



SMALL AREA FAIR MARKET RATES (SAFMR)

Beginning on January 1, 2025, the Housing Choice Voucher (HCV) Program in Compton will be changing how it determines rents. The program, which is administered by the U.S. Department of Housing and Urban Development (HUD) and managed locally by the Compton Housing Authority, provides rental assistance to help more than 500 individuals and families in our area afford safe, stable housing.

Formerly, the payment standard the Public Housing Authority (PHA) used to determine the maximum amount of rental assistance for each family participating in the program was based on rent estimates for the entire metropolitan area. This approach often meant that families with HCVs could not afford to rent in neighborhoods with higher rents. Going forward, payment standards will be based on rent estimates determined at the ZIP code level, which means they will be more responsive to variations in local rents.

This change promotes a more effective system that aligns rents with local markets while providing HCV-assisted families with greater access to housing opportunities and choice. These changes will allow HCV-assisted renters access to units in expanded areas, high performing schools and safer neighborhoods but only if owners accept them as tenants.

Please see below for Frequency Asked Questions (FAQ) for more information, or call the Compton Housing Authority at (310) 605-3080.

Frequently Asked Questions Small Area Fair Market Rents (SAFMR)

What are SAFMRs?

Small Area Fair Market Rates (SAFMRs) are estimates of the typical rent for different unit sizes in a specific ZIP code. They are determined by the U.S. Department of Housing and Urban Development (HUD) each year, based on the distribution of all rents for standard quality housing within that ZIP code.

What are payment standards?

Payment standards are used to calculate the maximum subsidy the public housing agency (PHA) will pay toward rent and utilities for rental units leased to families with HCVs. Under the HCV Program, families are generally required to pay 30% of their adjusted income toward rent and utilities. The PHA then pays the difference between the family's required contribution and

either the payment standard or the gross rent (rent plus estimated utilities) of the unit, whichever is lower. Effective January 1, 2025, the PHA will use the new payment standard at 120% of the SAFMRs for the designated ZIP codes associated with the areas from which the Compton Housing Authority covers. Owners and tenants can use the attached **Payment Standard Tables** to see how much the new payment standards will be.

What's new about this approach?

Previously, HUD required the PHA to base payment standards on Fair Market Rents (FMRs) calculated for the entire metropolitan area. This meant that payment standards may have been too low to enable HCV families to rent units in certain areas of opportunity and may have been higher than market rents in others. Under the new approach, the payment standard is based on the localized rent for each ZIP code. If your property is in a neighborhood where rents tend to be on the higher end of the metropolitan area, it is likely that the share of the rent the Compton Housing Authority will pay on behalf of the tenant will increase. At the same time, the payment standards in many low-cost areas may likely be reduced, meaning the tenant's share of the rent and utility could increase, depending on the amount of the rent.

How will I be impacted?

How you will be impacted by SAFMRs depends on the location of the properties that you own. The change in methodology used to calculate payment standards means that families with vouchers may now be able to afford units in parts of town with higher rents. If you own units in these areas, please consider opening your doors to HCV families as voucher amounts will be comparable to the market. If you currently rent to individuals and families with HCVs, you will receive a letter from the PHA with details about how your properties will be impacted by changing payment standards. As annual reexaminations of income and eligibility for current HCV tenants are conducted, the Housing Assistance Payment (HAP) provided by Compton Housing Authority will be determined using the new payment standards based on the policy outlined in the HCV Administrative Plan. Additional information about impacts on tenants who rent units in your properties will be shared as their reexaminations are completed.

What else do I need to know?

Please be aware that all HAP Contracts will remain subject to rent reasonableness determinations and tenant affordability, including in areas where payment standards increase.