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## HUD To Begin Padding Sec. 8 Vouchers

In one of its more feverish rush jobs, HUD completes its shift in policy to allow the Section 8 housing voucher program to supplement voucher holders in wealthy areas. Congress allowed the department to make the change to help poor families afford rental apartments in a number of high-cost areas dubbed Small Area Fair Market Rent communities.

In a major move, lawmakers allowed HUD to skip much of the traditional public procedure surrounding FMRs when they approved the Housing Opportunity Through Modernization Act (HR 3700 signed into law July 27, 2016). It amends the Housing Act of 1937

The law gives public housing authorities additional leeway to use their voucher authority to designate more tenant-based vouchers as project-based vouchers, giving private landlords a steady stream of income -- the law increases each voucher commitment from 15 years to 20 years -- and stronger core of confidence in the program.

The legislation allows HUD to bypass posting the proposed FMRS in the *Federal Register* to solicit public comment, generally over a 60-day period. Now, HUD can post the FMRs on its website and signal when the notice will be published in the *Federal Register*. FMRs are used in the Section 8 tenant- and project-based programs, the Moderate Rehabilitation Program, and any program requiring location-specific economic data.

PHAs and other stakeholders can comment on the new FMRs by Sept. 26, 2016 and request reevaluation in their jurisdictions before the FMRs take effect Oct. 1, 2016. A reevaluation would delay the FMR effective date.

The law increases the 40th Percentile rent level to the 50th Percentile, meaning HUD will now supplement Section 8 vouchers by 10% to meet the average median rent cost in a small area FMR market.

The move allows landlords of high rent apartment buildings to recruit more families to live in what is increasingly a popular set aside of affordable apartments by local governments when developers seek to build rentals in a community.

The trade-off works in many communities but high-rent areas such as New York City, Boston, Los Angeles, Miami, and San Diego and in boom areas such as oil-rich North Dakota see their affordable rents out-pricing vouchers offering less than the rental median average.

The only area now using Small Area FMRs is the pilot program in the Dallas, TX HUD metro FMR area using five region PHAs to coordinate supplemented vouchers and assemble data.

The Dallas experiment concludes Sept. 30, 2016 but the PHAs are expected to request an extension to April 1, 2017, HUD's target baseline date for official 2017 FMR levels. The 1937 law requires the HUD secretary to publish FMRs periodically, but not less than annually, to be effective October 1 of each year.

**Info:** Go to <http://tinyurl.com/jq4uzrf> for the FMR tables.

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