

April 8, 2011

Shaun Donovan, Secretary of Housing & Urban Development
U.S. Department of Housing & Urban Development
451 7th Street S.W.
Washington, DC 20410

Re: Implementing the Small Area FMR Demonstration

Dear Secretary Donovan,

Last May, when HUD announced the “Demonstration Project of Small Area Fair Market Rents (FMRs) in Selected Metropolitan Areas for Fiscal Year 2011,”¹ it was a cause for celebration for many fair housing and affordable housing advocates. We have long recognized the role that metropolitan-level subsidy caps play in steering families with housing vouchers to low rent, more segregated neighborhoods that too often lack good schools and other opportunities. We saw the value of a well-designed demonstration in 6-8 metropolitan areas to establish the feasibility of Small Area FMRs, and to work through program design issues before a national rollout of the program.² The potential of the program to further HUD’s fair housing obligations was amply demonstrated by a HUD staff presentation of the proposed new policy at the Fourth National Conference on Assisted Housing Mobility last June at the Urban Institute.

We were disappointed that the formal invitation to PHAs to join the demonstration was postponed, first to October 2010,³ and then to “early 2011”.⁴ It is now April, 2011, almost a year after the initial announcement, and we have been unable to discover the reason for the delay, or even the anticipated date of release of the invitation.⁵

The Small Area FMR proposal is the most important fair housing initiative that HUD has announced in this Administration, and it represents the future of the Section 8 voucher program, our country’s largest low income housing program. We know there is great resistance to change among some public housing agencies, but HUD’s real clients are the families that receive HUD assistance, and they deserve the opportunity to have meaningful housing choices throughout metropolitan areas. Changing the FMR structure is the most immediate way of making these choices real, and releasing the Small Area FMR Demonstration is the important first step.

¹ 75 Fed. Reg. 27808 (May 18, 2010)

² Our detailed comments on the HUD notice were submitted in July 2010. See www.prrac.org/pdf/fair_housing_comments_on_Small_Area_FMRs_7-12-10.pdf; see also www.prrac.org/pdf/CBPP_Small_Area_FMR_comments7-9-10.pdf.

³ 75 Fed. Reg. 46958 (August 4, 2010)

⁴ 75 Fed. Reg. 61254 (October 4, 2010)

⁵ We understand the uncertainty created by the lack of a final budget for FY11, but the demonstration, which is voluntary on the part of participating PHAs, does not depend on FY11 funding levels.

We urge you to release the delayed invitation to participate in the Small Area FMR Demonstration promptly.

Sincerely,



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Poverty & Race Research Action Council
Washington, DC

Shanna Smith
National Fair Housing Alliance
Washington, DC

Barbara Arnwine
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cc: Raphael Bostic, Assistant Secretary, Office of Policy Development & Research
Sandra Henriquez, Assistant Secretary, Office of Public & Indian Housing