



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

OFFICE OF PUBLIC AND INDIAN HOUSING

December 21, 2015

Dear PHA Executive Director:

The 2016 final FMRs were published in the Federal Register on December 11, 2015, and on HUD's website on December 10, 2015. For purposes of the HCV program, PHAs must use December 11, 2015, as the effective date. The final 2016 FMRS are not retroactive to October 1, 2015.

The final 2016 FMRs will not necessarily lead to any mandatory changes in a PHA's payment standards. There is no requirement for you to adjust the payment standards if your PHA's current payment standards remain within the basic range (90 percent to 110 percent) of the applicable 2016 FMR.). The only PHAs that must adjust payment standards are those where the increase or decrease in the final FY16 FMRs leaves the PHAs current payment standard outside the basic range. There will be PHAs that must increase the current payment standard to be at least 90% of the final FY16 FMR and PHAs that must decrease the current payment standard to be no more than 110% of the final FY16 FMR.

Payment standards revised as a result of the final FY16 FMRs (whether increased or decreased) must be applied to new admissions and participants who moved to new units with Housing Assistance Payments (HAP) Contracts effective on or after December 11, 2015. For new admissions and movers, the key issue is the effective date of the HAP Contract. As an example, assume a family was issued a voucher on October 4 and leased a unit on November 15, 2015 (i.e., prior to the effective date of the 2016 FMRs). That family's payment standard would have properly been set based on the still effective 2015 FMRs. In contrast, if a family was issued a voucher on October 4, 2015, and ultimately leased a unit on December 30, 2015 (i.e., after the effective date of the 2016 FMRs), the family's subsidy would be calculated based on payment standards established pursuant to the 2016 FMRs. It is important to note that PHAs must use the effective date of the HAP contract and not the date the HAP contract is executed by the PHA. If your agency has revised its payment standard and has already processed a form HUD-50058 for a new admission or move with an effective date on line 2b of December 11, 2015, or later, you will need to revise the action to reflect the new payment standard amount.

If your payment standards are outside the basic range as a result of the publication of the final FY16 FMRs, and you have to lower them, the revised payment standard will not have any immediate impact on participants under a HAP Contract. Participants retain their current payment standard until the family moves to another unit, has a change in its family size or composition, or until the second annual reexamination after the payment standard is decreased. These requirements are outlined at 24 CFR 982.505b)(3).

Decreases in the applicable payment standard due to changes in family size or composition are effective as of the effective date of the next annual reexamination following the change in family size or composition. At that time, the new family size will be used to determine the payment standard. These families do not receive the two year protection described in the

paragraph above.

If you increase your payment standard as a result of the 2016 FMRs, current participants will receive the higher payment standard at the time of the family's next annual reexamination.

In summary:

- PHAs should determine if their current payment standards are within the basic range of 90 to 110 percent of the 2016 FMR.
 - If yes, no further action is required as a result of the publication of the final FY16 FMRs.
 - If no, the PHA must adjust their payment standards to be within the 90 to 110 percent range and ensure retroactive effective dates to 12/11/15 if necessary
- Payment standard increases:
 - Effective for all new admissions and movers with HAP effective dates of 12/11/2015 and beyond
 - Effective for current participants at the next annual reexamination. PHAs will need to revise form HUD-50058 for reexaminations that may have already been processed with effective dates on or after 12/11/2015.
- Payment standard decreases:
 - Effective for all new admissions and movers with effective dates of 12/11/2015 and beyond
 - Effective for current participants at second annual recertification (except for those described in the next bullet)
 - Effective at next annual reexamination for participants who experience a change in family size or composition.

If you have any questions regarding the implementation of the 2016 FMRS, please contact your local HUD PIH office.

Sincerely,

Amy Ginger



Digital signed by Amy Ginger
DN: CN = Amy Ginger, C = US,
O = Housing Voucher Programs,
OU = Director
Reason: I am approving this document

Amy L. Ginger
Director
Office of Housing Voucher Programs