

## **NAHMA HUD Update: HUD suspends Small Area Fair Market Rent designations; Interim report on Small Area FMRs released**

Dear NAHMA Members,

### **1. Suspension of Most Small Area Fair Market Rent Designations**

This week, HUD temporarily **suspended the Small Area Fair Market Rent (FMR) designation for most metropolitan areas** that were previously selected for mandatory use of the Small Area FMRs. The Small Area FMR designation remains in effect for the Dallas-Plano-Irving, Texas Metro Division, which has been subject to the Small Area FMR designation since 2011 as a result of a legal settlement.

HUD is suspending the Small Area FMR designation for various metropolitan areas for a period of two years, until October 1, 2019, with an effective date for public housing agencies (PHAs) to revise payment standards no later than January 1, 2020. This action is not a suspension of the Small Area Final Rule or a regulatory waiver because solely the SAFMR *designation* has been suspended. Therefore, all regulatory provisions implemented under the Small Area FMR Final Rule remain in effect. Again, the Dallas-Plano-Irving TX Metro Division remains a Small Area FMR designated metropolitan area in FY18 and FY19.

PHAs wishing to voluntarily proceed with the Small Area FMR implementation for their programs may do so by seeking approval from HUD's Office of Public and Indian Housing (PIH) through written request; PIH will expedite the approval process for PHAs impacted by the suspension. Guidance and training on the voluntary use of the Small Area rule and other aspects of Small Area FMRs will be released by HUD in the coming months.

To read HUD's letter to the Public Housing Agencies, please click [here](#).

### **2. Small Area Fair Market Rent Demonstration Evaluation – Interim Report**

HUD's determination to suspend the Small Area FMR designation for certain metropolitan areas was based in part on HUD's **review of the Small Area FMR demonstration's interim findings and industry pushback**. NAHMA previously joined our industry colleagues to [request](#) HUD postpone implementation of SAFMRs until the demonstration was concluded.

Since 2012, HUD has been conducting a Small Area FMR demonstration to determine the effectiveness of using zip code areas to determine fair market rents ("Small Area" FMRs). The interim findings released this week suggest the need for further analysis of the benefits and costs of Small Area FMRs, particularly with respect to the impact on rent burdens and the availability of units in the metropolitan area. After reviewing the interim findings, HUD believes a policy change of this magnitude should be fully informed by the final report on the completed demonstration, which is expected in July, 2018.

To read the interim report on the Small Area Fair Market Rent Demonstration Evaluation, please click [here](#). To read the Small Area Final Rule from November 16, 2017, please click [here](#).

Thanks,  
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