



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Office Directors of Public Housing;
Regional Directors; Public Housing
Agencies

Notice PIH 2023-32

Issued: November 15, 2023

Cross Reference: Notice PIH 2018-01
Notice PIH 2023-07
(Rev. 1)
88 FR 73352

Expires: This notice remains in effect
until amended, superseded, or rescinded.

**Subject: Small Area Fair Market Rent Implementation Guidance for FY2024
Designated Metropolitan Areas**

I. Purpose

This notice provides guidance to Public Housing Agencies (PHAs) and Field Offices operating in metropolitan areas recently designated for mandatory use of Small Area Fair Market Rents (SAFMRs) in the administration of the Housing Choice Voucher (HCV) program. The 41 new metropolitan areas were designated in the Federal Register notice entitled “Small Area Fair Market Rents in the Housing Choice Voucher Program Metropolitan Areas Subject to Small Area Fair Market Rents” (the “SAFMR notice”), published on October 25, 2023 (88 FR 73352).

II. Background

The use of SAFMRs in the HCV program is an important tool to promote housing choice, expand access to rental units in low-poverty areas and increase utilization in the voucher program. Under SAFMRs, PHAs use ZIP code-based fair market rents (FMRs) to set payment standards, rather than relying on a single FMR for the entire metropolitan area. 24 CFR 888.113(c) requires HUD to designate new SAFMR areas every 5 years as new data becomes available. Once a Metropolitan Area is designated by HUD as an SAFMR area, it will remain under SAFMRs permanently. New SAFMR areas are designated at the beginning of a federal fiscal year. The initial designation of SAFMR areas was published in a November 2016 Federal Register notice¹ (the “2016 notice”) but PHAs in those designated metropolitan areas did not start using SAFMRs until April 1, 2018. HUD has now evaluated new data and has identified additional metropolitan areas where SAFMRs will be required.

¹ “Establishing a More Effective Fair Market Rent System; Using Small Area Fair Market Rents in the Housing Choice Voucher Program Instead of the Current 50th Percentile FMRs,” 81 Fed. Reg. 221 (November 16, 2016).

On October 25, 2023, HUD published the SAFMR notice designating 41 new metropolitan areas where PHAs will be required to utilize SAFMRs in the HCV program. The notice included an implementation date of October 1, 2024, and PHAs operating in the newly designated metropolitan areas will then have until January 1, 2025, in accordance with 24 CFR 982.503(b)(1)(i) to implement SAFMR-based payment standards. PHAs in designated SAFMR areas are required to use SAFMRs for their tenant-based HCV vouchers and may choose to apply SAFMRs to their Project-based Voucher (PBV) program, if applicable.

III. SAFMR Area Selection Criteria and Designated Areas

In determining the new metropolitan areas subject to SAFMRs, HUD used the same selection values used to determine the first cohort of metropolitan areas in the 2016 notice. That criteria and a listing of the 41 new metropolitan areas subject to SAFMRs may be found in the SAFMR notice. A full listing of all metropolitan areas designated to use SAFMRs is included in Appendix A of this notice.

IV. Special Administrative Fees Available for Implementation Costs

HUD recognizes that PHAs located in a designated SAFMR area may incur additional, implementation-related administrative costs. On October 26, 2023, HUD published “Notice PIH 2023-07, Revision 1” that added a new category of special administrative fees for PHAs operating in newly designated SAFMR areas. Under these special fees, PHAs operating in the new SAFMR areas will receive \$10,000 to offset the administrative costs of transitioning to SAFMRs. PHAs do not need to apply for these funds as HUD will disburse them automatically based on the PHA’s location in a designated SAFMR area. Please see Notice PIH 2023-07, Revision 1 for more information, including eligible activities that can be paid for with the special fees.

V. Additional SAFMR Implementation Guidance

HUD intends to update Notice PIH 2018-01 titled “Guidance on Recent Changes in Fair Market Rent (FMR), Payment Standard, and Rent Reasonableness Requirements in the Housing Choice Voucher Program”. Until then, the provisions of that notice remain in effect. Appendix A of Notice PIH 2018-01 is now supplemented by the list of newly designated metropolitan areas included in the SAFMR notice and Appendix A of this notice. HUD does not anticipate making substantive changes to subsequent guidance that would impact a PHA’s SAFMR implementation. As the SAFMR notice explains, PHAs that wish to voluntarily “opt-in” to SAFMRs ahead of the October 1, 2024, implementation date, should do so in accordance with the procedures outlined in Notice PIH 2018-01 unless and until it is superseded by subsequent guidance.

VI. Guidance for Moving to Work (MTW) Agencies Operating in Designated SAFMR Areas

The provisions of Section 6 of Notice PIH-2018-01 describe when a MTW agency may be exempt from the use of SAFMRs and remain applicable to Initial and Expansion MTW agencies

under this SAFMR expansion. The HUD MTW office will reach out to MTW agencies operating in the newly designated SAFMR areas with additional guidance.

VII. Paperwork Reduction Act

The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3520) and assigned OMB control number 2577-0169.

VIII. Further Information

Questions concerning this notice should be submitted by email to your local HUD field office or the following Office of Housing Voucher Programs mailbox: SAFMRs@hud.gov.



Richard J. Monocchio
Principal Deputy Assistant Secretary for
Public and Indian Housing

APPENDIX A — METROPOLITAN AREAS WHERE THE USE OF SAFMRs IS MANDATORY

Mandatory Areas - 2018

Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area
Bergen-Passaic, NJ HUD Metro FMR Area
Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area
Chicago-Joliet-Naperville, IL HUD Metro FMR Area
Colorado Springs, CO HUD Metro FMR Area
Dallas, TX HUD Metro FMR Area (Dallas-Plano-Irving, Texas Metro Division)
Fort Lauderdale, FL HUD Metro FMR Area
Fort Worth-Arlington, TX HUD Metro FMR Area
Gary, IN HUD Metro FMR Area
Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area
Honolulu, HI MSA
Jackson, MS HUD Metro FMR Area
Jacksonville, FL HUD Metro FMR Area
Monmouth-Ocean, NJ HUD Metro FMR Area
North Port-Sarasota-Bradenton, FL MSA
Palm Bay-Melbourne-Titusville, FL MSA
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA
Pittsburgh, PA HUD Metro FMR Area
Sacramento--Roseville--Arden-Arcade, CA HUD Metro FMR Area
San Antonio-New Braunfels, TX HUD Metro FMR Area
San Diego-Carlsbad, CA MSA
Tampa-St. Petersburg-Clearwater, FL MSA
Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area
West Palm Beach-Boca Raton, FL HUD Metro FMR Area

Mandatory Areas – 2024

Akron, OH MSA
Augusta-Richmond County, GA-SC HUD Metro FMR Area
Beaumont-Port Arthur, TX MSA
Birmingham-Hoover, AL HUD Metro FMR Area
Buffalo-Cheektowaga-Niagara Falls, NY MSA
Charleston-North Charleston, SC MSA
Chattanooga, TN-GA MSA
Cincinnati, OH-KY-IN HUD Metro FMR Area
Cleveland-Elyria, OH MSA
Columbus, OH HUD Metro FMR Area
Dayton-Kettering, OH MSA
Des Moines-West Des Moines, IA HUD Metro FMR Area
Detroit-Warren-Livonia, MI HUD Metro FMR Area
Fort Wayne, IN MSA
Greensboro-High Point, NC HUD Metro FMR Area
Harrisburg-Carlisle, PA MSA
Indianapolis-Carmel, IN HUD Metro FMR Area
Jersey City, NJ HUD Metro FMR Area
Kansas City, MO-KS HUD Metro FMR Area
Knoxville, TN HUD Metro FMR Area
Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area
Louisville, KY-IN HUD Metro FMR Area
Memphis, TN-MS-AR HUD Metro FMR Area
Miami-Miami Beach-Kendall, FL HUD Metro FMR Area
Mobile, AL HUD Metro FMR Area
Montgomery, AL MSA
Nashville-Davidson--Murfreesboro--Franklin, TN HUD Metro FMR Area
Oklahoma City, OK HUD Metro FMR Area
Omaha-Council Bluffs, NE-IA HUD Metro FMR Area
Orlando-Kissimmee-Sanford, FL MSA
Oxnard-Thousand Oaks-Ventura, CA MSA

Phoenix-Mesa-Scottsdale, AZ MSA

Raleigh, NC MSA

San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area

Seattle-Bellevue, WA HUD Metro FMR Area

St. Louis, MO-IL HUD Metro FMR Area

Tucson, AZ MSA

Tulsa, OK HUD Metro FMR Area

Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area

Wichita, KS HUD Metro FMR Area

Winston-Salem, NC HUD Metro FMR Area