



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

NOTICE PIH 2018–21

Issued: November 15, 2018

Expired: This notice remains in effect until amended, superseded or rescinded.

Subject: Small Area FMR Temporary Exemption for Housing Authority of the County of San Diego

- (1) **Purpose.** The purpose of this notice is to make the public aware that HUD has granted a request from the Housing Authority of the County of San Diego (HACSD) for a temporary exemption from the use of Small Area FMRs (SAFMRs).
- (2) **Background.** The regulations at 24 Code of Federal Regulations §888.113(c)(4) provides that HUD may suspend a SAFMR designation from a metropolitan area, or may temporarily exempt a PHA in a designated SAFMR area from use of SAFMRs, when HUD by notice makes a documented determination that such action is warranted. Notice PIH 2018–01 states that a PHA request for such a temporary exemption must be based on a documented finding that an adverse rental housing market condition exists. The Notice states further that “[a]dverse rental housing market conditions include, but are not limited to, current vacancy rates falling below four percent...[or] a rapid increase in the PHAs [sic] per unit cost (PUC) causing the PHA to experience a funding shortfall.”
- (3) **Basis for Approval.** The HACSD submitted documentation to HUD showing that vacancy rates in the area (San Diego County) served by the PHA are below 4 percent and that per-unit costs have increased rapidly, causing HACSD to be designated a shortfall agency in calendar year 2017. In addition, HACSD received a shortfall designation for CY 2018 from HUD’s Shortfall Prevention Team. HUD reviewed the documentation and determined that granting a temporary exemption is warranted.
- (4) **Expiration.** Once HACSD’s 2019 funding has been determined, HUD will evaluate the vacancy rate for San Diego County and HACSD’s per-unit costs to determine the likely effect of SAFMRs on HACSD. If at that time HACSD is no longer in shortfall or implementation of SAFMRs is not projected to result in a shortfall and the vacancy rate in

San Diego County exceeds 4 percent, then this temporary exemption will end, and HACSD will be required to bring its payment standards within the basic range of the 2019 SAFMRs no later than 3 months following their effective date.

/s/

Dominique Blom
General Deputy Assistant Secretary
for Public and Indian Housing