payment standards for different size units within that ZIP code area. In some cases, the payment standard may be the same as the SAFMR, and in others it may be higher or lower than the SAFMR. The actual amount that tenants pay towards rent and utilities is based on several factors including the payment standard for the applicable area, the contract rent for the unit they select, and their income. Tenants with vouchers can never pay more than 40 percent of their adjusted monthly income towards rent and utilities when they first lease a rental unit.

What’s new about this approach?

Prior to SAFMRs, HUD only published Fair Market Rents for the entire metropolitan area, rather than at the ZIP code (or SAFMR) level. This meant that most families would have been unable to afford the rents in higher-cost neighborhoods, even with their vouchers. Under the new approach, the maximum amount the PHA will pay towards rent and utilities is based on typical rents for individual neighborhoods (ZIP codes). If a property is located in a high-cost neighborhood, it is likely that the amount the program will pay towards rent and utilities will increase under the new approach. At the same time, the payment standards in low-cost areas will likely be reduced. In areas where payment standards are reduced, tenants seeking new units may be responsible for a greater share of rent and utility payments.

The degree to which SAFMRs will affect owners depends in large part on the locations of the properties that they own. The change in methodology used to calculate payment standards means that families with vouchers may now be able to better afford units in high-cost neighborhoods. HUD encourages property owners to consider opening their doors to voucher families. If you currently rent to individuals and families with HCVs and their annual re-certifications comes up for review, the rent payment provided by the PHA will be determined using the new SAFMR payment standards. At that time, you will be given additional information about impacts on tenants who rent units in your properties.

What else do I need to know?

Please be aware that all Housing Assistance Payment contracts will remain subject to rent reasonableness determinations, including in areas where payment standards increase.