

HCV Utilization Webinar: Considering Small Area FMRs (SAFMR)

August 17, 2023





Welcome!

- **Today's webinar is being recorded.** The recording and PowerPoint will be posted to the "Webinars and Trainings" section of www.hud.gov/hcv. In about a week.
- **We are always interested in your feedback.** Please enter any suggestions you have for how we can make these webinars or the program resources more useful to you in the chat.
- **Stay connected** by visiting www.hud.gov/hcv and subscribing to the HCV Connect Newsletter.



Agenda

- Presenter Introductions
- PHA Stories
- HUD's Small Area Fair Market Rents (SAFMRs) page
- SAFMR Dashboard
- Notice PIH 2018-01
- Demo – Two-Year HCV Forecasting Tool
- Q & A



Today's Presenters

John Hillis

Director of Leased Housing & Admissions

Brookline Housing Authority



Jhillis@brooklinehousing.org

David Gleich

Deputy Administrator of Housing Programs

Boston Housing Authority



David.Gleich@bostonhousing.org

Brendan Goodwin

Senior Housing Program Specialist

OHVP Management And Operations Division

US Department of Housing & Urban Development



Brendan.C.Goodwin@hud.gov

Geoff Blackwell

Management Analyst

OHVP Program Support Division

US Department of Housing & Urban Development



Geoffrey.S.Blackwell@hud.gov

Eric Swenson

Program Analyst

OHVP Program Support Division

US Department of Housing & Urban Development



Eric.J.Swenson@hud.gov



BHA SAFMR Implementation



Some Background

- Small Area Fair Market Rents (SAFMRs) replace the Metropolitan Area Fair Market Rent (FMRs) providing a more refined tool for housing choice voucher subsidy implementation.
- Zip Code vs. Metropolitan Area
- SAFMRs required in 24 metropolitan areas with high concentrations of voucher families.
- SAFMRs are intended to provide families with access to low-poverty areas by providing rental assistance at a level that makes the higher rents in more areas affordable to them.



Why 2019 Implementation?

- An appeal of Metropolitan Area Fair Market Rents, put the BHA in a unique circumstance.
- The appeal resulted in dramatic increase in the Boston-Cambridge-Quincy Metropolitan Area FMR.
- **2BR FMR went from \$1740 for Area 1 → \$2194 – a 26% increase.**
- A previous implementation of the SAFMR would have resulted in a dramatic decrease in the payment standard in some zip codes – not the case because of the appeal.



Options for Implementation

- See HUD's SAFMR Implementation Guidebook
- Formal Opt-in Request Considerations
 - Consider unit availability and affordability
 - Decide whether to hold harmless or gradual reduction
 - SAFMRs as they apply to PBVs
- Exception Rents
 - No formal request process
 - FMR would still be the baseline



Pros & Cons of Implementation

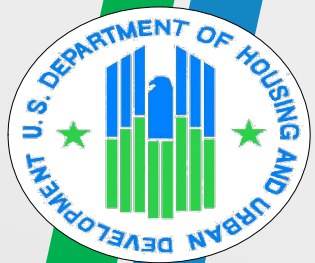
Pros	Cons
More accurately matches neighborhood rents	Zip codes are not markets
Does not inflate rents in Boston neighborhoods	Potential Administrative Burden
Deconcentration	Cost per unit and Budget Inflation.
Expands choices for voucher holders	



Implementation Decisions

1. Decrease in Payment Standard / Hold Harmless
2. Banding Payment Standards or Zip Codes
3. Effective Communication of Changes to Families
4. Applicability of SAFMRs to PBVs
5. How to set Payment Standards.
6. Challenges Unique to Massachusetts
 - Jurisdiction for each PHA is the State of MA
 - Potentially Competing Payment Standards

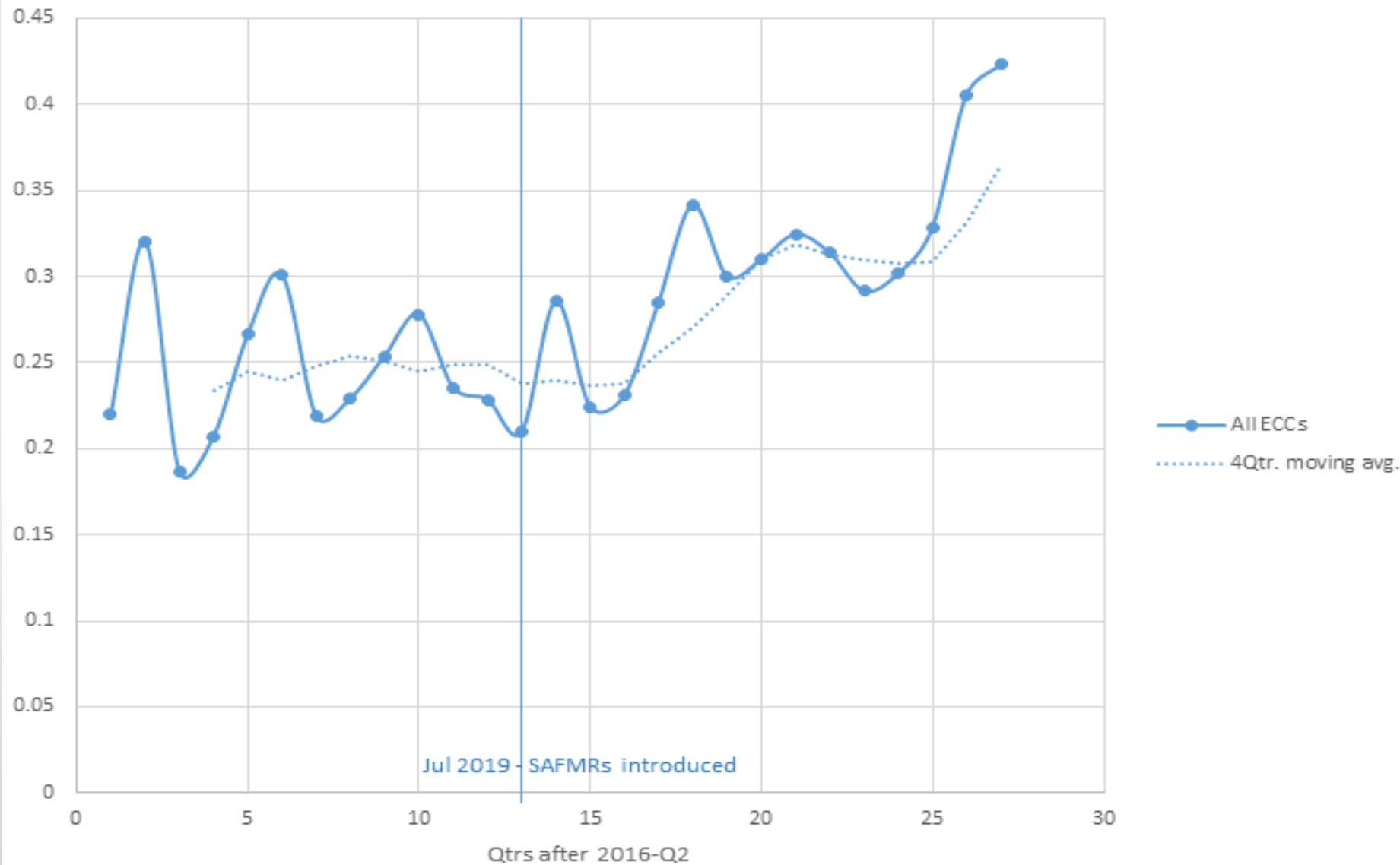
See www.bostonhousing.org/paymentstandards for charts and calculators developed for SAFMR implementation.



% Vouchers in ECCs

Jul 2019	24.59%
July 2022	27.42%
July 2023	28.73%

Moves to ECCs as Share of Total HCV Moves, quarterly





Brookline Housing Authority



Small Area Fair Market Rent



Small Area Fair Market Rent Overview

The Brookline Housing Authority instituted SAFMR in 2020 with the goal of allowing Brookline residents access to safe and affordable housing within the community.

- ❖ SAFMRs are updated annually
- ❖ SAFMR allows for housing to be available in any neighborhood, furthering choice for subsidy recipients to live in the community of their choice or that is best suited to their needs
- ❖ Payment Standards based upon the SAFMR allows for landlords to be paid fairly for their property based upon the unsubsidized market value, increasing housing stock available to voucher recipients



Comparing FMR to SAFMR

Current Payment Standards were set at 92% of the SAFMR in January 2023

Unit Size	Large Area FMR	02445 SAFMR (PS)	02446 SAFMR (PS)	02447 (PS)
Studio	\$2025	\$2850 (\$2622)	\$3,040 (\$2797)	\$2700 (\$2484)
1 Bedroom	\$2198	\$3100 (\$2852)	\$3,300 (\$3036)	\$2940 (\$2705)
2 Bedroom	\$2635	\$3710 (\$3413)	\$3950 (\$3634)	\$3520 (\$3168)
3 Bedroom	\$3207	\$4520 (\$4148)	\$4810 (\$4425)	\$4280 (\$3938)
4 Bedroom	\$3540	\$4980 (\$4582)	\$5310 (\$4885)	\$4730 (\$4352)



Impact of SAFMR

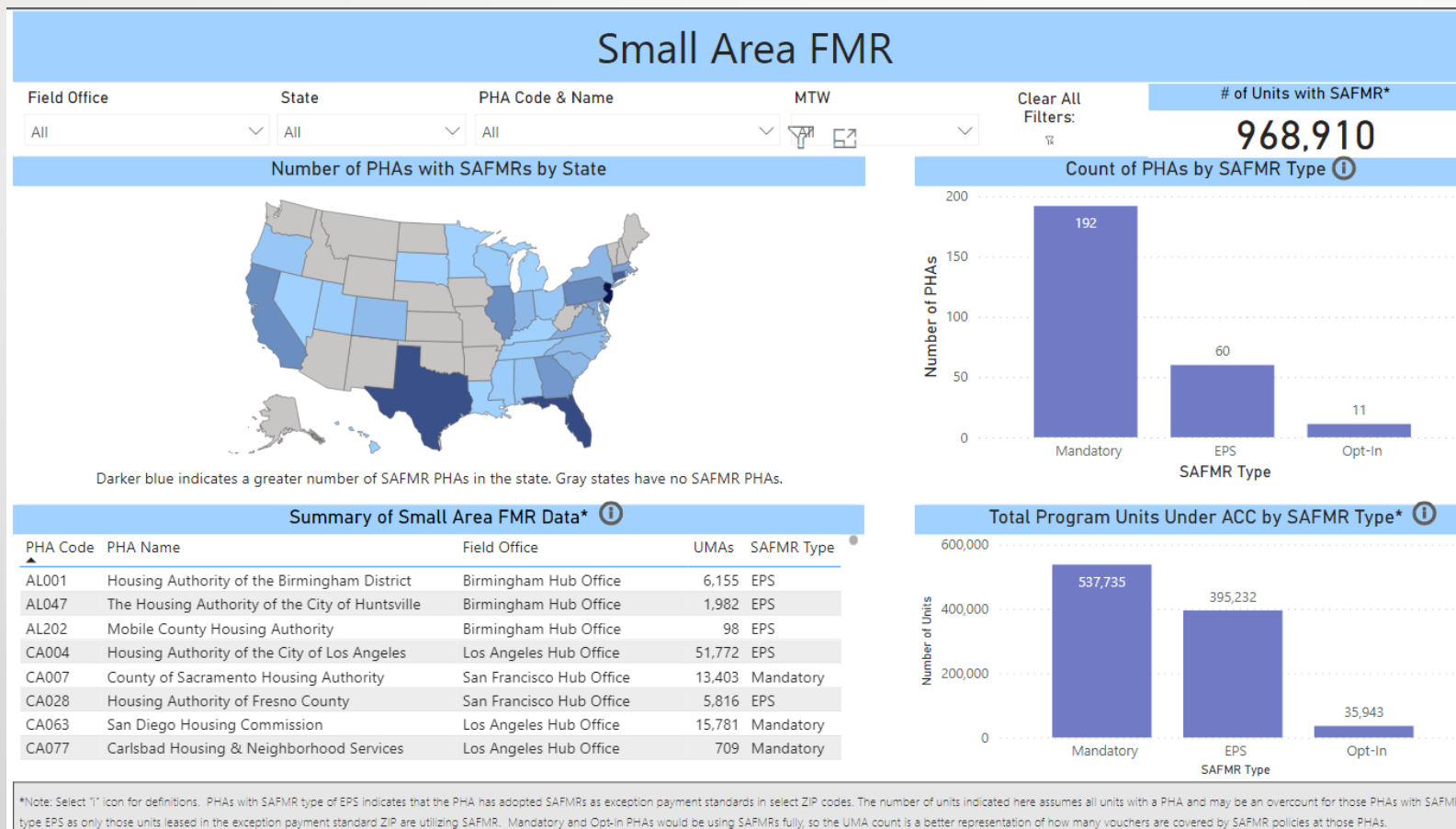
Voucher Utilization By Zip Code:

Zip Code	2018	2019	2020	2021	2022
02445	35	36	33	31	35
02446	140	127	121	155	159
02467	5	4	4	17	26
Other	379	376	359	398	423
Total Vouchers	559	543	517	601	643

- ❖ From 2020 – 2022, the percentage of vouchers utilized in Brookline increased from 30.5% to 34.2%



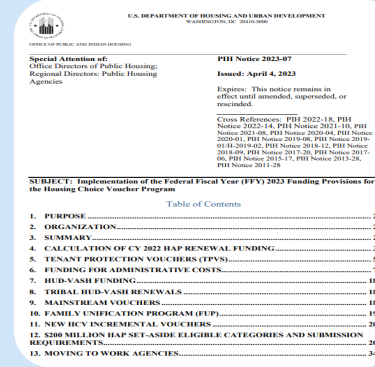
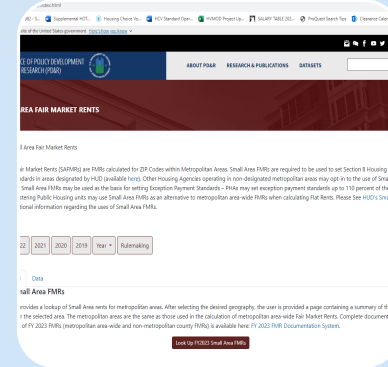
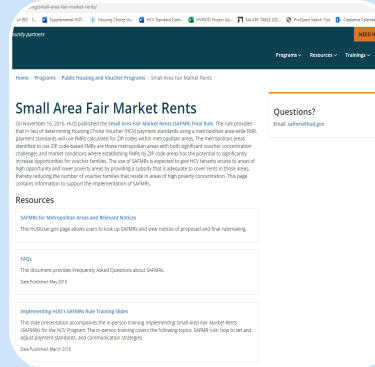
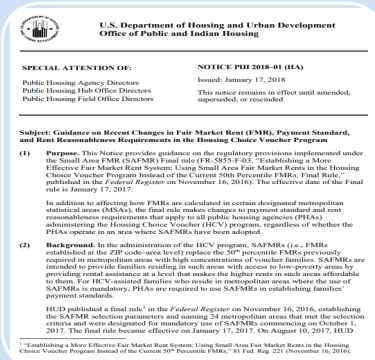
SAFMR Dashboard Demo



[SAFMR Web Page](#) | [SAFMR Dashboard](#)



SAFMR Resources



PIH Notice 2018-01

Instructions for adopting SAFMR or establishing SAFMR-based exception payment standards

HUD Exchange FAQs

Implementation Guidebook
Sample Documents
Case Studies

SAFMR Lookup Tool

Current and Previous Year SAFMR Lookup by Metro Area or County
SAFMR Rulemaking Info

PIH Notice 2023-07

Special Fees for adopting SAFMR or establishing SAFMR-based exception payment standards
Applications Due October 31, 2023



PHA Designations

- Designated SAFMR aka “Mandatory” PHA
 - Required by HUD to adopt SAFMRs
- Opt-in SAFMR PHA
 - Not required to adopt, but voluntarily adopt SAFMRs (entire jurisdiction)
- Non-SAFMR PHA
 - Not required to adopt and chooses not to
 - Non-SAFMR PHAs may still choose to establish SAFMR-based exception payment standards



Opt-in SAFMR PHAs

Analysis

- Section 5(b) of PIH Notice 2018-01
 - Any adverse effect on availability of units
 - Estimate effects on families, consider tenant protection policies when reduction in payment standard
 - Identify areas where rent reasonableness determinations will be triggered (difference between MAFMR and SAFMR is 10%)
- PBV Application

Request

- PHAs may request approval at anytime
- Request must state that PHA has completed analysis of PIH Notice 2018-01 (5)(b)
- Submit requests to HUD field office via SAFMRs@hud.gov
- Requests must include proposed effective date
- PHAs whose jurisdiction consists of a single ZIP code are considered Opt-in PHAs

Upon Approval

- PHA must amend Admin Plan
 - State it will utilize SAFMR
 - Include any policies adopted in respect to SAFMRs (PBV, tenant protections)
- PHA may establish payment standards within "basic range" (90-110%) of SAFMR
- Opt-in PHA may later opt-out by revising Admin Plan and notifying HUD via SAFMRs@hud.gov



SAFMR-Based Exception Payment Standards

Options

- A non-SAFMR PHA may establish an exception payment standard for a ZIP code area of up to and including 110% SAFMR
- Limitation of §982.503(c)(5) does not apply
- Must apply to entire ZIP code area for both HCV and PBV program (if applicable)

Notification

- Simply send a notification to SAFMRs@hud.gov to notify HUD that PHA has adopted a SAFMR-based exception payment standard
 - It's always good to copy your field office
 - Please include the ZIPs where you are intending to use SAFMR-based exception payment standards
 - Please also include a proposed effective date

Implementation

- PHAs that establish exception payment standards must revise their briefing materials to make families aware of the exception payment standard and the area it covers
- Any PHA that has jurisdiction in the ZIP code may utilize the exception payment standard



Considerations

- Grouping ZIP codes
 - Reduce payment standard areas by grouping multiple ZIPs into a payment standard area
- Budget impacts
 - Utilize [HUD Tools](#) to estimate HAP and budget impacts
- Tenant protections
 - Revisit PHA Policy on payment standard reductions
- Project-based Vouchers
 - No PHA is required to utilize SAFMRs in its PBV portfolio
 - PHAs must choose to apply or not apply SAFMRs to their PBV units



Special Fees – PIH Notice 2023-07

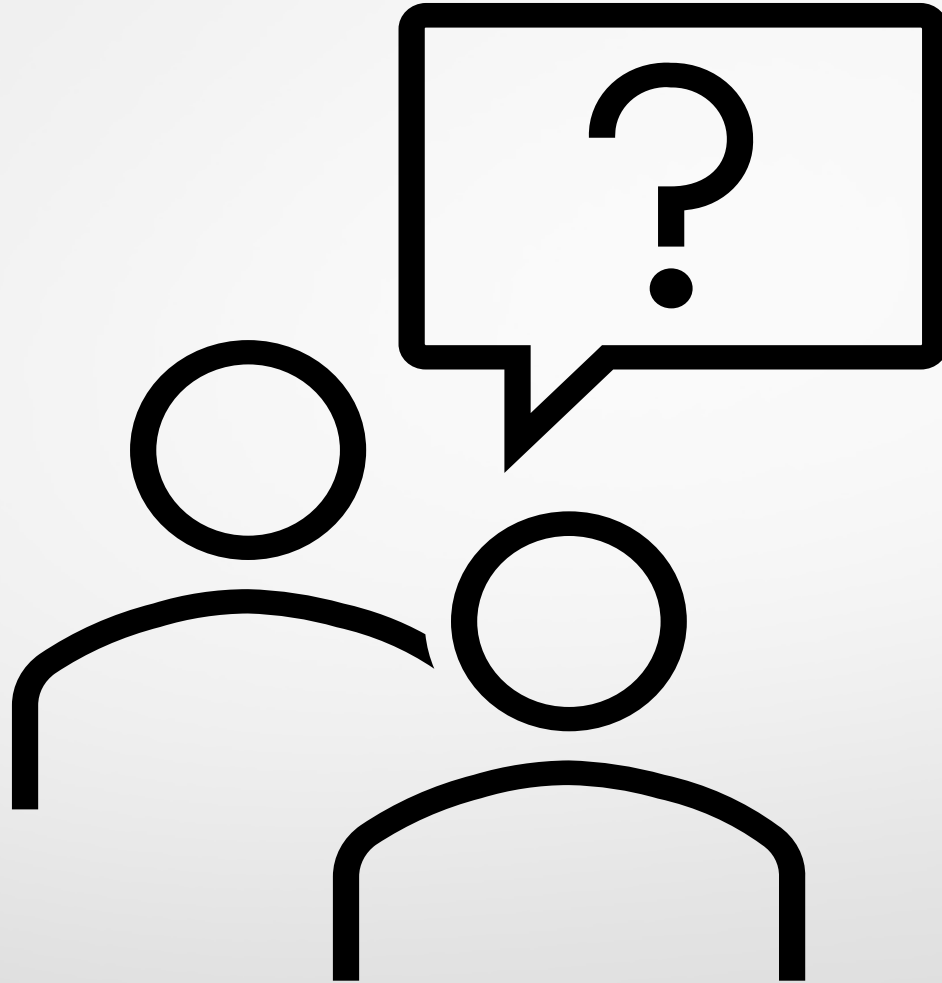
- Special fee funding is available to PHAs for the reimbursement of costs associated with adopting SAFMRs or establishing SAFMR-based exception payment standards
 - Up to \$25,000 available to opt-in PHAs
 - Up to \$15,000 available to PHAs establishing exception payment standards
 - Only for PHAs where the exception payment standard(s) cover the majority of ZIPs in PHA's service area where SAFMR > metro FMR and will result in the PHA administering different payment standards for at least three different geographic areas
- Eligible Activities/Expenses include but not limited to:
 - Additional outreach to families and landlords
 - Development of additional briefing materials
 - Hiring of additional staff
 - Staff training
 - Changes to rent reasonableness determinations methodology
 - Required software modifications
- **Hurry! Applications for special fees must be received no later than 5pm (PHAs time zone), Tuesday, October 31, 2023**



SAFMR Analysis: HCV Two-Year Forecasting Tool & Payment Standard Tool

How about a....

DEMO!





Reminders

- HUD has been working to improve the HCV utilization resources available to PHAs, in case you missed it here are a few new items:
 - HCV Connect – A email newsletter focused on the HCV program with reminders of program guidance, notification of webinars, events, and research.
 - HCV Utilization Webinars – These webinars will provide HCV program updates and share best practices. They are scheduled for **every third Thursday at 2:00 Eastern**.
 - HCV Overview Video Series with short videos covering common topics in HCV program administration.
- Plus, we have ongoing support for the HCV Utilization Tools and the HCV Data Dashboard.
- All of this is available at www.hud.gov/hcv.



Reminders

- We urge PHAs to take advantage of the recent program updates to support leasing:
 - New 2023 FMRs
 - Payment Standard Waivers (PIH Notice 2022-30)
 - Administrative Fee Flexibility (PIH Notice 2022-29)
- Now is not the time to press pause on HCV leasing. Please continue to use the Two-Year-Tool to make HCV program decisions.

Need help?

Contact your local Public Housing Field Office and/or visit www.hud.gov/hcv.