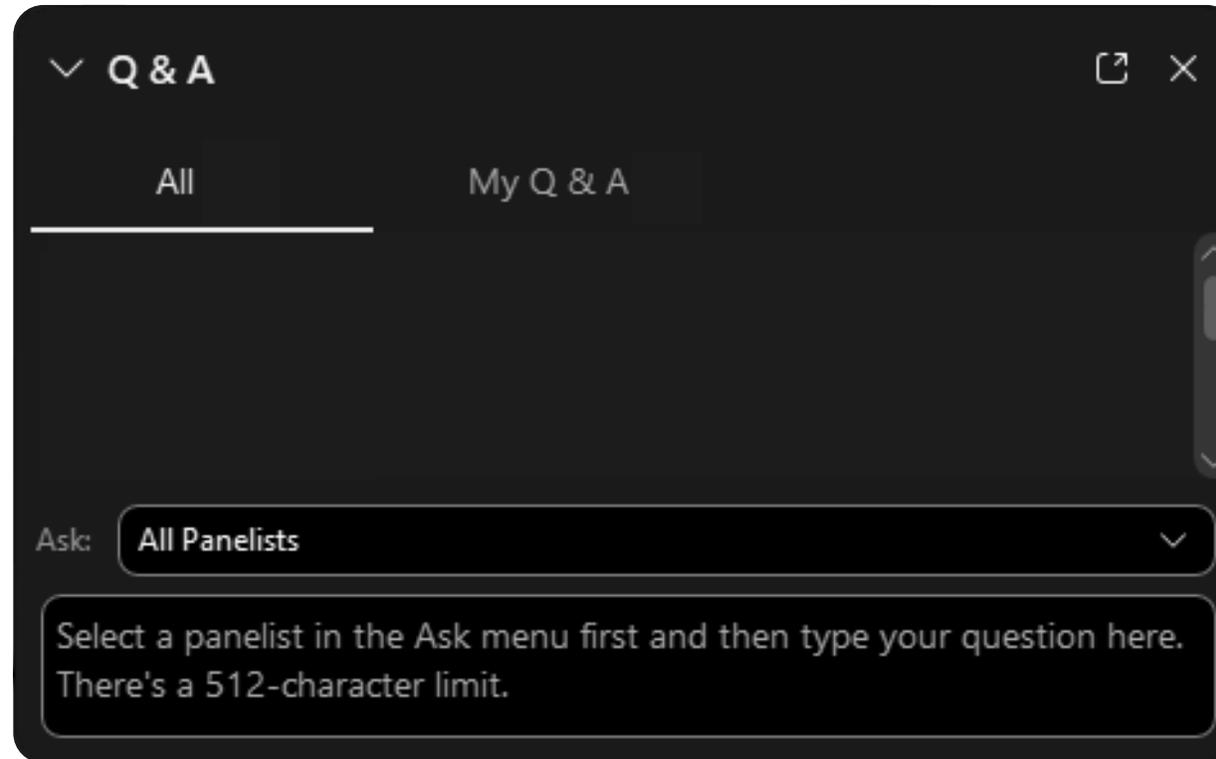
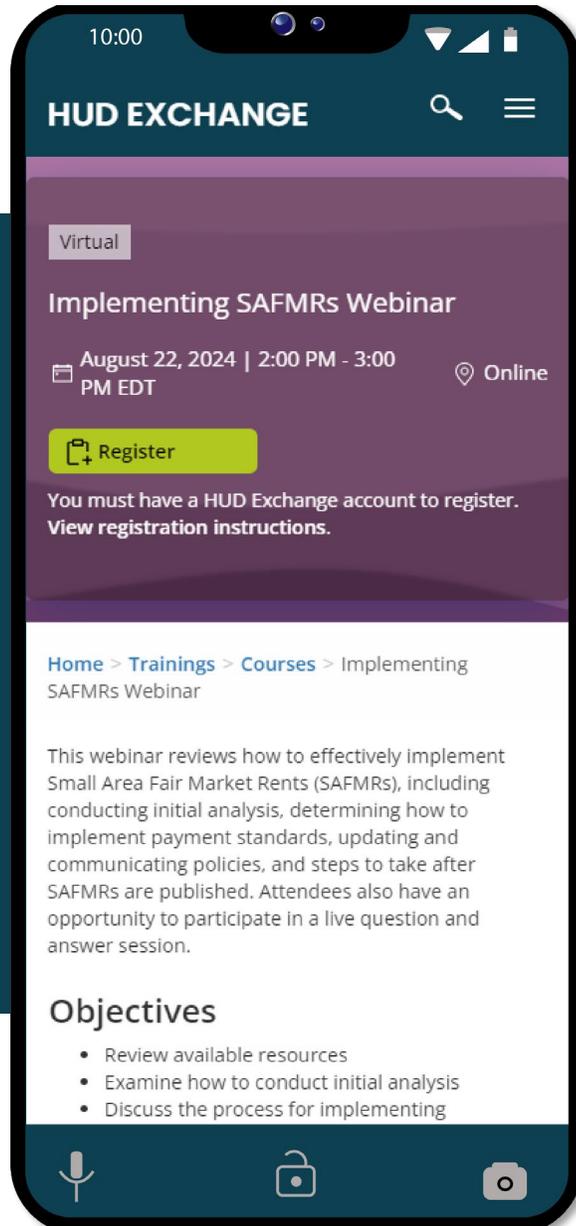


Use the **Q&A Panel** to submit questions.



Select **All Panelists** in the drop-down.

If the panel is not open, select the ... on the bottom right of the screen and open the panel.



Today's webinar is being recorded.

The recording, the PowerPoint slides, and any resources mentioned during the webinar will be posted to HUD Exchange.

<https://www.hudexchange.info/trainings/courses/implementing-safmrs-webinar/>

Implementing SAFMRs in the HCV Program

August 22, 2024 | 2–3 PM EST

Prepared by CVR Associates, Inc.



Webinar Facilitator



Michael Tonovitz
Executive Vice President



CVR Associates, Inc.
Tampa, FL



More than 30 years of public housing experience with extensive knowledge of SEMAP requirements, HUD guidelines, and Housing Choice Voucher regulations

Specialties: HCV Program Administration, Administrative Plans, HCV Utilization, Relocation, and Leasing Planning



Agenda

This webinar will provide a high-level overview of how public housing agencies (PHAs) can successfully implement Small Area Fair Market Rents (SAFMRs) in the Housing Choice Voucher (HCV) Program, starting with initial analysis through steps to take after new SAFMRs are published.

- 1. Introduction**
- 2. Initial Analysis**
- 3. Implementing Payment Standards**
- 4. Administrative Plan Updates**
- 5. Communications**
- 6. Steps after Publication**
- 7. Conclusion**





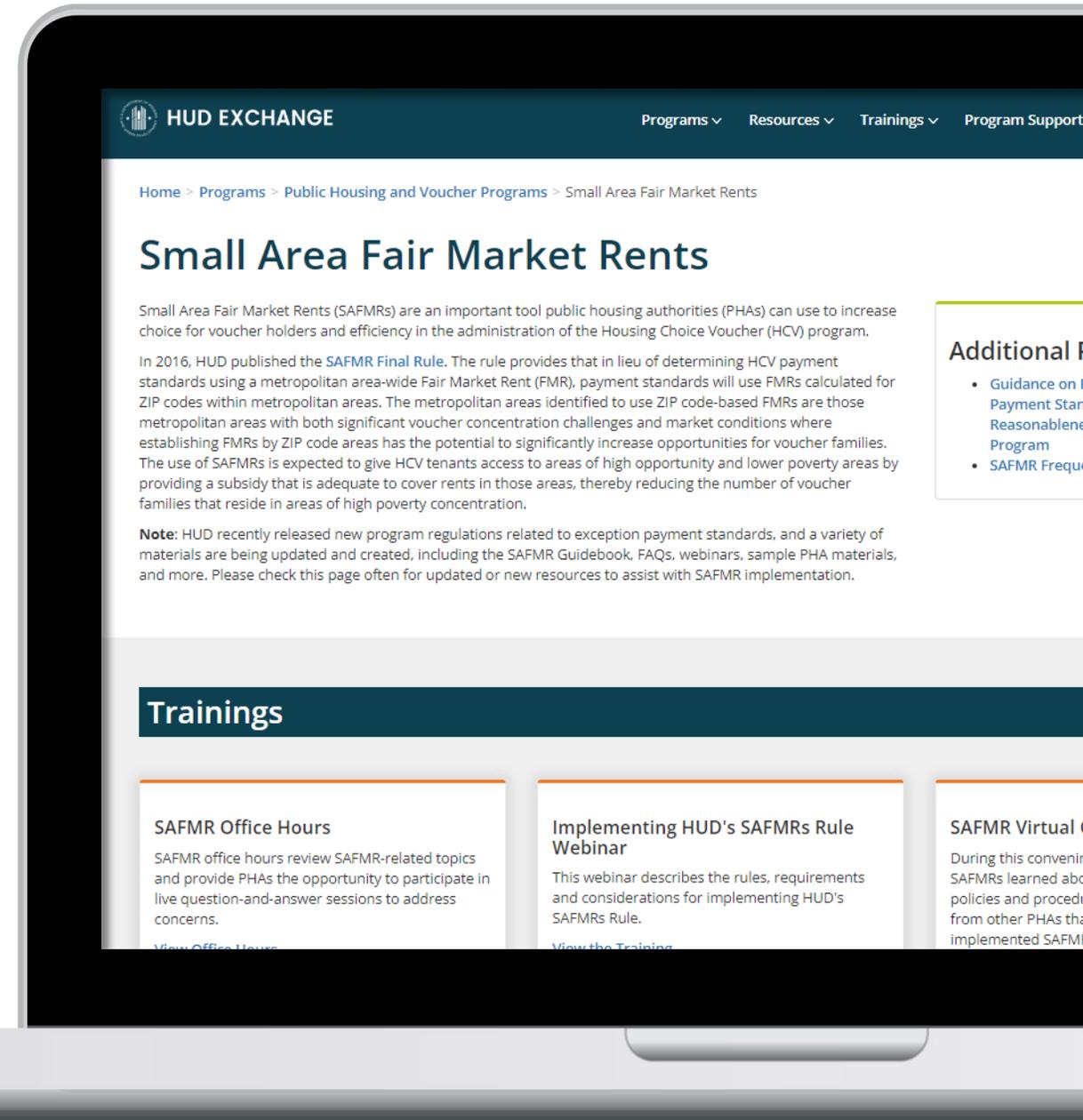
Introduction to SAFMRs

SAFMR Overview

SAFMRs are Fair Market Rents (FMRs) established at the ZIP code-area level. Currently, there are sixty-five designated areas, where PHAs in those areas are required to implement SAFMRs.

To learn more about SAFMRs, visit [HUD Exchange](https://www.hudexchange.info) to review:

- Virtual Convening
- Office Hours
- Case Studies
- Implementation Guidebook



SEMAP Impacts

PHAs' implementation of SAFMR-based payment standards can impact three parts of the Section 8 Management Assessment Program (SEMAP) certification, including:

- **Lease-up:** The PHA executes assistance contracts on behalf of eligible families for the number of units that have been under budget for at least one year.
- **Expanding Housing Opportunities:** The PHA ensures voucher holders have opportunities in low-poverty, high-opportunity areas.
- **Deconcentration Bonus Indicator:** The PHA increases leasing in low-poverty, high-opportunity areas.
- **Payment Standards:** The PHA must ensure that payment standards remain in the basic range or proper approval has been obtained for exception payment standards.

Section 8 Management Assessment Program (SEMAP) Certification

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Public reporting burden for this collection of information is estimated to average 12 hours per response, including reviewing existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing the burden, to Washington, DC 20543-0142. This collection of information is required by 24 CFR sec 985.101 which requires a Public Housing Agency (PHA) to submit an annual SEMAP Certification within 60 days after the end of its fiscal year. The performance of the PHA and provides assurance that there is no evidence of seriously deficient performance. H to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA. Information collected does not lend itself to confidentiality.

Instructions Respond to this certification form using the PHA's actual data for the fiscal year just ended.

PHA Name	For PHA FY Ending (mm/dd/yyyy)
<input type="text"/>	<input type="text"/>

Check here if the PHA expends less than \$300,000 a year in Federal awards
Indicators 1 - 7 will not be rated if the PHA expends less than \$300,000 a year in Federal awards and is not audited for compliance with regulations by an independent auditor. A PHA that expends less than \$300,000 a year in Federal awards must complete the certification for these indicators.

Performance Indicators

1. Selection from the Waiting List. (24 CFR 982.54(d)(1) and 982.204(a))
 - (a) The PHA has written policies in its administrative plan for selecting applicants from the waiting list.
PHA Response Yes No
 - (b) The PHA's quality control samples of applicants reaching the top of the waiting list and of admissions to the PHA were selected from the waiting list for admission in accordance with the PHA's policies and met the requirements of the waiting list and their order of selection.
PHA Response Yes No
2. Reasonable Rent. (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)
 - (a) The PHA has and implements a reasonable written method to determine and document for each unit level of current rents for comparable unassisted units (i) at the time of initial leasing, (ii) before any increase in rents, and (iii) before any 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary.



Initial Analysis

Published SAFMRs

To access published SAFMRs (including Fiscal Year [FY] 2025), visit:
<https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>

Each year, HUD publishes new SAFMRs by September 1; these take effect on October 1.

1. Within ninety days from October 1, PHAs must review and implement the new fiscal year SAFMRs.
2. Once a PHA has met HUD's requirements, the agency may modify its payment standards at any time during the year.

FY 2025 Advisory SAFMRs for non-metropolitan areas are accessible at:
www.huduser.gov/portal/datasets/fmr/fmr2025/fy2025_safmrs.xlsx





FY2025 SMALL AREA FMRs FOR LOS ANGELES-LONG BEACH- GLENDALE, CA HUD METRO FMR AREA

As of FY2025, HUD defines Small Areas using ZIP Codes within a metropolitan area or non-metropolitan county. Using ZIP codes as the basis for Small Area FMRs provides tenants with greater ability to move into "Opportunity Neighborhoods" with jobs, public transportation, and good schools. They also provide for multiple payment standards within a metropolitan area or non-metropolitan county, and they are likely to reduce the need for extensive market area rent reasonableness studies. Lastly, HUD hopes that setting FMRs for each ZIP code will reduce overpayment in lower-rent areas.

The Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area consists of the following counties: Los Angeles County, CA. All information here applies to the entirety of the Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area.

Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area Advisory Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
90001	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90002	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90003	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90004	\$1,870	\$2,100	\$2,650	\$3,370	\$3,730
90005	\$1,940	\$2,170	\$2,740	\$3,480	\$3,860
90006	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90007	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90008	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90009	\$1,860	\$2,090	\$2,630	\$3,340	\$3,710
90010	\$2,460	\$2,760	\$3,480	\$4,420	\$4,900
90011	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90012	\$1,870	\$2,100	\$2,650	\$3,370	\$3,730
90013	\$2,060	\$2,310	\$2,910	\$3,700	\$4,100
90014	\$2,510	\$2,810	\$3,550	\$4,510	\$5,000
90015	\$2,790	\$3,120	\$3,940	\$5,010	\$5,550



Develop Initial SAFMR Payment Standards

To set payment standards based on SAFMRs:

- Begin by comparing FMRs to SAFMRs across ZIP codes or other geographic area
- Can also evaluate by city, county, census tract, or grouping of ZIP codes
- Ensure payment standards are affordable to current participant families (approximately 30–40% of their monthly adjusted incomes toward housing costs)

2025 SMALL AREA FMRs FOR MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA

In 2025, HUD defines Small Areas using ZIP Codes within a metropolitan area or non-metropolitan county. Using ZIP codes as the basis for Small Area FMRs provides tenants with greater ability to move into "Opportunity Neighborhoods" with jobs, public transportation, and good schools. They also provide for multiple payment standards within a metropolitan area or non-metropolitan county, and they are likely to reduce the need for extensive market area rent reasonableness studies. Lastly, HUD hopes that setting FMRs for each ZIP code will reduce overpayment in high-rent areas.

The Milwaukee-Waukesha-West Allis, WI MSA consists of the following counties: Milwaukee County, WI; Ozaukee County, WI; Washington County, WI; and Waukesha County, WI. All information here applies to the entirety of the Milwaukee-Waukesha-West Allis, WI MSA.

Milwaukee-Waukesha-West Allis, WI MSA Advisory Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
53002	\$820	\$920	\$1,100	\$1,360	\$1,490
53004	\$820	\$920	\$1,100	\$1,360	\$1,490
53005	\$1,410	\$1,590	\$1,890	\$2,340	\$2,560
53007	\$860	\$970	\$1,150	\$1,430	\$1,560
53008	\$1,100	\$1,230	\$1,470	\$1,820	\$1,990
53010	\$770	\$900	\$1,110	\$1,440	\$1,500
53012	\$890	\$1,000	\$1,190	\$1,480	\$1,610
53013	\$820	\$950	\$1,170	\$1,480	\$1,620
53017	\$1,040	\$1,170	\$1,390	\$1,720	\$1,880
53018	\$1,360	\$1,530	\$1,820	\$2,260	\$2,460
53021	\$870	\$980	\$1,170	\$1,450	\$1,580
53022	\$1,100	\$1,230	\$1,470	\$1,820	\$1,990
53024	\$930	\$1,040	\$1,240	\$1,540	\$1,680
53027	\$870	\$980	\$1,170	\$1,450	\$1,580
53029	\$990	\$1,120	\$1,330	\$1,650	\$1,800

Initial Financial Projections

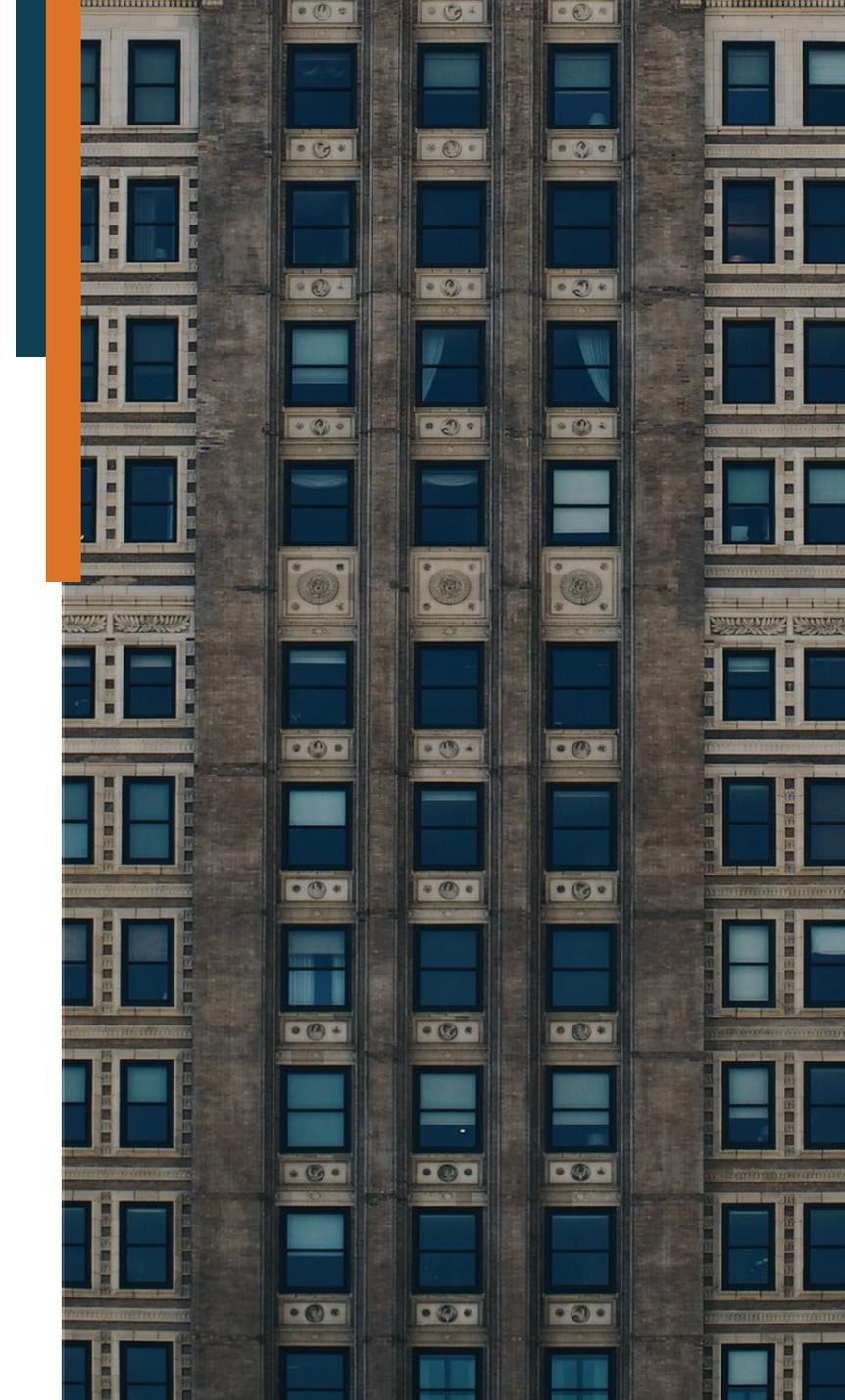
PHAs that would like one-on-one technical assistance (TA) to work through the mandatory SAFMR payment standard implementation process can contact their local Field Office to request TA.

To track voucher utilization and identify potential impacts to their overall program budgets, PHAs should use the following HUD tools:

- Two-Year Tool (TYT)
- Tool of Tools (ToT)
 - Payment Standard Tool (PST)
 - PIC Drill Down Tool
 - Housing Analysis Tool

These tools allow PHAs to project voucher usage and calculate available funds in program budgets over multiple years.

NOTE: See the fact sheets on the [SAFMR page](#) on HUD Exchange for more information.



Webinar Presenter



Jonathan Zimmerman
Partner



Section 8 Associates, LLC
Washington, DC



**More than 35 years of housing
assistance experience**

Consulted with almost 80 PHAs and other entities in all aspects of tenant-based and Project-Based Voucher (PBV) Programs to help agencies meet program goals, including utilization. Provides technical assistance to assist PHAs in starting, managing, and/or expanding all aspects of their PBV Programs.



TYT and PST

SAFMRs may increase or decrease Housing Assistance Payments (HAPs) due to changes in payment standards in small areas.

- Examine available HAP funding in the TYT, taking into account possible HAP renewal funding inflation factor
- Compare SAFMRs for each ZIP code where voucher holders live to the metro-area FMR
- Use the TYT and PST to test payment standard levels in specific ZIP codes or groups to see impacts on per-unit costs and overall spending
- Analyze rent burden using the PST and see how payment standard changes impact the percentage of income that families are paying for rent
- Transfer monthly voucher HAP from the PST into the TYT's **Manual PUC Override** field and run multiple scenarios

The data from HUD's **Two-Year Tool PUC.RB worksheet tab** and **Open SAFMR Detailed Analysis** (Cells AN4 to A07) can help PHAs develop ideas on setting future payment standards.

Count of Areas (i.e. Zip Code) in SAFMR	36	Open SAFMR Detail Analysis
% of December 2023 UML - within SAFMR	90.0%	
Count of Areas - SAFMR > FMR	27	
% of December 2023 UML - SAFMR > FMR	15.4%	
Exception Payment Standard: SAFMR		PIH 2018-01
AZ004 is not participating in SAFMRs.		
Regulatory Waivers: 120%/Immediate Implementation		PIH 2023-29
Waiver Applications: Immediate Implementation? No; 120% Vanilla? No; EPS SAFMRs? No; 120% Mandatory/Opt-In SAFMRs? No.		
Success Rate Payment Standard - Use 50th Percentile		CFR

Compare SAFMR to FMR Payment Standards



ZIP Code	Metro FMR Area Name	Required SAFMR?	FMR: 2025 Two-Bedroom	SAFMR: 2025 Two-Bedroom	SAFMR/FMR: 2025 Two-Bedroom	Maybe SAFMR Exception ?	PHA Code	~ # HCV Families (12/2023)	~ % Program	PHA Payment Standard at 110% FY 2025 FMR (2BR)	110% of FY 2025 SAFMR (2BR)	110% of FY 2024 FMR (2BR) as % of 110% FY 2024 SAFMRs
66101	Kansas City	Yes	\$1,346	\$1,140	84.7%	No	KS001	153	13.6%	\$1,481	\$1,254	18%
66102	Kansas City	Yes	\$1,346	\$1,160	86.2%	No	KS001	232	20.6%	\$1,481	\$1,276	16%
66106	Kansas City	Yes	\$1,346	\$1,180	87.7%	No	KS001	65	5.8%	\$1,481	\$1,298	14%
66104	Kansas City	Yes	\$1,346	\$1,200	89.2%	No	KS001	230	20.4%	\$1,481	\$1,320	12%
66112	Kansas City	Yes	\$1,346	\$1,250	92.9%	No	KS001	191	17.0%	\$1,481	\$1,375	8%
66111	Kansas City	Yes	\$1,346	\$1,260	93.6%	No	KS001	21	1.9%	\$1,481	\$1,386	7%
66103	Kansas City	Yes	\$1,346	\$1,300	96.6%	No	KS001	33	2.9%	\$1,481	\$1,430	4%
66012	Kansas City	Yes	\$1,346	\$1,330	98.8%	No	KS001	50	4.4%	\$1,481	\$1,463	1%
66109	Kansas City	Yes	\$1,346	\$1,870	138.9%	Yes!	KS001	27	2.4%	\$1,481	\$2,057	-28%
Average			\$1,346	\$1,228	91%	Yes!		975	97%	\$1,481	\$1,350	10%
Average			\$1,346	\$1,870	139%	No		27	3%	\$1,481	\$2,057	-28%

SAFMRs for Each ZIP Code (TYT)





Payment Standard Tool

HUD's PST (within the ToT) can be used to project **future** per-unit HAP costs and rent burden for voucher-assisted families.

A PHA can model its possible **future** SAFMR-based payment standards to balance its voucher program goals and regulatory requirements in a mandatory SAFMR area, utilize its HAP funds, and avoid going into shortfall.





Inputting Proposed Payment Standards

PHAs will be presented with a series of options on payment standards by ZIP code, city, etc. For PHAs with more than 20 ZIP codes in their service area, selecting **Other** as an option allows them to use multiple payment standards.

Use the data on the created spreadsheet to calculate whether the PHA varies **percentages OR uses an across-the-board percentage by ZIP code** (basic range of 90–110%, exception above 110% with HUD approval).

- Copy/paste that information into the standard line by each ZIP code in the PST.
- Populate the **Current Payment Standard** row with the payment standards **currently** in effect and the same amount in **Year 1**.

FMR/PS/RB Analysis - Housing Authority : OH073 North Coast Housing Connections											
Voucher Size	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom	7 Bedroom	8 Bedroom	9 Bedroom	10 Bedroom
Current											
FMR	\$811	\$913	\$1,108	\$1,434	\$1,527	\$1,756	\$1,985	\$2,214	\$2,443	\$2,672	\$2,901
Payment Standard	\$892	\$1,004	\$1,219	\$1,577	\$1,680	\$1,931	\$2,183	\$2,436	\$2,688	\$2,939	\$3,191
As % of FMR	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%
2024 - Year 1											
FMR	\$811	\$913	\$1,108	\$1,434	\$1,527	\$1,756	\$1,985	\$2,214	\$2,443	\$2,672	\$2,901
Payment Standard	\$892	\$1,004	\$1,219	\$1,577	\$1,680	\$1,931	\$2,183	\$2,436	\$2,688	\$2,939	\$3,191
As % of FMR	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%
2025 - Year 2											
FMR	\$811	\$913	\$1,108	\$1,434	\$1,527	\$1,756	\$1,985	\$2,214	\$2,443	\$2,672	\$2,901
Payment Standard	\$803	\$913	\$1,100	\$1,430	\$1,518	\$1,745	\$1,973	\$2,201	\$2,428	\$2,656	\$2,884
As % of FMR	99.0%	100.0%	99.3%	99.7%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%

Area : 1

Reviewing PST Analysis

Review the table to examine the **rent burden by bedroom size** currently and at the end of the current and following years. HUD will review the PHA's payment standard for a particular unit size if $\geq 40\%$ of such families occupying units of that size currently pay $> 30\%$ of adjusted monthly income as the family share.

If red, HUD has the regulatory ability to require an increase in payment standards.		Percent $>31\%$ rent burden:	19.4%	Percent $>31\%$ rent burden:	14.4%
Voucher Bedroom Size	Regular Total (269 PBVs)	~Current Rent Burden		CYE 2025 - Year 3	
		% $\geq 41\%$	% $\geq 31\%$	% $\geq 41\%$	% $\geq 31\%$
Efficiency	2	0.0%	0.0%	0.0%	0.0%
1 Bedroom	2,409	4.2%	17.9%	3.2%	12.7%
2 Bedroom	823	8.1%	22.7%	5.8%	18.1%
3 Bedroom	704	6.0%	20.2%	4.5%	15.1%
4 Bedroom	190	10.0%	22.6%	8.9%	20.0%
5 Bedroom	23	4.3%	17.4%	0.0%	8.7%
6 Bedroom	4	0.0%	0.0%	0.0%	0.0%
7 Bedroom	1	0.0%	0.0%	0.0%	0.0%

Using the PST

(Rent Burden: Area-Bedroom Size)



The PST displays the rent burden by bedroom size. Additionally, the tool shows the estimated Per Unit Cost (PUC) change for the next few years and projected annual HAP costs/changes of the new payment standard.

Area-->Voucher Bedroom Size	Total	Current		CYE 2025 - Year 2	
		% >= 41%	% >= 31%	% >= 41%	% >= 31%
= 85705					
0	1	0.0%	0.0%	0.0%	0.0%
1	431	3.0%	19.3%	2.1%	13.2%
2	100	7.0%	23.0%	5.0%	18.0%
3	76	3.9%	11.8%	2.6%	10.5%
4	15	6.7%	13.3%	6.7%	6.7%
5	2	0.0%	50.0%	0.0%	50.0%
= 85706					
1	227	2.6%	8.8%	1.8%	6.2%
2	142	15.5%	25.4%	12.0%	22.5%
3	122	3.3%	13.1%	3.3%	8.2%
4	38	5.3%	10.5%	2.6%	5.3%
5	4	0.0%	0.0%	0.0%	0.0%

After inputting the SAFMRs, payment standards, assumptions, and effective date, enter the PUCs into the TYT.

Overall, by the end of 2025, your PUC will increase by \$118.13, or about 13.8%.			
Program-Wide PUC Change from Current			
	2024	2025	2026
January	\$0.00	\$6.61	\$2.77
February	\$0.00	\$4.57	\$1.99
March	\$0.00	\$4.64	\$1.97
April	\$0.00	\$6.30	\$2.94
May	\$0.96	\$5.83	\$2.84
June	\$1.01	\$6.13	\$2.84
July	\$0.71	\$6.50	\$2.89
August	\$1.14	\$6.68	\$2.76
September	\$0.98	\$7.46	\$3.58
October	\$0.72	\$8.04	\$3.60
November	\$0.86	\$7.02	\$3.29
December	\$0.91	\$6.43	\$3.16
PUC Change Type		Program-Wide	

Entering PUC Data into the TYT





Calculate Annual Percentage Changes

Calculate annual projected percentages using **PIC Ad-Hoc Query Data by Action** effective dates through software, or the Housing Analysis Tool. Enter results into the PST and the effective date of the SAFMR payment standards.

	Annual Adjusted Income	Contract Rent	Utility Allowance
2024	\$ 13,279	\$ 1,003	\$ 183
2023	\$ 13,161	\$ 952	\$ 172
% Difference	0.9%	5.3%	6.1%

	Date of PS Change:	1/1/2025
Start of Year 2	Rent	5.9%
Start of Year 2	Utility Allowance	6.1%
Start of Year 2	Tenant Income	0.9%

This results in all three assumptions' percentages being applied in the second year of the PST (in this case, 2025).



Manual PUC Override

To decide whether to use per-unit HAP costs, enter data into the **Manual PUC Override** field.

Overall, by the end of 2025, your PUC will increase by \$118.13, or about 13.8%.			
Program-Wide PUC Change from Current			
	2024	2025	2026
January	\$0.00	\$6.61	\$2.77
February	\$0.00	\$4.57	\$1.99
March	\$0.00	\$4.64	\$1.97
April	\$0.00	\$6.30	\$2.94
May	\$0.96	\$5.83	\$2.84
June	\$1.01	\$6.13	\$2.84
July	\$0.71	\$6.50	\$2.89
August	\$1.14	\$6.68	\$2.76
September	\$0.98	\$7.46	\$3.58
October	\$0.72	\$8.04	\$3.60
November	\$0.86	\$7.02	\$3.29
December	\$0.91	\$6.43	\$3.16
PUC Change Type	Program Wide		

2025	UMAs	Actual UMLs	Actual HAP	Vouchers Issued / Projected to be Issued	Other Planned Additions/ Reductions	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual / Projected	HAP: Actual / Projected	PUC: Actual / Projected	Manual PUC Override
Jan-25	4,919				3	0	-38.2	3,909	\$4,446,311	\$1,138	\$1,138
Feb-25	4,919				3	0	-37.9	3,874	\$4,421,163	\$1,141	\$1,141
Mar-25	4,919				3	0	-37.5	3,840	\$4,396,145	\$1,145	\$1,145
Apr-25	4,919				3	0	-37.2	3,806	\$4,371,258	\$1,149	\$1,149
May-25	4,919				3	0	-36.9	3,772	\$4,346,500	\$1,152	\$1,152
Jun-25	4,919				3	0	-36.6	3,739	\$4,321,874	\$1,156	\$1,156
Jul-25	4,919				3	0	-36.2	3,706	\$4,297,377	\$1,160	\$1,160
Aug-25	4,919				3	0	-35.9	3,674	\$4,273,011	\$1,163	\$1,163
Sep-25	4,919				3	0	-35.6	3,641	\$4,248,774	\$1,167	\$1,167
Oct-25	4,919				3	0	-35.3	3,609	\$4,224,668	\$1,171	\$1,171
Nov-25	4,919				3	0	-35.0	3,578	\$4,200,691	\$1,174	\$1,174
Dec-25	4,919				3	0	-34.7	3,546	\$4,176,844	\$1,178	\$1,178
Total	59,028	0	\$0	0	40	0	-437.0	44,694	\$51,724,615	\$1,157	

Assess SAFMR Impacts on HAP Funding in the TYT

Using the PST and TYT, PHAs can assess the impacts on total HAP funding available in the **given year (and in future years)** and weigh the data in relation to the PHA's:

- Voucher lease-ups
- HAP budget utilization
- Income-to-rent burdens
- Goals of expanding affordable housing opportunities

Adjust proposed SAFMR payment standards accordingly.

	2024	2025
UML % of ACC (UMA)	88.2%	92.4%
HAP Exp as % of All Funds	92.9%	93.3%
HAP Exp as % of Eligibility only	93.3%	99.9%
End of Year Results		
Projected 12/31 Total HAP Reserves	\$3,445,063	\$3,503,952
HAP Reserves as % of ABA (Start: 0.3%)	7.3%	7.1%





Implementing Payment Standards

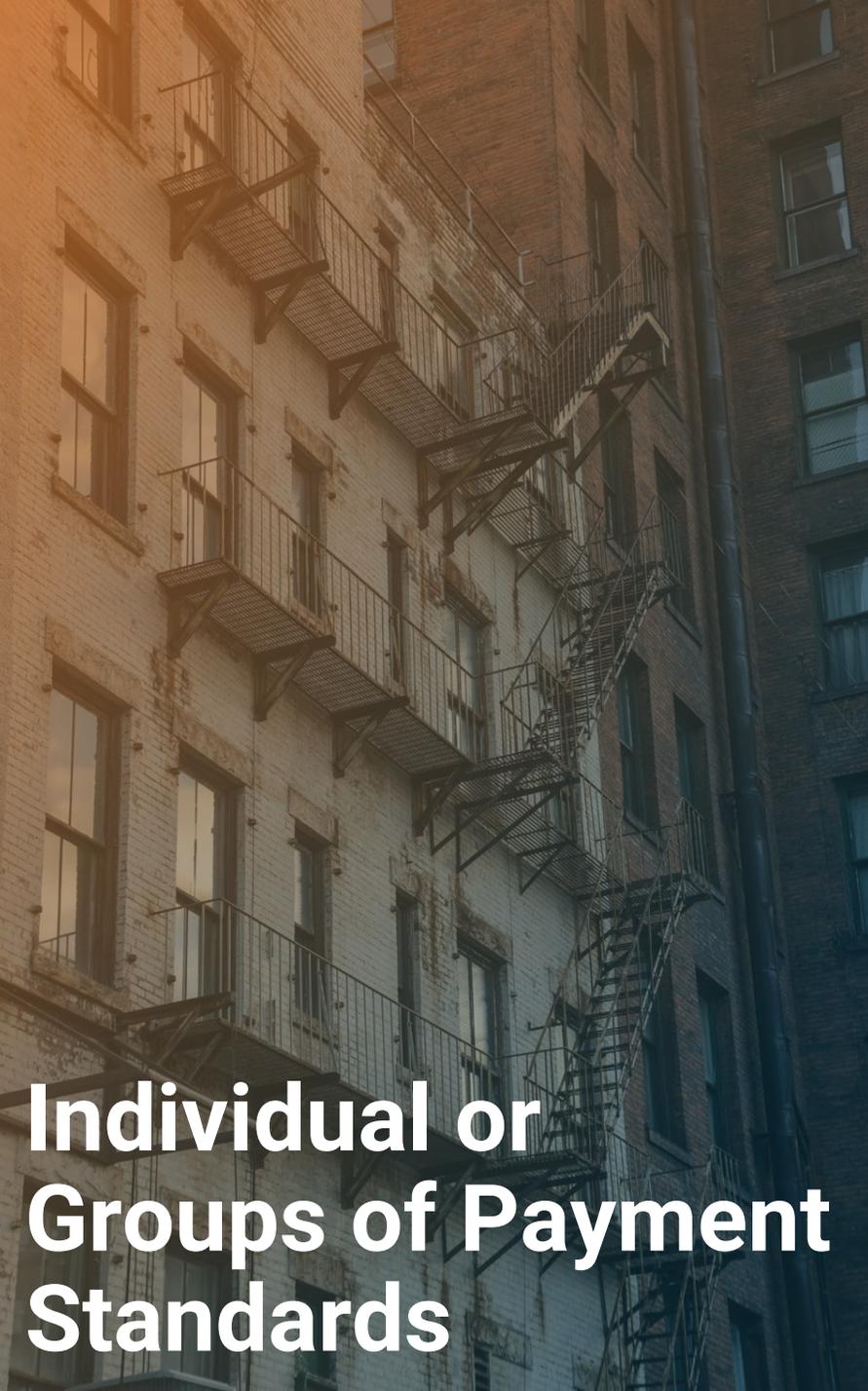
PHAs may adopt a unique payment standard schedule for each ZIP code or create groups.

Payment standards can be set by:

- Census tract
- ZIP code
- Neighborhood
- School district
- City
- County
- Region

NOTE: An area may be no smaller than a census tract block group.

For in-depth information on this topic, attend [Office Hours: Setting Payment Standards and Grouping Zip Codes](#) on August 28.

A photograph of a multi-story brick building with several fire escapes attached to its exterior. The image is partially obscured by a dark blue gradient overlay on the right side.

**Individual or
Groups of Payment
Standards**

Varying Payment Standards

PHAs may use different payment standard percentages for different bedroom sizes.

- A single payment standard for the entire area
- Varied payment standard for each part of an area (e.g., ZIP code, city, county, etc.)
- Bedroom size

See [982.503\[a\]\[3\]](#) for more information.



Varying Percentages

Varying payment standard percentages among designated parts of an SAFMR area and by bedroom size can be an important strategy in helping PHAs transition to SAFMR-based payment standards.

These can also be part of a long-term strategy to fine tune a PHA's payment standard amounts by submarket based on a range of factors, such as:

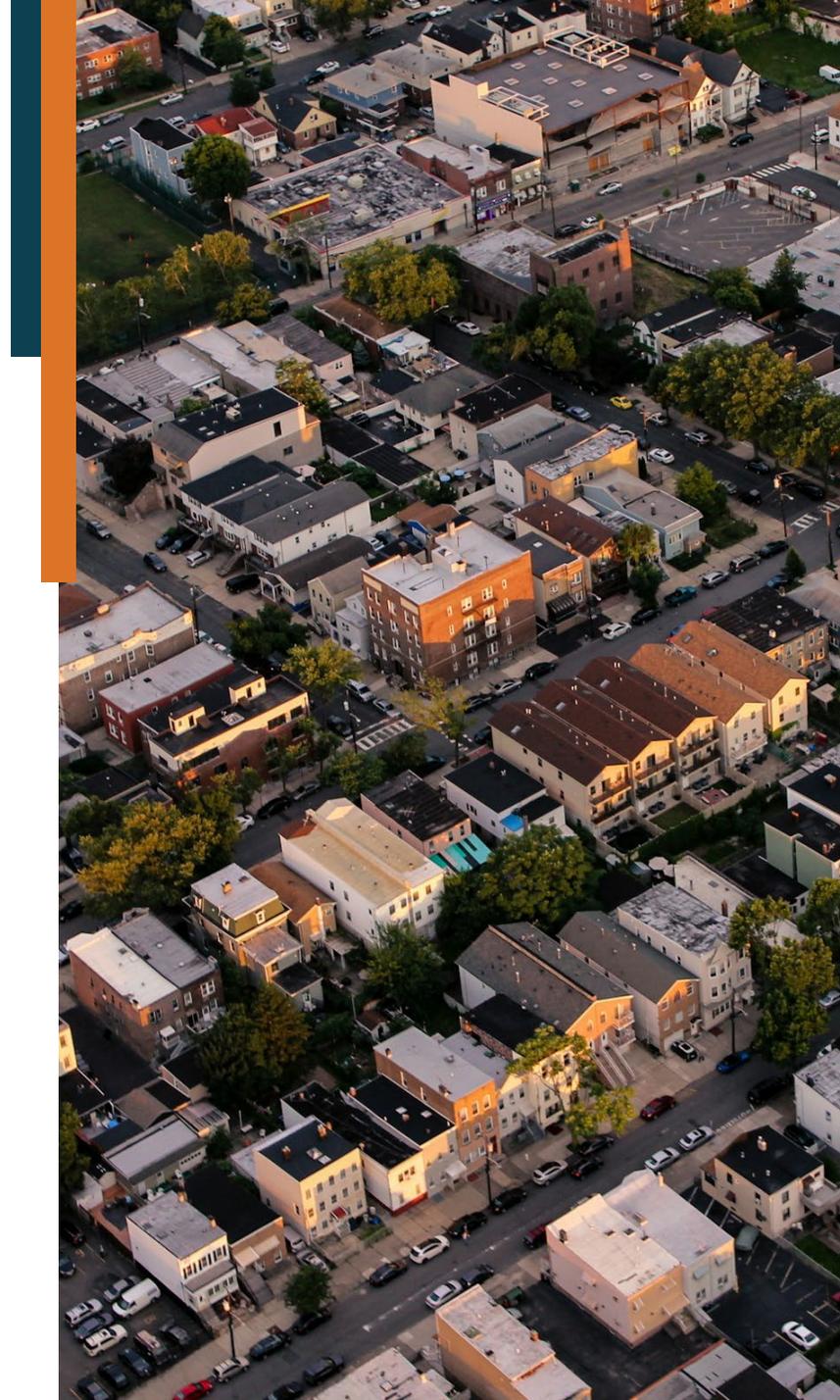
- Availability of rental housing versus homeownership
- Rental housing supply versus demand overall and by bedroom size
- Rental vacancy rates
- Transportation



Key Factors to Consider

In areas with greater variations in rent across jurisdictions, PHAs should consider a variety of factors when determining how many payment standards to establish (and at what levels), including:

- Identical or similar SAFMR values by ZIP code, differences in SAFMR values by ZIP code, and annual percentage change of SAFMRs
- Staying within the basic range (90–110%) or exceptions (if secured)
- Examine how the system of record (SoR) will process SAFMR-based payment standards
- Unit availability and rental versus homeownership in grouped ZIP codes
- PHA budget impacts relative to total annual HAP funding availability
- Rent burden and access to low-poverty, high-opportunity areas
- Compatibility with affordability calculators by payment standard areas
- Practices at neighboring PHAs and PHAs with overlapping jurisdiction





Balance Goals

PHAs are encouraged to balance the goals of increasing access to low-poverty, high-opportunity neighborhoods and serving the greatest number of eligible households when making these decisions, while also understanding the potential impact on HAP costs and minimizing administrative burden and opportunities for error.



Request an Exception or Stay in Basic Range

PHAs should evaluate whether to notify or request exception payment standards from HUD, such as when:

- Payment standards in the basic range (90–110%) are too high or too low to achieve program goals
- Voucher success rates and/or housing cost burdens need improvement
- Total HAP funding is available to maintain uniform percentages at exception payment standards



If use of SAFMR-based payment standards results in a decrease for voucher-assisted households under lease and HAP Contract, PHAs have three options:

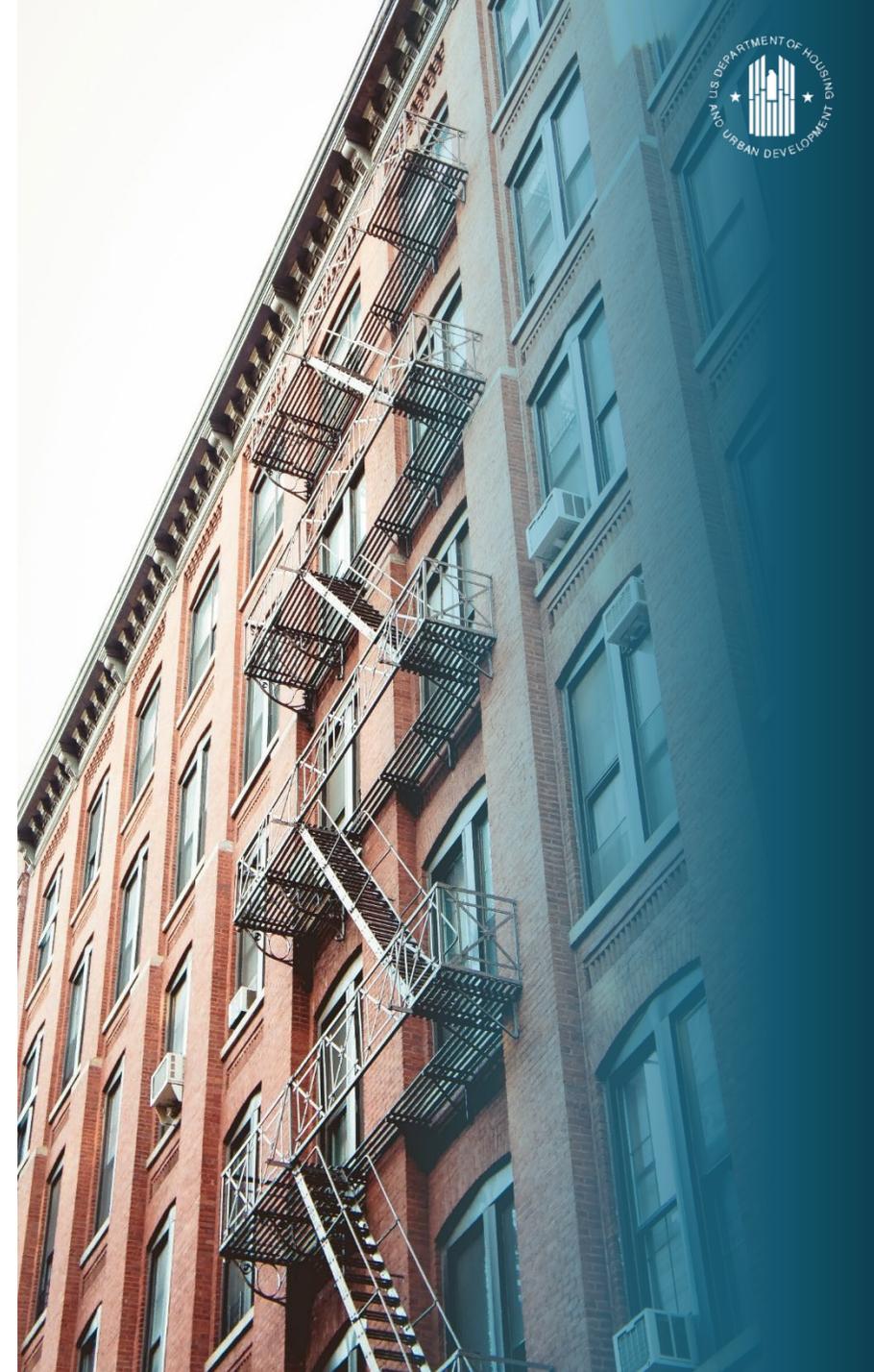
1. **Hold Harmless:** The PHA uses the existing, higher payment standard as long as the family receives voucher assistance in that unit.
2. **Two Years After Effective Date:** The reduced payment standard may be applied no earlier than two years following the effective date of the decrease in the payment standard amount.
3. **Phase In:** The PHA continues to use the lower payment standard to calculate HAP costs beginning at the effective date of the family's second regular reexamination (no earlier than two years following the effective date of the decrease in the payment standard).

Payment Standard Decreases

HAP Costs

PHAs must apply SAFMR-based payment standards for new admissions, relocations, and port-ins without considerations for policies affecting in-place households.

For moderate to lower rental housing submarkets, there are likely HAP cost savings when PHAs decrease payment standards using SAFMRs and, alternatively, HAP cost increases when they increase payment standards.



Projecting HAP

- Project per-unit HAP costs and rent burdens in the PST
- Export into the TYT to assess the overall impact on families served, rent burdens, and expanded opportunities
- Determine whether exception payment standards may be warranted in designated areas and bedroom size

ZIP Code	Metro FMR Area Name	Required SAFMR?	FMR: 2025 Two-Bedroom	SAFMR: 2025 Two-Bedroom	SAFMR/FMR: 2025 Two-Bedroom	Maybe SAFMR Exception ?	PHA Code	~ # HCV Families (12/2023)	~ Prog
85705	Tucson, AZ	Yes	\$1,373	\$1,210	88.1%	No	AZ033	84	13.6
85706	Tucson, AZ	Yes	\$1,373	\$1,210	88.1%	No	AZ033	107	16.6
85711	Tucson, AZ	Yes	\$1,373	\$1,210	88.1%	No	AZ033	72	11.1
85714	Tucson, AZ	Yes	\$1,373	\$1,210	88.1%	No	AZ033	13	2.0
85712	Tucson, AZ	Yes	\$1,373	\$1,230	89.6%	No	AZ033	68	10.6
85713	Tucson, AZ	Yes	\$1,373	\$1,260	91.8%	No	AZ033	41	6.4
85716	Tucson, AZ	Yes	\$1,373	\$1,300	94.7%	No	AZ033	74	11.1
85719	Tucson, AZ	Yes	\$1,373	\$1,340	97.6%	No	AZ033	22	3.4
85710	Tucson, AZ	Yes	\$1,373	\$1,370	99.8%	No	AZ033	54	8.4
85745	Tucson, AZ	Yes	\$1,373	\$1,370	99.8%	No	AZ033	17	2.6
85730	Tucson, AZ	Yes	\$1,373	\$1,430	104.2%	Yes!	AZ033	30	4.7
85718	Tucson, AZ	Yes	\$1,373	\$1,440	104.9%	Yes!	AZ033	1	0.2
85757	Tucson, AZ	Yes	\$1,373	\$1,460	106.3%	Yes!	AZ033	5	0.8
85614	Tucson, AZ	Yes	\$1,373	\$1,490	108.5%	Yes!	AZ033	1	0.2
85701	Tucson, AZ	Yes	\$1,373	\$1,510	110.0%	Yes!	AZ033	6	0.9
85746	Tucson, AZ	Yes	\$1,373	\$1,530	111.4%	Yes!	AZ033	19	3.0
85715	Tucson, AZ	Yes	\$1,373	\$1,540	112.2%	Yes!	AZ033	11	1.7
85750	Tucson, AZ	Yes	\$1,373	\$1,540	112.2%	Yes!	AZ033	1	0.2
85704	Tucson, AZ	Yes	\$1,373	\$1,570	114.3%	Yes!	AZ033	6	0.9
85741	Tucson, AZ	Yes	\$1,373	\$1,640	119.4%	Yes!	AZ033	3	0.5
85749	Tucson, AZ	Yes	\$1,373	\$1,660	120.9%	Yes!	AZ033	1	0.2
85756	Tucson, AZ	Yes	\$1,373	\$1,670	121.6%	Yes!	AZ033	14	2.2
85321	Tucson, AZ	Yes	\$1,373	\$1,690	123.1%	Yes!	AZ033	3	0.5
85653	Tucson, AZ	Yes	\$1,373	\$1,690	123.1%	Yes!	AZ033	2	0.3
85742	Tucson, AZ	Yes	\$1,373	\$1,910	139.1%	Yes!	AZ033	2	0.3
85641	Tucson, AZ	Yes	\$1,373	\$2,060	150.0%	Yes!	AZ033	2	0.3



Exception Payment Standards Above 110% (up to 120%)

Exception payment standards can be established greater than 110% and up to 120% of the SAFMR for the applicable ZIP code area for the time period specified by HUD via notice. PHAs must notify HUD that it meets at least one of the following criteria:

- Less than 75% of the families were issued tenant-based rental vouchers during the most recent twelve-month period **and** there is voucher success rate data available demonstrating that those families leased in the voucher program
- More than 40% of families with tenant-based rental assistance administered by the agency pay more than 30% of adjusted income as the family share
- Such other criteria established by [982.503\(c\)\(3\)\(i-iii\)](#)



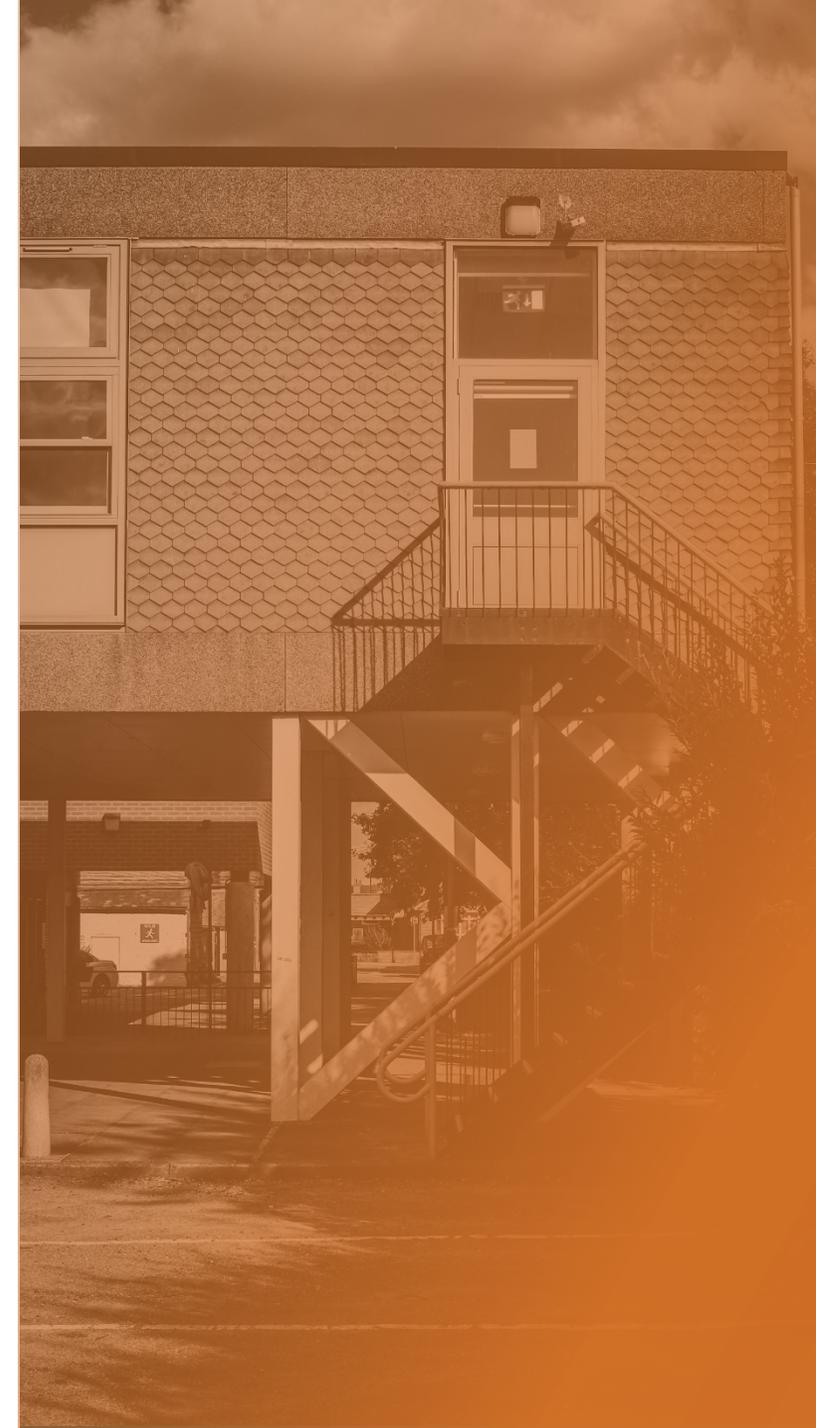
Above 110% of SAFMR: Option 2

In the request to HUD, the PHA must provide:

- Rental market data demonstrating the requested exception is needed for families to access rental data
- U.S. Census Bureau data

The PHA may provide:

- Local rental market data that includes a rent estimate for the entire FMR area compared to the proposed exception area
- Data demonstrating the annual percentage of rent inflation is greater than the rental inflation adjustment factor in the published FMR



Below 90% of SAFMRs

HUD may consider a PHA's request for approval to establish a payment standard amount that is **lower** than the basic range. HUD will consider appropriate factors, including rent burden of families assisted under the program.

Unless it is necessary to prevent termination, HUD will not approve a lower payment standard if the proposed payment standard would cause the family share for more than 40% of participants with tenant-based rental assistance to exceed 30% of adjusted monthly income (AMI) (see [982.503 \[d\]\[5\]\[e\]](#)).

Examining PHA Software

Evaluate housing management software and coordinate with vendors to ensure:

1. Multiple payment standards can be supported (individual and groups)
2. Updates apply to PBVs, if applicable
3. Software adapts to the selected policy for payment standard decreases

Planning Updates

Each year, coordinate the time between the **date of HUD's proposed SAFMRs**, time needed to **enter SAFMR-based payment standards** into the software system, and the effective date of SAFMR payment standard implementation.

NOTE: Keep in mind annual recertifications start ninety to 120 days in advance of lease anniversary dates.



The PHA has provided this Affordability Calculator to assist you when you are searching for a rental unit. The calculator will assist you in determining if the unit you have selected is affordable for you. It is quick and easy to use. Once you have entered your information, the calculator will give you a quick response. Your Housing Counselor will give you all the information you need in your Resident Worksheet and Total Tenant Payment form.

Annual Gross Income

Annual Adjusted Gross Income

Owner's Requested Rent

Zip Code

Voucher Size

Unit Bedroom Size

Unit Type

Indicate who will pay for utilities. If tenant will pay, indicate the fuel type.

Heating: Tenant Landlord Fuel Type:

Hot Water: Tenant Landlord Fuel Type:

Cooking: Tenant Landlord Fuel Type:

Electricity: Tenant Landlord

Water: Tenant Landlord

Sewer: Tenant Landlord

Trash Collection: Tenant Landlord

Air Conditioning: Tenant Landlord

Refrigerator: Tenant Provides Landlord Provides

Range/Microwave: Tenant Provides Landlord Provides

Communicate with vendors about **affordability calculators**, which tenants can use to determine whether a unit is affordable (40% of AMI). This can reduce administrative burden on PHAs.

Affordability Calculators



Webinar Presenter



Nikki Allen
Senior Associate



CVR Associates, Inc.
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An HCV expert with over 20 years' experience working on numerous projects at large and mid-sized housing authorities, as well as on various HUD technical and operational assistance engagements. Currently an advisor to CVR's HCV Management operations in Irvington, NJ

Specialties: Emergency Housing Vouchers, Permanent Supportive Housing, Project-Based Assistance, Home Ownership, VASH, Mainstream, and Family Unification Programs





Administrative Plan Updates

Updating Administrative Plans

PHAs implementing SAFMRs may need to revise their Admin Plans to include:

- **The process for establishing and revising SAFMR-based payment standards:** Ensure payment standards are within basic range (90–110%), determine effective date within ninety days of published SAFMRs, and set single or grouped payment standards based on actual market conditions and rent burdens.
- **How decreases in the payment standard are handled for assisted families continuing to reside in their unit:** Options include hold harmless, phase-in, or two years after effective date.
- **Criteria used to determine designated areas and their payment standard amounts (if establishing different amounts, including exception areas):** Define a long-term strategy to fine tune payment standard amounts by submarket based on a range of factors.
- **Application of SAFMRs to the PBV Program (if applicable):** Policy with SAFMRs applied uniformly for all projects for which the notice of owner selection was made after the effective dates of the adoption of SAFMRs.

NOTE: Attend the **Office Hours: Required Administrative Plan Revisions** on November 20 and see the **SAFMRs Guidebook** for more information.

PBV Considerations

The use of area-wide MAFMRs or SAFMRs is not mandatory for the PBV Program.

- The Admin Plan must state the selected option.
- If the PHA elects to use SAFMRs for the PBV Program, the policy must be applied uniformly for all PBV awards made after the effective date of the policy change.
- If a PHA elects to use the SAFMR for PBV units, it can be applied to existing PBV HAP Contracts with mutual agreement of the owner.
- Once the decision is made to use SAFMRs for a PBV site, the PHA cannot revert to MAFMRs for that site.





Communications

Resident and Landlord

Developing Resident and Landlord Communications

Transparency between the PHAs, landlords, and tenants is vital to building trust. It is important to establish clear policies, communicate upcoming policy changes, and make information accessible.

- For reductions, PHAs **must** notify families in writing at least twelve months before the effective date of a reduced payment standard. It is a best practice for PHAs to also notify the landlord of the change and what it may mean for them.
- Sample materials, such as website language, letters, Admin Plan language, etc., can be found on the HUD Exchange.





Steps After Publication of SAFMRs

1

Review New SAFMRs

- Examine if new amounts are in line with prior analysis.
 - If so, update financial analysis.
 - If not, consider whether prior decisions are still best for the PHA.
- Compare the changes to the newly published SAFMRs to the current SAFMRs.
- Use the TYT and the ToT to determine financial implications.

2

Determine Payment Standards

- After conducting analysis, determine whether to use individual or grouped payment standards.
- Analyze the payment standards within the basic range (90–110%) and consider exception payment standards up to 120%.

3

Update Materials

- Update the briefing packet, landlord packet, website, and other materials with the latest payment standards.
- Update the affordability calculator (if applicable).

4

Enter into Software System

- Verify entered amounts are correct.
- Confirm staff have new payment standard schedules, especially in admissions and contracts.

5

Make Internal Updates

- Document and update any changed policies and procedures.
- Train staff.
- Educate owners on any changes.

6

Implement Quality Control Policies

- Make sure staff are aware of the effective date of the new SAFMR-based payment standards.
- To ensure compliance, include “correct payment standards” as a normal item to check when performing quality control (QC) reviews.

7

Establish Policy for Decreases

- Establish a process to update a family's file when there is a decrease, based on the PHA's policy.

8

Monitor Financial Impacts

- Ensure rent reasonableness aligns with new SAFMRs and adjust as necessary.
- Use the TYT monthly to determine budget utilization and voucher issuance decisions.

9

Monitor Success Rate

- If the success rate decreases, review owner engagement to determine if fewer units are available.
- Review patterns and determine if leasing in certain ZIP codes is changing significantly.
- Consider exception payment standards.



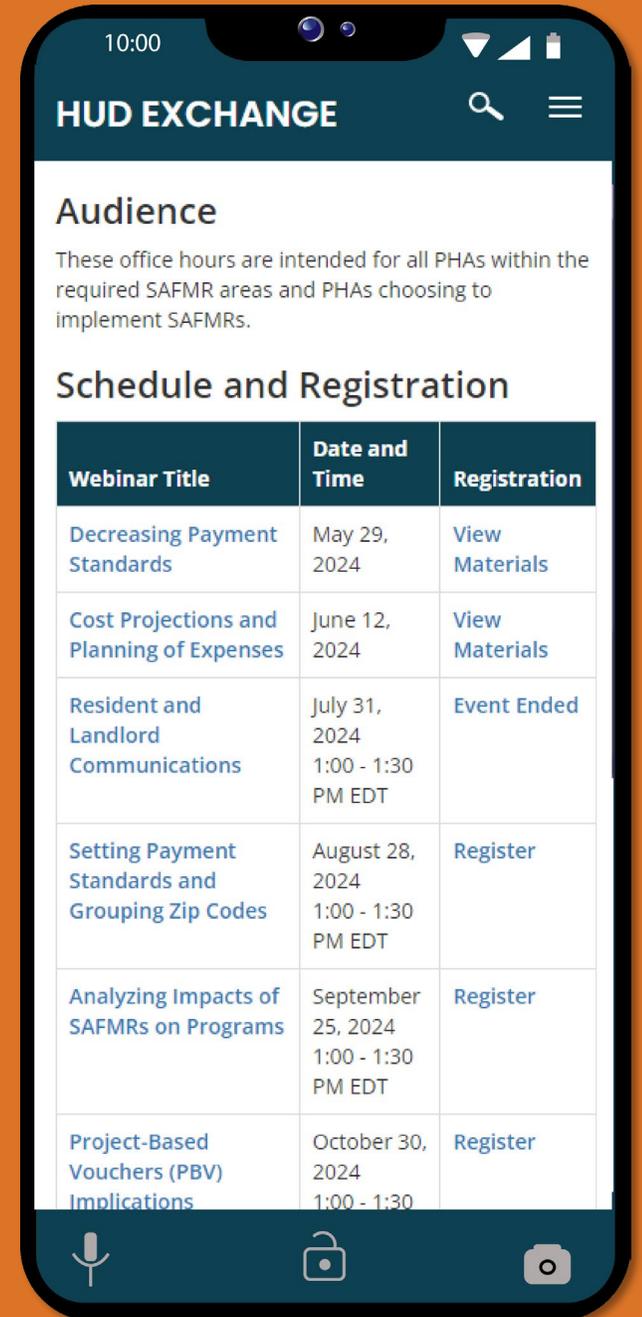
Conclusion

Additional Support, Resources, and Q&A

Additional Support

To learn more about mandatory SAFMRs or the processes described during this presentation, participate in the following:

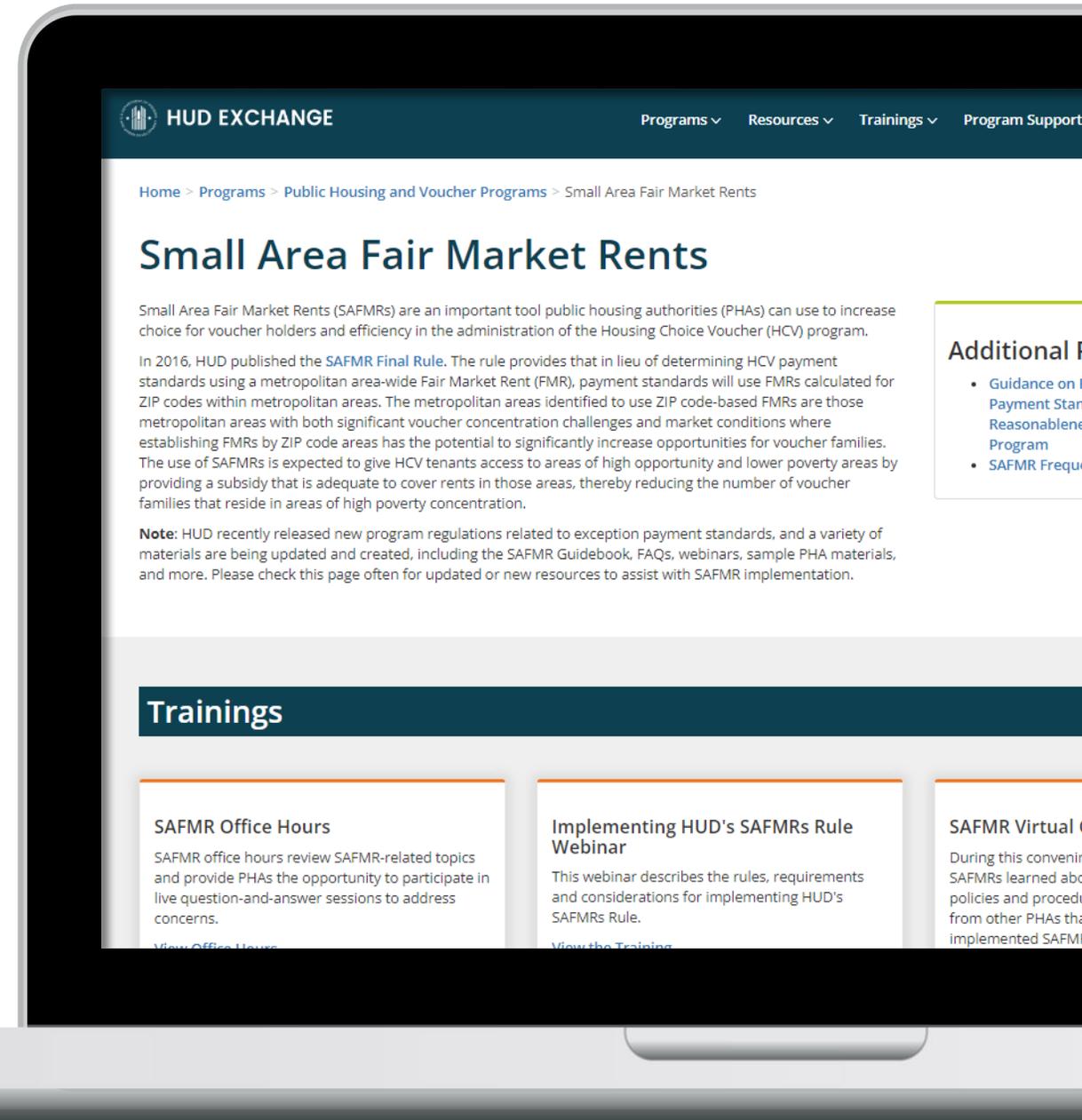
- **Upcoming Office Hours:** Review SAFMR-related topics and provide PHAs the opportunity to participate in live question-and-answer sessions to address concerns.
<https://www.hudexchange.info/news/safmr-office-hours/>
- **Request Direct TA:** Contact your local Field Office to request direct technical assistance.
- **Communities of Practice:** HUD is inviting agencies to partner with mentoring agencies that have already adopted SAFMRs to navigate the process of implementing SAFMRs.



SAFMR Page

To find all the information discussed in this webinar, visit the [SAFMR page](#) on HUD Exchange, which includes the following materials:

- Virtual Convening
- Office Hours Registration
- Case Studies
- SAFMR Guidebook
- FAQs
- Fact Sheets
- Implementation Notices



Resources

- **PIH Notice 2023-32:** [hud.gov/sites/dfiles/PIH/documents/PIH2023-32.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/PIH2023-32.pdf)
- **SAFMR Data:** huduser.gov/portal/datasets/fmr/smallarea/index.html
- **Utilization Tools:** [hud.gov/program_offices/public_indian_housing/programs/hcv/Tools](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/Tools)
- **SAFMR Webinar for 2024 Expansion PHAs:** youtu.be/mkZJsUTgGFw
- **982.503:** <https://www.ecfr.gov/current/title-24/section-982.503>
- **PIH Notice 2018-01:** [hud.gov/sites/dfiles/PIH/documents/PIH-2018-01.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2018-01.pdf)
- **PIH Notice 2003-12:** [hud.gov/sites/documents/DOC_9090.PDF](https://www.hud.gov/sites/documents/DOC_9090.PDF)
- **PIH Notice 2020-19:** [hud.gov/sites/dfiles/PIH/documents/pih2020-19.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/pih2020-19.pdf)





Q & A

Please type your questions into the Q & A Panel.





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Thank You

See HUD Exchange for additional documents and resources.

All links referenced in this training are included in the video description.