County of Los Angeles

SMALL AREA FAIR MARKET RENTS (SAFMRs)

LACDA
Los Angeles County Development Authority

APRIL 2025

ABOUT LOS ANGELES COUNTY SAFMRs

The Los Angeles County Development Authority (LACDA) implemented SAFMR-based payment standards on **January 1, 2025**.

The LACDA identified **221 zip codes** within its service area.

The LACDA has set its SAFMRs at **90%** as permitted by the U.S. Department of Housing and Urban Development (HUD).

The zip code-based payment standards will be in effect for the **Housing Choice Voucher Program**, including the **Emergency Housing Voucher Program** and **Veterans Affairs Supportive Housing Program**.

The LACDA continues to use traditional Metropolitan Area Fair Market Rent-based payment standards for its **existing Project-Based Voucher (PBV) Program** properties under commitment.

SAFMRs are Fair Market Rents (FMRs) calculated at the zip code level rather than for an entire metropolitan area. This means the LACDA will now set payment standards for each zip code in its service area rather than having a single payment standard for the entire Los Angeles County. SAFMRs are intended to provide families with access to low-poverty, high-opportunity areas by providing rental assistance at a level that makes the higher rents in such areas affordable for those families.

SAFMR CHALLENGES

The LACDA has traditionally used metropolitan area-wide FMRs to set payment standards that successfully work with private landlords and non-profits to judiciously utilize its voucher allocations.

The HUD-mandated adoption of SAFMRs has forced an increase in voucher amounts for “high resource” areas, while significantly lowering rents in low-income communities that have historically embraced voucher usage. Due to the immediate increase in demand and rise in rents due to the January 2025 fires in high-resource areas, compounded with a historical reluctance of landlords in these areas to accept voucher holders, it will be very challenging for subsidized renters to find housing in those areas.

In addition to the above factors, Fannie Mae, Freddie Mac, and most banks use rental income as a key factor when underwriting permanent financing for affordable housing projects. Lower rental income, resulting from SAFMRs, significantly reduces the funding of new affordable housing projects in low-income communities, likely preventing thousands of units from being built in California.

OPPORTUNITIES TO MAXIMIZE SAFMR EFFICIENCY

- Encouraging SAFMR jurisdictions to study what is working and what is not and reporting that data and feedback to HUD, followed by appropriate technical assistance to help course correct.
- Allowing Public Housing Agencies (PHAs) to retain local control in determining which payment standard structure (metropolitan FMRs or SAFMRs) best balances administrative efficiency and maximum subsidy assistance for voucher holders.
- Determining the appropriate SAFMR payment standards requires complex financial analysis, especially for large jurisdictions such as the LACDA which has over 200 zip codes within its service area. The LACDA recommends a simplified payment standard methodology for PHAs that are required to adopt, or choose to opt in, to SAFMRs.