



# Federal Register

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**Monday,  
February 28, 2005**

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**Part V**

## **Department of Housing and Urban Development**

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**Fair Market Rents for the Housing Choice  
Voucher Program and Moderate  
Rehabilitation Single Room Occupancy  
Program; Fiscal Year 2005; Notice**

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-4937-N-03]

**Fair Market Rents for the Housing  
Choice Voucher Program and  
Moderate Rehabilitation Single Room  
Occupancy Program; Fiscal Year 2005**

**AGENCY:** Office of the Assistant Secretary for Policy Development and Research, HUD.

**ACTION:** Notice of Revised Final Fiscal Year (FY) 2005 Fair Market Rents (FMRs).

**SUMMARY:** Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish FMRs periodically, but not less than annually, adjusted to be effective on October 1 of each year. The primary uses of FMRs are to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, and to determine initial rents for housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program. Today's notice revises the final FY2005 FMRs that were published on October 1, 2004, for a limited number of areas.

**EFFECTIVE DATE:** The FMRs published in this notice are effective February 28, 2005.

**FOR FURTHER INFORMATION CONTACT:** For technical information on the methodology used to develop fair market rents or a listing of all fair market rents, please call the HUD USER information line at 800-245-2691 or access the information on the HUD Web site, <http://www.huduser.org/datasets/fmr.html>. FMRs are listed at the 40th or 50th percentile in Schedule B. For informational purposes, a table of 40th percentile recent mover rents for the 39 areas with 50th percentile FMRs will be provided on the same website noted above. Any questions related to use of FMRs or voucher payment standards should be directed to the respective local HUD program staff. Questions on how to conduct FMR surveys or further methodological explanations may be addressed to Marie L. Lihn or Lynn A. Rodgers, Economic and Market Analysis Division, Office of Economic Affairs, Office of Policy Development and Research, telephone 202-708-0590. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at 800-877-8339. (Other than the HUD USER information line and TDD

numbers, telephone numbers are not toll free.)

**SUPPLEMENTARY INFORMATION**

**I. Background**

Section 8 of the USHA (42 U.S.C. 1437f) authorizes housing assistance to aid lower income families in renting safe and decent housing. Housing assistance payments are limited by FMRs established by HUD for different areas. In the Housing Choice Voucher program, the FMR is the basis for determining the "payment standard amount" used to calculate the maximum monthly subsidy for an assisted family (see 24 CFR 982.503). In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities. In addition, all rents subsidized under the Housing Choice Voucher program must meet reasonable rent standards. The interim rule published on October 2, 2000 (65 FR 58870), established 50th percentile FMRs for certain areas.

*Electronic Data Availability:* This **Federal Register** notice is available electronically from the HUD news page: <http://www.hudclips.org>. **Federal Register** notices also are available electronically from the U.S. Government Printing Office Web site: <http://www.gpoaccess.gov/fr/index.html>.

**II. Procedures for the Development of FMRs**

Section 8(c) of the USHA requires the Secretary of HUD to publish FMRs periodically, but not less frequently than annually. Section 8(c) states in part as follows:

Proposed fair market rentals for an area shall be published in the **Federal Register** with reasonable time for public comment and shall become effective upon the date of publication in final form in the **Federal Register**. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in this section.

HUD's regulations at 24 CFR 888 provide that HUD will develop proposed FMRs, publish them for public comment, provide a public comment period of at least 30 days, analyze the comments, and publish final FMRs. (See 24 CFR 888.115.) Final FY2005 FMRs were published on October 1, 2004 (69 FR 59003), consistent with section 8(c)(1) of the USHA.

**III. Final FY2005 FMRs, Published on October 1, 2004**

HUD's final FY2005 FMRs were set at the 40th and 50th percentile and trended forward to April 2005 in accordance with HUD regulations. In setting the final FY2005 FMRs, HUD took into consideration a large number of comments objecting to the magnitude of changes caused by use of new data and new Office of Management and Budget (OMB) metropolitan area definitions and by insufficient time to evaluate and respond to the proposed changes. While HUD is required by statute to use the most recent available data in setting FMRs, HUD is not obligated to use the new OMB definitions. In the final FMR publication, the 2004 FMR area definitions were used to eliminate FMR differences resulting from geography changes. The FY2005 FMR schedules contained in the October 1, 2004, FMR notice are based on the 2000 Census and, when available, more current data, but were calculated for the same geographical areas used in preparing the FY2004 FMRs.

By September 7, 2004, HUD had received 370 public comments on the proposed FY2005 FMRs. Most of these comments opposed implementation of the proposed FMRs. The primary reason given was that the proposed FY2005 FMRs were significantly different from the FY2004 FMRs, and that additional time was needed to examine the proposed FMRs. Many commenters asked HUD to delay issuing FY2005 FMRs. HUD was obligated by statute to issue revised FMRs based on the most current available data by October 1, 2004, and did so, but allowed additional public comments to be submitted until November 2004.

**IV. Revised Final FY2005 FMRs**

The revised final FY2005 FMRs continue to be based on the same geographic areas as were used in the FY2004 FMRs. The only changes between the final FY2005 FMRs published on October 1, 2004, and the FMRs in this publication resulted from additional information submitted with public comments or resulting from HUD Random Digit Dialing (RDD) surveys. A total of 283 public comments submitted in the second public comment period that closed in November 2004 were reviewed. Most of the comments received lacked the data needed to support FMR changes. The comments received are discussed in more detail later in this notice.

## V. FMR Methodology

### A. Data Sources

The data sources used are explained in detail in the October 1, 2004, **Federal Register** FMR publication. Data from the 2000 Census were used to revise FMRs for most areas, which served to correct estimation errors that have accumulated since the 1990 Census data were used to revise FMRs. A number of the larger metropolitan areas also had American Housing Survey or RDD surveys conducted after the 2000 Census that were used in calculating FMRs. At HUD's request, the Census Bureau prepared a special extract of Census data that is a very close approximation of the unsuppressed data used in calculating FMRs that can be used to almost exactly replicate HUD's FMR calculations. This data set is located on HUD's HUDUSER Web site at: <http://www.huduser.org/datasets/fmr/CensusRentData/index.html>.

### B. Large Bedroom Rents

A number of concerns about FMR reductions for large bedroom FMRs were noted in public comments. The changes made were the result of changes in rent relationship patterns shown by the 2000 Census. Relative to two-bedroom FMRs, a large number of efficiency and one-bedroom rents increased while many three-bedroom and large unit FMRs decreased. A majority of three-plus bedroom FMRs increased in FY2005, but there were an unusual number of decreases that were related to the Census rebenchmarking process that occurs every 10 years.

FMR estimates are calculated for two-bedroom units. This is the most common size of rental units, and therefore the most reliable to survey and analyze. After each decennial Census, rent relationships between two-bedroom units and other unit sizes are calculated and used to set FMRs for other units. This is done because it is much easier to update two-bedroom estimates and to use pre-established cost relationships with other bedroom sizes than it is to develop independent FMR estimates for each bedroom size.

For the past several years, bedroom ratios have been based on 1990 Census data. The FY2005 FMRs were the first to make use of 2000 Census data to more correctly reflect market rent differentials between units with differing numbers of bedrooms. The 2000 Census data were analyzed in essentially the same way as the 1990 Census data to determine the bedroom ratio outliers. The one major difference in this analysis was that HUD had unrestricted access to the 2000 Census data, which permitted it to more

precisely calculate bedroom ratios. The analysis showed significant changes in bedroom ratios over the decade and permitted more accurate estimates of bedroom rent interval differences. Median efficiency rents increased 9 percent relative to the two-bedroom ratios. One-bedroom rents also increased relative to two-bedroom rents. Median four-bedroom rents, however, fell 9 percent over the decade relative to two-bedroom rents and median three-bedroom rent ratios also decreased. These changes were at least partly associated with the relatively large number of new, higher rent one- and two-bedroom units built during the 1990's.

The rents for three-bedroom and larger units continue to reflect HUD's policy to set higher rents for these units than would result from using normal market rents. This adjustment is intended to increase the likelihood that the largest families, who have the most difficulty in leasing units, will be successful in finding eligible program units. The adjustment adds bonuses of 8.7 percent to the unadjusted three-bedroom FMR estimates and adds 7.7 percent to the unadjusted four-bedroom FMR estimates. The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four-bedroom FMR for each extra bedroom. For example, the FMR for a five-bedroom unit is 1.15 times the four-bedroom FMR, and the FMR for a six-bedroom unit is 1.30 times the four-bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero-bedroom (efficiency) FMR.

A further adjustment is made for areas with local bedroom-size intervals above or below what are considered to be reasonable ranges or where sample sizes are inadequate to accurately measure bedroom rent differentials. Experience has shown that highly unusual bedroom ratios typically reflect inadequate sample sizes or peculiar local circumstances that HUD would not want to utilize in setting FMRs (e.g., luxury efficiency apartments in New York City that rent for more than typical one-bedroom units). Bedroom interval ranges were established based on an analysis of the range of such intervals for all areas with large enough samples to permit accurate bedroom ratio determinations. The final ranges used were: efficiency units are constrained to fall between 0.65 and 0.83 of the two-bedroom FMR, one-bedroom units must be between 0.76 and 0.89 of the two-bedroom unit, three-bedroom units must be between 1.10 and 1.34 of the two-bedroom unit and four-bedroom units must be between 1.14 and 1.63 of the

two-bedroom unit. Bedroom rents for a given FMR area were then adjusted if the differentials between bedroom-size FMRs were inconsistent with normally observed patterns (e.g., efficiency rents were not allowed to be higher than one-bedroom rents and four-bedroom rents were set at a minimum of 3 percent higher than three-bedroom rents).

For low-population, non-metropolitan counties with small Census recent-mover rent samples, Census-defined county group data were used in determining rents for each bedroom size. This adjustment was made to protect against unrealistically high or low FMRs due to insufficient sample sizes. The areas covered by this new estimation method have less than 33 two-bedroom Census sample observations.

### C. FMR Updates to 2000 Census

After 2000 Census FMR estimates were established for each FMR area and bedroom size, they were updated from the estimated Census date of April 1, 2000, to April 1, 2005 (the midpoint of FY2005). Update factors for the 2000 through end of 2003 period were based either on the area-specific CPI survey data that were available for the largest metropolitan areas or on HUD regional RDD survey data.

For areas with local CPI surveys, CPI annual data on rents and utilities were used to update the Census rent estimates. Three-quarters of the 2000 CPI change factor was used to bring the FMR estimates forward from April to December of 2000. Annual CPI survey data could then be used for calendar years 2001, 2002, and 2003. Trending to cover the period from January 1, 2004 to April 1, 2005, was then needed. An annual trending factor of 3 percent, based on the average annual increase in the median Census gross rent between 1990 and 2000, was used to update estimates from the end of 2003 (i.e., the last date for which CPI data were available) until the midpoint of the fiscal year in which the estimates were used. The 15-month trending factor was 3.75 percent (3 percent times 15/12).

For areas without local CPI surveys, the same process was used except that regional RDD survey data were substituted for CPI data. Regional RDD surveys were done for 20 areas—the metropolitan and nonmetropolitan part of each of the 10 HUD regions. Areas covered by CPI metropolitan surveys were excluded from the RDD metropolitan regional surveys.

*D. Additional RDD Surveys and Other Data*

RDDs covering 23 additional areas were conducted by HUD in the September-November 2004 period and completed in time for use in this publication. Supplemental surveys were conducted for the portions of the three metropolitan areas where RDDs were conducted in August 2004 and

implemented in the October 1, 2004, FMR publication to cover portions of these metropolitan areas not covered in the initial surveys. The first column of the following table identifies the RDD survey area. The second column shows the final FY2005 FMR as published on October 1, 2004. The third column shows the October 2004 or November 2004 RDD results, trended to the middle

of FY2005. A change in FMR estimates is shown only if the RDD result shows a statistically significant difference from the FMR estimate published on October 1, 2004. The fourth column shows whether or not the RDD results were statistically different enough to justify replacing the Census or other survey estimates with the RDD results. The survey results were as follows:

Area definition	FY2005 FMR without Sept.-Nov. RDD	FY2005 FMR with RDD	RDD result
Albany-Schenectady-Troy, NY .....	679	679	No Change.
Albuquerque, NM .....	699	699	No Change.
Atlanta, GA .....	928	834	Decrease.
Bergen-Passaic, NJ .....	1132	1132	No Change.
Boston, MA .....	1266	1266	No Change.
Cincinnati, OH-KY-IN .....	706	652	Decrease.
Columbus, OH .....	675	640	Decrease.
Dayton-Springfield, OH .....	595	595	No Change.
Denver, CO .....	973	888	Decrease.
Detroit, MI .....	805	805	No Change.
Honolulu, HI .....	955	1087	Increase.
Houston, TX .....	801	733	Decrease.
Kauai County, HI .....	831	1061	Increase.
Louisville, KY-IN .....	597	553	Decrease.
Maui County, HI .....	899	1149	Increase.
McAllen-Edinburg-Mission, TX .....	480	593	Increase.
Nashville, TN .....	697	654	Decrease.
Newark, NJ .....	1020	1020	No Change.
New York, NY .....	1018	1075	Increase.
Omaha, NE .....	650	650	No Change.
Philadelphia, PA .....	962	914	Decrease.
Salt Lake City, UT .....	747	682	Decrease.
Springfield, MA .....	732	772	Increase.
Tulsa, OK .....	640	640	No Change.
Tucson, AZ .....	712	673	Decrease.
Washington, DC .....	1187	1187	No Change.

HUD is directed by statute to use the most recent data available in its FMR publications. These RDD survey results are being implemented in the revised final FY2005 FMR publication consistent with that requirement.

The new and old OMB geographic definitions of the Boston, Detroit, and Washington D.C. metropolitan areas contained measurable differences, although the bulk of the old definitions were still contained in the new definitions. The surveys conducted in August 2004 were based on the new definitions. When the decision to revert to the old definitions was made, revised FMR estimates were made by multiplying the new definition FMR estimate by the 2000 Census 40th

percentile new-to-old definition rent ratio (e.g., if the median rent for the old definition was 3 percent higher than the rent using the new definition, the survey result was adjusted by increasing it by 3 percent). Rent relationships among different parts of metropolitan areas tend to be very stable in the short-term and medium-term, so this approach should normally be reliable. In response to concerns, however, HUD conducted full surveys of the old definition area parts not included in the initial surveys. The results of the original and supplemental samples were then merged using 2000 Census sampling weights. Counties or county parts were added or deleted to provide an aggregate sample based on the old

OMB definition. Because two surveys were used to cover different parts of the old metropolitan area definition, the combined survey coverage had larger samples and more statistically reliable estimates than normally sought. None of the resulting estimates resulted in a change in the FMR estimates because they were not sufficiently different. To the extent there were differences, the revised estimates for Boston, Detroit, and Washington were somewhat lower than the FMR estimates published on October 1, 2004, but not by enough to trigger changes.

HUD also reviewed surveys and data supplied by housing authorities as part of the public comment process. The results are shown on the following table:

Area definition	Two-bedroom FY2005 FMRs		Revised FMR change
	10/1/2004 final FMRs	Revised final FMRs	
Cheyenne, WY .....	536	592	RDD Increase.
Cleveland County, NC .....	523	578	RDD Increase.
Columbia, MD .....	988	1242	Census-Based Increase.

Area definition	Two-bedroom FY2005 FMRs		Revised FMR change
	10/1/2004 final FMRs	Revised final FMRs	
Dover, DE .....	616	663	RDD Increase.
Drew County, AR .....	413	506	Survey Based Increase.
Fargo, ND .....	523	551	RDD Increase.
Hawaii County, HI .....	691	818	RDD Increase.
Maui County, HI .....	899	1149	RDD Increase.*
McDowell County, NC .....	490	541	RDD Increase.
Polk County, NC .....	504	557	RDD Increase.
Rutherford County, NC .....	492	544	RDD Increase.
San Jose, CA .....	1313	1313**	3+ Bedroom Survey Increase.
Stevens Co., MN .....	488	488**	1 & 4 Bedroom FMR Increases.
Sussex County, DE .....	572	617	RDD Increase.

\* The survey conducted by local authorities showed an increase, but the HUD RDD survey had a larger sample, was more statistically reliable, and showed a larger increase.

\*\* The FMR changes for these areas related to specific bedroom sizes and do not affect the two-bedroom FMR.

The results of locally funded RDD surveys for Cheyenne, WY, Fargo, ND, and Hawaii County, HI, justified FMR increases. Columbia, MD submitted extensive data, but these data were not statistically reflective of the overall rental inventory. An increase in Columbia's FMRs was justified, however, based on an analysis of area-specific Census data that was not available when FY2005 FMRs were initially determined. HUD accepted the RDD results for Hawaii County, HI, but had concerns about the survey results presented for Maui County. HUD's own survey of Maui had a much larger sample and produced a higher FMR result that is contained in this publication. At the request of Polk County, NC, a 2001 multi-county RDD was re-evaluated using 2000 Census bedroom relationships, which resulted in FMR increases for most bedroom sizes. Santa Clara County, CA, submitted data on three- and four-bedroom rents that supported increases for their FMRs, and Stevens County, MN, submitted data on one- and four-bedroom rentals that supported increases.

## VI. Public Comments

An additional 283 comments were received during the September 7th through mid-November 2004 period. Nearly all comments can be summarized into six categories:

1. Over one-fourth of these comments, most originated before October 1, 2004, expressed concern about the use of the new OMB geographic definitions. These were addressed in the October 1, 2004, FMR publication, which published FMRs using the FY2004 FMR definitions.

2. A number of requests were made to permit continued use of the FY2004 FMRs when they were higher than the FY2005 FMRs. HUD did not honor this

request, because it is inconsistent with the statutory requirement to use the most current available data in calculating FMRs. In addition, the proposed policy would unfairly hurt the majority of FMR areas with FY2005 increases, since it would eventually change the pro-rating of funding to disproportionately favor areas that data show should receive lower FMRs.

3. Numerous complaints were received about three-plus bedroom FMR reductions. As noted in the FMR Methodology section of this notice, the majority of large unit FMRs had increases as a result of using 2000 Census data and any decreases are based on local market data from the 2000 Census that HUD has made publicly available.

4. A number of requests were made to conduct RDD surveys in areas with FY2005 FMR decreases. HUD has conducted surveys in the largest of these areas, but funding for this purpose is limited.

5. Complaints were received that HUD's current exception rent policy makes it very difficult to obtain exception rent approvals for submarkets that 2000 Census and other data show have much higher rents than the FMR area-wide rents, and that this is adversely affecting program viability and de-concentration objectives. HUD will consider these comments, but the exception rent policy is not within the scope of this notice.

6. Complaints were made about FMR reductions and inconsistencies due to eliminating state non-metropolitan FMR minimums. Prior to FY2005, HUD set minimum state nonmetro FMRs based on state-wide nonmetro 40th percentile rents. One complaint was that the unusually low FMRs in some counties reflect housing quality issues that are not addressed by the current policy. The other and sometimes related complaint

was from areas where there were sufficient census data to calculate FMRs, and where lower cost, adjacent counties were assigned higher county group FMRs. HUD will review this policy but no change is being made at this time.

Form letters were received from Atlanta, Georgia, requesting that additional excise or liquor taxes be used to increase funding for programs for the poor. Tax and funding issues are not determined in a FMR **Federal Register** notice, and no response is provided. Another form letter campaign from Connecticut complained about low FMRs for 2-bedroom, 3-bedroom and 4-bedroom units throughout the state. No data in support of higher FMRs for these bedroom sizes was provided and no changes were made.

Some requests were received that were at odds with the requirement that HUD must use the most current data available in setting FMRs. Commenters from Vermont asked HUD to use the 2000 RDDs conducted in place of the 2000 Census data. Since both sets of data are from 2000, the Census data must be used because it is based on a greater number of observations, making it more statistically reliable.

Numerous comments were received from Puerto Rico, where RDD surveys were delayed at the request of the local housing agency to give it additional time to review the survey instrument and consider alternatives. The request for higher FMRs was a common theme. Some comments requested RDD surveys for all of Puerto Rico, but others argued that RDD survey results would not be valid because of incomplete telephone coverage and unusual housing quality issues. A suggestion was received that Puerto Rico's FMRs be set using construction costs, but this approach appears inconsistent with statutory and regulatory provisions. One comment

argued that Puerto Rico's housing markets are unlike those of the United States, because most renters live in single-family homes. This, however, is also true for most rental markets in the United States. Until surveys are completed, Puerto Rico will be permitted to continue to use its FY2004 FMRs.

The Council of Large Public Housing Authorities (CLPHA) commented that the HUD method of calculating FMRs is overcomplicated and requested that large PHAs be allowed to set their own FMRs, which would require a statutory change. It also requested that more reliable data sources, such as the American Community Survey (ACS), be used to set FMRs. HUD agrees that the ACS is of enormous potential value in improving FMR estimates, because it will eventually provide decennial-census-quality data on an annual basis. HUD plans to start using ACS data in producing FY2006 FMRs, but full ACS sample data will not be available until near the start of FY2007.

CLPHA also complained about HUD's use of new OMB definitions in conducting RDD surveys, and that use of these definitions had damaging results for many PHAs. The comments received correctly note that HUD completed 24 RDD surveys prior to the final FY2005 FMR publication, that 11 of the surveys resulted in FMR decreases, and that the new Office of Management and Budget metropolitan area definitions had been used in defining survey areas. No concerns were raised about RDD-based FMR increases, although the same estimation procedures were used. The comments failed to note that surveys for five of the 11 areas covered 100 percent of the respective final FY2005 FMR areas (Baltimore, Detroit, Orange County, San Francisco, and Seattle), that another four surveys covered 97–99 percent of the renters in the final FY2005 FMR areas (Chicago, Fort Worth, Kansas City, and San Jose), and that eliminating the few cases not within the old FMR area definition did not measurably change the published FMR estimate. Only three of the initial 24 survey areas had significant metropolitan area definition differences (Boston, Detroit, and Washington). As previously noted, additional surveys were conducted for the three metropolitan areas where there was a more than 3 percent difference between the old and new metropolitan area definitions. In each instance, the supplemental surveys resulted in larger than usual samples and provided estimates that were slightly lower than those published on October 1, 2004, but

still within the statistical confidence intervals of the published estimates.

CLPHA also expressed concerns with sample bias associated with telephone surveys due to increased use of cell phones. Call screening is also of concern to HUD. Changes in phone utilization may bias outcomes, but what research is available suggests that the bias is still very small for most surveys. It is also unclear if the bias has the effect of increasing or decreasing FMRs. HUD is sensitive to this concern. In large metropolitan areas where extensive data are available on large apartment complex rents, HUD compares the results of the RDD and apartment complex surveys. Research indicates that typical apartment complex rents differ both in amounts and rent changes from the overall rental market, but they nonetheless provide a means of confirming whether there were any recent, significant changes in rent levels. The difficulty HUD faces is that, until ACS data become fully available, RDD surveys offer the only currently available, cost-feasible, and validated means of obtaining statistically reliable rent estimates for most areas.

#### **VII. Manufactured Home Space Surveys**

The FMR used to establish payment standard amounts for the rental of manufactured home spaces in the Housing Choice Voucher program is 40 percent of the FMR for a two-bedroom unit. HUD will consider modification of the manufactured home space FMRs where public comments present statistically valid survey data showing the 40th percentile manufactured home space rent (including the cost of utilities) for the entire FMR area.

One comment was received, for Adams County, CO, but the survey included was not valid since it only covered a small portion of the manufactured home spaces in the metropolitan area of Denver, CO. All approved exceptions to these rents that were in effect in FY2004 were updated to 2005 using the same data used to estimate the Housing Choice Voucher program FMRs. If the result of this computation was higher than 40 percent of the rebenchmark two-bedroom rent, the exception remains and is listed in Schedule D. The FMR area definitions used for the rental of manufactured home spaces are the same as the area definitions used for the other FMRs.

#### **VIII. HUD Rental Housing Survey Guides**

HUD recommends the use of professionally-conducted RDD

telephone surveys to test the accuracy of FMRs for areas where there is a sufficient number of Section 8 units to justify the survey cost of \$20,000–\$30,000. Areas with 500 or more program units usually meet this criterion, and areas with fewer units may meet it if local rents are thought to be significantly different than the FMR proposed by HUD. In addition, HUD has developed a simplified version of the RDD survey methodology for smaller, nonmetropolitan PHAs. This methodology is designed to be simple enough to be done by the PHA itself, rather than by professional survey organizations.

PHAs in nonmetropolitan areas may, in certain circumstances, do surveys of groups of counties; all county-group surveys have to be approved in advance by HUD. PHAs are cautioned that the resulting FMRs will not be identical for the counties surveyed; each individual FMR area will have a separate FMR based on its relationship to the combined rent of the group of FMR areas.

PHAs that plan to use the RDD survey technique may obtain a copy of the appropriate survey guide by calling HUD USER on 800–245–2691. Larger PHAs should request “Random Digit Dialing Surveys; A Guide to Assist Larger Housing Agencies in Preparing Fair Market Rent Comments.” Smaller PHAs should obtain “Rental Housing Surveys; A Guide to Assist Smaller Housing Agencies in Preparing Fair Market Rent Comments.” These guides are also available on the Internet at <http://www.huduser.org/datasets/fmr.html>.

HUD prefers, but does not mandate, the use of RDD telephone surveys, or the more traditional method described in the small PHA survey guide. Other survey methodologies are acceptable if they provide statistically reliable, unbiased estimates of the 40th percentile gross rent. Survey samples should preferably be randomly drawn from a complete list of rental units for the FMR area. If this is not feasible, the selected sample must be drawn so as to be statistically representative of the entire rental housing stock of the FMR area. In particular, surveys must include units of all rent levels and be representative by structure type (including single-family, duplex and other small rental properties), age of housing unit, and geographic location. The decennial Census should be used as a starting point and means of verification for determining whether the sample is representative of the FMR area's rental housing stock. All survey results must be fully documented.

A PHA or contractor that cannot obtain the recommended number of sample responses after reasonable efforts should consult with HUD before abandoning its survey; in such situations HUD is prepared to relax normal sample size requirements.

Accordingly, the FMR Schedules, which will not be codified in 24 CFR part 888, are amended as follows:

Dated: February 8, 2005.

**Dennis C. Shea,**

*Assistant Secretary for Policy Development and Research.*

**Fair Market Rents for the Housing Choice Voucher Program**

*Schedules B and D—General Explanatory Notes*

1. Geographic Coverage

a. *Metropolitan Areas*—FMRs are market-wide rent estimates that are intended to provide housing opportunities throughout the geographic area in which rental-housing units are in direct competition.

HUD uses the OMB Metropolitan Statistical Area (MSA) and Primary Metropolitan Statistical Area (PMSA) definitions, but the current definitions from the June 6, 2003 publication have not yet been incorporated. Use of these new geographical definitions will be considered for use in future FMR publications. Schedule B FMRs are issued for the same metropolitan area definitions used by HUD in FY 2004 with the exceptions discussed in paragraph (b). The OMB-defined metropolitan areas closely correspond to housing market area definitions.

b. *Exceptions to OMB Definitions*—The exceptions are counties deleted from several large metropolitan areas whose old OMB metropolitan area definitions were determined by HUD to be larger than the housing market areas. The FMRs for the following counties (shown by the metropolitan area) are calculated separately and are shown in Schedule B within their respective states under the “Metropolitan FMR Areas” listing:

*Metropolitan Area Counties Assigned County-Based FMRs*

Chicago, IL—DeKalb County, Grundy County, and Kendall County, IL  
 Cincinnati-Hamilton, OH-KY-IN—Brown County, OH; Gallatin County, Grant County, and Pendleton County, KY; and Ohio County, IN  
 Dallas, TX—Henderson County, TX  
 Flagstaff, AZ-UT—Kane County, UT  
 New Orleans, LA—St. James Parish, LA  
 Washington, DC-MD-VA-WV—Berkeley County and Jefferson County, WV; and Clarke County, Culpeper County, King George County, and Warren County, VA

c. *Nonmetropolitan Area FMRs*—

FMRs also are established for nonmetropolitan counties and for county equivalents in the United States, for nonmetropolitan parts of counties in the New England states and for FMR areas in Puerto Rico, the Virgin Islands and the Pacific Islands.

d. *Virginia Independent Cities*—FMRs for the areas in Virginia shown in the table below were established by combining the Census data for the nonmetropolitan counties with the data for the independent cities that are located within the county borders. Because of space limitations, the FMR listing in Schedule B includes only the name of the nonmetropolitan County. The full definitions of these areas, including the independent cities, are as follows:

**VIRGINIA NONMETROPOLITAN COUNTY FMR AREA AND INDEPENDENT CITIES INCLUDED WITH COUNTY**

County	Cities
Allegheny .....	Clifton Falls, Covington.
Augusta .....	Staunton and Waynesboro.
Carroll .....	Galax.
Frederick .....	Winchester.
Greensville .....	Emporia.
Henry .....	Martinsville.
Montgomery .....	Radford.
Rockbridge .....	Buena Vista and Lexington.

**VIRGINIA NONMETROPOLITAN COUNTY FMR AREA AND INDEPENDENT CITIES INCLUDED WITH COUNTY—Continued**

County	Cities
Rockingham .....	Harrisonburg.
Southampton .....	Franklin.
Wise .....	Norton.

2. *Bedroom Size Adjustments*

Schedule B shows the FMRs for 0-bedroom through 4-bedroom units. The FMRs for unit sizes larger than 4 bedrooms are calculated by adding 15 percent to the 4-bedroom FMR for each extra bedroom. For example, the FMR for a 5-bedroom unit is 1.15 times the 4-bedroom FMR, and the FMR for a 6-bedroom unit is 1.30 times the 4-bedroom FMR. FMRs for single-room-occupancy (SRO) units are 0.75 times the 0-bedroom FMR.

3. *Arrangement of FMR Areas and Identification of Constituent Parts*

a. The FMR areas in Schedule B are listed alphabetically by metropolitan FMR area and by nonmetropolitan county within each state. The exception FMRs for manufactured home spaces in Schedule D are listed alphabetically by state.

b. The constituent counties (and New England towns and cities) included in each metropolitan FMR area are listed immediately following the listings of the FMR dollar amounts. All constituent parts of a metropolitan FMR area that are in more than one state can be identified by consulting the listings for each applicable state.

c. Two nonmetropolitan counties are listed alphabetically on each line of the nonmetropolitan county listings.

d. The New England towns and cities included in a nonmetropolitan part of a county are listed immediately following the county name.

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