



November 28, 2022

## PH PROGRAM NEWS

### HUD Updates Flat Rent Exception Request Submission Requirements

HUD's Office of Public and Indian Housing (PIH) has published Notice [PIH 2022-33](#), "Updates to Flat Rent Exception Request Submission Requirements," which supersedes and replaces the guidance provided in Notice [PIH 2021-27](#) concerning the statutory amendment related to flat rents and updates flat rent exception and extension request submission requirements, including the ability to include applicable justifications directly into HUD Form 5880 (Sections 5c. and 5d. of the notice). The notice also serves as supplemental guidance to the [streamlining final rule](#) that was published on March 8, 2016.

As established in FY 2015 Appropriations Act, flat rents must be set at no less than the lower of 80 percent of the applicable fair market rent (FMR), or 80 percent of such other applicable FMR established by the Secretary that more accurately reflects local market conditions and is based on an applicable market area that is geographically smaller than the applicable market area (such as the applicable Small Area Fair Market Rent (SAFMR) or unadjusted rent). For areas where HUD has not determined an SAFMR or an unadjusted rent, PHAs must set flat rents at no less than 80 percent of the FMR or apply for an exception flat rent.

To establish flat rents at a lower level, PHAs must request an exception from HUD within 90 days of the effective date of the current year FMRs. To verify the need for an exception flat rent, PHAs are required to submit a market analysis that demonstrates the value of the unit. A market analysis must be submitted using [HUD Form-5880](#) "Flat Rent Market Analysis Summary". A training video on how to use the tool can be accessed [here](#).

Submitting a new flat rent exception request is required when PHAs fall into any of the following categories: the PHA has a first-time submission, the PHA has a change in local market conditions since the previous flat rent exception approval, or the PHA's previous flat rent exception extension has expired. HUD has updated its process to submit a new flat rent exception request beginning in fiscal year 2023. The submission process is detailed in Section 5c. of the notice.

If HUD approved a PHA's flat rent exception request from a previous fiscal year, the PHA may request an extension of this approval if the PHA requests an extension of the exact rents as previously approved by HUD, the market study accompanying the previously approved request is no more than two years old, the market conditions remain unchanged, and the PHA submits the extension request no later than 90 days after the effective date of the final FMRs published by HUD. The Department will not approve extension requests that include changes or additions to previously approved exception flat rents. Instead, a new request would need to be submitted to make the proposed changes or additions. HUD has also updated this submission process beginning in fiscal year 2023 (detailed in Section 5d. of the notice).

This notice applies to PHAs that operate a public housing program and families residing in, or applying to, the public housing program. Moving to Work PHAs operating a public housing program can exercise flexibility and establish alternative requirements. Further information can be found in the [notice](#).



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