



**Massachusetts
Executive Office of
Housing & Livable
Communities (EOHLC)**

Small Area Fair Market Rents (SAFMRs) for State Rental Assistance Programs

November-December 2023



Welcome

- Welcome to the State Rental Assistance Programs training series.
- Today's session will focus on upcoming changes to how payment standards and ceiling rents are established for State Rental Assistance programs.
- The session will be recorded.
- All materials will be made available to registrants at:
<https://www.mass.gov/info-details/training-resources-for-state-rental-assistance-program-providers>



Training Objectives

- Today, we will review:
 - The **definition** of Small Area Fair Market Rents (SAFMRs)
 - **Why** EOHLC is adopting SAFMRs for State voucher programs
 - The **impact and benefits** of SAFMRs to landlords and participants
 - Where to **find** the Applicable Payment Standard (APS) or ceiling rent
 - When and **how to apply the updated payment standards**, including the requirement to hold the participant harmless



Poll Question #1

- Which of the following applies to you?
 - a. I work for a Local Housing Authority (LHA)
 - b. I work for a Regional Administering Agency (RAA)
 - c. Other



Poll Question #2

- The agency I work for administers the following types of voucher programs (select all that apply):
 - a. Massachusetts Rental Voucher Program (MRVP)
 - b. Alternative Housing Voucher Program (AHVP)
 - c. Department of Mental Health Rental Assistance Program (DMHRSP)
 - d. Federal vouchers



Poll Question #3

- What is your prior knowledge, if any, of Small Area Fair Market Rents (SAFMRs)?
 - a. I am very familiar with SAFMRs
 - b. I have heard about them, but am not too familiar with them
 - c. I know nothing about SAFMRs



What are Small Area Fair Market Rents?

- **Small Area Fair Market Rents (SAFMRs)** are amounts that reflect estimated fair market rents according to **zip codes**.
- SAFMRs differ from traditional Fair Market Rents (FMRs), which reflect a single rent standard for an entire metropolitan region, which may contain many counties.
 - For example, the Boston-Cambridge-Quincy HUD FMR area includes 112 towns in Massachusetts, representing approximately 216 zip codes, and also includes two towns in NH.
- Both FMRs and SAFMRs are published annually by HUD and can be found on HUD's website.



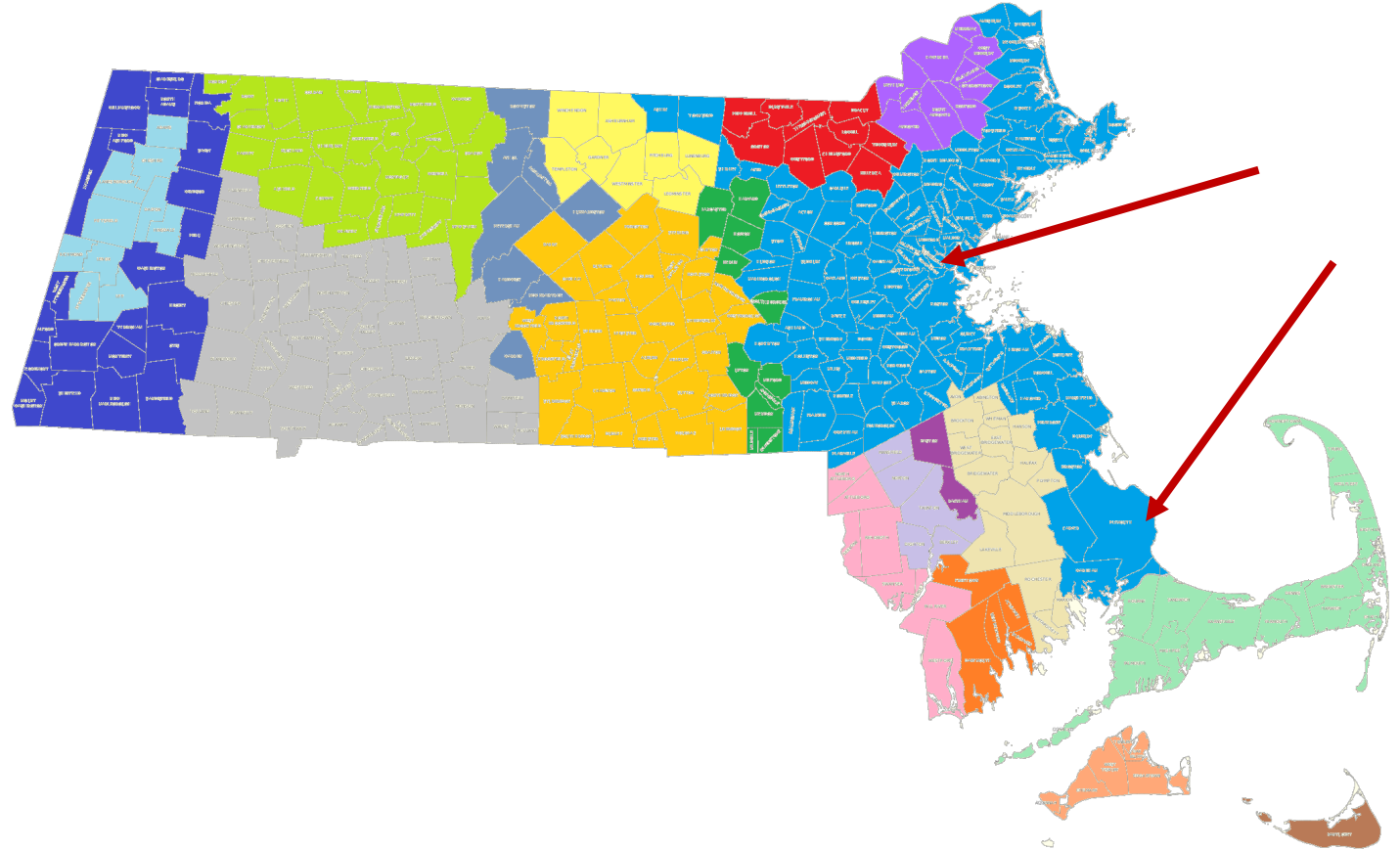
What are Small Area Fair Market Rents?

- In the past, program payment standards (formerly “maximum rents”) and/or ceiling rents for state rental assistance programs have generally been based on traditional area-wide FMRs.
 - Currently, MRVP payment standards are set at 100% of the area-wide FMR.
 - Currently, AHVP ceiling rents are set at 110% of the area-wide FMR.
- **Going forward, EOHLC will utilize SAFMRs to establish payment standards and ceiling rents for state rental assistance programs.**
- This may result in an *increase* in payment standards in some areas and a *decrease* in payment standards in other areas.
- Remember: payment standards apply to tenant-based/mobile vouchers only (i.e. are not applicable to project-based vouchers).



Area-Wide FMRs Map

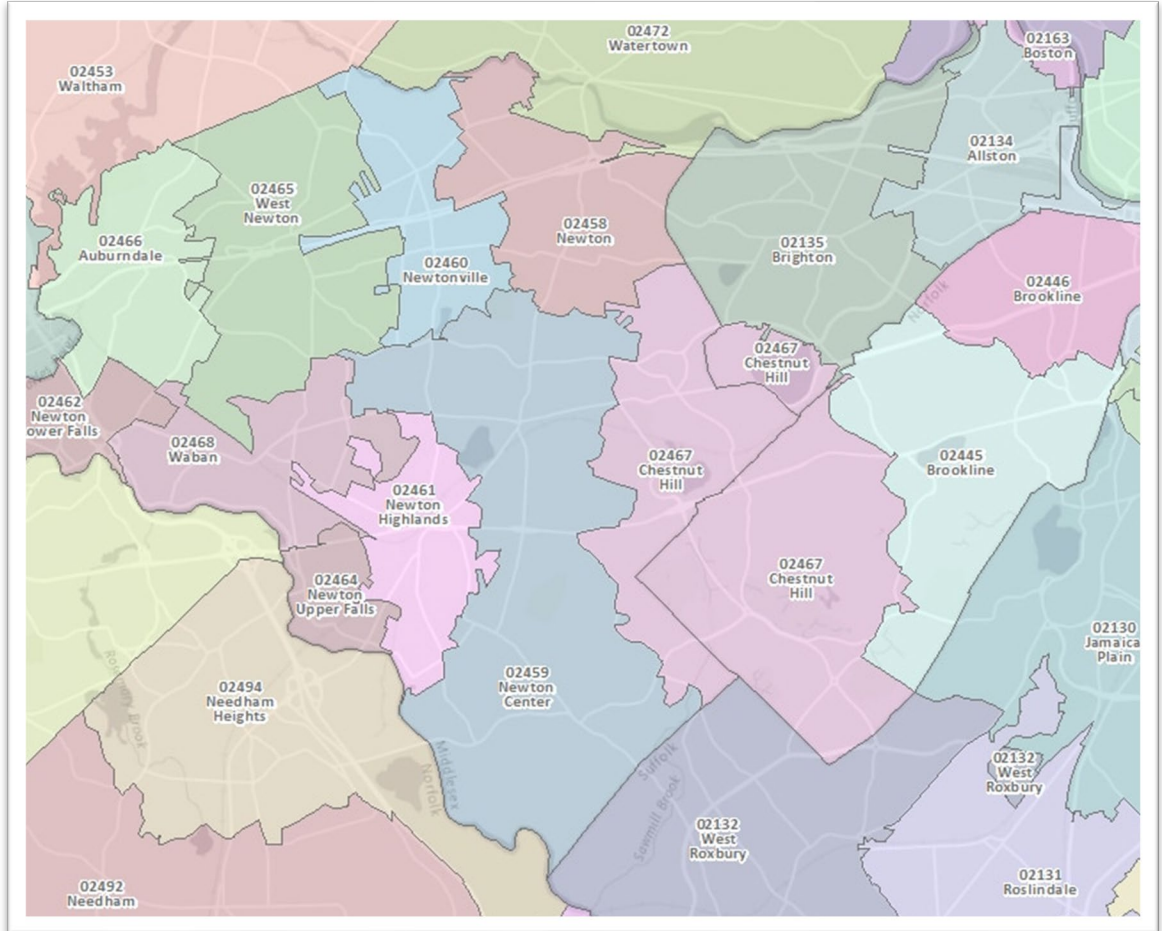
- Under the prior model, a single payment standard was set for an entire HUD FMR metro region.
- For example, under the prior model, the voucher payment standard would be the same for a unit in Plymouth as it would be for a unit in Somerville.





Small Area Fair Market Rents (SAFMRs)

- Under the new model, the payment standards will be set by a narrower geographic area – the **zip code**, – rather than for the entire metro area.
- The new model recognizes that market rents within a metro area can vary broadly – the rent requested by a landlord for a unit in a high-market zip code may be significantly more than in lower market areas.





Example: Somerville vs. Plymouth

Final FY 2024 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2024 FMR	\$2,212	\$2,377	\$2,827	\$3,418	\$3,765

← Boston-Cambridge-Quincy MA-NH HUD Metro FMR Area

02143	\$2,500	\$2,680	\$3,190	\$3,860	\$4,250
02144	\$2,720	\$2,930	\$3,480	\$4,210	\$4,630
02145	\$2,470	\$2,660	\$3,160	\$3,820	\$4,210

← **SAFMR** for Somerville zip codes

02360	\$1,920	\$2,060	\$2,450	\$2,960	\$3,260
02361	\$1,830	\$1,980	\$2,380	\$2,890	\$3,190
02362	\$1,830	\$1,980	\$2,380	\$2,890	\$3,190

← **SAFMR** for Plymouth zip codes



Why the change?

- The intent of SAFMRs is to provide voucher payment standards or ceiling rents that ***more accurately reflect the market rents within individual neighborhoods.***
- This will enable program participants to utilize their vouchers to lease units in areas where the market rents are well above the area-wide FMR – areas that may not have been accessible to voucher-holders previously.
- This increases overall ***mobility*** and ***opportunity*** for program participants and improves ***housing choice.***
- Additionally, adopting SAFMRs will ensure that EOHLC/AAs are not “over-paying” for units in lower market areas, which can result in an inflation of rents in lower-rent areas and/or increase concentrations of low-income residents in certain areas.



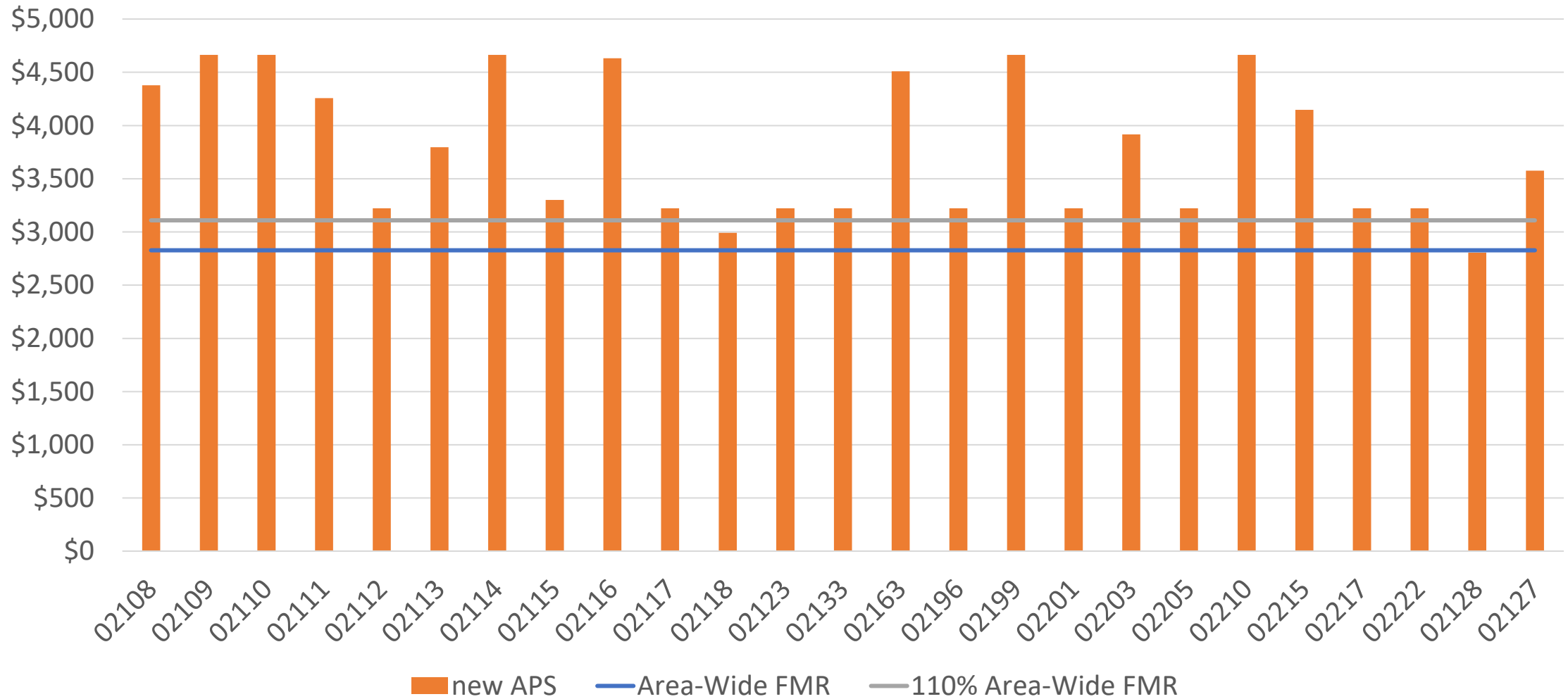
How are the Payment Standards / Ceiling Rents established?

- EOHLC will periodically review SAFMR data made available by HUD and will establish the program payment standards/ceiling rents based on these amounts.
- Currently, EOHLC will generally set the program payment standards/ceiling rents at **110% of the SAFMR** amounts published by HUD.
- However, please note the following exceptions:
 - Lynn: 100% area-wide FMR
 - Nantucket and Martha's Vineyard: 110% area-wide FMR
 - Other areas without a HUD SAFMR: 110% area-wide FMR

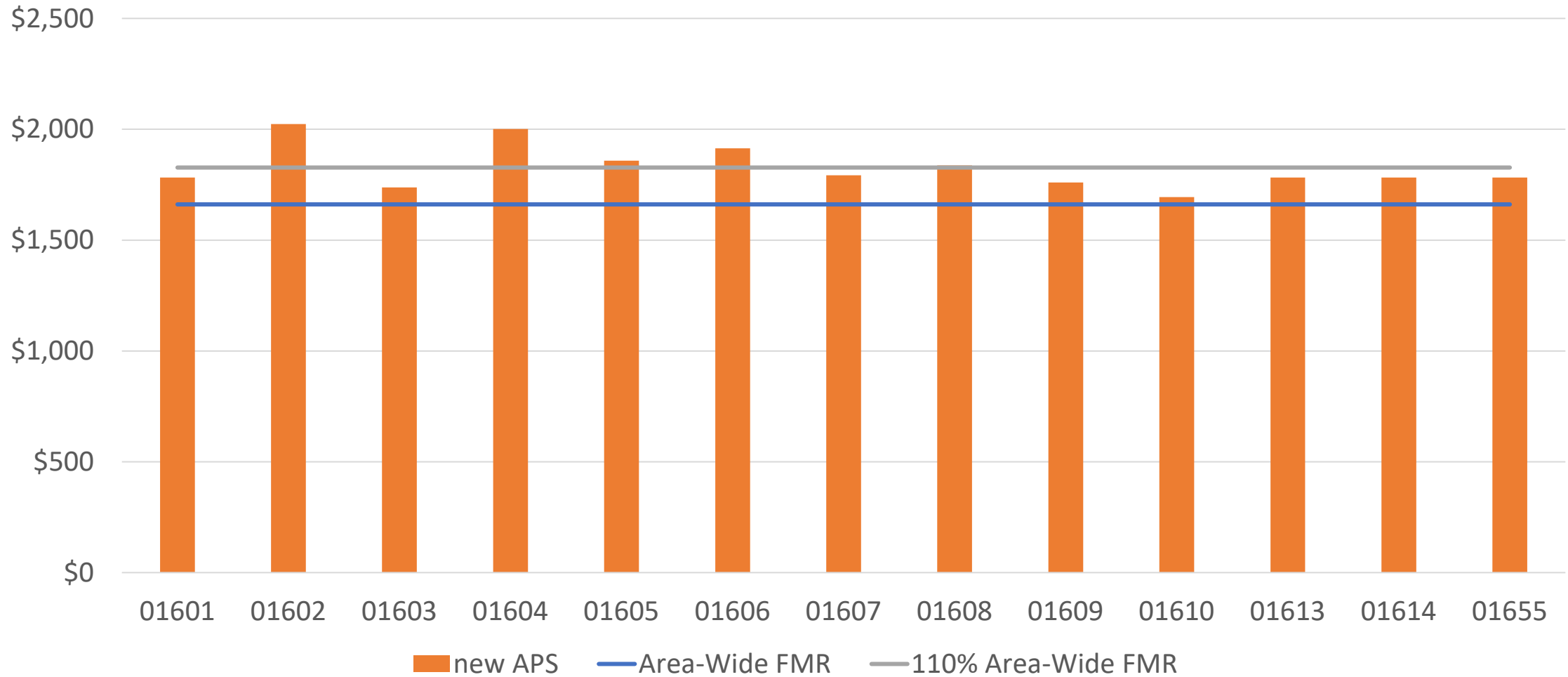


Example – Boston

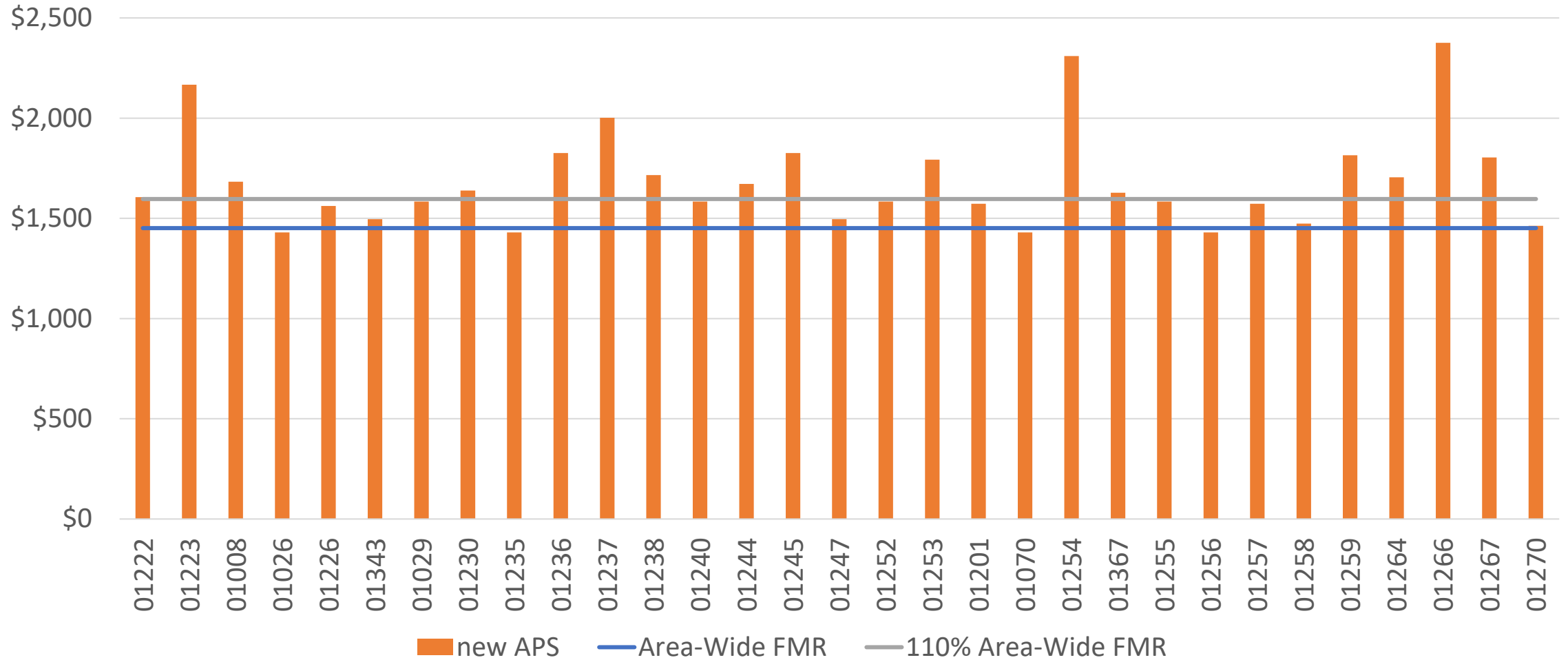
(2-bedroom FMR vs SAFMR)



Example – Worcester (2-bedroom FMR vs SAFMR)



Example – Berkshire County (2-bedroom FMR vs SAFMR)





Applicable Programs

- This change will impact the following State Rental Assistance Programs (tenant-based/mobile vouchers only):
 - Massachusetts Rental Voucher Program (MRVP)
 - Alternative Housing Voucher Program (AHVP)
- This change does **NOT** impact sponsor-based or tenant-based DMHRSP vouchers.
- Please note that if your AA also administers Federal rental assistance, you must refer to applicable guidance for those programs (which may differ from state program guidance).



Effective Date

- The implementation date of the new payment standards is: **March 1st, 2024**
 - This means that the new payment standards should apply to all applicable transactions **effective on or after 3/1/24**.
- The policies regarding **when** to apply the new payment standard to an individual household have not changed.
 - For example, typically the payment standard is not updated for an individual household during an interim recertification – unless there is a contract rent increase and the payment standard has increased since the last recertification.
 - This policy remains in effect; therefore, for an interim effective on or after **3/1/24** you would not apply the new APS unless there is an approved contract rent increase and the payment standard has increased since the last recertification.



Where can I find the current applicable Payment Standards / Ceiling Rents for my agency?

- EOHLC will provide a listing of all payment standards and ceiling rent amounts statewide.
- It will be in Excel format, and AAs can filter the tool for the areas and zip codes served by your agency.

SELECT ZIP	SELECT CITY/TOWN	SELECT FMR AREA	Unit/Voucher Bedrooms								
ZIP Code	City/Town		0	1	2	3	4	5	6	7	8
02351	Abington		\$1,573	\$1,683	\$2,211	\$2,805	\$3,146	\$3,618	\$4,090	\$4,562	\$5,034
02018	Accord		\$2,013	\$2,178	\$2,618	\$3,179	\$3,509	\$4,035	\$4,562	\$5,088	\$5,614
01718	Acton		\$2,167	\$2,332	\$2,772	\$3,355	\$3,696	\$4,250	\$4,805	\$5,359	\$5,914
01720	Acton		\$2,167	\$2,332	\$2,772	\$3,355	\$3,696	\$4,250	\$4,805	\$5,359	\$5,914
01720	Acton		\$2,167	\$2,332	\$2,772	\$3,355	\$3,696	\$4,250	\$4,805	\$5,359	\$5,914
02743	Acushnet		\$1,045	\$1,232	\$1,496	\$1,804	\$2,101	\$2,416	\$2,731	\$3,046	\$3,362
01220	Adams		\$924	\$1,089	\$1,375	\$1,760	\$1,859	\$2,138	\$2,417	\$2,696	\$2,974



Where can I find the current applicable Payment Standards / Ceiling Rents for my agency?

- Filter the worksheet by the areas your agency serves
- Print and provide the listing of payment standards/ceiling rents to households searching for units.
- Explain to households that the applicable payment standard/ceiling rent may differ according to what zip code the unit is in.

SELECT ZIP	SELECT CITY/TOWN	SELECT FMR AREA	Unit/Voucher Bedrooms							
ZIP Code	City/Town	0	1	2	3	4	5	6	7	8
02324	Bridgewater	\$1,848	\$1,980	\$2,596	\$3,289	\$3,685	\$4,238	\$4,791	\$5,343	\$5,896
02718	East Taunton	\$1,771	\$1,859	\$2,442	\$3,025	\$3,520	\$4,048	\$4,576	\$5,104	\$5,632
02334	Easton	\$1,617	\$1,628	\$2,145	\$2,607	\$3,234	\$3,719	\$4,204	\$4,689	\$5,174
02356	North Easton	\$2,035	\$2,178	\$2,695	\$3,256	\$4,037	\$4,643	\$5,248	\$5,854	\$6,459
02357	North Easton	\$2,112	\$2,123	\$2,794	\$3,388	\$4,202	\$4,832	\$5,463	\$6,093	\$6,723
02767	Raynham	\$2,035	\$2,046	\$2,695	\$3,256	\$4,037	\$4,643	\$5,248	\$5,854	\$6,459
02768	Raynham Center	\$1,617	\$1,628	\$2,145	\$2,607	\$3,234	\$3,719	\$4,204	\$4,689	\$5,174
02375	South Easton	\$2,178	\$2,189	\$2,882	\$3,487	\$4,323	\$4,971	\$5,620	\$6,268	\$6,917
02780	Taunton	\$1,617	\$1,628	\$2,145	\$2,607	\$3,234	\$3,719	\$4,204	\$4,689	\$5,174

Program Policies

What is changing

- How payment standards and ceiling rents are set/established by EOHLC

What is not changing

- When new payment standards are applied to individual households
- How rents / voucher payments are calculated
- Cap on the maximum rent at initial lease-up (40% of net monthly income) – (MRVP only)
- Rent reasonableness requirements



Review: When to apply new payment standards to individual households?

- The Applicable Payment Standard (APS) shall be used for a Mobile Voucher at:
 - Initial Mobile Voucher issuance;
 - Determining Tenant Rent Share at initial occupancy;
 - Issuance of Mobile Voucher for relocation;
 - Determining Tenant Rent Share at relocation;
 - Regular Recertification if there has been a change in Voucher Size;
and

→ see next slide



Review: When to apply new payment standards to individual households?

- The Applicable Payment Standard shall be used at Regular Recertification when:
 - There has been a change in Voucher Size; or
 - Payment Standards have increased since the Household's last Regular Recertification.
- The Applicable Payment Standard shall be used at an interim or Regular Recertification when:
 - Contract Rent is increased; and
 - Payment Standards have increased since the Household's last Tenant Rent Share determination.



Hold Harmless Policy

- There is currently a “hold harmless” policy in place for state-assisted households whereby a participant’s payment standard shall not be lowered even if the payment standard decreases while in their assisted unit.
- **Policy:** If program payment standards or ceiling rents have *decreased*, AAs shall continue to use the *existing, higher payment standard* when determining the household’s tenant rent share.
- This will remain in effect until the household moves or experiences a change in voucher size, at which point the payment standard must be updated.



Hold Harmless Calculator

- EOHLC will provide a tool to assist AAs with determining which payment standard to apply.
- To use it, enter the payment standard that is **currently being applied to the household as of their latest recertification**, as well as their unit zip code, bedroom size, and voucher size.
- The tool will compare the household's current effective payment standard with the new applicable payment standard to determine which to apply to the household.

Example #1

Complete Blue Fields ->

Current Payment Standard:	\$1,500
Zip Code:	01003
Bedroom Size:	3
Voucher Size:	2

State Program Payment Standard:	\$1,947
Payment Standard to Apply:	\$1,947

Example #2

Complete Blue Fields ->

Current Payment Standard:	\$2,899
Zip Code:	02126
Bedroom Size:	2
Voucher Size:	2

State Program Payment Standard:	\$2,849
Payment Standard to Apply:	\$2,899

Examples: Applying the Payment Standard at Regular Recertification



Scenario #1: Household's Current Payment Standard exceeds the Applicable Payment Standard (APS)

Complete Blue Fields ->

Current Payment Standard:	\$2,000
Zip Code:	01001
Bedroom Size:	2
Voucher Size:	2

State Program Payment Standard:	\$1,672
Payment Standard to Apply:	\$2,000

Scenario #2: Household's Current Payment Standard is lower than the Applicable Payment Standard (APS)

Complete Blue Fields ->

Current Payment Standard:	\$1,500
Zip Code:	01001
Bedroom Size:	2
Voucher Size:	2

State Program Payment Standard:	\$1,672
Payment Standard to Apply:	\$1,672

Participant held harmless



Example: Rent Increase at Interim – Applicable Payment Standard has Increased

- Landlord requests a rent increase effective for 4/1/2024. The household is not due to recertify until 9/1/2024. The household's current payment standard (from their last recertification) is \$2,000. The APS has since increased to \$2,075. The landlord requests a contract rent of \$2,100.
- → *Payment Standard of \$2,075 is applied when completing rent calculation.*
- *Note: There is no maximum rent burden cap since this is not an initial lease-up. In this case, the tenant may pay an additional amount towards rent since the gross rent exceeds the payment standard.*

Complete Blue Fields ->

Current Payment Standard:	\$2,000
Zip Code:	02575
Bedroom Size:	1
Voucher Size:	1

Enter payment standard from household's prior recert

State Program Payment Standard:	\$2,075
Payment Standard to Apply:	\$2,075

Tool will automatically populate current APS based on zip code, bedroom sized and voucher size

Tool will select the higher of the current payment standard or the state program payment standard



Example: Rent Increase at Interim – Applicable Payment Standard has Decreased

- Landlord requests a rent increase effective for 4/1/2024. The household is not due to recertify until 9/1/2024. The household's current payment standard (from their last recertification) is \$2,100. The APS has since decreased to \$2,075. The landlord requests a contract rent of \$2,100.
- → *Payment Standard of \$2,100 is applied when completing rent calculation.*
- *Note: There is no maximum rent burden cap since this is not an initial lease up.*

Complete Blue Fields ->

Current Payment Standard:	\$2,100
Zip Code:	02575
Bedroom Size:	1
Voucher Size:	1

Enter payment standard from household's prior recert

Tool will automatically populate current APS based on zip code, bedroom sized and voucher size

State Program Payment Standard:	\$2,075
Payment Standard to Apply:	\$2,100

Tool will select the higher of the current payment standard or the state program payment standard



Brain Teaser #1

- Courtney lives in a 2-bedroom unit with her 2-bedroom voucher. At her last regular recertification, the payment standard for a 2-bedroom was \$1,129. The Applicable Payment Standard has since decreased to \$1,094. During that time, Courtney hasn't moved, and her voucher size hasn't changed. Which payment standard is applied when determining her rent at her 3/1/2024 recertification?
 - A. \$1,094
 - B. \$1,129
 - C. Not enough information



Brain Teaser #1

- Courtney lives in a 2-bedroom unit with her 2-bedroom voucher. At her last regular recertification, the payment standard for a 2-bedroom was \$1,129. The Applicable Payment Standard has since decreased to \$1,094. During that time, Courtney hasn't moved, and her voucher size hasn't changed. Which payment standard is applied when determining her rent at her 3/1/2024 recertification?
 - A. \$1,094
 - B. \$1,129**
 - C. Not enough information



Brain Teaser #2

- Steven lives in a 1-bedroom unit with his 1-bedroom voucher, with all utilities included in the rent. At his last regular recertification effective for 9/1/2023 the payment standard for a 1-bedroom was \$1,800. The Applicable Payment Standard has since increased to \$2,000. The landlord requests a rent increase to \$1,950 effective for 4/1/2024. Which payment standard is applied for the rent increase effective 4/1/2024?
 - A. \$1,800
 - B. \$1,950
 - C. \$2,000
 - D. Not enough information



Brain Teaser #2

- Steven lives in a 1-bedroom unit with his 1-bedroom voucher, with all utilities included in the rent. At his last regular recertification effective for 9/1/2023 the payment standard for a 1-bedroom was \$1,800. The Applicable Payment Standard has since increased to \$2,000. The landlord requests a rent increase to \$1,950 effective for 4/1/2024. Which payment standard is applied for the rent increase effective 4/1/2024?
 - A. \$1,800
 - B. \$1,950
 - C. \$2,000**
 - D. Not enough information



Brain Teaser #3

- The O'Brien household lives in a 3-bedroom unit with a 4-bedroom voucher. The payment standard at the household's last recertification was \$3,200. The household requests a voucher to move and locates a 4-bedroom unit. The current Applicable Payment Standard for a 3-bedroom unit in the zip code that the new unit is located in is \$2,700, and the Applicable Payment Standard for a 4-bedroom unit is \$3,000. Which payment standard is applied for their move?
 - A. \$2,700
 - B. \$3,000
 - C. \$3,200
 - D. Not enough information



Brain Teaser #3

- The O'Brien household lives in a 3-bedroom unit with a 4-bedroom voucher. The payment standard at the household's last recertification was \$3,200. The household requests a voucher to move and locates a 4-bedroom unit. The current Applicable Payment Standard for a 3-bedroom unit in the zip code that the new unit is located in is \$2,700, and the Applicable Payment Standard for a 4-bedroom unit is \$3,000. Which payment standard is applied for their move?
 - A. \$2,700
 - B. \$3,000**
 - C. \$3,200
 - D. Not enough information



AHVP & Ceiling Rents

- The AHVP program utilizes “ceiling rents” rather than payment standards.
- The AHVP ceiling rents will be set at the same amounts as the payment standards.
- AHVP voucher holders can lease a unit with a rent higher than the ceiling rent.
 - However, **AAs must be approved for a waiver from EOHLC if the participant selects a unit in which the contract rent exceeds the applicable ceiling rent.**



FAQs – How would you respond?

- Tenant: This is confusing. Why are there so many different payment standards for different areas?
- Response: *I understand your frustration – housing search can be a stressful experience. The reason that there are different payment standards for different zip codes is because the rents being requested by landlords vary across different neighborhoods. We want to make sure the value of your voucher can cover the requested rents in a variety of neighborhoods, so that you have more choice when searching for a unit.*



FAQs – How would you respond?

- Tenant: How do I figure out the maximum rent that I can afford?
- Response: *When searching for a unit, you should look at the payment standard chart for the zip codes in which you are interested in renting a unit. You will need to use the payment standard that is applicable according to the lower of your voucher size or the size of the potential unit. We generally recommend looking for a unit in which the requested rent plus estimates for tenant-paid heat and electric costs do not exceed the payment standard. However, we may be able to approve an amount that is above the payment standard, if the amount is reasonable and is affordable to your household. However, you will need to agree to pay an additional amount towards rent, not to exceed 40% of your net monthly income. We can help you figure out how much you can afford based on your income and the proposed unit.*

MRVP only →



FAQs – How would you respond?

- Tenant: Why did the payment standard decrease for my unit?
- Response: *Rents being requested by landlords vary across different neighborhoods, and therefore the payment standards also vary depending on where you live. If you live in a zip code where the rents are less, the payment standard may be less as compared to other areas.*

However, if the payment standard for your unit has decreased from your prior recertification, then we will continue to use your prior payment standard until either (1) the payment standard increases above your current amount, (2) you move, or (3) you experience a change in voucher size. This will ensure that your rent amount is not negatively impacted by the change in payment standard.



FAQs – How would you respond?

- Landlord: I have two 1-bedroom rental units in the same City in different neighborhoods. Why did your agency approve different rent amounts for each unit?
- Response: *The payment standards are meant to reflect fair market rents for a given area. Market rents may vary neighborhood-to-neighborhood, so the rent you can get in one area may differ from another area. We also compare these rents to rents of other comparable unassisted units in the area to make sure the rents are reasonable. The fair market rent and payment standard amounts are reviewed on an annual basis and updated accordingly to reflect changes in the market from year to year.*



FAQs – How would you respond?

- Landlord: I have a unit subsidized with a voucher from ABC housing authority, and they are giving me \$1,500 for a 1-bedroom unit. Why is your agency only offering me \$1,400?
- Response: *The amount of rent that we can approve depends on a variety of factors including the location, payment standard for the area, tenant-responsible utilities, whether the rent is reasonable as well as affordable to the tenant, etc. Since there are several different types of voucher programs, each program may have different policies and approved payment standard amounts. Additionally, different housing authorities may have different policies regarding how they establish their payment standard amounts, so amounts may vary from agency to agency and across different programs.*



FAQs – How would you respond?

- Landlord: What's the maximum rent I can charge?
- Response: *The maximum rent you can charge depends on a variety of factors. First, it must be reasonable as compared to other unassisted comparable units in the area. Additionally, it needs to be affordable to the tenant based on their income, which our agency will determine. If the gross rent of the unit (i.e. requested rent plus estimated costs for tenant-paid heat or electric) are within the payment standard for the area and applicable voucher/unit size, and the rent is reasonable, then the rent can generally be approved. If the gross rent of the unit exceeds the applicable payment standard, then approval will depend on whether it is reasonable and affordable based on the tenant's income.*



FAQs – How would you respond?

- Landlord: Why did the payment standard go down and when will it go back up again?
- Response: *Payment standards are subject to change periodically, as the market changes over time. They are based on “fair market rents” released annually by the Department of Housing and Urban Development (HUD) so that they reflect current market conditions. The fair market rents released by HUD are generally reviewed by the state on an annual basis to determine if updates to the amounts are needed. Unfortunately, we are not able to predict if amounts will increase or decrease from year to year, but we encourage you to check back in to see if you may be eligible for a rent increase in the future if/when payment standards increase.*



Summary

- New payment standards and ceiling rents will apply to all *applicable* transactions **effective March 1, 2024** and forward.
- EOHLC will provide a listing of new payment standard and ceiling rent amounts, by zip code, to AAs.
- All other program requirements remain unchanged (i.e. rent reasonableness, maximum rent at initial occupancy for MRVP, etc.)
- Hold harmless: If program payment standards or ceiling rents have *decreased* for an individual household, AAs shall continue to use the existing, higher payment standard when determining the household's tenant rent share until the household moves or experiences a change in voucher size, at which point the payment standard must be updated.
- For AHVP, AAs must still receive a waiver from EOHLC if a household requesting to lease a unit where the gross rent exceeds the applicable ceiling rent.



Questions?



Massachusetts
Executive Office of
Housing & Livable
Communities (EOHLC)

*Thank
you!*