

August 21, 2017

Richard C. Gentry
President & CEO
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Implement SAFMR With Tenant Protections

Dear Mr. Gentry:

Last Friday, the current administration sent your office a letter suspending a U.S. Department of Housing and Urban Development (HUD) Final Rule that changed the way 23 metropolitan areas issued vouchers to low-income tenants. As you know, the Final Rule directed specific local PHAs to use a rent standard that is determined by small area (zip code) fair market rents, instead of metropolitan-wide fair market rents.

San Diego and the other metropolitan areas targeted by the Final Rule were chosen because of their high concentrations of Housing Choice Voucher Program participants (“voucher holders”) living in concentrated low-income areas relative to all renters within that area.

I understand your office was already in the process of updating payment standards informed by HUD’s Small Area Fair Market Rents to help families “move from high poverty to low-poverty neighborhoods that are closer to more employment and educational opportunities.”¹ Given the resources that SDHC has already spent on SAFMR implementation, it makes fiscal sense to move forward with the policy and maximize the positive impact on voucher families by allowing them to move to high opportunity areas.

The Final Rule was an attempt by the Obama Administration to address the nation’s housing segregation crisis. Segregation levels today mirror those that existed in the 1960s.² This resegregation of communities is a crisis exacerbated in metropolitan areas, like San Diego, where vouchers are accepted only in low-opportunity, high-poverty neighborhoods, if at all. Nationally, only 15% of children in families that receive housing subsidies live in low-poverty areas; the vast majority of these children live in very poor, segregated neighborhoods.³ One in three (35%) vouchers in San Diego goes to a family with children.⁴ San Diego was chosen because of its high

¹San Diego Housing Commission, *Moving Forward*, Fiscal Year 2018 MTW Annual Plan, March 10, 2017, Jeff Davis and Suket Dayal.

²Fiel, Jeremy E. "Decomposing School Resegregation: Social Closure, Racial Imbalance, and Racial Isolation." *American Sociological Review*. no. 5 (2013): 1-21. (accessed September 24, 2013).

³Center on Budget and Policy Priorities, October 2014, “Creating Opportunity for Children: How Housing Location Can Make a Difference.”

⁴https://www.huduser.gov/portal/datasets/assthsg.html#2009-2016_query (Data: CA063, HCVP, 2016 based on 2010 Census) (accessed August 20, 2017).

concentration of voucher tenants living in high-poverty/low-income neighborhoods (45% of voucher holders live in CLIAs).⁵

The Final Rule's goal was simple: improve the health of low-income families by increasing access to lower poverty and higher opportunity areas.

SDHC has focused on prioritizing poverty deconcentration and voucher utilization efforts in its Annual Plans.⁶ SDHC planned to further these efforts through small area fair market rents.⁷ Through the Choice Communities program, hundreds of households residing in high- and medium-poverty areas have been moved to low-poverty areas.⁸

Small area fair market rents have a significant impact on voucher holders' lives because they improve access to high performing schools, reliable transportation, and quality jobs. Small area fair markets rents have the potential to address the concentration of poverty in our community. As a poverty attorney, I have represented voucher holders before the San Diego Housing Commission as well as other PHAs throughout San Diego County, Sacramento County, Lake County, and Mendocino County. I have directly seen the devastating impact that fair market rents can have on low-income families' abilities to find housing in low-poverty neighborhoods, particularly in competitive housing markets. Because fair market rents are too low to allow people to live in high opportunity neighborhoods, families suffer. Poor neighborhoods adversely impact children's behavioral and emotional health, cognitive development, educational achievement, and health—including higher-than-average rates of asthma, depression, and diabetes.⁹ The adverse impacts last beyond one's childhood, effecting adult employment and earnings.¹⁰

Even with HUD's suspension, PHAs have the discretion to implement the Small Area FMR rule. SDHC should implement the rule but be sure to include a discretionary policy that would protect existing families from eviction due to rent increases. HUD conformed the SAFMR regulations to section 107 of HOTMA (the Housing Through Opportunity Modernization Act) by granting PHAs the discretion to hold current tenants harmless from a rent increase that results from change in the FMR during the term of the HAP contract. SDHC should not only implement SAFMRs but also include this important tenant protection.

Extensive work went into the Final Rule. Before even a proposed rule was released, the Obama Administration conducted extensive research on ways to address the increasing levels of segregation and concentrations of housing vouchers in high-poverty areas. The administration also took into consideration evidence from a small area fair market rent demonstration project in Texas (the result of a court settlement – HUD was sued for its willingness to accept racial

⁵<https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html#proposed-rulemaking> (FY 2016 Small Area FMRs with HUD Metro FMR Area Designations) (accessed August 20, 2017).

⁶San Diego Housing Commission, Moving Forward Moving to Work Program Annual Plan for Fiscal Year 2018, approved by HUD June 28, 2017.

⁷*Id.*

⁸*Id.*

⁹Fiel, Jeremy E. "Decomposing School Resegregation: Social Closure, Racial Imbalance, and Racial Isolation." *American Sociological Review*. no. 5 (2013): 1-21.

¹⁰*Id.*

segregation in Dallas).¹¹ Voucher families were able to move from high- and medium-poverty neighborhoods to low-poverty neighborhoods. The demonstration project suggested that the small area fair market rent model may be less costly and more effective than other voucher interventions at de-concentrating families with vouchers from high-poverty, high-crime neighborhoods. SDHC has planned to use the Final Rule to further efforts already underway through Choice Communities, to move families from high- and medium-poverty areas to low-poverty areas.¹²

The timing of the Final Rule's suspension is concerning. The administration suspended this de-segregation rule only ten days after it announced plans to use the Department of Justice to identify and target universities using affirmative action. The timing of this suspension raises concerns as to the real motivations behind the current administration actions, and whether this is part of a larger strategy to further segregation.

Pursuant to the letter sent to the PHAs overseeing the Housing Choice Voucher Programs in the 23 metropolitan areas, the PHAs can voluntarily implement the Small Area Fair Market Rents. I urge San Diego Housing Commission to adopt small area fair market rents and protect all voucher holders by providing discretionary protection for tenants who experience an increase due to the change. If San Diego Housing Commission acts, it will lead the way for necessary partners (surrounding PHAs including Oceanside, Encinitas, Carlsbad, National City, and San Diego County) to implement this vital program.

Please do not hesitate to contact me at ijadipm@gmail.com to discuss this issue.

Sincerely,



Parisa Ijadi-Maghsoodi
Poverty Attorney

¹¹Robert Collinson and Peter Ganong, September 2014, "The Incidence of Housing Voucher Generosity" NBER.

¹²San Diego Housing Commission, Moving Forward Moving to Work Program Annual Plan for Fiscal Year 2018, approved by HUD June 28, 2017.