The Best Laid Plans Often Go Awry: An Analysis of the Implementation of Small Area Fair Market Rents

Kelly L. Patterson
Robert Mark Silverman
University at Buffalo

Abstract

The U.S. Department of Housing and Urban Development's (HUD) new Small Area Fair Market Rents (SAFMRs) rule sets fair market rents at the ZIP Code level as opposed to an entire metropolitan region. The rule became effective on January 1, 2018. It is mandatory in 24 metropolitan areas and voluntary in the other metropolitan areas across the United States. SAFMRs allow for housing choice voucher (HCV) payment standards to vary across ZIP Codes within a region. This is a change from previous policy that based Fair Market Rents (FMRs) on the 40th percentile of gross rents in a region. This change opens properties in higher income areas to HCV holders because rents at the ZIP Code level often exceed regional FMRs. The use of SAFMRs is predicted to help to deconcentrate poverty and allow HCV holders to access high opportunity neighborhoods in core cities and their suburbs. SAFMRs have the potential to curb some of the effects of increasing rents in places experiencing gentrification, as well as promote housing mobility and fair housing across regions. This article examines the early implementation strategies for SAFMRs in the 24 metropolitan areas where they are currently mandated. Data were collected from the 180 public housing authorities (PHAs) in those 24 metropolitan areas. The analysis is based on 2018 HCV payment standards and other program documents related to tenant and landlord notification collected from PHAs, as well as content analysis of archival materials and public documents. The analysis is used to measure PHA fidelity to the SAFMR rule's opportunity advancement goals, identify best practices, and make policy recommendations for the broader implementation of SAFMRs.

Introduction

In November 2016, HUD issued its final rule for the implementation of Small Area Fair Market Rents (SAFMRs) (Federal Register, 2016). The purpose of the rule was to begin the process of changing the basis for setting payment standards for the Housing Choice Voucher (HCV) program.

Historically, payments standards were based on Fair Market Rents (FMRs), which represent the 40th percentile of gross rents paid in metropolitan areas. Under SAFMRs, payment standards are based on the 40th percentile of gross rents paid in ZIP Codes. The new rule was adopted to achieve two primary benefits (PRRAC, 2018). First, SAFMRs were expected to provide voucher holders with greater access to high-opportunity neighborhoods (that is, places that offered a better mix of employment, educational, and transportation opportunities). This outcome was anticipated because payment standards would increase in ZIP Codes where rents were higher than metropolitan FMRs. Second, SAFMRs were expected to make the voucher program more cost-effective. This outcome was anticipated for two main reasons. The adoption of SAFMRs would lower payment standards in ZIP Codes where rents were lower than metropolitan FMRs. This adjustment to payment standards on the lower spectrum of a region's rental market was expected to reduce the likelihood of landlords setting rents above the market rate for comparable units in these ZIP Codes. In addition, the adoption of SAFMRs had the potential to be more cost-effective in the long run because agencies administering the HCV program would no longer need to seek HUD's approval of exception payment standards.[1] This would be the case whether such approval was sought to increase payment standards in high-rent areas or lower them in low-rent areas. The adoption of SAFMRs would make these adjustments automatic.

Initially, the new rule became effective on January 1, 2018, with implementation in the 24 mandatory metropolitan areas beginning on April 1, 2018. The Dallas metropolitan area was one of these, but it was already required to use SAFMRs in the implementation of the HCV program under a separate court settlement in 2011. Implementation of the rule was voluntary in other metropolitan areas across the United States. In August of 2017, HUD attempted to suspend the new rule, but in December of 2017 a U.S. District Court judge ordered the rule to be reinstated (Thorpe, 2018).

This article examines the implementation strategies adopted by public housing authorities (PHAs) in metropolitan areas mandated to use SAFMRs. This analysis has a focus on the degree to which the setting of payment standards in 2018 supported the dual goals of expanding voucher holders' access to high-opportunity areas and enhancing the cost-effectiveness of the HCV program. In addition to examining how payment standards were set during the initial implementation of HUD's new SAFMR rule, the article is also informed by a content analysis of other archival materials, public documents, and primary materials supplied by local PHAs. The analysis of these data identifies best practices and policy frameworks for future HCV program implementation in areas mandated to use SAFMRs.

After results are presented, the article concludes with a set of recommendations. They focus on lessons learned from the analysis of metropolitan areas mandated to use SAFMRs. The recommendations had three targets audiences: administrators within HUD, local PHAs that implement the HCV program, and applied researchers and policy advocates.

[1] Although administrative costs go up significantly during the initial implementation of SAFMRs, they are expected to decline once the new system is in place. Whether they return to the level they were when areawide FMRs were used, exceed them, or fall below depends on local conditions and administrative practices adopted by the public housing authorities (PHAs).

Small Area Fair Market Rents (SAFMRs)

This section provides background on programs and policies that led to the promulgation of HUD's SAFMR rule. The first subsection summarizes the historic backdrop of relevant housing mobility decisions in the courts and HUD actions in response to them. The second subsection focuses on the settlement to address voucher concentration in low-income areas of the Dallas metropolitan area and the SAFMR demonstration project. The third subsection discusses the genesis of HUD's new SAFMR rule.

The Lead-Up to SAFMRs

HUD's new SAFMR rule was developed in response to several concerns about the effectiveness of the HCV program in deconcentrating poverty and providing low-income households with access to upward mobility. Historically, these concerns date back to issues raised in cases like *Gautreaux v. Chicago Housing Authority* (1969) and *Southern Burlington County NAACP v. Township of Mount Laurel* (1975). In response to those decisions, programs and public policies were developed to increase opportunities for recipients of housing vouchers to move out of segregated, impoverished neighborhoods. Some of these programs included the Gautreaux program in Chicago, the Moving to Opportunity (MTO) for Fair Housing demonstration program, various fair share housing initiatives that grew out of the Mount Laurel doctrine, and other housing mobility programs that were adopted across the country on a demonstration basis. The development of policies scaling up these programs has become increasingly salient because HCVs are one of HUD's primary tools to provide affordable housing to low-income households. In 2017, HCVs were used for over 2.2 million rental units (HUD, 2017). These 2.2 million units represented over 48 percent of all rental units subsidized across the eight federal programs designed to subsidize rental housing. In 2017, almost 5.3 million people were housed using HCVs, comprising almost 55 percent of all renters receiving housing assistance across the eight federal rental subsidy programs.

In addition to programs and policies adopted in response to landmark decisions in the courts, advocates have encouraged HUD to pursue administrative rule changes to address shortcomings in the implementation of the HCV program. Advocates have been critical of how the use of metropolitan-wide FMRs, and the calculation of payment standards based on them, impede geographic mobility and housing searches in high-opportunity neighborhoods (Thorpe, 2018). In response to some of these concerns, HUD launched the Moving to Work (MTW) demonstration program in 1996. This program gave participating PHAs flexibility in the administration of HCVs in order to promote economic self-sufficiency and mobility to high-opportunity neighborhoods. A common tool used by PHAs in the MTW program has been the adoption of exception payment standards in high-opportunity geographic areas. Exception payment standards allow PHAs to set payment standards in excess of FMRs so that tenants can lease housing in high-opportunity areas. In some cases, PHAs in the MTW program have adopted exception payment standards for targeted geographic areas in excess of 150 percent of local FMRs.[2] In 1996, HUD approved 30

[2] Although all PHAs can adopt exception payment standards, it is often easier for PHAs in the MTW program to have them approved under the stipulations of their contracts with HUD. In addition, exception payment standards for both MTW agencies and other PHAs may be over 150 percent of local FMRs. This amount is noteworthy, because SAFMRs are capped at 150 percent of the areawide FMR. This rule means that exception payment standards represent an additional tool available to PHAs in areas where SAFMRs do not provide access to high-opportunity neighborhoods in areas experiencing rapidly increasing rents.

PHAs across the country for the MTW demonstration program; that number grew to 39 PHAs by 2012 (HUD, 2019). Although the PHAs selected to participate in the MTW demonstration program represent a fraction (1.1 percent) of all PHAs in the United States, they tended to be in core cities and represent the largest unit shares in the metropolitan areas where they were located. Nevertheless, most metropolitan areas where a PHA was selected to participate in the MTW program have several other PHAs that were not selected to participate. For instance, the Chicago Housing Authority is a participant in the MTW program, but the other 12 PHAs in that metropolitan area are not. Similarly, the Atlanta Housing Authority is a participant in the MTW program, but the other 11 PHAs in that metropolitan area are not. Consequently, the scale and scope of the MTW demonstration program potentially limits regional mobility and raises additional concerns about the portability of vouchers within a region.

Although MTW is a demonstration program and not tested across a spectrum of local contexts, it has provided policymakers and administrators of affordable housing programs with several insights. One such insight is that metropolitan-wide FMRs fall short of providing tenants with adequate subsidies to rent in high-opportunity neighborhoods. Researchers have identified this as problematic because metropolitan-wide FMRs fall below rents in the most expensive submarkets in metropolitan areas (Palm, 2018; Thorpe 2018; Treat, 2018). This limitation of FMRs is compounded by data lag because FMRs are calculated using data from the American Community Survey (ACS) which is released 2 years from its date of collection. One rationale for HUD allowing PHAs to set payment standards within a 90–110 percent range of its published FMRs is to address some of these limitations. In localized housing markets experiencing gentrification and other forms of upward pressure on rents, however, the ability to set payment standards at 110 percent of FMRs still does not close the affordability gap. To address this issue, SAFMRs have been advocated for as a tool to promote housing opportunity on a metropolitan-wide scale.

The Dallas Settlement and the SAFMR Demonstration Project

The first opportunity to test this tool came in 2011 as a result of a court settlement that resolved a complaint charging that payment standards based on FMRs in the Dallas metropolitan areas resulted in the concentration of vouchers in low-income areas (Ellen, 2018; Treat, 2018). Under the settlement, all PHAs in metropolitan Dallas were required to use SAFMRs when setting payment standards. An early analysis of outcomes in Dallas suggested that the adoption of SAFMRs resulted in improved neighborhood quality for HCV recipients and modest cost savings for PHAs (Collinson and Ganong, 2014). It is noteworthy that Palm (2018) and Treat (2018) caution against assuming that those outcomes are easily replicable in other metropolitan areas. During the timeframe that data from Dallas were examined, vacancy rates exceeded 8 percent. In tighter housing markets, the improvements due to the adoption of SAFMRs are expected to be more modest.

Shortly after the Dallas settlement, HUD created its own SAFMR demonstration program. The purpose of the demonstration program was twofold (Kahn and Newton, 2013). First, it was created to test the effectiveness of SAFMRs in improving tenants' access to high-opportunity areas as well as the residual impacts on tenants' living in areas with SAFMRs below metropolitan FMRs. Second, the demonstration program was created to understand the administrative and budget effects on

PHAs that adopt SAFMRs. The demonstration program was designed to run from 2012–2016. Five PHAs were included in the demonstration program (see exhibit 1).[3] They were selected in order to include PHAs that administered different volumes of HCVs and that served clients from different demographic segments of the population. The five PHAs selected to participate in the demonstration program had the option not to participate. In addition to the five PHAs selected to participate in the SAFMR demonstration program, HUD added two PHAs from the Dallas metropolitan area that were already mandated to implement SAFMRs under the court settlement.[4] These two PHAs are also listed in exhibit 1.

Exhibit 1

2011 Characteristics of PHAs in the SAFMR Demonstration Program

PHA Name (State)	Total HCV Units	HCV Recipients (%)			Tracts with HCV Residents Total Population Minority (%)
		Minority	Hispanic	62 Years and Over	
SAFMR Demonstration Participants					
Chattanooga Housing Authority (TN)	3,183	82	2	15	54
Housing Authority of Cook County (IL)	12,622	83	3	58	52
Housing Authority of the City of Laredo (TX)	1,368	100	99	20	95
City of Long Beach Housing Authority (CA)	6,556	88	11	23	83
Town of Mamaroneck Housing Authority (NY)	647	54	22	39	32
PHAs Added from the Dallas Metropolitan Area					
Housing Authority of the City of Dallas (TX)	18,525	94	5	17	67
Housing Authority of Plano (TX)	908	65	3	29	39

HCV = Housing Choice Voucher. PHA = Public Housing Authority.
Source: Finkel et al, 2017

At the end of the demonstration program, HUD released an evaluation report (Finkel et al., 2017). The report focused on the two foci of the demonstration program: the effectiveness of SAFMRs in improving tenants' access to high opportunity areas and the effects of SAFMRs on HCV implementation costs. In terms of tenants' access to high-opportunity areas, the results of the evaluation indicated that SAFMRs had a positive impact. The switch to SAFMRs made HCV holders slightly more likely to live in high-rent ZIP Codes than they were before the demonstration program. This was the case for new HCV holders and tenants who already held vouchers and

[3] The SAFMR demonstration program ended in 2016. At that time, four of the five PHAs participating in it continued to use SAFMRs on a voluntary basis; they included the Chattanooga Housing Authority, the Housing Authority of Cook County, the City of Long Beach Housing Authority, and the Mamaroneck Housing Authority. One of these PHAs, the Housing Authority of Cook County, is in the Chicago-Joliet-Naperville metropolitan area that was subsequently mandated to adopt the new SAFMR rule. The Housing Authority of Laredo was the only PHA to discontinue the use of SAFMRs after the demonstration program ended.

[4] Because the two PHAs in Dallas adopted SAFMRs due to a court settlement, they could not opt out. HUD added these two PHAs to the evaluation in order to increase the sample size for the evaluation.

moved to new ZIP Codes after the demonstration program began. Tenants who moved to these ZIP Codes accrued benefits due to the areas' lower poverty, higher school proficiency, proximity to employment, environmental quality, and lower crime.

In terms of PHA implementation costs, the switch to SAFMRs resulted in modest reductions in overall costs for PHAs. Although there was variation across the PHAs, on average, increases in payment standards in high-rent ZIP Codes were offset by lower payment standards in low-rent areas. Moreover, when the PHAs in the demonstration program were compared with a control group, the cost savings were greater in terms of payment standards and Housing Assistance Payment (HAP) contract costs for demonstration program participants. One caveat that explains the modest reduction in overall costs was that PHAs were required under the rules of the voucher program to hold existing tenants in low-rent ZIP Codes harmless from reduced payment standards until their units went through their second annual recertification. This meant that there was a lag in PHA savings from reduced payment standards in low-rent ZIP Codes, as well as a delay in any additional costs to tenants who chose to remain in those ZIP Codes after SAFMRs were adopted.

Additional administrative costs to PHAs involved those associated with changing software, systems, and staff training. These represented the largest up-front expenditures made by PHAs due to SAFMR implementation. One-time costs were often associated with the revamping of internal systems, however, and these costs were offset by long-term savings that PHAs would accrue. For instance, SAFMRs reduced administrative costs associated with collecting comparative data to determine rent reasonableness because the more discrete ZIP Code level geography makes it less difficult to find comparable rents, and baseline rents are embedded in SAFMR calculations. Moreover, areawide rent reasonableness studies are only if there is a 10-percent decrease in SAFMRs consistent with the floor for all FMRs under the Housing Opportunities Through Modernization Act (HOTMA). SAFMRs also eliminated the need to petition HUD for exception payment standards in many areas where rents exceeded FMRs, which allowed PHAs to reallocate staff resources.

The results from the evaluation of the SAFMR demonstration program provided HUD with guidance for the scaling up of SAFMRs, but they should be interpreted with some important qualifications. For example, except for the two PHAs added to the evaluation from metropolitan Dallas, the other participants in the demonstration program administered SAFMRs in regions where multiple PHAs continued to use metropolitan areawide FMRs in their HCV implementation. Two of these PHAs were in the largest metropolitan areas in the country. Consequently, issues related to the portability of vouchers where SAFMRs are used metropolitan-wide were not fully integrated in the evaluation. In addition, scholars have raised concerns about the representativeness of PHAs in the demonstration program and the generalizability of the findings from the evaluation to other PHAs across the United States (NYU Furman Center, 2018; Palm, 2018). A degree of caution was recommended, in particular, when applying the results of the evaluation of the demonstration program to metropolitan areas selected for the first phase of the mandatory implementation of HUD's new SAFMR rule.

The New SAFMR Rule

In November of 2016, HUD published the final version of the new SAFMR rule (Federal Register, 2016). This was followed by a series of technical documents including an implementation guidebook for PHAs that had adopted SAFMRs (HUD, 2018). The final version of the SAFMR rule included provisions for PHAs mandated to adopt SAFMRs as well as options for their voluntary implementation by other PHAs. In the SAFMR rule's initial implementation in 2018, 24 metropolitan areas were mandated to use SAFMRs when setting payment standards for HCVs. The Dallas metropolitan area was one of these areas but had already implemented SAFMRs under the terms of the 2011 court settlement under the provisions of the SAFMR rule. The next opportunity to expand the number of metropolitan areas mandated to use SAFMRs would occur after 5 years had passed. This meant that in 2018, there were a total of 180 PHAs across the 24 metropolitan areas mandated to use SAFMRs.[5] Those PHAs administered 413,591 vouchers, which accounted for about 19 percent of all HUD vouchers. Exhibit 2 lists all the metropolitan areas mandated to use SAFMRs.

Exhibit 2

Metropolitan Areas Mandated to Use SAFMRs (1 of 2)

Metropolitan Area	Total PHAs	Average HCVs Leased Q1 2017	PHAs in MTW Program
Atlanta-Sandy Springs-Roswell, GA	12	41,011	1
Bergen-Passaic, NJ	10	10,881	
Charlotte-Concord-Gastonia, NC-SC	6	8,151	1
Chicago-Joliet-Naperville, IL	13	71,275	1
Colorado Springs, CO	2	2,512	
Dallas, TX	11	29,467	
Fort Lauderdale, FL	6	11,529	
Fort Worth-Arlington, TX	5	12,308	
Gary, IN	3	3,097	
Hartford-West Hartford-East Hartford, CT	21	19,183	
Jackson, MS	2	5,641	
Jacksonville, FL	2	7,250	
Monmouth-Ocean, NJ	9	5,314	
North Port-Sarasota-Bradenton, FL	3	2,773	
Palm Bay-Melbourne-Titusville, FL	3	2,714	
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	19	37,610	1
Pittsburgh, PA	8	17,087	1
Sacramento-Roseville-Arden-Arcade, CA	4	12,837	
San Antonio-New Braunfels, TX	6	15,095	1

[5] Nine of the PHAs in the mandated areas were participants in the MTW program and could request an exemption from the SAFMR rule. These PHAs accounted for 33 percent of the vouchers in the 24 mandatory SAFMR areas and had the option to voluntarily adopt SAFMRs.

Exhibit 2

Metropolitan Areas Mandated to Use SAFMRs (2 of 2)

Metropolitan Area	Total PHAs	Average HCVs Leased Q1 2017	PHAs in MTW Program
San Diego-Carlsbad, CA	6	28,458	1
Tampa-St. Petersburg-Clearwater, FL	8	19,290	
Urban Honolulu, HI	2	6,040	
Washington-Arlington-Alexandria, DC-VA-MD	14	37,379	2
West Palm Beach-Boca Raton, FL	5	6,689	

HCV = Housing Choice Vouchers. MTW = Moving to Work. PHA = Public Housing Authority. Q1 = First Quarter.
Note: Total sample size is 24.
Source: HUD, Voucher Management System (VMS), retrieved by the Policy Race and Research Action Council

The SAFMR rule was published in its final form after a period of notice and comment from stakeholders. The changes made to the final rule had implications for the degree to which SAFMRs expanded HCV recipients' access to high-opportunity neighborhoods and the cost-effectiveness of voucher implementation. The changes also had implication for which metropolitan areas were selected for mandatory implementation of SAFMRs.

One of the main changes made to the SAFMR final rule was the addition of tenant protections. In the final rule, provisions were included to hold existing HCV holders harmless if the payment standards in the ZIP Code they lived in fell below metropolitan area FMRs. HUD provided PHAs with three options to hold existing tenants harmless during the SAFMR implementation process: (1) Under existing rules of the voucher program, PHAs could delay the reduction in payment standards until the second annual recertification of their rental contract. This would give tenants up to two years to weigh whether they would move to a different location or remain in their current unit with a lower subsidy; (2) PHAs could develop a schedule to gradually reduce payment standards over a period of time until they were at the new level set using SAFMRs; or (3) PHAs had the option to hold tenants harmless indefinitely. HUD was able to provide these tenant protections in the final rule, especially the last one, because of provisions within HOTMA.

Another noticeable change to the SAFMR rule involved how metropolitan areas were selected for mandatory implementation. Concerns were expressed about the feasibility of SAFMRs in regions with tight rental housing markets. Some of these concerns were supported by analysis in studies like Palm's (2018), which raised questions about replicating outcomes found in high vacancy metropolitan areas like Dallas when using SAFMRs in tighter housing markets like San Francisco and Oakland. In response to these concerns, HUD exempted areas with rental vacancy rates at 4 percent or less from mandatory adoption of the SAFMR rule.

In addition to these changes, HUD made others that essentially gave relief to PHAs. For instance, HUD exempted all current and future project-based vouchers from mandatory implementation of SAFMRs. This effectively made mandatory implementation of the SAFMR rule only applicable to portable vouchers, giving PHAs more flexibility in the setting of payment standards for properties they managed. Similarly, the final rule allowed PHAs participating in the MTW program to request an exemption from mandatory implementation of SAFMRs. HUD also simplified the exception payment standard rules for PHAs that did not operate in mandatory SAFMR areas. Instead of going through the more rigorous exception payment standard approval process, PHAs were permitted to voluntarily adopt SAFMRs in individual ZIP Codes and notify HUD of this decision by email. Moreover, HUD made efforts to address concerns raised about PHAs and about the cost burden associated with the transition to SAFMRs. Although this was not addressed in the final rule per se, HUD offered PHAs up to $25,000 in reimbursements for costs directly related to mandatory SAFMR adoption.

Finally, HUD provides PHAs in non-mandatory SAFMR metropolitan areas with two options to use SAFMRs voluntarily. As noted earlier, PHAs had the option to set payment standards up to 110 percent of SAFMRs in individual ZIP Codes without going through the more rigorous approval process for exception payment standards. The second option for voluntary adoption of SAFMRs was to request HUD's approval to opt-in and apply SAFMRs metropolitan-wide. This allowed PHAs to both increase payment standards in high-rent ZIP Codes and reduce payment standards in low-rent ZIP Codes. PHAs that opted-in for full implementation of SAFMRs would have greater flexibility in pursuing the goal of providing tenants with opportunities to move to high-opportunity areas and garner broader cost savings in HCV administration.

Methodology

The results section of this article focuses on implementation strategies used by PHAs in the 24 metropolitan areas mandated to use SAFMRs when setting payment standards for HCVs. The results presented in this section are based on data collected following the initial implementation of SAFMRs in these jurisdictions during 2018. This is a critical timeframe to examine because jurisdictions were mandated to have their SAFMR strategy in place by April 2018. The scope and scale of the initial implementation provide one measure of the degree of PHAs' fidelity to the goals of the new SAFMR rule. Attempts were made to collect data from each of the 180 PHAs located in the 24 metropolitan areas mandated to use SAFMRs. Between June and September of 2018, members of the research team contacted individuals responsible for the administration of the HCV program by telephone, email, and mail. Requests were made for each PHA's: SAFMR payment standards, documentation of updates to their administrative plans since SAFMRs were adopted, materials distributed to voucher holders and landlords describing the PHA's SAFMR policies, and the approach adopted to render existing HCV holders harmless during the changeover to SAFMRs. In cases where PHAs did not respond to data requests by telephone, email, and mail, the research team searched for materials on PHAs' websites. At the end of the data collection period, materials were collected from 48 percent of the PHAs. These materials consisted largely of the SAFMR payment standards that were adopted by the PHAs. To a lesser extent, PHAs provided copies of other materials such as information provided to tenants and landlords about SAFMRs, policies to hold existing HCV holders harmless, and updates to their administrative plans. Although data were only available for 48 percent of the PHAs, all 24 metropolitan areas were represented in this subset and the PHAs that did provide data represented those with larger service areas in the metropolitan areas mandated to adopt SAFMRs. These PHAs were responsible for the administration of 79 percent of the 413,591 HCVs issued in the 24 metropolitan areas. PHAs for which data were collected administered an average of 3,801 HCVs, compared with an average of 922 HCVs for PHAs where data were not collected. The data collected also included information for 55 percent of the 3,881 ZIP Codes contained in those metropolitan areas.

Payment standard data collected from PHAs were aggregated and presented in tabular form. These tables are discussed in the results section and presented in the appendix to this article. In addition to payment standard data, other data were collected from PHAs and public documents. Content analysis was used to examine these data following methods described in Silverman and Patterson (2015). The content analysis focused on information provided to tenants and landlords about SAFMRs, the degree to which participants in MTW programs plan to integrate SAFMRs into their HCV implementation strategies, rationales PHAs used in their requests for waivers, and the scope of HUD's monitoring of SAFMR implementation.

Results

Analysis of Year 1 Mandatory SAFMR Implementation

This section focuses on implementation strategies used by PHAs in the 24 metropolitan areas mandated to use SAFMRs. The section begins with an overview of how PHAs set payment standards for HCVs during the initial implementation of SAFMRs in 2018. It then examines information provided to tenants and landlords about PHAs' SAFMR policies and approaches adopted to render existing HCV holders harmless. Following this discussion, the article summarizes other topics pertinent to the implementation of the SAFMR rule including the degree to which participants in MTW programs plan to integrate SAFMRs into HCV implementation, requests for waivers to the SAFMR rule, and the scope of HUD's monitoring of SAFMR implementation.

Payment Standards

Data for payment standards were collected from 86 PHAs in the metropolitan areas mandated to use SAFMRs. These PHAs constituted 48 percent of all agencies. This group of PHAs administered 79 percent of the 413,591 HCVs issued in the 24 metropolitan areas. The HCV administered by this group of PHAs covered 55 percent of the 3,881 ZIP Codes in those metropolitan areas.

Under the new rule's guidelines, PHAs can set payment standards between 90 percent and 110 percent of SAFMRs. This range allows PHAs to account for local market conditions when adjusting payment standards. For example, in areas where market rents are changing rapidly and published SAFMRs are not in line with current trends, the 90 to 110 percent range gives PHAs flexibility to address data lag issues. This flexibility may be beneficial in areas experiencing upward pressure on rents due to gentrification, as well as in areas where rents are declining due to deteriorating neighborhood conditions. While taking these issues into consideration, at minimum, one would expect payment standards to cluster near 100 percent of published SAFMRs if a PHA had fidelity to the opportunity advancement goals of the new rule. Under this scenario, a PHA would strike a balance between ZIP Codes where SAFMRs were less than metropolitan-wide FMRs and ZIP Codes where SAFMRs were greater than metropolitan-wide FMRs. This is an important balance to strike because it generates the program cost savings necessary in low-rent ZIP Codes to free up resources needed to enhance HCVs in high-rent ZIP Codes. Striking this balance is critical to maintaining a PHA's volume of HCVs while expanding housing options in opportunity areas.

If a PHA diverges from payment standards clustering near 100 percent of published SAFMRs, how payment standards are set can be viewed as an indication of relatively high or low fidelity to the new rule. In instances where there is high fidelity, a PHA would set payment standards in low-rent ZIP Codes closer to 90 percent of SAFMRs while setting payment standards closer to 110 percent of SAFMRs in high-rent ZIP Codes. Setting payment standards in this manner would maximize the incentive for tenants to move to high-opportunity areas while reducing possible overpayments to landlords in low-rent ZIP Codes. In contrast, low fidelity would be most pronounced in instances where a PHA sets payment standards in low-rent ZIP Codes closer to 110 percent of SAFMRs while setting payment standards closer to 90 percent of SAFMRs in high-rent ZIP Codes. Setting payment standards in this manner would minimize the incentive for tenants to move to high-opportunity areas while increasing overpayments to landlords in low-rent ZIP Codes. This scenario would effectively undercut the opportunity advancement goal of the SAFMR rule by bringing payment standards back in line with something approximating metropolitan-wide FMRs.

In order to measure this aspect of fidelity to the SAFMR rule, payments standards as a percent of SAFMRs were calculated for each ZIP Code in the 24 metropolitan areas. A total of 5,501 payment standards were reported for SAFMRs by all the PHAs from which data were collected. It should be noted that in several instances, multiple payment standards were reported for the same ZIP Codes. This variance was because different PHAs in the same metropolitan area often calculated their own unique payment standards for the same ZIP Codes. At least one set of payment standards was reported for 2,134 (55 percent) of the 3,881 ZIP Codes in the 24 metropolitan areas. More than one ZIP Code was reported in 679 (17.5 percent) of the cases. The presence of multiple payment standards in the same metropolitan areas can make the HCV process confusing to tenants and landlords. Exhibit 3 summarizes the number of payment standards reported per ZIP Code in all the 24 metropolitan areas combined.

Exhibit 3

Number and Percent of ZIP Codes Where Public Housing Authorities Reported Payment Standards

Number of PHAs Reporting Payment Standards	Number of ZIP Codes	Percent of ZIP Codes
0	1,725	45.0
1	1,477	38.1
2	218	5.6
3	213	5.5
4	117	3.0
5	55	1.4
6	55	1.4
7	20	0.5
8	1	0.0

PHA = Public Housing Authority.
Note: Total sample size is 3,881.

Exhibit 4 presents payment standards as a percent of SAFMRs in the aggregate for all 24 metropolitan areas. Exhibit 4 also reports payment standards as a percent of SAFMRs above metropolitan-wide FMRs and for SAFMRs below metropolitan-wide FMRs. Low-opportunity ZIP Codes were defined as ZIP Codes with SAFMRs less than 100 percent of area FMRs. High opportunity ZIP Codes were defined as ZIP Codes with SAFMRs greater than or equal to 100 percent of area FMRs. These data suggest that, in the aggregate, PHAs in the 24 metropolitan areas had low fidelity to the opportunity advancement goals of the SAFMR rule. Although average payment standards hovered around 100 percent of published SAFMRs, there was a divergence between the setting of payment standards in low-opportunity and high-opportunity ZIP Codes. This difference reflected the opposite of the pattern of setting payment standards that would be predicted where PHAs had high fidelity to the opportunity advancement goals of the SAFMR rule. Setting payment standards in this manner potentially creates disincentives for moves to high-opportunity neighborhoods and reinforces existing patterns of HCV concentration in low-opportunity areas. Moreover, setting payment standards in this manner increases the likelihood that landlords will be overpaid in low-rent areas and PHAs will forego cost-savings that can be used to enhance payment standards in high-opportunity ZIP Codes. The result is fewer HCVs overall, and fewer HCVs in high-rent ZIP Codes.

Exhibit 4

Payment Standards as a Percent of SAFMRs

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the 24 Metropolitan Areas	100.57	100.85	100.58	100.31	100.04
Payment Standards in Low-Opportunity ZIP Codes[1]	102.81	103.02	102.77	102.51	101.94
Payment Standards in High-Opportunity ZIP Codes[2]	98.71	98.09	98.82	98.29	98.13

SAFMR = Small Area Fair Market Rent.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size is 5,501.

The data presented in exhibit 4 is in the aggregate. It is important to note that there was variation in the degree to which payment standards diverged between high-opportunity and low-opportunity ZIP Codes in individual metropolitan areas. There were three main findings for payment standard behavior relative to the classification of ZIP Codes by opportunity. The first was in metropolitan areas where the payment standards followed a similar pattern to the aggregate data reflected in exhibit 4. Eleven of the 24 metropolitan areas fell into this category. They included the following metropolitan areas mandated to use SAFMRs: Atlanta-Sandy Springs-Roswell, Colorado Springs, Fort Lauderdale, Fort Worth-Arlington, Hartford-West Hartford-East Hartford, Jacksonville, Monmouth-Ocean, Pittsburgh, Sacramento-Roseville-Arden-Arcade, Tampa-St. Petersburg-Clearwater, and Urban Honolulu.

The second finding in payment standards involved eight metropolitan areas where payment standards were at or above 100 percent of SAFMRs in high-opportunity and low-opportunity ZIP

Codes. This outcome was found in the following metropolitan areas: Charlotte-Concord-Gastonia, Chicago-Joliet-Naperville, Dallas, Gary, Jackson, North Port-Sarasota-Bradenton, Philadelphia-Camden-Wilmington, and Washington-Arlington-Alexandria. These metropolitan areas exhibited a relatively moderate degree of fidelity to the opportunity advancement goals of the SAFMR rule in the sense that they erred on the side of adopting payment standards that were at or higher than 100 percent of SAFMRs across the board. In some cases, this error was justified due to a region's tight rental housing market, but in other metropolitan areas, setting payment standards above 100 percent of SAFMRs raises concerns about potentially overpaying landlords in low-rent areas. The payment standards reported for the Dallas metropolitan area in exhibit 5 are exemplar of this trend.

Exhibit 5

Payment Standards as a Percent of SAFMRs for the Dallas, TX Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	103.78	103.13	103.28	103.37	103.25
Payment Standards in Low-Opportunity ZIP Codes[1]	103.41	102.99	102.86	102.91	102.84
Payment Standards in High-Opportunity ZIP Codes[2]	104.11	103.23	103.67	103.80	103.64

SAFMR = Small Area Fair Market Rent.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for Dallas is 1,071.

The third finding in payment standards involved five metropolitan areas where payment standards were below 100 percent of SAFMRs in high-opportunity and low-opportunity ZIP Codes. This outcome was found in the following metropolitan areas: Bergen-Passaic, Palm Bay-Melbourne-Titusville, San Antonio-New Braunfels, and San Diego-Carlsbad. These metropolitan areas exhibited a relatively low degree of fidelity to the opportunity advancement goals of the SAFMR rule in the sense that they adopted payment standards that were below 100 percent of SAFMRs across the board. This had the effect of encouraging the concentration of HCVs in low-opportunity areas, particularly in metropolitan areas with tightening rental markets. One justification for setting HCVs in this manner might be to stretch a PHA's resources and issue the maximum number of vouchers possible, but this strategy results in placing the greatest constraints on HCV holders who seek to relocate to high-opportunity areas. The payment standards reported for the San Diego-Carlsbad metropolitan area in exhibit 6 show an extreme example of this trend.

Exhibit 6

Payment Standards as a Percent of SAFMRs for the San Diego-Carlsbad, CA Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	85.82	86.96	85.77	84.22	80.37
Payment Standards in Low-Opportunity ZIP Codes[1]	89.04	91.13	87.79	88.81	84.36
Payment Standards in High-Opportunity ZIP Codes[2]	84.32	85.01	84.83	81.59	78.50

SAFMR = Small Area Fair Market Rent.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for San Diego-Carlsbad is 169.

Within the SAFMR rule, HUD preserved the ability of PHAs to set payment standards within the basic range by ZIP Code. This policy allowed PHAs to tier their payment standards. The use of tiers involves setting a single payment standard for a group of ZIP Codes in order to simplify the HCV implementation process. Tiering payment standards were common in the 24 metropolitan areas mandated to use SAFMRs. Tiers were adopted by 53 percent of the PHAs where data were collected and at least one PHA adopted them in 22 (92 percent) of the 24 metropolitan areas. PHAs adopted a variety of approaches to tiering. For example, some created zones based on jurisdictional boundaries of municipalities and counties, further grouping ZIP Codes within those boundaries. Others created payment standard zones based on land use characteristics, such as rural, business district, and standard zones. In other cases, it was clear that tiers reflected groupings of ZIP Codes based on broader geographies identified high to low rent areas.

On the surface, applying tiers presents HCV holders with a more discrete list of payment standards to reference when searching for housing. If applied with low fidelity to the opportunity advancement goals of the SAFMR rule, however, this approach may result in more limited access to high-opportunity areas and reproduce patterns of HCV concentration. Exhibit 7 provides an example of this outcome. This exhibit summarizes average payment standards across the five tiers set by the Hawaii Public Housing Authority for the 57 ZIP Codes in its service area, which encompasses the entire Urban Honolulu metropolitan area. Exhibit 7 provides a summary of the divergence between payment standards in low to high rent tiers. Tier 5 represented the lowest rent ZIP Codes in the metropolitan area, rents incrementally increased until the highest rents were found in tier 1. The data summarized in exhibit 7 shows that there was an inverse relationship between rents and payment standards as a percent of SAFMRs.

Exhibit 7

Average Payment Standards as a Percent of SAFMRs for the Hawaii Public Housing Authority

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Tier 5 (N=4)— Lowest Rent ZIP Codes	109.77	109.40	109.40	109.48	109.65
Tier 4 (N=40)	101.74	101.43	102.05	101.76	101.99
Tier 3 (N=10)	98.55	98.65	98.65	98.80	98.73
Tier 2 (N=2)	90.00	90.00	90.00	90.00	90.00
Tier 1 (N=1)— Highest Rent ZIP Code	90.00	90.00	90.00	90.00	90.11

Note: Total sample size for the Hawaii Public Housing Authority is 57.

The example of tiering in the Urban Honolulu metropolitan area illustrates how low fidelity can undercut the opportunity advancement goals of the SAFMR rule when the use of SAFMRs is mandated. In metropolitan areas where all PHAs are not required to use SAFMRs, tiering can have more noticeable effects. Exhibit 8 summarizes average exception payment standards set across the three tiers set by the San Diego Housing Commission for the 33 ZIP Codes in its service area.[6] Although this PHA is located in a mandatory SAFMR area, it can request an exemption from the SAFMR rule because it is a participant in the MTW program. This policy means that the San Diego Housing Commission was able to set its payment standards without the constraints of the SAFMR rule. The PHA's tiering showed a similar inverse relationship between rents and payment standards. Without the safeguards built into the SAFMR rule, however, average payment standards as a percent of SAFMRs fell below the 90-percent threshold in high-opportunity areas.

Exhibit 8

Average Payment Standards as a Percent of SAFMRs for the San Diego, CA Housing Commission

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Tier of Low Rent ZIP Codes (N=10)	96.77	96.50	96.47	96.48	85.20
Tier of Moderate Rent ZIP Codes (N=8)	82.97	82.73	82.54	82.65	72.86
Tier of High Rent ZIP Codes (N=15)	80.85	80.32	80.42	76.75	72.70

SAFMR = Small Area Fair Market Rent.
Note: Total sample size for the San Diego Housing Commission is 33.

Holding Tenants Harmless

The final SAFMR rule required PHAs to hold existing HCV holders living in low-rent areas harmless as FMRs were phased out during the SAFMR implementation process. PHAs had three options to do this: (1) they could delay the reduction in payment standards until the second

[6] The San Diego Housing Commission based its tiers on ZIP Code boundaries making it possible to directly compare payment standards set by this PHA with others in the metropolitan area using ZIP Code based SAFMRs. This type of comparison was not possible with MTW participants that used different geographies when setting their exception payment standards.

annual recertification of their rental contract, (2) they could develop a schedule to gradually reduce payment standards over a period of time, or (3) they could hold tenants harmless indefinitely. It is important to stress that the requirement to hold tenants harmless only applied to existing HCV contract holders. Payment standards based on SAFMRs would be applied to new recipients of HCVs at the time they originated.

Tenant and landlord notification materials were used in the analysis to identify what option for holding tenants harmless was adopted by PHAs. Tenant notification materials were provided by 22 PHAs. Landlord notification materials were provided by 12 PHAs. These materials were analyzed using content analysis. Findings from the analysis indicated that the thrust of tenant notifications was to alert tenants that they would be held harmless if payment standards were reduced in their area due to the adoption of SAFMRs. The discussion of SAFMR opportunity advancement goals was secondary. In 11 of the letters analyzed, PHAs indicated that tenants would be held harmless until their second annual recertification took place. Similar language was included in most of the notifications that landlords received from these PHAs. The option to hold tenants harmless until their second annual recertification occurred was the only option explicitly mentioned in the materials analyzed.

In addition to notifying tenants that SAFMRs were being adopted and that this change may affect their level of rental assistance in the future, nine PHAs also included language explaining the opportunity advancement goals of the new policy. For example, the Sacramento Housing and Redevelopment Agency's notification explained that, "with the SAFMRs you will be able to use your voucher in more places than would have been possible before—including neighborhoods that have high-performing schools, reduced crime, access to grocery stores, parks, medical facilities, childcare, transportation, and other amenities." Similar language was found in six of the notices that went to landlords.

One contrast stood out in the materials circulated to tenants and landlords. Landlords received more detailed information about how payment standards were set by the PHAs. In four of the landlord notifications, tables showing the payment standards were included. This level of detail was absent from materials circulated to tenants. In addition to this contrast, the letters to landlords provided insights about the degree to which PHAs had fidelity to the SAFMR rule. For instance, the Cecil County Housing Authority informed landlords that most of its service area will have payment standards reduced, making it "more difficult for some tenants to rent your higher cost units, more difficult for you to get higher rents for some units, and more difficult for us to lease voucher holders in some areas." This PHA is in the Philadelphia-Camden-Wilmington metropolitan area, and 88 percent of the 16 ZIP Codes in its service area had SAFMRs below FMRs. This notification went on to describe how the PHA tiered its payment standards to buffer landlords from potential reductions in payment standards due to the use of SAFMRs. The PHA's letter to landlords said "in an effort to minimize the disturbance to your operations, limit our administrative burden, and maintain as much simplicity as possible for the tenants—while also attempting to adhere to the spirit and intention of the SAFMR program—using local authority we have reduced the 16 standards to 3 different rate areas." An examination of the FMRs, SAFMRs, and tiers adopted by this PHA indicated the effect of the tiers adopted by this PHA was to adjust payment standards upward in low-rent areas and downward in high-rent areas. Payment standard reductions using the

PHA's tiers were about one-third to one-half of what they would have been if posted SAFMRs were adopted without making these adjustments.

PHAs in the MTW Program and Others Requesting Waivers

Nine PHAs in the 24 metropolitan areas that were mandated to use SAFMRs were participants in the MTW program. These PHAs included the Atlanta Housing Authority, Charlotte Housing Authority, Chicago Housing Authority, District of Columbia Housing Authority, Fairfax County Redevelopment and Housing Authority, Philadelphia Housing Authority, Housing Authority of Pittsburgh, San Antonio Housing Authority, and San Diego Housing Commission. These PHAs could propose alternative payment standard policies to HUD and request exemptions from the mandate to use SAFMRs. Eight of the PHAs requested an exemption for at least 1 year when the rule was promulgated due to the administrative burden of adopting SAFMRs on short notice and the potential confusion it would cause with the alternative payment standard policies authorized under their MTW agreements. The Philadelphia Housing Authority did not request an exemption. PHAs requesting an exemption either implemented plans to phase in SAFMRs over a period of years, applied SAFMRs to a subgroup of ZIP Codes, developed exception payment standards using more flexible criteria based on metropolitan-wide FMRs, or used other metrics to set payment standards in a manner that aligned with the opportunity advancement goals of the SAFMR rule. Four MTW participants, including the Philadelphia Housing Authority, the Pittsburgh Housing Authority, the San Antonio Housing Authority, and the San Diego Housing Commission, adopted various plans to transition to SAFMRs. These PHAs set HCV subsidies based on payment standards applied to ZIP Codes (as opposed to other geographies like census tracts or locally demarcated neighborhood boundaries).

Another MTW participant, the Chicago Housing Authority, argued that their use of exception payment standards based on FMRs was more effective than SAFMRs. According to this argument, the use of SAFMRs would raise payment standards in all high-rent areas and increase the PHA's costs per voucher without additional funding from HUD. This variance would mean that the PHA could issue fewer HCVs. It was also argued that SAFMRs would lower payment standards in low-rent areas and increase housing costs for HCV holders who remained in them. Consequently, this MTW participant requested an exemption from the SAFMR rule in favor of the use of exception payment standards in a more discrete set of geographic areas.

Although MTW participants were able to request exemptions from the SAFMR rule, requests for exemptions by other PHAs were not granted. For example, the two PHAs in the Urban Honolulu metropolitan area jointly requested an exemption from the SAFMR rule based on unique characteristics linked to the Honolulu metropolitan area being located on a densely populated Pacific island (Department of Community Services, City and County of Honolulu, 2018). The request was denied. Other PHAs had greater success in obtaining temporary extensions to the deadline for implementation, citing issues related to administrative obstacles to implementing SAFMRs on-time. PHAs that requested temporary waivers of 3 months to 1 year in order to make the transition to SAFMRs more seamlessly were typically granted extensions (Federal Register, 2018).

HUD's Monitoring of SAFMR Implementation

In addition to issues related to the setting of payment standards, holding tenants harmless, and the parallel administration of the MTW program in mandatory SAFMR areas, the analysis found that the implementation of the SAFMR rule was hampered by a lack of proactive monitoring by HUD. For example, PHAs are not required to submit their administrative plans, payment standards, or materials used to notify tenants and landlords about their internal implementation policies related to the SAFMR rule to HUD. Instead, they are expected to keep these records in-house and available if HUD requests to inspect them. This procedure is problematic because there is no central repository where these materials are stored and made publicly available for inspection. Instead, information must be gathered from individual PHAs. This approach impedes public interest and advocacy groups from accessing information about the implementation of the SAFMR rule and shifts the burden of public disclosure from HUD to members of the general public. The lack of a public repository for implementation materials also hinders the free flow of information between PHAs interested in identifying best practices to adopt when planning their implementation strategies.

Conclusions and Recommendations

The results presented in this article highlight how the successful implementation of SAFMRs hinges on the degree to which PHA administrators show fidelity to the opportunity advancement goals of the SAFMR rule. These goals focus on setting payment standards that provide HCV holders with greater chances to move to high-opportunity neighborhoods. To forward these goals, ZIP Code-based payment standards should be elevated in high-rent areas and lowered in low-rent areas. This behavior would create an incentive structure that encourages moves to high-opportunity neighborhoods. Importantly, the reduction of payment standards in low-rent areas provides PHAs with the cost savings needed to pay for higher payment standards in high-rent areas. The reduction in payment standards in low-rent areas also corrects for the tendency to overpay landlords when FMRs are used. Payment standards based on SAFMRs bring HCV subsidies in line with market-based rents across a metropolitan area.

The results presented in this article indicate that PHA administrators' behavior in setting payment standards lack high fidelity to the opportunity advancement goals of the SAFMR rule. This lack has led to less than optimal implementation in the 24 metropolitan areas required to use SAFMRs. Despite these findings, there are signs that once PHAs gain experience in the use of SAFMRs they will apply the policy with greater efficacy. For instance, all but one of the PHAs that participated in the SAFMR demonstration program continue to use them well beyond the end of that program. Likewise, some of the highest levels of fidelity to SAFMRs were found in the place with the most experience using them to set payment standards, the Dallas metropolitan area. Still, there is a need to fine-tune the SAFMR rule in anticipation of the scheduled addition of metropolitan areas mandated to adopt it. The expansion of mandatory SAFMR metropolitan areas is scheduled to occur in the fifth year of the new rule's implementation. Fine tuning the SAFMR rule would allow for a more rapid scaling up to occur. Ideally, this expansion would encompass the full implementation of the SAFMR rule nationally. With that goal in mind, recommendations are made to three target audiences: (1) administrators within HUD, (2) local PHAs that implement HCV programs, and (3) applied researchers and policy advocates.

Recommendations from the Analysis of PHAs Mandated to Use SAFMRs

Increase HUD's Emphasis on the Opportunity Advancement Goals of SAFMRs. Successful implementation of SAFMRs hinges on PHA administrators' fidelity to the opportunity advancement goals of the SAFMR rule. To foster this commitment to promoting HCV holders' mobility, HUD must invest more resources in educating PHAs, tenants, and landlords about these goals and their relationship to the setting of payment standards in high-rent and low-rent areas.

Increase Funding to Cover the Costs of Transitioning to SAFMRs. HUD should increase funding to support the transition to SAFMRs in two key areas. First, funding should be enhanced to cover the costs of training staff, developing educational materials for tenants and landlords, and upgrading software and other administrative systems. Currently, PHAs can request reimbursements up to $25,000 for costs directly related to SAFMR implementation. These funds are intended to cover the costs of outreach and briefing materials, hiring and training of staff, the development of new methodologies for reasonableness determinations, and software. These funds are available for PHAs adopting SAMFRs, but the level of funding and its continuation beyond the initial adoption phase of SAMFRs are not adequate to sustain the requisite capacity of a PHA. Second, HUD should reimburse PHAs for the costs of holding tenants harmless during the transition to SAFMRs, so payment standards can be raised in high-rent areas without reducing the overall number of vouchers.

Require More Metropolitan-Wide Collaboration. To curb the practice of individual PHAs setting multiple payment standards in the same ZIP Codes, HUD should encourage more metropolitan-wide collaboration across PHAs. Setting uniform payment standards in a metropolitan area will have the benefit of reducing confusion for renters and providing landlords with a more predictable environment. Metropolitan-wide collaboration can be encouraged with incentives to PHAs, such as awarding additional vouchers, funding for mobility counseling, and technical support to PHAs that join consortia and set uniform payment standards.

Scrutinize PHAs That Tier Payment Standards. HUD should establish a set of criteria for tiering payment standards that conforms to the opportunity advancement goals of the SAFMR rule. The establishment of criteria for tiering would provide PHAs with guidance on how to group PHAs. It would also require PHAs to document how tiering was implemented so its effectiveness in promoting opportunity advancement can be measured and evaluated. Generally, tiering payment standards should be discouraged unless PHAs can demonstrate that this approach is more effective at promoting moves to high opportunity ZIP Codes across a metropolitan area than setting distinct payment standards for every ZIP Code in a PHA's service area.

Reinforce the Purpose of Holding Tenants Harmless in all Communications with PHAs. HUD should continue to stress its policy on holding tenants harmless in all communications with PHAs. Communications with PHAs should continue to highlight that the policy of holding tenants harmless relates exclusively to current HCV holders during the phase-in period for SAFMRs. Reinforcement is needed so PHAs do not misinterpret this policy in ways that lead to increasing payment standards in low-rent areas across the board in order to protect new HCV holders and landlords. HUD should continue to stress that this policy was not designed to hold new HCV holders and landlords harmless. It only applies to current HCV holders during the SAFMR phase-in period.

Transition MTW Participants to SAFMRs. HUD should increase dialogue with MTW participants about strategies to transition to SAFMRs. This dialogue should focus on requiring MTW participants to show they tested alternative payment setting strategies when requesting exemptions from SAFMRs. HUD should review and evaluate these alternative strategies. Following the evaluation, if HCV families are not advancing to high opportunity areas in accordance with non-MTW families, HUD should consider removing the MTW agency exemption and require the agency to adopt SAFMRs.

Increase HUD's Monitoring and Reporting Requirements. HUD should increase its monitoring and reporting requirements for the implementation of the SAFMR rule. Under its current administrative practices, PHAs are not required to submit their administrative plans, payment standards, or materials used to notify tenants and landlords about their internal implementation policies related to the SAFMR rule to HUD. A central repository needs to be created where these materials are stored and made publicly available for inspection. This repository can be used as a resource: by HUD when monitoring the implementation of the SAFMR rule, by public interest and advocacy groups, by PHAs interested in identifying best practices, and by the general public. This repository can be modeled after the one maintained on HUD's website for the MTW program.[7]

Acknowledgments

The author thanks the Poverty & Race Research Action Council (PRRAC) for providing a grant to fund this research. An earlier version of this analysis appears in a report by PRRAC and the Buffalo Center for Social Research at the University at Buffalo. The author also thanks Pascal Buggs, an urban planning doctoral student at the University at Buffalo, who assisted with the collection of data from PHAs in the 24 metropolitan areas mandated to use SAFMRs.

Authors

Kelly L. Patterson is an associate professor at the School of Social Work, University at Buffalo, and can be reached by email at klp27@buffalo.edu.

Robert Mark Silverman, is a professor in the Department of Urban and Regional Planning, University at Buffalo, and can be reached by email at rms35@buffalo.edu.

[7] HUD maintains an electronic repository of annual plans and other documents for the MTW program at the following website: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/mtwsites.

Appendix A: Additional Exhibits

Exhibit A.1

Payment Standards as a Percent of SAFMRs for the Atlanta-Sandy Springs-Roswell, GA Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	97.00	97.66	97.15	96.79	96.66
Payment Standards in Low-Opportunity ZIP Codes[1]	100.82	102.07	100.94	99.87	100.15
Payment Standards in High-Opportunity ZIP Codes[2]	95.74	96.24	95.90	95.77	95.51

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR$<$100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR$\geq$100 percent area FMR.
Note: Total sample size for the Atlanta-Sandy Springs-Roswell metropolitan area is 351.

Exhibit A.2

Payment Standards as a Percent of SAFMRs for the Bergen-Passaic, NJ Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	92.03	92.09	92.09	91.98	92.10
Payment Standards in Low-Opportunity ZIP Codes[1]	94.59	94.73	94.73	95.00	94.76
Payment Standards in High-Opportunity ZIP Codes[2]	90.00	90.00	90.00	89.59	90.00

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR$<$100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR$\geq$100 percent area FMR.
Note: Total sample size for the Bergen-Passaic metropolitan area is 136.

Exhibit A.3

Payment Standards as a Percent of SAFMRs for the Charlotte-Concord-Gastonia, NC-SC Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	101.37	101.10	100.65	100.78	101.35
Payment Standards in Low-Opportunity ZIP Codes[1]	101.37	101.10	100.65	100.78	101.35
Payment Standards in High-Opportunity ZIP Codes[2]	NA	NA	NA	NA	NA

FMR = Fair Market Rent. NA = Data Not Available. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Charlotte-Concord-Gastonia metropolitan area is 119.

Exhibit A.4

Payment Standards as a Percent of SAFMRs for the Chicago-Joliet-Naperville, IL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	104.25	106.04	103.95	101.08	98.83
Payment Standards in Low-Opportunity ZIP Codes[1]	104.01	105.97	104.04	101.30	98.11
Payment Standards in High-Opportunity ZIP Codes[2]	104.46	106.10	103.86	100.89	99.44

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Chicago-Joliet-Naperville metropolitan area is 345.

Exhibit A.5

Payment Standards as a Percent of SAFMRs for the Colorado Springs, CO Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	104.20	101.68	102.92	99.10	94.28
Payment Standards in Low-Opportunity ZIP Codes[1]	109.50	110.00	110.00	106.92	104.45
Payment Standards in High-Opportunity ZIP Codes[2]	99.07	94.16	101.47	92.03	92.20

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Colorado Springs metropolitan area is 60.

Exhibit A.6

Payment Standards as a Percent of SAFMRs for the Dallas, TX Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	103.78	103.13	103.28	103.37	103.25
Payment Standards in Low-Opportunity ZIP Codes[1]	103.41	102.99	102.86	102.91	102.84
Payment Standards in High-Opportunity ZIP Codes[2]	104.11	103.23	103.67	103.80	103.64

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Dallas metropolitan area is 1,071.

Exhibit A.7

Payment Standards as a Percent of SAFMRs for the Fort Lauderdale, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	97.27	97.79	95.93	95.59	95.84
Payment Standards in Low-Opportunity ZIP Codes[1]	100.93	101.92	99.85	99.25	96.55
Payment Standards in High-Opportunity ZIP Codes[2]	96.45	96.78	94.97	94.70	95.08

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Fort Lauderdale metropolitan area is 321.

Exhibit A.8

Payment Standards as a Percent of SAFMRs for the Fort Worth-Arlington, TX Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	98.93	100.50	100.17	99.78	99.86
Payment Standards in Low-Opportunity ZIP Codes[1]	106.71	107.08	105.25	105.03	105.07
Payment Standards in High-Opportunity ZIP Codes[2]	94.44	95.76	92.91	93.49	92.62

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Fort Worth-Arlington metropolitan area is 302.

Exhibit A.9

Payment Standards as a Percent of SAFMRs for the Gary, IN Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	101.21	100.96	101.03	100.92	100.81
Payment Standards in Low-Opportunity ZIP Codes[1]	102.37	101.61	102.02	101.72	101.82
Payment Standards in High-Opportunity ZIP Codes[2]	100.00	100.00	100.00	100.00	100.00

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Gary metropolitan area is 56.

Exhibit A.10

Payment Standards as a Percent of SAFMRs for the Hartford-West Hartford-East Hartford, CT Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	101.60	102.42	101.99	101.87	101.31
Payment Standards in Low-Opportunity ZIP Codes[1]	105.75	105.60	106.12	106.15	107.03
Payment Standards in High-Opportunity ZIP Codes[2]	99.08	100.90	99.75	99.55	98.22

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Hartford-West Hartford-East Hartford metropolitan area is 125.

Exhibit A.11

Payment Standards as a Percent of SAFMRs for the Jackson, MS Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	100.00	100.00	100.00	100.00	100.00
Payment Standards in Low-Opportunity ZIP Codes[1]	100.00	100.00	100.00	100.00	100.00
Payment Standards in High-Opportunity ZIP Codes[2]	100.00	100.00	100.00	100.00	100.00

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Jackson metropolitan area is 64.

Exhibit A.12

Payment Standards as a Percent of SAFMRs for the Jacksonville, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	96.80	96.79	96.80	96.77	96.77
Payment Standards in Low-Opportunity ZIP Codes[1]	104.16	104.46	104.49	104.43	104.44
Payment Standards in High-Opportunity ZIP Codes[2]	91.13	91.39	91.39	91.38	91.38

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Jacksonville metropolitan area is 80.

Exhibit A.13

Payment Standards as a Percent of SAFMRs for the Monmouth-Ocean, NJ Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	99.37	99.69	99.05	93.66	93.70
Payment Standards in Low-Opportunity ZIP Codes[1]	108.42	108.77	108.19	98.25	98.41
Payment Standards in High-Opportunity ZIP Codes[2]	95.22	95.53	94.85	91.56	91.55

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Monmouth-Ocean metropolitan area is 88.

Exhibit A.14

Payment Standards as a Percent of SAFMRs for the North Port-Sarasota-Bradenton, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	100.10	101.15	98.72	99.55	98.78
Payment Standards in Low-Opportunity ZIP Codes[1]	100.38	99.19	99.39	100.00	99.76
Payment Standards in High-Opportunity ZIP Codes[2]	99.81	103.15	98.05	99.09	97.78

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the North Port-Sarasota-Bradenton metropolitan area is 91.

Exhibit A.15

Payment Standards as a Percent of SAFMRs for the Palm Bay-Melbourne-Titusville, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	89.31	88.06	86.89	85.93	86.07
Payment Standards in Low-Opportunity ZIP Codes[1]	89.89	88.60	87.33	85.89	84.48
Payment Standards in High-Opportunity ZIP Codes[2]	88.99	87.66	86.64	85.94	86.95

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Palm Bay-Melbourne-Titusville metropolitan area is 42.

Exhibit A.16

Payment Standards as a Percent of SAFMRs for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	103.13	103.76	103.81	103.77	103.83
Payment Standards in Low-Opportunity ZIP Codes[1]	103.33	104.55	104.59	104.48	104.62
Payment Standards in High-Opportunity ZIP Codes[2]	102.89	102.75	102.84	102.86	102.84

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR>=100 percent area FMR.
Note: Total sample size for the Philadelphia-Camden-Wilmington metropolitan area is 451.

Exhibit A17

Payment Standards as a Percent of SAFMRs for the Pittsburgh, PA Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	100.04	100.38	100.13	99.93	99.84
Payment Standards in Low-Opportunity ZIP Codes[1]	105.69	106.79	105.92	106.04	105.38
Payment Standards in High-Opportunity ZIP Codes[2]	95.12	95.76	95.55	95.32	95.45

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR>=100 percent area FMR.
Note: Total sample size for the Pittsburgh metropolitan area is 369.

Exhibit A.18

Payment Standards as a Percent of SAFMRs for the Sacramento-Roseville-Arden-Arcade, CA Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	102.72	102.55	102.54	102.61	102.60
Payment Standards in Low-Opportunity ZIP Codes[1]	110.00	110.00	110.00	110.00	110.00
Payment Standards in High-Opportunity ZIP Codes[2]	98.09	98.17	97.79	97.90	97.89

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR>=100 percent area FMR.
Note: Total sample size for the Sacramento-Roseville-Arden-Arcade metropolitan area is 128.

Exhibit A.19

Payment Standards as a Percent of SAFMRs for the San Antonio-New Braunfels, TX Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	91.76	91.68	91.76	91.66	91.60
Payment Standards in Low-Opportunity ZIP Codes[1]	91.73	91.21	91.50	91.19	91.60
Payment Standards in High-Opportunity ZIP Codes[2]	91.79	92.11	92.01	92.09	91.60

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the San Antonio-New Braunfels metropolitan area is 135.

Exhibit A.20

Payment Standards as a Percent of SAFMRs for the San Diego-Carlsbad, CA Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	85.82	86.96	85.77	84.22	80.37
Payment Standards in Low-Opportunity ZIP Codes[1]	89.04	91.13	87.79	88.81	84.36
Payment Standards in High-Opportunity ZIP Codes[2]	84.32	85.01	84.83	81.59	78.50

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the San Diego-Carlsbad metropolitan area is 169.

Exhibit A.21

Payment Standards as a Percent of SAFMRs for the Tampa-St. Petersburg-Clearwater, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	96.32	98.42	98.70	100.41	99.09
Payment Standards in Low-Opportunity ZIP Codes[1]	99.68	103.74	104.42	105.23	104.79
Payment Standards in High-Opportunity ZIP Codes[2]	94.00	94.62	94.74	96.96	95.15

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Tampa-St. Petersburg-Clearwater metropolitan area is 200.

Exhibit A.22

Payment Standards as a Percent of SAFMRs for the Urban Honolulu, HI Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	101.47	101.29	101.58	101.48	101.60
Payment Standards in Low-Opportunity ZIP Codes[1]	103.89	107.08	104.00	103.82	104.01
Payment Standards in High-Opportunity ZIP Codes[2]	96.97	99.05	97.08	97.12	97.10

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Urban Honolulu metropolitan area is 86.

Exhibit A.23

Payment Standards as a Percent of SAFMRs for the Washington-Arlington-Alexandria, DC-VA-MD Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	103.98	104.70	105.87	105.67	105.85
Payment Standards in Low-Opportunity ZIP Codes[1]	104.54	105.51	107.14	106.63	106.68
Payment Standards in High-Opportunity ZIP Codes[2]	102.46	102.38	102.36	103.00	103.58

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the Washington-Arlington-Alexandria metropolitan area is 491.

Exhibit A.24

Payment Standards as a Percent of SAFMRs for the West Palm Beach-Boca Raton, FL Metropolitan Area

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
All Payment Standards Reported in the Metropolitan Area	100.00	98.72	98.50	98.55	98.97
Payment Standards in Low-Opportunity ZIP Codes[1]	100.00	99.00	98.60	98.76	99.45
Payment Standards in High-Opportunity ZIP Codes[2]	100.00	98.28	98.35	98.22	98.22

FMR = Fair Market Rent. SAFMRs = Small Area Fair Market Rents.
[1]Low-opportunity ZIP Codes = ZIP Codes with SAFMR<100 percent area FMR.
[2]High-opportunity ZIP Codes = ZIP Codes with SAFMR≥100 percent area FMR.
Note: Total sample size for the West Palm Beach-Boca Raton metropolitan area is 221.

References

Collinson, Robert A., and Peter Ganong. 2014. The Incidence of Housing Voucher Generosity. Working paper. http://scholar.harvard.edu/files/ganong/files/collinsonganong105.pdf?m=1446135036.

Department of Community Services, City and County of Honolulu. 2018. (May 15). Letter to Ben S. Carson, M.D., Secretary of Housing and Urban Development. City & County of Honolulu, Hawaii Public Housing Authority, Request for exemption from SAFMR implementation for Honolulu metropolitan statistical area. Washington, DC: U.S. Department of Housing and Urban Development.

Ellen, Ingrid Gould. 2018. "What Do We Know About Housing Choice Vouchers?" *Regional Science and Urban Economics*, Online First, 1–5. Accessed at: https://www.sciencedirect.com/science/article/pii/S0166046217302983?via%3Dihub.

Federal Register. 2018. *Department of Housing and Urban Development, Notice of Regulatory Waiver Requests Granted to the Second Quarter of the Calendar Year 2018*. Fed. Reg. § 83, 190 (notices Oct. 1, 2018) (Docket No. FR-6101-N-02).

———. 2016. "Small Area Fair Market Rents in Housing Choice Voucher Program Values for Selection Criteria and Metropolitan Areas Subject to Small Area Fair Market Rents," Fed. Reg. § 81, 221 (final rule Nov. 16, 2016) (to be codified as 24 CFR 888.113).

Finkel, Meryl, Samuel Dastrup, Kimberly Burnett, Thyria Alvarez, Carissa Climaco, and Tanya de Sousa. 2017. *Small Area Fair Market Rent Demonstration Interim Report*. Washington, DC: HUD, Office of Policy Development and Research.

Gautreaux v. Chicago Housing Authority. 1969. U.S. District Court for the Northern District of Illinois, 296 F. Supp. 907 (N.D. Ill.).

Kahn, Peter B., and Geoffrey B. Newton. 2013. "The Small Area FMR Demonstration," *Cityscape* 15 (1): 325–328.

New York University (NYU) Furman Center. 2018. Data brief: *How Do Small Area Fair Market Rents Affect the Location and Number of Units Affordable to Voucher Holders?* New York: NYU Furman Center.

Palm, Matthew. 2018. "Scale in Housing Policy: A Case Study of the Potential of Small Area Fair Market Rents," *Cityscape* 20 (1): 147–166.

Poverty & Race Research Action Council (PRRAC). 2018. A Guide to Small Area Fair Market Rents (SAFMRs): *How States and Local Housing Agencies Can Expand Opportunity for Families in All Metro Areas*. Washington, DC: Poverty & Race Research Action Council.

Silverman, Robert M., and Kelly L. Patterson. 2015. *Qualitative Research Methods for Community Development*. New York: Routledge.

Southern Burlington County NAACP v. Township of Mount Laurel. 1975. Supreme Court of New Jersey (67 N.J. 151, 336 A.2d 713, N.J.).

Thorpe, Deborah. 2018. "Achieving Housing Choice and Mobility in the Voucher Program: Recommendations for the Administration," *Journal of Affordable Housing* 27 (1): 145–160.

Treat, John. 2018. "Establishing a More Effective SAFMR System: The Cost and Benefits of HUD's 2016 Small Area Fair Markets Rent Rule," *University of Michigan Journal of Law Reform* 51 (3): 643–668.

U.S. Department of Housing and Urban Development (HUD). 2019. *Moving to Work Program*. Washington, DC: U.S. Department of Housing and Urban Development, Office of Public and Indian Housing. https://www.hud.gov/mtw.

———. 2018. *Implementing Small Area Fair Market Rents (SAFMRs): Implementation Guidebook*. Washington, DC: U.S. Department of Housing and Urban Development.

———. 2017. *Picture of Subsidized Households*. Washington, DC: HUD, Office of Policy Development and Research. https://www.huduser.gov/portal/datasets/assthsg.html#2009-2017_data.