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Part III

Department of Housing and Urban Development

**Proposed Fair Market Rents for the
Housing Choice Voucher Program and
Moderate Rehabilitation Single Room
Occupancy Program Fiscal Year 2010;
Notice**

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

[Docket No. FR-5328-N-01]

**Proposed Fair Market Rents for the
Housing Choice Voucher Program and
Moderate Rehabilitation Single Room
Occupancy Program Fiscal Year 2010**

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

ACTION: Notice of Proposed Fiscal Year (FY) 2010 Fair Market Rents (FMRs) and request for comments on FMR methodology.

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. Today's notice proposes FMRs for FY 2010 to be used: 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. Other programs may require use of FMRs for other purposes. The proposed FY 2010 FMR areas are based on current Office of Management and Budget (OMB) metropolitan area definitions and include HUD modifications that were first used in the determination of FY 2006 FMR areas. OMB changes to the metropolitan area definitions through November 2008 are incorporated. Three Metropolitan Statistical Areas (MSA) are included here as HUD Metropolitan Statistical Areas without modification.¹ Proposed FY 2010 FMRs are based on 2000 Census data updated with more current survey data. For FY 2010, FY 2009 FMRs are updated using 2007 American Community Survey (ACS) data and more recent Consumer Price Index (CPI) rent and utility indexes. HUD continues to use ACS data in different ways according to how many two-bedroom standard-quality and recent-mover sample cases are available in the FMR area or its Core-Based Statistical Area (CBSA).

HUD is considering reforms and several changes to the methodology for

calculating FMRs that are not reflected in these proposed FMRs. HUD will publish a separate **Federal Register** notice describing and depicting examples of the effects of a number of reforms and improvements to the methodology for estimating Fair Market Rents and requesting public comment. In this notice, HUD is seeking public comments suggesting items for consideration in the subsequent notice.

DATES: *Comment Due Date:* September 2, 2009.

ADDRESSES: Interested persons are invited to submit comments regarding HUD's estimates of the FMRs, as published in this notice, to the Office of General Counsel, Rules Docket Clerk, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 10276, Washington, DC 20410-0001. Communications should refer to the above docket number and title and should contain the information specified in the "Request for Comments" section.

Submission of Hard Copy Comments. To ensure that the information is fully considered by all of the reviewers, each commenter that is submitting hard-copy comments, by mail or hand delivery, is requested to submit two copies of its comments to the address above, one addressed to the attention of the Rules Docket Clerk and the other addressed to the attention of the Economic and Market Analysis Division staff in the appropriate HUD field office. Due to security measures at all Federal agencies, submission of comments by mail often results in delayed delivery. To ensure timely receipt of comments, HUD recommends that any comments submitted by mail be sent at least 2 weeks in advance of the public comment deadline.

Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the <http://www.regulations.gov> Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that Web site to submit comments electronically.

No Facsimile Comments. Facsimile (FAX) comments are not acceptable.

Public Inspection of Comments. All comments and communications submitted to HUD will be available, without charge, for public inspection and copying between 8 a.m. and 5 p.m. weekdays, at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Copies of all comments submitted are available for inspection and downloading at <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: For technical information on the methodology used to develop FMRs or for a listing of all FMRs, please call the HUD USER information line at 800-245-2691 or access the information on the HUD Web site at <http://www.huduser.org/datasets/fmr.html>. FMRs are listed at the 40th or 50th percentile in Schedule B. For informational purposes, 40th percentile recent-mover rents for the areas with 50th percentile FMRs will be provided in the HUD FY 2010 FMR documentation system at <http://www.huduser.org/datasets/fmr/fmrs/index.asp?data=fmr10>.

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 concerning 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 number 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 geographic 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

¹ These areas are: Cape Girardeau-Jackson, MO-IL MSA (comprised of Alexander County, IL; Bollinger County, MO; and Cape Girardeau County, MO); Manhattan, KS MSA (comprised of Geary County, Pottawatomie County, and Riley County, KS); Mankato-North Mankato, MN MSA (comprised of Blue Earth County and Nicollet County, MN).

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 User page at <http://www.huduser.org/datasets/fmr.html>. **Federal Register** notices also are available electronically at <http://www.gpoaccess.gov/fr/index.html>, the U.S. Government Printing Office Web site. Complete documentation of the methodology and data used to compute each area's proposed FY 2010 FMRs is available at <http://www.huduser.org/datasets/fmr/fmrs/index.asp?data=fmr10>.

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.)

In addition, HUD's regulations at 24 CFR 888.113 set out procedures for HUD to assess whether areas are eligible for FMRs at the 50th percentile. Minimally qualified areas are reviewed each year, unless not qualified to be reviewed. Areas are not qualified to be reviewed if they have been made a 50th-percentile area within the last 3 years or have lost 50th-percentile status for failure to deconcentrate within the last 3 years. Twelve FMR areas, listed below, were reviewed for proposed FY 2010 FMRs.

CURRENT OR POTENTIAL FMR AREAS REVIEWED FOR ELIGIBILITY AS FY 2010 50TH-PERCENTILE FMR AREAS

Baltimore-Towson, MD MSA
 Bergen-Passaic, NJ HMFA²
 Dallas, TX HMFA
 Fort Lauderdale, FL HMFA
 Grand Rapids-Wyoming, MI HMFA
 New Haven-Meriden, CT HMFA
 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA
 Providence-Fall River, RI-MA HMFA
 Sacramento—Arden-Arcade—Roseville, CA HMFA
 San Diego-Carlsbad-San Marcos, CA MSA
 Washington-Arlington-Alexandria, DC-VA-MD HMFA
 West Palm Beach-Boca Raton, FL HMFA

²HMFA is an acronym for HUD Metro FMR Area, which is an MSA subarea, or the remaining portions of an MSA after subareas have been determined.

Six of the 12 areas eligible for review become or remain 50th percentile areas: The Baltimore-Towson, MD MSA; the Fort Lauderdale, FL HMFA; the Grand Rapids-Wyoming, MI HMFA; the New Haven-Meriden, CT HMFA; and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA; and the West Palm Beach-Boca Raton, FL HMFA. Grand Rapids did not meet the concentration-of-tenants criterion in FY 2009, but now meets it and is designated a 50th-percentile area for FY 2010. Fort Lauderdale, FL HMFA; and the West Palm Beach-Boca Raton, FL HMFA continue to meet the criteria for 50th percentile status and have made progress in the deconcentration of tenants, so they will remain 50th percentile areas for another 3 years.

The Baltimore-Towson, MD MSA; the New Haven-Meriden, CT HMFA; and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA have large PHAs operating within their jurisdiction under HUD's Moving to Work (MTW) program. MTW reporting requirements differ from non-MTW agencies and have limited HUD's ability to evaluate some metropolitan areas' eligibility for 50th percentile FMRs. Reporting by the MTW agencies in these three metropolitan areas has improved such that HUD is now able to assess the criteria for eligibility for 50th percentile FMRs and determine that they now qualify. Under current program rules, these six areas will not have their 50th percentile FMR status reevaluated until FY 2013.

Six of the 12 areas eligible for review fail to qualify for the 50th-percentile FMR program for FY 2010. Of these six areas, one area, San Diego-Carlsbad-San Marcos, CA MSA, no longer qualifies for the 50th-percentile FMR program

because, based on current tenant data, less than 25 percent of the tenant-based rental program participants reside in the 5 percent of census tracts in the metropolitan area with the largest number of program participants (the concentration-of-tenants test). Three areas with FY 2009 40th-percentile FMRs that were evaluated for FY 2010 50th-percentile FMRs also fail the concentration-of-tenants test: The Providence-Fall River, RI-MA HMFA; the Bergen-Passaic, NJ HMFA; and the Sacramento—Arden-Arcade—Roseville, CA HMFA. These areas will be reviewed next year; if this concentration changes, they may be made 50th-percentile areas for the FY 2011 FMRs.

Voucher tenants in the Dallas, TX HMFA have not materially deconcentrated over its 3-year eligibility period for a 50th percentile FMR. Deconcentration of tenants is the primary objective of the 50th-percentile program, and failure to make progress on the deconcentration of tenants over a 3-year period disqualifies an otherwise eligible area for 3 years. This area is not currently eligible for reevaluation until the FY 2013 FMRs. HUD solicits public comments on this aspect of the 50th percentile regulation.

The Washington-Arlington-Alexandria, DC-VA-MD HMFA still does not meet the minimum reporting criteria of 85 percent of resident records after an extensive search for useable data on assisted tenants. The District of Columbia Housing Authority is encouraged to submit to HUD by the end of the comment period any additional tenant data available in order to improve the reporting rate for the metropolitan area in which they operate. The Washington-Arlington-Alexandria, DC-VA-MD HMFA will be re-evaluated for 50th percentile FMR status in time for publication of the final FY 2010 FMRs based on all additional data submitted or refinements of analysis of data already at HUD based on comments from the PHAs. Please contact Lynn Rodgers at lynn.a.rodgers@hud.gov for specific data requirements.

Ten current 50th-percentile FMR areas were not evaluated this year because they have not completed 3 years of program participation since their last review. These 10 areas, listed below, continue in FY 2010 as 50th-percentile FMR areas. They will be up for review again in computation of the FY 2012 FMRs:

**FY 2009 50TH-PERCENTILE FMR
AREAS NOT SLATED FOR ELIGIBILITY
EVALUATION AND CONTINUING WITH
50TH-PERCENTILE FMRS IN FY
2010**

Albuquerque, NM MSA
Bradenton-Sarasota-Venice, FL MSA
Chicago-Naperville-Joliet, IL HMFA
Denver-Aurora, CO MSA
Hartford-West Hartford-East Hartford, CT
HMFA
Houston-Baytown-Sugar Land, TX HMFA
Kansas City, MO-KS, HMFA
Milwaukee-Waukesha-West Allis, WI MSA
Richmond, VA HMFA
Tacoma, WA HMFA

In total, 16 areas will be 50th-percentile areas for FY 2010, the 10 areas listed above and the six that passed review this year: Baltimore, Fort Lauderdale, Grand Rapids, New Haven, Philadelphia, and West Palm Beach.

III. FMR Methodology

This section provides a brief overview of how the FY 2010 FMRs are computed. For complete information on how FMR areas are determined, and on how each area's FMRs are derived, see the online documentation at: <http://www.huduser.org/datasets/fmr/fmrs/index.asp?data=fmr10>.

The FY 2010 FMRs are based on current OMB metropolitan area definitions and standards that were first used in the FY 2006 FMRs. OMB changes to the metropolitan area definitions through November 2008 are incorporated. As of November 2008, three micropolitan areas were redefined as metropolitan areas: Cape Girardeau-Jackson, MO-IL MSA; Manhattan KS MSA; and Mankato-North Mankato, MN MSA.

A. Data Sources—2000 Census, the American Community Survey, and the Consumer Price Index

As in all post-FY 2006 FMR publications, FY 2010 FMRs start with base rents generated using Census 2000 long-form survey data. They are updated with American Community Survey (ACS) data and Bureau of Labor Statistics Consumer Price Index (CPI) data. FY 2010 FMRs are FY 2009 FMRs updated by replacing the CPI data used for FY 2009 FMRs with ACS 2007 survey data and updated CPI data. Specifically, the FY 2009 rent (as of date: April 2009) is deflated to June 2006 by dividing it by 18 months of CPI data representing June 2006 through December 2007 inflation, and the usual 15-month trend factor. This June 2006 rent is the best and most recent rent estimate available using only ACS

survey data and eliminating all other update data. It is this rent that will be updated with additional ACS data and new CPI data.

In order to preserve additional information gathered by HUD through random digit dialing (RDD) surveys, areas surveyed after June 2007 are updated separately, the details of which can be found at the Web site listed above.

B. Updates from 2006 to 2007—2007 ACS

ACS survey data continues to be applied to areas based on the type of area (CBSA, metropolitan subarea, or nonmetropolitan county), the amount of survey data available, and the reliability of the survey estimates. Both 1- and 3-year ACS 2007 data are used to update June 2006 rents. All areas are updated with the change from 2006 to 2007 in State or metropolitan one-year standard-quality median rents. In a methodological update from previous years' estimates intended to minimize fluctuations in rents due to survey error, these rent changes are tested for statistical significance³

$$Z = \frac{EST_1 - EST_2}{\sqrt{(SE_1^2 + SE_2^2)}}$$

before being applied to 2006 rents. Any State or metropolitan level change that is not statistically significant is not applied; that is, the updated 2007 rent is the same as the 2006 rent. Metropolitan level rent changes are used for CBSA areas and subareas that have more than 200 standard quality cases in 2006 and 2007. All other areas are updated with State-level rent changes. For subareas, State and CBSA change factors continue to be selected based on which factor brings the subarea rent closer to the CBSA-wide rent. Subareas that have 200 or more local standard-quality survey observations are updated with their local area update factor.

After all areas have been updated with a standard-quality median rent change, local areas with estimates that reflect more than 200 one-year recent-mover cases are evaluated further. If the updated rent is outside the confidence interval of the ACS recent-mover estimate, the updated rent is replaced with the ACS recent-mover rent estimate. In areas without 200 or more one-year ACS recent-mover observations, but with 200 or more 3-

³The change is considered statistically significant if $Z > 1.645$ where [see equation above] and $EST_1 = \text{ACS 2007 Estimate}$, $EST_2 = \text{ACS 2006 Estimate}$, $SE_1 = \text{Standard Error of Estimate 1}$, and $SE_2 = \text{Standard Error of Estimate 2}$.

year ACS recent mover observations, the 3-year estimate⁴ is used if it is statistically different from the updated 2007 rent based on the standard-quality median rent change. This process creates a June 2007 rent.

C. Updates from 2007 to 2008

ACS 2007 data updates the June 2006 rents used in the FY 2009 FMRs forward by 12 months to June 2007. Six months of 2007 and 12 months of 2008 CPI rent and utilities price index data are used to update the June 2007 rents to the end of 2008. Local CPI data are used for FMR areas with at least 75 percent of their population within Class A metropolitan areas covered by local CPI data. Census region CPI data are used for FMR areas in Class B and C size metropolitan areas and nonmetropolitan areas without local CPI update factors.

D. Updates from 2008 to 2010

The national 1990 to 2000 average annual rent increase trend of 1.03 is applied to end-of-2008 rents for 15 months, to derive the proposed FY 2010 FMRs.

The area-specific data and computations used to calculate proposed FY 2010 FMRs and FMR area definitions can be found at <http://www.huduser.org/datasets/fmr/fmrs/index.asp?data=fmr10>.

E. Bedroom Rent Adjustments

FMR estimates are calculated for two-bedroom units. This generally 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. This was last done using 2000 Census data. A publicly releasable version of the data file used for the derivations of rent ratios is available at <http://www.huduser.org/datasets/fmr/CensusRentData/index.html>.

Adjustments were made using 2000 Census data to establish rent ratios for areas with local bedroom-size intervals above or below what are considered reasonable ranges or where sample sizes

⁴The recent-mover estimate from the 3-year data includes all those who moved in the most recent 24-month period. That means that no 2005 survey data are included in this 3-year recent-mover classification, and the likelihood of having a valid (with 200 or more cases) 3-year recent-mover rent is lower for these estimates.

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 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 range requirements used were: efficiency FMRs to fall between 0.65 and 0.83 of the two-bedroom FMR; one-bedroom FMRs must be between 0.76 and 0.90 of the two-bedroom FMR; three-bedroom FMRs must be between 1.10 and 1.34 of the two-bedroom FMR; and four-bedroom FMRs must be between 1.14 and 1.63 of the two-bedroom FMR. Bedroom rents for a given FMR area were then adjusted if the differentials between bedroom-size FMRs were inconsistent with normally observed patterns (i.e., efficiency rents were not allowed to be higher than one-bedroom rents, and four-bedroom rents were not allowed to be lower than three-bedroom rents).

The rents for three-bedroom and larger units are further adjusted to continue to reflect HUD's policy to set higher rents for these units than would result from using unadjusted 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.

For low-population, nonmetropolitan counties with small 2000 Census samples of recent-mover rents, Census-defined county group data were used to determine 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 estimation method had less than the HUD standard of 200 two-bedroom, Census-tabulated observations.

IV. 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.

All approved exceptions to these rents that were in effect in FY 2008 were updated to FY 2010 using the same data used to estimate the Housing Choice Voucher program FMRs, if the respective FMR area's definition remained the same. If the result of this computation was higher than 40 percent of the new 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. Areas with definitional changes that previously had manufactured housing space rental exception FMRs are requested to submit new surveys to justify higher-than-standard space rental FMRs, if they believe higher-space rental allowances are needed.

V. Request for Public Comments

HUD seeks public comments on FMR levels for specific areas. Comments on FMR levels must include sufficient information (including local data and a full description of the rental housing survey methodology used) to justify any proposed changes. Changes may be proposed in all or any one or more of the unit-size categories on the schedule. Recommendations and supporting data must reflect the rent levels that exist within the entire FMR area.

For the supporting data, 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 approximately \$35,000 to \$50,000. Areas with 2,000 or more program units usually meet this cost criterion, and areas with fewer units may meet it if actual rents for two-bedroom units are significantly different from the FMRs proposed by HUD.

PHAs in nonmetropolitan areas may, in certain circumstances, conduct surveys of groups of counties. HUD must approve all county-grouped surveys in advance. 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 the relationship of rents in that area to the combined rents in the cluster of FMR areas. In addition, PHAs are advised that counties where FMRs are based on the combined rents in the cluster of FMR areas will not have their FMRs revised, unless the grouped survey results show a revised FMR above the combined rent level.

PHAs that plan to use the RDD survey technique should obtain a copy of the appropriate survey guide. Larger PHAs should request HUD's survey guide entitled "Random Digit Dialing Surveys: A Guide to Assist Larger Public Housing Agencies in Preparing Fair Market Rent Comments." Smaller PHAs should obtain the guide entitled "Rental Housing Surveys: A Guide to Assist Smaller Public Housing Agencies in Preparing Fair Market Rent Comments." These guides are available from HUD USER at 800-245-2691, or from HUD's Web site, in Microsoft Word or Adobe Acrobat format, at: <http://www.huduser.org/datasets/fmr.html>.

Other survey methodologies are acceptable in providing data to support comments, if the survey methodology can provide statistically reliable, unbiased estimates of the gross rent. Survey samples, preferably, should 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 to be statistically representative of the entire rental housing stock of the FMR area. Surveys must include units at 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 means of verifying if a sample is representative of the FMR area's rental housing stock.

Most surveys cover only one- and two-bedroom units, which has statistical advantages. If the survey is statistically acceptable, HUD will estimate FMRs for other bedroom sizes using ratios based on the Decennial Census. 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 may find it appropriate to relax normal sample-size requirements.

HUD will consider increasing manufactured home space FMRs where public comment demonstrates that 40 percent of the two-bedroom FMR is not adequate. In order to be accepted as a basis for revising the manufactured home space FMRs, comments must

include a pad rental survey of the mobile home parks in the area, identify the utilities included in each park's rental fee, and provide a copy of the applicable public housing authority's utility schedule.

Accordingly, the Fair Market Rent Schedules, which will not be codified in 24 CFR part 888, are proposed to be amended as shown in the Appendix to this notice:

Dated: July 28, 2009.

Raphael W. Bostic,

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 is using the metropolitan CBSAs, which are made up of one or more counties, as defined by the Office of Management and Budget (OMB), with some modifications. HUD is generally assigning separate FMRs to the component counties of CBSA Metropolitan Areas.

b. *Modifications to OMB Definitions*—Following OMB guidance, the estimation procedure for the FY 2010 proposed FMRs incorporates the current OMB definitions of metropolitan areas based on the CBSA standards as implemented with 2000 Census data, but makes adjustments to the definitions to separate subparts of these areas where

FMRs or median incomes would otherwise change significantly if the new area definitions were used without modification. In CBSAs where subareas are established, it is HUD's view that the geographic extent of the housing markets are not yet the same as the geographic extent of the CBSAs, but may become so in the future as the social and economic integration of the CBSA component areas increases. Modifications to metropolitan CBSA definitions are made according to a formula as described below.

Metropolitan area CBSAs (referred to as MSAs) may be modified to allow for subarea FMRs within MSAs based on the boundaries of old FMR areas (OFAs) within the boundaries of new MSAs. (OFAs are the FMR areas defined for the FY 2005 FMRs. Collectively they include 1999-definition MSAs/Primary Metropolitan Statistical Areas (PMSAs), metro counties deleted from 1999-definition MSAs/PMSAs by HUD for FMR purposes, and counties and county parts outside of 1999-definition MSAs/PMSAs referred to as nonmetropolitan counties.) Subareas of MSAs are assigned their own FMRs when the subarea 2000 Census Base Rent differs by at least 5 percent from (*i.e.*, is at most 95 percent or at least 105 percent of) the MSA 2000 Census Base Rent, or when the 2000 Census Median Family Income for the subarea differs by at least 5 percent from the MSA 2000 Census Median Family Income. MSA subareas, and the remaining portions of MSAs after subareas have been determined, are referred to as HMFAs to distinguish these areas from OMB's official definition of MSAs.

The specific counties and New England towns and cities within each

State in MSAs and HMFAs are listed in Schedule B.

2. Bedroom Size Adjustments

Schedule B shows the FMRs for zero-bedroom through four-bedroom units. 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 (SRO) units are 0.75 times the zero-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 non-metropolitan county listings.

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

BILLING CODE 4210-67-P