

**SMALL AREA FAIR MARKET RENTS  
FREQUENTLY ASKED QUESTIONS  
Housing Choice Voucher Program**

The U.S. Department of Housing and Urban Development (HUD) has required the Housing Authority of Prince George's County (HAPGC) to begin using Small Area Fair Market Rents (SAFMRs) instead of metropolitan – wide Fair Market Rents (FMRs) to calculate the payment standard for determining rental assistance in the Housing Choice Voucher (HCV) program. This handout answers some basic questions about this change.

**What are FMRs?** HUD publishes Fair Market Rents (FMRs) annually for regions throughout the US. For Prince George's County, this region includes all Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR area. FMRs are established annually by HUD and based on a calculation of average gross rents within the Metropolitan Area. FMRs are also used to establish payment standards.

**What are SAFMRs?** SAFMR stands for "Small Area Fair Market Rent" where payment standards are established from the SAFMRs. SAFMRs are estimates of the typical rent levels per bedroom size (including the cost of utilities) within a zip code, rather than for the entire metropolitan region. HUD has mandated that SAFMRs be implemented in metropolitan areas where establishing FMRs by zip codes has the potential to significantly increase opportunities for voucher families. Zip codes were chosen because they are small enough to reflect neighborhood differences, and it is possible to compare rents between zip codes in a metropolitan area. The HAPGC is mandated to utilize SAFMRs HUD establishes and publishes the SAFMRs annually.

**What are payment standards?** Payment standards are used to calculate the maximum subsidy that the PHA will pay for a rental unit in the HCV program. Under the HCV program, a family is generally required to pay 30 percent of their adjusted income for rent and utilities. If the HCV families choose to pay more to live in a unit where rent and utilities exceed the payment standard, the PHA may approve to pay the difference if they have sufficient income.

**What's new about this approach?** Until now, the amount the PHA paid toward rent for families with vouchers was based on rental rates (by bedroom size) across the entire metropolitan area. Under the new approach the payment standard is based on the localized rent in each zip code (the SAFMRs) providing opportunities to voucher families to access all communities in the region including higher opportunity areas.

**What is hold harmless?** This means there will not be a reduction in subsidy for higher payment standards. The HAPGC 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.

**How do SAFMRs affect where a family can lease a unit?** Families will still be able to choose the unit that meets their needs. However, you will be able to use your voucher in more places than would have been possible before, including neighborhoods with higher rents that may have high performing schools and low levels of poverty. If you choose to rent in a high cost neighborhood, you will likely receive more assistance toward rent and utilities than you would have under the old approach. If you choose to rent in a neighborhood where rents are low, you may receive less assistance toward rent and utilities under the new SAFMR approach.

**How will SAFMR affect Landlords?** The degree to which you will be impacted by the switch to SAFMR's depends on the location of the property 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 high cost parts of town. If you own units in these areas, please consider opening your doors to HCV families.

**Reasonable Accommodations:** If required as a reasonable accommodation for a family that includes a person with a disability, any Public Housing Authority may, without HUD approval, establish an exception payment standard of up to and including 120 percent of the relevant FMR. (i.e., the SAFMR for applicable zip code areas in the PHAs implementing SAFMRs).

#### **Resources:**

##### SAFMR FAQ

- <https://www.hudexchange.info/resources/documents/SAFMR-FAQs.pdf>

##### SAFMR PIH Notice 2018-01

- <https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2018-01.pdf>