

Policy Brief

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To: Director of Miami-Dade Department of Public Housing and Community Development Alex R. Ballina.

From: Jarred Randall

Subject: Proposal for Adoption of Small Area Fair Market Rent (SAFMR) to Address Housing Inequality

Introduction

This memo proposes adopting the Small Area Fair Market Rent (SAFMR) approach by Miami-Dade County to improve housing voucher allocations and effectively address the persistent issue of concentrated poverty and limited housing mobility among low-income residents. This document outlines the motivations behind this recommendation, analyzes the potential benefits and challenges, and suggests a practical implementation strategy.

Policy Motivation

The current housing voucher systems in Miami-Dade County, which bases amounts on metro-wide average rents, significantly limits the housing options available to low-income families. This system confines them predominantly to impoverished neighborhoods, perpetuating a cycle of poverty. This has severe implications, impeding access to better education, employment opportunities, and health services, essential for breaking out of poverty.

Current State of Housing in Miami

Data from Miami-Dade County underscores the severity of the housing affordability crisis. As of 2021, half of all households are considered cost-burdened, spending more than 30% of their income on housing.¹ This issue is especially acute among lower-income brackets, with 87% of households earning below \$20,000, and 76% of those earning between \$35,000 and \$49,999 annually being cost-burdened.² Such high levels of cost burden are particularly pronounced among renter households, where approximately 90% of those earning below \$50,000 face this challenge.³ These stark figures highlight the critical need for reform to provide broader, more equitable housing options. Section-8 housing vouchers have historically played a crucial role in alleviating housing cost burdens for low-income families. In Miami-Dade County, these vouchers have been essential in helping families afford housing in the face of rising rental prices.⁴ While the traditional voucher system has provided some relief, it often restricts choices

¹ Shimberg Center for Housing Studies, Miami-Dade Housing Needs Assessment (Gainesville, FL: University of Florida, October 2023), 03.

² Shimberg Center for Housing Studies, Miami-Dade Housing Needs Assessment (Gainesville, FL: University of Florida, October 2023), 03

³ Shimberg Center for Housing Studies, Miami-Dade Housing Needs Assessment (Gainesville, FL: University of Florida, October 2023), 03

⁴ Shimberg Center for Housing Studies, Miami-Dade Housing Needs Assessment (Gainesville, FL: University of Florida, October 2023), 32

to certain neighborhoods, limiting broader social and economic benefits and further exacerbating higher concentrations of poverty.

Need for Policy Change

Transitioning to the Small Area Fair Market Rent (SAFMR) system, which uses localized rent measures rather than metro-wide averages to calculate vouchers, could significantly empower low-income families. By enabling access to housing in more affluent areas, SAFMR can help dismantle the barriers imposed by concentrated poverty. This policy change is not just about improving housing affordability but is crucial for fostering diverse, inclusive communities where all residents have greater opportunities to thrive. By adjusting voucher calculations to reflect the rents of smaller geographic areas, SAFMR promises to expand housing options beyond economically stagnant neighborhoods. This adjustment will enable families to move to areas with better employment opportunities, higher-quality schools, and safer environments.⁵ Such a shift is not merely about accessing better housing but about breaking the cycles of poverty that confine many to limited sections of the urban landscape.

Benefits of SAFMR

A study conducted by the Poverty & Race Research Action Council (PRRAC) analyzed the first year of Small Area Fair Market Rent (SAFMR) implementation in metropolitan areas such as Dallas, Philadelphia, and Atlanta. The results have shown that the policy is successful in enhancing housing choices, promoting social mobility, and improving the cost-effectiveness of the housing voucher program.

Access to High-Opportunity Neighborhoods: The implementation of SAFMRs has generally succeeded in providing voucher holders with greater access to high-opportunity neighborhoods. This was one of the primary goals of the SAFMR rule, which aimed to allow low-income families to access neighborhoods that offer better employment, education, and transportation opportunities. The shift from a metropolitan-wide average to ZIP code-specific rents helped to increase payment standards in areas where rents were traditionally higher than the average, thus facilitating moves to these neighborhoods.⁶

Cost-Effectiveness of the Housing Choice Voucher (HCV) Program: The adoption of Small Area Fair Market Rents (SAFMRs) has been shown to enhance the overall cost-effectiveness of the Housing Choice Voucher (HCV) program by reducing overpayments in lower-rent neighborhoods, where SAFMRs are generally lower than metropolitan averages. This strategic adjustment makes the program more financially sustainable, as it aligns voucher values more accurately with actual market rents, thereby reducing the likelihood that landlords can set rents

⁵ Shimberg Center for Housing Studies, Miami-Dade Housing Needs Assessment (Gainesville, FL: University of Florida, October 2023),

⁶ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 5.

above market rates for comparable units.⁷ This approach also results in increased cost accuracy in relation to payment standards, enhancing the overall cost-effectiveness of the program.⁸

Potential Program Challenges

Although adopting SAFMRs would be a significant policy initiative with the potential to improve housing equity, there are implementation challenges that can be anticipated by learning from the experiences of other cities. ***Resistance from landlords in higher-rent districts*** is notable, often due to concerns about payment reliability and potentially lower rents compared to the open market. Necessitating targeted community engagement and education would be important in mitigating this issue.⁹ Additionally, ***the recalibration of payment standards to match local rent variations*** introduces administrative complexities. These administrative complexities require housing authorities to update systems and training to manage rent adjustments within smaller geographic units like ZIP codes.¹⁰ Effective communication is also essential, extensive outreach and education efforts are needed to explain the changes to both tenants and landlords, ensuring a smooth transition and reducing resistance.¹¹

Conclusion and Recommendation

In light of the significant benefits and observed challenges, the adoption of Small Area Fair Market Rent (SAFMR) in Miami-Dade County is recommended. This policy change aims to enhance housing choices, promote social mobility, and improve the financial sustainability of the Housing Choice Voucher (HCV) program. The transition to SAFMR, which adjusts voucher values to reflect local rent variations rather than metro-wide averages, promises to enable low-income families to access higher-opportunity neighborhoods, thus breaking the cycles of entrenched poverty and fostering inclusive community development.

The policy's successful implementation in cities like Dallas, Philadelphia, and Atlanta demonstrates its effectiveness in achieving these goals. SAFMR provides greater access to neighborhoods with better employment, educational, and transportation opportunities, and makes

⁷ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 7.

⁸ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 7.

⁹ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 18.

¹⁰ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 18.

¹¹ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 18-19.

the voucher system more cost-effective.¹² However, potential challenges such as resistance from landlords in higher-rent districts and the administrative complexities of recalibrating payment standards need careful consideration.¹³ It is essential to prepare for these challenges through targeted community engagement, enhanced administrative support, and comprehensive educational outreach to both tenants and landlords.

To facilitate a smooth transition and ensure the success of SAFMR in Miami-Dade County, it is recommended to initiate a pilot program in select neighborhoods. This pilot will allow for real-time adjustments and more detailed assessments of the policy's impacts in Miami-Dade County before a full-scale rollout. Adopting SAFMR is not merely a technical adjustment to voucher calculations; it is a strategic move towards equitable housing policy and social justice, offering substantial benefits that outweigh the manageable challenges. By learning from other cities' experiences and anticipating the specific needs of Miami-Dade, we can significantly improve the living conditions and opportunities for our most vulnerable populations.

¹² Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 5-7.

¹³ Kelly Patterson and Robert Silverman, Small Area Fair Market Rents (SAFMRs): An Analysis of First Year Implementation in Mandatory Metropolitan Areas and Barriers to Voluntary Implementation in Other Areas (Buffalo: Buffalo Center for Social Research, School of Social Work, University at Buffalo, September 2019), 18.