

I. Owner Frequently Asked Questions

Small Area Fair Market Rents

On << effective date of SAFMR >>, << PHA name >> began using Small Area Fair Market Rents (SAFMRs) to determine the payment standards applicable to the Housing Choice Voucher (HCV) Program. This handout answers some basic questions about SAFMRs. Please visit our website at << PHA URL >> or contact us at << phone number >> for additional information.

What are SAFMRs?

SAFMRs are estimates of the typical rent for different unit sizes in a specific ZIP code. They are determined by the U.S. Department of Housing and Urban Development (HUD) each year, based on the distribution of all rents for standard quality housing within that ZIP code.

What are payment standards?

Payment standards are used to calculate the maximum subsidy the public housing agency (PHA) will pay toward rent and utilities for rental units leased to families with HCVs. Under the HCV Program, families are generally required to pay 30% of their adjusted income toward rent and utilities. The PHA then pays the difference between the family's required contribution and either the payment standard or the gross rent (rent plus estimated utilities) of the unit, whichever is lower. HCV families may choose to pay more to live in a unit where rent and utilities exceed the payment standard but may not pay more than 40% of their adjusted income for rent and utilities when initially signing a lease.

Effective << effective date of SAFMRs >>, the PHA will use different payment standards for different ZIP codes in its jurisdiction. The payment standard will be set as a percent of the SAFMRs for that ZIP code. Owners and tenants can use the << SAFMR Payment Standard Lookup Tables >> to determine the payment standard in a particular location.

What's new about this approach?

Previously, HUD required the PHA to base payment standards on Fair Market Rents (FMRs) calculated for the entire metropolitan area. This meant that payment standards may have been too low to enable HCV families to rent units in certain areas of opportunity and may have been higher than market rents in others. Under the new approach, the payment standard is based on the localized rent for each ZIP code. If your property is in a neighborhood where rents tend to be on the higher end of the metropolitan area, it is likely that the share of the rent << PHA name >> will pay on behalf of the tenant will increase. At the same time, the payment standards in many low-cost areas may likely be reduced, meaning the tenant's share of the rent and utility could increase, depending on the amount of the rent.

How will I be impacted?

How you will be impacted by SAFMRs depends on the location of the properties that you own. The change in methodology used to calculate payment standards means that families with vouchers may now be able to afford units in parts of town with higher rents. If you own units in these areas, please consider opening your doors to HCV families as voucher amounts will be comparable to the market. If you currently rent to individuals and families with HCVs, you will receive a letter from the PHA with details about how your properties will be impacted by changing payment standards. As annual reexaminations of income and eligibility for current HCV tenants are conducted, the Housing Assistance Payment (HAP) provided by << PHA name



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>> will be determined using the new payment standards based on the policy outlined in the HCV Administrative Plan. Additional information about impacts on tenants who rent units in your properties will be shared as their reexaminations are completed.

What else do I need to know?

Please be aware that all HAP Contracts will remain subject to rent reasonableness determinations and tenant affordability, including in areas where payment standards increase.

