

PRRAC

Poverty & Race Research Action Council

1200 18th St. NW • Suite 200 • Washington, DC 20036 • 202/906-8023 • Fax 202/842-2885
www.prrac.org

April 18, 2016

Assistant Secretary Lourdes Castro Ramirez
Principal Deputy Assistant Secretary, Office of Public & Indian Housing
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Assistant Secretary Castro Ramirez,

We are writing to express strong concern over HUD's denial of exception payment standards for use in opportunity areas in the Westchester County, NY, housing mobility program. The current rent standards fail to adequately address housing costs and enable desegregative moves by the families that HUD serves, instead raising yet another roadblock to fair housing in that area.

Accordingly, we urge the Office of Public and Indian Housing (PIH) to reconsider and approve the 110% rent exception requested by New York State Homes and Community Renewal (HCR). Based on the fair housing impact shown in Westchester and elsewhere, we also recommend that PIH improve its process for determining FMRs and SAFMRs and for evaluating exception payment standard requests. From a fair housing perspective, it is fundamental to the voucher program's mission that rent determinations accurately reflect market conditions and facilitate real residential choice.

As we have learned, New York State Homes and Community Renewal (HCR) submitted a request to PIH last year for use of a 110% payment standard based on 2016 Small Area FMRs (PIH had previously approved SAFMRs for NYSHCR for the Yonkers Housing Mobility Program). PIH subsequently denied the request for a 110% payment standard above the Small Area FMRs. The request had reflected the difficult conditions faced by voucher clients seeking housing in the Westchester market, where (as in many other parts of the country) rents have rapidly escalated in recent years and are highly variable among neighborhoods. Despite these realities, HUD's proposed 2016 SAFMRs were for the most part substantially reduced, and it has become very difficult for voucher families to find housing outside of segregated, higher poverty neighborhoods. Under these conditions, PIH's denial of the 110% request runs counter to fair housing policy.

The inability of voucher clients in Westchester to access units throughout their housing market region has been documented by local agencies, and came to our attention through the Westchester County Enhanced Section Eight Outreach Program. (It has also been highlighted by recent media attention as in "The Section 8 Voucher Trap" in Al Jazeera America.) The 2016 SAFRM reductions have substantially impaired ESOP's ability to secure new lease-ups and will predictably impair renewals. The application of a payment standard of at least 110% to the SAFRMs is essential for local agencies and their clients to

secure housing in any meaningful quantity throughout the area, and to make meaningful progress toward desegregation, as intended by the court-ordered settlement in the *Giddins* case.¹

ESOP's clients are caught between, on one hand, HUD's problematic FMR policy, and on the other, HUD's failure to properly exercise its discretion to respond to clear, documented problems in rent conditions – even though such flexibility is an integral component of payment standard administration. PRRAC is concerned that the Westchester example is illustrative of a broader failure to implement payment standards so as to equip clients for housing choice and deconcentration, undercutting an important purpose of the voucher program. This disconnect will only become more pronounced as jurisdictions begin to go through the Affirmatively Furthering Fair Housing process starting later this year, and seek to adopt stronger housing mobility efforts.

HUD should take concrete and immediate steps to re-open this review and respond with full and appropriate consideration. We respectfully request that:

- With regard to New York HCR's request for 110% exception rents, PIH should clarify for HCR that the state agency is able to set rents up to 110% of the approved SAFMRs upon its own determination, without requiring specific authorization by HUD.
- PIH grant exception rents higher than 110% as appropriate to accurately reflect market conditions and enable housing choice throughout the region. Where HCR has already filed and documented such requests, PIH should initiate this review without requiring the agency to undergo the additional burden of re-submitting or re-filing these materials.
- HUD engage with HCR and directly with local administrators (including ESOP) to assess where, and to what extent, inadequate payment standards impede voucher use throughout Westchester; and provide technical assistance to HCR that clarifies the full extent of HCR's authority to raise payment standards and how it can most effectively design exception requests and pursue such requests with HUD. HUD should also engage with HCR and directly with local administrators to ensure accurate hardship determinations, including methods to establish hardship in areas where the *prospective* cost has inhibited leases.
- HUD commit to evaluating the effects of its FMR and SAFMR policies program-wide, in order to address similar barriers to voucher use in other markets.

Thank you for your attention to this pressing issue. We welcome further discussion of these recommendations and encourage your direct outreach to ESOP and other fair housing stakeholders, in Westchester and elsewhere.

Best regards,

Megan Haberle
Philip Tegeler
Poverty & Race Research Action Council
Washington, D.C.

cc: Katherine O'Regan, Milan Ozdinec, Kurt Usowski, Amy Ginger, Jennifer Lavorel

¹ In addition, HUD's failure to approve rent exceptions *above* 110% of the SAFMR in certain Westchester County neighborhoods, in light of rapidly escalating rents, has in practice closed off a number of those neighborhoods to new voucher holders, further clustering them in poverty (and is likely to impair voucher renewals in those more expensive areas as well).