THE 7TH NATIONAL CONFERENCE ON
HOUSING MOBILITY
OCTOBER 16 – 17, 2018
WASHINGTON, DC
PRRAC Project Title:

Small area fair market rents (SAFMRs):
Best practices and the scope of institutional and community support for their expansion
The Scope of the Larger PRRAC Project

To examine SAFMR implementation in the 24 mandatory metro areas

To explore other PHA’s perceptions of voluntary adoption of SAFMRs (Buffalo, NY case study)

[Today, some preliminary data from the first bullet point will be summarized]
Metropolitan Areas Where Housing Agencies Are Required to Use SAFMRs
Payment Standards & Opportunity Areas

Assumptions:

• When SAFMRs > FMRs:
  - higher payment standards in higher rent zip codes / high-opportunity areas
  - expanded HCV use in high rent zip codes / high opportunity areas

• When SAFMRs < FMRs
  - lower payment standards in low rent zip codes / low-opportunity areas
  - reduced HCV use in low rent zip codes / low-opportunity areas
PHAs can set payment standards between 90% and 110% of SAFMRs.

In theory, if there is high fidelity to the SAFMR’s equity goal of expanding access to high opportunity areas:

- PHAs will set payment standards closer to 110% for zip codes in high-opportunity areas
- PHAs will set payment standards closer to 90% for zip codes in low-opportunity areas
<table>
<thead>
<tr>
<th>Summary of the 24 Mandatory SAFMR Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Number of PHAs</strong></td>
</tr>
<tr>
<td>PHAs reporting Payment Standards</td>
</tr>
<tr>
<td><strong>Total HCVs</strong></td>
</tr>
<tr>
<td>HCVs for PHAs Reporting Payment Standards</td>
</tr>
<tr>
<td><strong>Total Number of Zip Codes</strong></td>
</tr>
<tr>
<td>Zip Codes with Payment Standards Reported</td>
</tr>
<tr>
<td>Zip Codes with &gt; 1 Payment Standard Reported</td>
</tr>
</tbody>
</table>
In the Aggreogate
Fidelity to the SAFMRs Equity Goal is Relatively Low

<table>
<thead>
<tr>
<th>Payment Standards as a Percent of SAFMR (N=3776 payment standards reported)</th>
<th>0 Bedroom</th>
<th>1 Bedroom</th>
<th>2 Bedroom</th>
<th>3 Bedroom</th>
<th>4 Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Payment Standards</td>
<td>100.57</td>
<td>100.85</td>
<td>100.58</td>
<td>100.31</td>
<td>100.04</td>
</tr>
<tr>
<td>Payment Standards in Low-Opportunity Zip Codes¹</td>
<td>102.81</td>
<td>103.02</td>
<td>102.77</td>
<td>102.51</td>
<td>101.94</td>
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<tr>
<td>Payment Standards in High-Opportunity Zip Codes²</td>
<td>98.71</td>
<td>98.09</td>
<td>98.82</td>
<td>98.29</td>
<td>98.13</td>
</tr>
</tbody>
</table>

¹Low-opportunity zip codes = zip codes with SAFMR<100% Area FMR
²High-opportunity zip codes = zip codes with SAFMR>=100% Area FMR
Examples
Fidelity to the SAFMRs Equity Goal
Dallas = Higher / Jacksonville = Lower

| Payment Standards as a Percent of SAFMR - Dallas, TX HUD Metro FMR Area |
|---------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                   | 0 Bedroom | 1 Bedroom | 2 Bedroom | 3 Bedroom | 4 Bedroom |
| All Payment Standards                             | 103.78    | 103.13    | 103.28    | 103.37    | 103.25    |
| Payment Standards in Low-Opportunity Zip Codes¹   | 103.41    | 102.99    | 102.86    | 102.91    | 102.84    |
| Payment Standards in High-Opportunity Zip Codes²  | 104.11    | 103.23    | 103.67    | 103.8     | 103.64    |

¹Low-opportunity zip codes = zip codes with SAFMR<100% Area FMR
²High-opportunity zip codes = zip codes with SAFMR>=100% Area FMR

<table>
<thead>
<tr>
<th>Payment Standards as a Percent of SAFMR - Jacksonville, FL HUD Metro FMR Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>All Payment Standards</td>
</tr>
<tr>
<td>Payment Standards in Low-Opportunity Zip Codes¹</td>
</tr>
<tr>
<td>Payment Standards in High-Opportunity Zip Codes²</td>
</tr>
</tbody>
</table>

¹Low-opportunity zip codes = zip codes with SAFMR<100% Area FMR
²High-opportunity zip codes = zip codes with SAFMR>=100% Area FMR
Other Issues

Holding existing tenants harmless during the transition from FRMs to SAFMRs

Multiple PHAs reporting different payment standards for the same zip code

Coordination across PHAs in the implementation of SAFMRs

HUD reporting requirements and monitoring of implementation
Small Area Fair Market Rents (SAFMRs)

Housing Mobility Conference
October 2018

Deborah Thrope
dthrope@nhlp.org
2018 Green Book 5th Edition

Pre-release single subscription
$450/per (regular price after release $495)

Pre-release order of 5 or more subscriptions
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Wendy Mahoney
email: wmahoney@nhlp.org
direct: 415-432-5711
MAIL-IN CHECK ORDER FORM

What is the Green Book?

NHLP’s Green Book is the definitive treatise on the laws governing HUD’s housing programs. For anyone working
Trends

• Low PS in high rent neighborhoods and high PS in low rent neighborhoods
• Grouping methods
• Little coordination between PHAs in a region
• MTW PHAs opt out
• Little voluntary implementation
• Hold harmless at a few PHAs; otherwise minimum tenant protections
• Insufficient tenant notice
PHA options
1. Hold all current voucher tenants harmless during term of HAP
2. Set and then gradually reduce payment standard for families
3. Apply new payment standard at second annual recertification
within the 50-110% of SAHM range.

**Hold Harmless**

If the amount on the payment standard schedule is decreased during the term of the HAP contract, the PHA will continue to use the existing higher payment standard for the family’s subsidy calculation for as long as the family continues to receive the voucher assistance in that unit.

As SAFMR’s are published by HUD after their effective date, it is not cost-effective or
Tenant Notices

Required notice to tenants:
• 12-month notice of a decrease in the payment standard to “provide a family with adequate time to make plans in light of the reduced payment standard amount” (HUD FAQ 2018)

Optional notice:
• Letter to tenants explaining mobility opportunities available with SAFMRs
Dear Program Participant:

We are writing you to inform you of a new adjustment in how HUD sets Fair Market Rents for the Housing Choice Voucher (HCV) Program and the impact that this change will mean for you because of the zip code that you are currently living in.

A Fair Market Rent (FMR) is the amount set by HUD that would be needed to pay the rent plus utilities for a decent, safe and sanitary housing unit.

In the past FMRs were set as one metropolitan area wide rent by bedroom size. All Housing Authorities (HAs) use that amount to set their payment standards. Payment Standards are the cap for the amount of housing assistance (subsidy) the HA will pay for a unit.

Effective January 1, 2018 HUD implemented the Small Area Fair Market Rents (SAFMR) in determining the fair market rents for specific areas. The SAFMRs are based on ZIP codes and are intended to more accurately reflect the rents charged in an area. HUD believes that FMRs by zip code will provide HCV families with greater ability to move into higher opportunity areas where educational opportunities and the like exist by providing adequate subsidy to make such areas accessible.
Questions?
Multi-tier

Payment Standards

Presented by
Sarah Oppenheimer, Director of Research and Evaluation
Seattle area rents have risen quickly

Changes in median rent | November 2011 – August 2018

Source: Zillow ZRI Time Series data
Seattle area rents have risen quickly

*Changes in median rent | November 2011 – August 2018*

- 98007, Bellevue, 46%
- 98168, Burien, 45%
- 98003, Federal Way, 44%
- 98178, Skyway, 43%
- 98032, Kent, 41%
- Seattle, King County, 39%
- 98029, Issaquah, 36%

*Source: Zillow ZRI Time Series data*
The KCHA payment standard evolution

Changes in 2-bedroom payment standards | 1997 – 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
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<td>$1,770</td>
<td>$1,930</td>
<td>$2,160</td>
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<tr>
<td>2017</td>
<td>$1,485</td>
<td>$1,535</td>
<td>$1,595</td>
<td>$1,775</td>
<td>$1,935</td>
<td>$2,165</td>
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<tr>
<td>2018</td>
<td>$1,490</td>
<td>$1,540</td>
<td>$1,600</td>
<td>$1,780</td>
<td>$1,940</td>
<td>$2,170</td>
</tr>
</tbody>
</table>

Single payment standard, $690
Exception area payment standard
Regular payment standard
Mapping the payment standards

Two-tier

Five-tier

Six-tier
Increase geographic choice

The proportion of residents leasing in higher cost areas in 2015 and 2017

- New voucher holders: 17% in 2015, 21% in 2017
- New voucher holders w/ kids: 11% in 2015, 21% in 2017

Data represents residents leasing up or moving between March and December in either 2015 or 2017.
Improve resident leasing success

Rising **shopping success rates**
@ 240 days

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>64%</td>
<td>69%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Decreasing **median days to lease**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days</td>
<td>106</td>
<td>90</td>
<td>71</td>
</tr>
</tbody>
</table>
Support cost containment

Avg. HAP by tier for all TB voucher holders

Point in time: Oct. 1 2018 | Sample size: 9,808

Size of bubble corresponds with proportion of voucher holders residing within a respective tier.
Reflections for the future

A more inclusive process
- Engaging more staff in developing payment standards
- Creating new ways to engage with rental market data

New and improved resources for staff
- A refreshed briefing
- More tools for staff to describe the policy
Chicago Housing Authority
Exception Payment standard Policy

Steven Field
Manager of HCV Policy and Accountability

stfield@thecha.org
• In 2010 received approval from HUD move forward with Exception Payment Standard
• Originally capped at 300% of Fair Market Rent. In 2014, lowered it to 150% of FMR
• Map used based on census tracts.
• Original map based on census tracts. Recently altered and is now based on Community Area
• Use third party vendor to provide assistance in searching for units in Mobility Areas as well as some financial assistance
• As of June 30, 2018, over 2300 HCV participants have an Exception Payment Standard, approximately 6% of tenant based vouchers
• The total # of participants residing in Mobility Areas have increased.
• However, as a percentage of tenant based vouchers, the increases are more minimal
• The expanded map along with our Landlord Incentive Payment could result in an increase
Questions?

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