

FOR ACTION

MOTION: To Adopt Payment Standards for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Program for Oahu Zip Codes Where the U.S. Department of Housing and Urban Development Has Required the Use of Small Area Fair Market Rent (SAFMR) Effective January 1, 2019; and to Authorize the Executive Director to Adjust the Payment Standards Between 90% and 110% Based on Projected Housing Assistance Funding Shortfall, with Adequate Notice to Program Participants

I. FACTS

- A. The U.S. Department of Housing and Urban Development (HUD) annually estimates fair market rents (FMR) for Office of Management and Budget (OMB) defined metropolitan areas, some HUD defined subdivisions of OMB metropolitan areas and each nonmetropolitan county.
- B. In the administration of the Housing Choice Voucher program, SAFMRs (i.e., FMRs established at the ZIP code–area level) replace the 50th percentile FMRs previously required in metropolitan areas with high concentrations of voucher families. SAFMRs are intended to provide families residing in such areas with access to low-poverty areas by providing rental assistance at a level that makes the higher rents in such areas affordable to them.
- C. For HCV-assisted families who reside in designated SAFMR metropolitan areas, PHAs are required to use SAFMRs in establishing families' payment standards. The HPHA's Section 8 HCV program is operated in the City & County of Honolulu and is considered a "Designated SAFMR PHA".
- D. 42 USC 1437f requires FMRs be posted at least 30 days before they are effective and that they are effective at the start of the federal fiscal year (generally October 1).

II. DISCUSSION

- A. As required by the Federal program regulations, HPHA reviews and adjusts the Payment Standards as HUD publishes the new zip code based

Fair Market Rents. The payment standard was last updated at the start of the federal fiscal year and the HPHA must adjust its payment standard no later than 3 months following the effective date of the change in the FMR. As such, the HPHA must make proposed changes no later than January 1, 2019 as some zip codes were impacted.

- B. The SAFMR rule establishes zip code-based FMR instead of FMR covering an entire metropolitan area. This means in high-rent areas, the FMR is higher thus creating an incentive for families to move to a neighborhood with better schools, amenities, or more job opportunities. It also means that in low-rent areas, the voucher payment standard is lower because rents are not comparable to the high-rent areas within the larger metropolitan area.
- C. Attached for consideration are the proposed payment standards for zip codes in the City and County of Honolulu for the HPHA's Housing Choice Voucher Program, effective January 1, 2019.

III. RECOMMENDATION

To Adopt Payment Standards for the Section 8 Housing Choice Voucher Program for Oahu Zip Codes where the U.S. Department of Housing and Urban Development has required the use of Small Area Fair Market Rent effective January 1, 2019; and to Authorize the Executive Director to adjust the Payment Standards between 90% and 110% based on projected Housing Assistance funding shortfall, with adequate notice to program participant

- Attachment 1: Urban Honolulu, HI MSA Small Area FY 2019 Fair Market Rents, issued by HUD, posted at least 30 days before they are effective and that they are effective at the start of the federal fiscal year (generally October 1)
- Attachment 2: Summary of Proposed Payment Standards, effective January 1, 2019
- Attachment 3: Detailed Payment Standard by zip codes

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Approved by the Board of Directors
on the date set forth above
 As Proposed [] As Amended



Pono Shim
Chairperson