
**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT****[Docket No. FR-5668-N-01]****Final Fair Market Rents for the Housing
Choice Voucher Program for Small
Area Fair Market Rent Demonstration
Program Participants; Fiscal Year 2013****AGENCY:** Office of the Assistant Secretary for Policy Development and Research, HUD.**ACTION:** Notice of Final Fiscal Year (FY) 2013 Fair Market Rents (FMRs) for selected Public Housing Authorities (PHAs) participating in the Small Area FMR Demonstration.**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. This notice publishes the FMRs for the Housing Choice Voucher (HCV) Program for those PHAs selected to participate in the Small Area FMR Demonstration Program. Only those PHAs that have agreed to participate in the Demonstration are authorized to use these Small Area FMRs within their metropolitan operating areas.**DATES:** *Effective Date:* The FMRs published in this notice are effective on October 1, 2012.**FOR FURTHER INFORMATION CONTACT:** For general information regarding FMRs, please call the HUD USER information line at 800-245-2691 or access the information on the HUD USER Web site <http://www.huduser.org/portal/datasets/fmr.html>.

Questions related to use of Small Area FMRs or voucher payment standards should be directed to the respective local HUD program staff. Technical questions concerning the methodology used to develop Small Area FMRs may be addressed to Geoffrey B. Newton or Peter B. Kahn, 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 Relay Service at 800-877-8339.

(Other than the HUD USER information line and TDD numbers, telephone numbers are not toll-free.)

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 from <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 final FY 2013 FMRs is available at <http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr13>. Final FY 2013 FMRs are available in a variety of electronic formats at <http://www.huduser.org/portal/datasets/fmr.html>.

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 HCV 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 HCV program must meet reasonable rent standards. Small Area FMRs (SAFMRs) are subject to all of the same rules and regulations that govern the use of all other FMRs.

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.

III. Small Area Fair Market Rents

Small Area FMRs represent a fundamentally different way of operating the voucher program in metropolitan areas; therefore, HUD is testing SAFMRs through a demonstration program to better understand the programmatic impacts of changing the way voucher payment standards are set. The purpose of the demonstration program is two-fold: (1) HUD needs to evaluate the demonstration project in terms of effectiveness in meeting the primary goal of improving tenants' housing choices in areas of opportunity while also assessing the impact on tenants in areas with SAFMRs below the metropolitan-wide FMR, and (2) HUD wants to understand and evaluate the administrative and budget impacts of converting and operating the tenant-based voucher program using SAFMRs.

SAFMRs are calculated using a rent ratio determined by dividing the median gross rent across all bedrooms for the small area (a ZIP code) by the similar median gross rent for the metropolitan area covering the ZIP code. This rent ratio is multiplied by the current two-bedroom rent for the entire metropolitan area containing the small area to generate the current year two-bedroom SAFMR. In small areas where the median gross rent is not statistically reliable, HUD substitutes the median gross rent for the county containing the ZIP code in the numerator of the rent ratio calculation. The methodology used to determine the two-bedroom rent for the entire metropolitan area is identical to the methods used to calculate FY 2013 FMRs.

For FY 2013 SAFMRs, HUD has implemented two changes to the rent ratio calculation methodology. First, HUD has updated the 2005–2009 5-year ACS based ZIP code median gross rent data with 2006–2010 5-year ZIP Code Tabulation Area (ZCTA) median gross rent data. The use of the more current ACS data is consistent with the update process in the FMR methodology. However, the change from ZIP code to ZCTA was a change that the Bureau of the Census made for its aggregation process. The Census Bureau required the change to ZCTA data from ZIP code data because ZCTAs are a standard Census geography. Furthermore, the Census Bureau will not continue to

support both ZIP code and ZCTA based tabulations due to concerns that ACS respondents' confidentiality could be compromised. Second, HUD expanded the criteria for determining the statistical reliability of the small area rent data in order to ensure that more SAFMRs are based on the data collected from the small area as opposed to using data from the parent county as a proxy. This change is consistent with the changes in the FMR methodology that eliminated the use of the statistical Z-test.¹

IV. Small Area FMR Demonstration Invitation Process

HUD set out to create fair treatment and control groups of PHAs to objectively evaluate the impacts of SAFMRs. Eligible PHAs, as described below, were stratified into eight groups for local PHAs, with one additional group for state PHAs that met the criteria. HUD randomly selected which PHAs within each group would be offered the opportunity to participate and a monetary incentive to do so. No PHA was compelled to participate, and no PHA could participate unless randomly selected to receive the offer.

HUD's Office of Policy Development and Research (PD&R) compiled statistics on PHAs, and in consultation with HUD's Public and Indian Housing (PIH) Office of Housing Voucher Programs, produced a list of PHAs eligible for random selection to participate in the Small Area FMR Demonstration. The set of eligible PHAs is defined as follows: (1) Metropolitan PHAs that have at least 500 voucher tenants, (2) have at least 10 voucher tenants living in ZIP codes where the SAFMR exceeds the metropolitan FMR by more than 10 percent; (3) have at least 10 voucher tenants living in ZIP codes where the small area FMR is more than 10 percent below the metropolitan FMR; (4) have attained at least 95 percent voucher family reporting in the PIH Information Center (PIC); (5) are not "troubled" as determined by SEMAP; (6) have the administrative capacity as determined by PIH's Office of Field Operations; and (7) not be involved in litigation that would seriously impede their ability to administer the vouchers.

Participating PHAs (and alternates) were randomly selected from stratified sets of eligible PHAs. Selected PHAs were presented with the participation

agreement, including an offer of supplemental administrative fees to cover the necessary expenses they will have to incur, and given the option to decline to participate. These fees are only to be used for administrative expenses related to the implementation of Small Area FMRs and in no way used for Housing Assistance Payments. If a PHA declined to participate, an offer was presented to the next alternate until the full slate of demonstration PHAs was established.

V. Small Area FMR Demonstration Participants

Following the process of presenting invitations to eligible PHAs, the following have agreed to participate in the Demonstration:²

1. The Chattanooga (TN) Housing Authority.
2. The Housing Authority of the City of Laredo (TX).
3. The Housing Authority of the City of Long Beach (CA).
4. The Housing Authority of the County of Cook (IL).
5. The Town of Mamaroneck (NY) Public Housing Agency.

The ZIP Code-level Small Area FMRs for all known and anticipated metropolitan ZIP codes for these five PHAs are included in Schedule B of this Notice. Additional SAFMRs are available at in the Small Area FMR section of <http://www.huduser.org/portal/datasets/fmr.html>.

VI. Environmental Impact

This Notice involves the establishment of Fair Market Rent schedules, which do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

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: October 23, 2012.

Erika C. Poethig,

Acting Assistant Secretary for Policy Development and Research.

BILLING CODE 4210-67-P

¹ HUD has provided numerous detailed accounts of the calculation methodology used for Small Area Fair Market Rents. Please see our **Federal Register** notice of April 20, 2011 (76 FR 22125) for more information regarding the calculation methodology. Also, HUD's Final FY 2013 FMR documentation

system available at (<http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html#data=fmr13>) contains detailed calculations for each ZIP code area in which Small Area FMR Demonstration participants operate.

² Additionally, all PHAs operating within the Dallas, TX HUD Metropolitan FMR Area will continue to manage their voucher programs using Small Area FMRs. These Small Area FMRs were released in a previous **Federal Register** Notice.

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

The Housing Authority of the City of Long Beach

ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
90802	730	900	1170	1600	1800	90803	950	1160	1510	2070	2320
90804	810	1000	1300	1780	2000	90805	770	940	1230	1690	1890
90806	750	910	1190	1630	1830	90807	860	1060	1380	1890	2120
90808	1020	1250	1630	2230	2500	90810	750	910	1190	1630	1830
90813	690	840	1100	1510	1690	90815	1100	1350	1760	2410	2700
90822	870	1070	1390	1910	2130						

The Housing Authority of County of Cook

the ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
60004	850	970	1150	1470	1710	60005	780	890	1050	1340	1560
60006	720	820	970	1240	1440	60007	750	850	1010	1290	1500
60008	820	930	1100	1400	1630	60009	720	820	970	1240	1440
60010	1050	1200	1420	1810	2110	60011	720	820	970	1240	1440
60016	740	840	1000	1270	1490	60017	720	820	970	1240	1440
60018	630	720	850	1080	1260	60019	720	820	970	1240	1440
60022	970	1100	1300	1660	1930	60025	820	930	1100	1400	1630
60026	950	1080	1280	1630	1900	60029	720	820	970	1240	1440
60038	720	820	970	1240	1440	60043	720	820	970	1240	1440
60053	840	950	1130	1440	1680	60055	720	820	970	1240	1440
60056	710	810	960	1220	1430	60062	910	1030	1220	1560	1810
60065	720	820	970	1240	1440	60067	850	960	1140	1450	1690
60068	880	1000	1190	1520	1770	60070	750	850	1010	1290	1500
60074	760	870	1030	1310	1530	60076	870	990	1170	1490	1740
60077	800	910	1080	1380	1610	60078	720	820	970	1240	1440
60082	720	820	970	1240	1440	60089	970	1100	1300	1660	1930
60090	770	880	1040	1330	1550	60091	1080	1220	1450	1850	2150
60093	1040	1180	1400	1780	2080	60094	720	820	970	1240	1440
60095	720	820	970	1240	1440	60103	910	1030	1220	1560	1810
60104	710	810	960	1220	1430	60107	1080	1220	1450	1850	2150
60120	720	820	970	1240	1440	60130	700	790	940	1200	1400
60131	610	690	820	1050	1220	60133	760	860	1020	1300	1520
60141	720	820	970	1240	1440	60153	720	820	970	1240	1440
60154	970	1100	1310	1670	1950	60155	610	690	820	1050	1220
60159	720	820	970	1240	1440	60160	640	730	860	1100	1280
60161	720	820	970	1240	1440	60162	620	710	840	1070	1250
60163	740	840	1000	1270	1490	60164	620	700	830	1060	1230
60165	680	770	910	1160	1350	60168	720	820	970	1240	1440
60169	780	890	1050	1340	1560	60171	650	730	870	1110	1290
60172	770	880	1040	1330	1550	60173	900	1020	1210	1540	1800
60176	670	760	900	1150	1340	60179	720	820	970	1240	1440
60192	1080	1220	1450	1850	2150	60193	880	1000	1190	1520	1770

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

The Housing Authority of the County of Cook continued

ZIP Codes	0	BR 1	BR 2	BR 3	BR 4	BR	ZIP Codes	0	BR 1	BR 2	BR 3	BR 4	BR
60194	900	1020	1210	1540	1800	1800	60195	910	1040	1230	1570	1830	1830
60196	720	820	970	1240	1440	1440	60201	920	1050	1240	1580	1840	1840
60202	800	910	1080	1380	1610	1610	60203	1070	1210	1440	1840	2140	2140
60204	720	820	970	1240	1440	1440	60208	720	820	970	1240	1440	1440
60209	720	820	970	1240	1440	1440	60290	720	820	970	1240	1440	1440
60301	880	1000	1190	1520	1770	1770	60302	720	820	970	1240	1440	1440
60303	720	820	970	1240	1440	1440	60304	680	780	920	1170	1370	1370
60305	710	810	960	1220	1430	1430	60402	670	760	900	1150	1340	1340
60406	620	700	830	1060	1230	1230	60409	670	760	900	1150	1340	1340
60411	680	780	920	1170	1370	1370	60412	720	820	970	1240	1440	1440
60415	660	750	890	1130	1320	1320	60419	770	880	1040	1330	1550	1550
60422	1080	1220	1450	1850	2150	2150	60425	700	790	940	1200	1400	1400
60426	730	830	980	1250	1460	1460	60428	920	1050	1240	1580	1840	1840
60429	910	1040	1230	1570	1830	1830	60430	680	780	920	1170	1370	1370
60438	670	760	900	1150	1340	1340	60439	650	730	870	1110	1290	1290
60443	890	1010	1200	1530	1780	1780	60445	660	750	890	1130	1320	1320
60452	700	790	940	1200	1400	1400	60453	700	790	940	1200	1400	1400
60454	720	820	970	1240	1440	1440	60455	650	730	870	1110	1290	1290
60456	470	530	630	800	940	940	60457	650	740	880	1120	1310	1310
60458	710	800	950	1210	1410	1410	60459	710	800	950	1210	1410	1410
60461	720	820	970	1240	1440	1440	60462	740	840	1000	1270	1490	1490
60463	1080	1220	1450	1850	2150	2150	60464	1080	1220	1450	1850	2150	2150
60465	710	810	960	1220	1430	1430	60466	710	800	950	1210	1410	1410
60467	1080	1220	1450	1850	2150	2150	60469	790	890	1060	1350	1580	1580
60471	760	870	1030	1310	1530	1530	60472	650	730	870	1110	1290	1290
60473	1070	1210	1440	1840	2140	2140	60475	620	710	840	1070	1250	1250
60476	620	700	830	1060	1230	1230	60477	730	830	980	1250	1460	1460
60478	1080	1220	1450	1850	2150	2150	60480	620	710	840	1070	1250	1250
60482	680	770	910	1160	1350	1350	60487	840	950	1130	1440	1680	1680
60499	720	820	970	1240	1440	1440	60501	670	760	900	1150	1340	1340
60513	760	860	1020	1300	1520	1520	60521	850	970	1150	1470	1710	1710
60525	700	790	940	1200	1400	1400	60526	760	870	1030	1310	1530	1530
60527	790	900	1070	1360	1590	1590	60534	680	780	920	1170	1370	1370
60546	650	740	880	1120	1310	1310	60558	720	820	970	1240	1440	1440
60601	1080	1220	1450	1850	2150	2150	60602	1080	1220	1450	1850	2150	2150
60603	1080	1220	1450	1850	2150	2150	60604	1080	1220	1450	1850	2150	2150
60605	1080	1220	1450	1850	2150	2150	60606	1080	1220	1450	1850	2150	2150
60607	1000	1140	1350	1720	2010	2010	60608	600	680	810	1030	1200	1200
60609	620	710	840	1070	1250	1250	60610	950	1080	1280	1630	1900	1900
60611	1080	1220	1450	1850	2150	2150	60612	750	850	1010	1290	1500	1500
60613	840	950	1130	1440	1680	1680	60614	950	1080	1280	1630	1900	1900
60615	690	780	930	1190	1380	1380	60616	690	780	930	1190	1380	1380

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

The Housing Authority of the County of Cook continued

ZIP Codes	0	BR 1	BR 2	BR 3	BR 4	BR	ZIP Codes	0	BR 1	BR 2	BR 3	BR 4	BR
60617	620	710	840	1070	1250		60618	740	840	1000	1270	1490	
60619	630	720	850	1080	1260		60620	660	750	890	1130	1320	
60621	660	750	890	1130	1320		60622	840	950	1130	1440	1680	
60623	610	690	820	1050	1220		60624	740	840	1000	1270	1490	
60625	710	810	960	1220	1430		60626	650	730	870	1110	1290	
60628	730	830	980	1250	1460		60629	680	770	910	1160	1350	
60630	710	810	960	1220	1430		60631	760	860	1020	1300	1520	
60632	630	720	850	1080	1260		60633	650	740	880	1120	1310	
60634	710	800	950	1210	1410		60636	710	800	950	1210	1410	
60637	690	780	930	1190	1380		60638	660	750	890	1130	1320	
60639	700	790	940	1200	1400		60640	650	730	870	1110	1290	
60641	670	760	900	1150	1340		60642	830	940	1120	1430	1660	
60643	690	780	930	1190	1380		60644	660	750	890	1130	1320	
60645	730	830	980	1250	1460		60646	700	790	940	1200	1400	
60647	740	840	1000	1270	1490		60649	620	710	840	1070	1250	
60651	740	840	990	1260	1470		60652	760	860	1020	1300	1520	
60653	570	650	770	980	1140		60654	1080	1220	1450	1850	2150	
60655	680	780	920	1170	1370		60656	760	860	1020	1300	1520	
60657	880	1000	1190	1520	1770		60659	720	820	970	1240	1440	
60660	640	730	860	1100	1280		60661	1070	1210	1440	1840	2140	
60664	720	820	970	1240	1440		60666	720	820	970	1240	1440	
60668	720	820	970	1240	1440		60669	720	820	970	1240	1440	
60670	720	820	970	1240	1440		60673	720	820	970	1240	1440	
60674	720	820	970	1240	1440		60675	720	820	970	1240	1440	
60677	720	820	970	1240	1440		60678	720	820	970	1240	1440	
60680	720	820	970	1240	1440		60681	720	820	970	1240	1440	
60682	720	820	970	1240	1440		60684	720	820	970	1240	1440	
60685	720	820	970	1240	1440		60686	720	820	970	1240	1440	
60687	720	820	970	1240	1440		60688	720	820	970	1240	1440	
60689	720	820	970	1240	1440		60690	720	820	970	1240	1440	
60691	720	820	970	1240	1440		60693	720	820	970	1240	1440	
60694	720	820	970	1240	1440		60695	720	820	970	1240	1440	
60696	720	820	970	1240	1440		60697	720	820	970	1240	1440	
60699	720	820	970	1240	1440		60701	720	820	970	1240	1440	
60706	650	740	880	1120	1310		60707	680	770	910	1160	1350	
60712	1080	1220	1450	1850	2150		60714	710	800	950	1210	1410	
60803	630	720	850	1080	1260		60804	620	700	830	1060	1230	
60805	750	850	1010	1290	1500		60827	710	810	960	1220	1430	

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

Chattanooga Housing Authority

ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
37302	460	550	690	940	1060	37308	490	590	740	1010	1130
37311	490	590	740	1010	1130	37315	490	590	740	1010	1130
37336	450	540	670	910	1030	37341	650	780	970	1320	1490
37343	530	640	790	1070	1210	37350	490	590	740	1010	1130
37351	550	670	830	1130	1270	37353	480	580	720	980	1100
37363	530	640	800	1090	1230	37373	480	580	720	980	1100
37377	530	640	790	1070	1210	37379	510	620	770	1050	1180
37384	490	590	740	1010	1130	37401	490	590	740	1010	1130
37402	400	480	600	820	920	37403	400	480	600	820	920
37404	460	550	690	940	1060	37405	510	610	760	1030	1160
37406	420	510	630	860	970	37407	510	620	770	1050	1180
37408	400	480	600	820	920	37409	480	580	720	980	1100
37410	410	490	610	830	930	37411	460	550	690	940	1060
37412	490	590	730	990	1120	37414	490	590	740	1010	1130
37415	480	580	720	980	1100	37416	530	640	800	1090	1230
37419	450	540	670	910	1030	37421	530	640	800	1090	1230
37422	490	590	740	1010	1130	37424	490	590	740	1010	1130
37450	490	590	740	1010	1130						

The Housing Authority of the City of Laredo

ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
78040	470	510	640	840	870	78041	580	630	790	1040	1070
78043	530	570	720	950	980	78045	690	740	930	1220	1260
78046	520	560	700	920	950						

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