DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7065–N–02]

60-Day Notice of Proposed Information Collection: Build America Buy America Waiver Form, OMB Control No.: 2511–0002

AGENCY: Office of the Chief Financial Officer, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comment from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 60 days of public comment.

DATES: Comments Due Date: October 30, 2023.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Written comments and recommendations for the proposed information collection can be sent within 60 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 60-day Review—Open for Public Comments” or by using the search function. Interested persons are also invited to submit comments regarding this proposal by name and/or OMB Control Number and should be sent to: Colette Pollard for a copy of the proposed forms or other available information, Department of Housing and Urban Development, 451 7th Street SW, Room 8210, Washington, DC 20410–5000; telephone 202–402–5534 (this is not a toll-free number) or email: PaperworkReductionActOffice@hud.gov.

FOR FURTHER INFORMATION CONTACT: Colette Pollard, Reports Management Officer, RRE, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410; email: Colette.Pollard@hud.gov or telephone 202–402–0306. This is not a toll-free number.

HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.

Copies of available documents submitted to OMB may be obtained from Ms. Guido.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

A. Overview of Information Collection

Title of Information Collection: Build America Buy America Waiver Form.

OMB Approval Number: 2511–0002.

Type of Request: New Collection.

Description of the need for the information and proposed use: The Department of Housing and Urban Development (HUD) requests a 6-month PRA Emergency approval pursuant to the Build America, Buy America (BABA) Act, whereby HUD may waive grantees’ application of a Buy America preference due to public interest, nonavailability, or unreasonable cost.

Respondents: Federal Government; State, Local, or Tribal Government.

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</table>

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

1. Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

2. The accuracy of the agency’s estimate of the burden of the proposed collection of information;

3. Ways to enhance the quality, utility, and clarity of the information to be collected; and

4. Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions.

C. Authority

Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35

Daniel Ballard, Acting Deputy Chief Financial Officer.


DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6401–N–02]

Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs; Fiscal Year 2024

AGENCY: Office of the Assistant Secretary for Policy Development and Research, U.S. Department of Housing and Urban Development (HUD).

ACTION: Notice of fiscal year (FY) 2024 Fair Market Rents (FMRs).

SUMMARY: Section 8(c)(1) of the United States Housing Act of 1937 (USHA), as amended by the Housing Opportunities Through Modernization Act of 2016 (HOTMA), requires the Secretary to publish FMRs not less than annually, adjusted to be effective on October 1 of each year. This notice describes the methods used to calculate the FY 2024 FMRs and enumerates the procedures for Public Housing Agencies (PHAs) and other interested parties to request reevaluations of their FMRs as required by HOTMA.

DATES: Comment Due Date: October 2, 2023. Effective Date of Revised FMRs: October 1, 2024, unless HUD receives a valid request for reevaluation of specific area FMRs as described below.

ADDRESSES: HUD invites interested persons to submit comments regarding the FMRs and to request reevaluation of the FY 2024 FMRs. Communications must refer to the above docket number and title and should contain the information specified in the “Request for Public Comments and FMR
Questions related to the use of FMRs or voucher payment standards should be directed to the respective local HUD program staff or the Office of Public and Indian Housing Customer Service Center at https://www.hud.gov/ program_offices/public_indian_ housing/about/css. Questions on how to conduct FMR surveys may be addressed to the electronic mailbox for the Program Parameters and Research Division at ppdr@hud.gov.

Electronic Data Availability. This Federal Register notice will be available electronically from the HUD User page at https://www.huduser.gov/portal/ datasets/fmr.html. Federal Register notices also are available electronically from https://www.federalregister.gov/, the U.S. Government Printing Office website. Complete documentation of the methods and data used to compute each area’s FY 2024 FMRs is available at https://www.huduser.gov/portal/datasets/fmr.html##2024_query. FY 2024 FMRs are available in a variety of electronic formats at https://www.huduser.gov/portal/datasets/fmr.html, including in PDF and Microsoft Excel. Small Area FMRs for all metropolitan FMR areas are available in Microsoft Excel format at: https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html. For informational purposes, HUD also publishes 50th percentile rents for all FMR areas at https://www.huduser.gov/portal/datasets/50per.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 Housing Choice Voucher (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. HUD also uses the FMRs to determine initial renewal rents for some expiring project-based Section 8 contracts, initial rents for housing assistance payment contracts in the Moderate Rehabilitation Single Room Occupancy program, rent ceilings for rental units in both the HOME Investment Partnerships program and the Emergency Solution Grants program, calculation of maximum award amounts for Continuum of Care recipients and the maximum amount of rent a recipient may pay for property leased with Continuum of Care funds, and calculation of flat rents in Public Housing units. In general, the FMR for an area is the amount that a tenant would need 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. The FMR is also used to determine the Performance Based Contract Administration Fee in Multifamily Housing. HUD’s FMR calculations represent HUD’s best effort to estimate the 40th percentile gross rent paid by recent movers into standard quality units in each FMR area. In addition, all rents subsidized under the HCV program must meet reasonable rent standards.

On June 23, 2023, HUD published a notice of Proposed Changes to the Methodology Used for Calculating Fair Market Rents. For FY 2024 FMRs, HUD is implementing the proposed changes described in that notice. The first affects how HUD determines the “recent mover adjustment factor” to meet its regulatory objective of setting the FMR from the distribution of rental units occupied by recent movers. The second change affects how HUD inflates the recent mover rent to the most recent full calendar year using a Gross Rent Inflation Adjustment Factor. The methodology used in each of these steps is described in more detail in the following section.

II. Procedures for the Development of FMRs

Section 8(c)(1) of the USHA, as amended by HOTMA (Pub. L. 114–201, enacted July 29, 2016), requires the Secretary of HUD to publish FMRs not less than annually. Section 8(c)(1)(A) states that each FMR “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. . . .” Section 8(c)(1)(B) requires that HUD publish, not less than annually, new FMRs on the World Wide Web or in any other manner specified by the Secretary, and that HUD must also notify the public of when it publishes FMRs by Federal Register notice. After notification, the FMRs “shall become effective no earlier than 30 days after the date of such publication,” and HUD must provide a procedure for the public to comment and request a reevaluation of the FMRs in a jurisdiction before the FMRs

1 HUD also calculates and posts 50th percentile rent estimates for the purposes of Success Rate Payment Standards as defined at 24 CFR 982.503(e) (estimates available at: https://www.huduser.gov/ portal/datasets/50per.html).
2 88 FR 41118.
3 42 U.S.C. 1437f.
become effective. Consistent with the statute, HUD is issuing this notice to notify the public that FY 2024 FMRs are available at https://www.huduser.gov/portal/datasets/fmr.html and will become effective on October 1, 2023. This notice also provides procedures for FMR reevaluation requests.

III. FMR Methodology

This section provides a brief overview of how HUD computes the FY 2024 FMRs.

For complete information on how HUD derives each area’s FMRs, see the online documentation at https://www.huduser.gov/portal/datasets/fmr.html#2024_query.

A. Geographic Area Definitions

The FY 2024 FMRs are based on the updated metropolitan area definitions published by the Office of Management and Budget (OMB) on September 14, 2018 and first incorporated by the Census Bureau into the 2019 American Community Survey (ACS) data, and the corresponding FY 2022 FMRs. On July 21, 2023, OMB published Bulletin No. 23-01 which contains revisions to metropolitan area definitions. However, the Census Bureau has not yet incorporated these revisions into the data available to HUD, and therefore HUD is not using these new definitions for FY 2024.

B. Base Year Rents

For FY 2024 FMRs, HUD uses the U.S. Census Bureau’s 5-year ACS data collected between 2017 and 2021 as the “base rents” for the FMR calculations. These data are the most current ACS data available at the time that HUD calculates the FY 2024 FMRs. HUD uses a “margin of error” test with an additional requirement based on the number of survey observations supporting the estimate to improve the statistical reliability of the ACS data used in the FMR calculations. The Census Bureau does not provide HUD with an exact count of the number of observations supporting the ACS estimate; rather, the Bureau provides HUD with categories of the number of survey responses underlying the estimate, including whether the estimate is based on more than 100 observations. Using these categories, HUD requires that, in addition to meeting the “margin of error” test, ACS rent estimates must be based on at least 100 observations to be used as base rents.

For areas in which the 5-year ACS data for two-bedroom, standard quality gross rents do not pass the statistical reliability tests (i.e., have a margin of error ratio greater than 50 percent or fewer than 100 observations), HUD will use an average of the base rents over the three most recent years (provided that there is data available for at least two of these years) or if such data are not available, using the two-bedroom rent data within the next largest geographic area. For a metropolitan subarea, the next largest area is its containing metropolitan area. For a non-metropolitan area, the next largest area is the State non-metropolitan portion.

C. Recent-Mover Factors

Following the assignment of the standard quality two-bedroom rent described above, HUD applies a recent-mover factor to these rents. HUD calculates the recent-mover factor as the change between the 5-year 2017-2021 standard quality two-bedroom gross rent and the 1-year 2021 recent-mover gross rent for the recent mover factor area. HUD does not allow recent-mover factors to lower the standard quality base rent; therefore, if the 5-year standard quality rent is larger than the comparable 1-year recent mover rent, HUD sets the recent-mover factor to 1. When the recent-mover factor is greater than one and calculated for the same geographic area as the base rent, HUD is, in effect, replacing the base rent with the recent-mover rent for that area. Newly for FY 2024, HUD is modifying the definition of “recent mover” used in determining the 2021 recent mover gross rent as described above. To make its recent mover adjustment as reflective of current market conditions as possible, HUD first considers the rents of households who moved into their unit only in the current ACS year. For ACS 2021, this means that the maximum length of time for a household to have lived in its current unit and still be considered a recent mover under this definition would be 11 months. This differs from HUD’s prior practice of considering rents from householders who moved into their unit in either the current year or prior year. However, restricting the ACS universe to recent movers limits the sample size supporting the resulting estimates, potentially harming the statistical reliability of those estimates. HUD applies the same two statistical reliability checks to each ACS recent mover estimate as it does for the base rent estimate. First, the estimate must be supported by at least 100 sample cases from the ACS. Second, the estimate must have a margin of error that is smaller than half the estimate itself. These criteria also apply for the new, single-year definition of recent movers. For areas without an ACS estimate meeting these criteria, HUD next checks the estimate tabulated from two-year recent mover surveys, following its prior methodology.

D. Other Rent Survey Data

HUD calculates base rents for the insular areas using data collected during the 2010 decennial census of American Samoa, and the Virgin Islands beginning with the FY 2016 FMRs. HUD updates the 2010 base year data to 2021 using the growth in national ACS data for the FY 2024 FMRs. Note that while the 2010 decennial census also included Guam, HUD uses the result of a more recent rent survey in calculating the FMRs for Guam, as discussed in the following paragraph. HUD is working with the Census Bureau to provide special tabulations of the 2020 Island Area Census and hopes to include these data in FY 2025 FMRs.

HUD does not use ACS data to establish the base rent or recent-mover factor in cases where it has locally collected survey data which are more recent than the 2021 ACS. For larger metropolitan areas that have valid ACS one-year recent-mover data, survey data may not be any older than the mid-point of the calendar year for the ACS one-year data. Since the ACS one-year data used for the FY 2024 FMRs is from 2021, larger areas with valid one-year recent mover data may not use other survey data collected before June 30, 2021 for the FY 2024 FMRs. Areas without statistically reliable 1-year ACS data may continue to use survey data until the mid-point of the 5-year ACS data is more recent than the local survey. For FY 2024 FMRs, the following are Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas, or non-metropolitan counties that have FMRs based on local ad hoc surveys:

4 HUD’s margin of error test requires that the margin of error of the ACS estimate is less than half the size of the estimate itself.

7 The ACS is not conducted in the Pacific Islands (Guam, Northern Mariana Islands and American Samoa) or the US Virgin Islands. As part of the 2010 Decennial Census, the Census Bureau conducted “long-form” sample surveys for these areas. HUD uses the results gathered by this long form survey for the FY 2024 FMRs.
• HUD uses survey data from 2019 to calculate the FMRs for Kauai County, HI; and Guam.
• HUD uses survey data from 2021 to calculate the FMRs for Abilene, TX MSA; Asheville, NC HUD Metro FMR Area; Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area; Bremerton-Silverdale, WA MSA; Iron County, UT; Knox County, ME; Lincoln County, ME; New York, NY HUD Metro FMR Area; Portland, ME HUD Metro FMR Area; Portland-Vancouver-Hillsboro, OR-WA MSA; San Diego-Carlsbad, CA MSA; Santa Maria-Santa Barbara, CA MSA; Transylvania County, NC; and Waldo County, ME.
• HUD uses survey data from 2022 to calculate the FMRs for Grand Rapids-Wyoming, MI HUD Metro FMR Area; Hawaii County, HI; Hood River County, OR; Salinas, CA MSA; Seattle-Bellevue, WA HUD Metro FMR Area; and Wasco County, OR.
• HUD uses survey data from 2023 to calculate the FMRs for San Benito County, CA HUD Metro FMR Area; and Santa Cruz-Watsonville, CA MSA.

E. Gross Rent Inflation Adjustment Factors

The ACS recent mover rent estimates as described above produce a rent value that is “as of” 2021. In the past, HUD has updated the latest ACS-based rent estimates with one year of gross rent inflation measured with the 23 local or 4 regional CPI components rent of primary residence and household fuels and utilities depending on the location of the FMR area. For FY 2023, HUD augmented the CPI methodology by including available private data sources along with CPI data in calculating a weighted average gross rent inflation factor that was used to update the ACS-based “as of” 2020 rent through 2021. HUD applied a weight of 60 percent to the average of the change in private data sources and 40 percent to the annual change in CPI gross rents. In places without sufficient private rent data sources, the actual inflation adjustment process solely used regional CPI data.

For FY 2024, HUD is continuing to augment CPI rent inflation data with private sources of rent data to create a gross rent inflation adjustment factor. Recent research has indicated that there is a substantial lag in the overall CPI rent of primary residence index’s ability to capture changes in recent mover rents, and that private rent measures are often better at capturing such changes quickly. The private measures of rent used by HUD are the RealPage average effective rent per unit, Moody’s Analytics REIS average market rent, CoStar Group average effective rent, CoreLogic, Inc. single-family combined 3-bedroom median rent, ApartmentList Rent Estimate, and Zillow Observed Rent Index.

In calculating a measure of inflation from these data, HUD first takes the annual average of each statistic, then its year-to-year change. HUD then takes the mean of changes from all available sources for each area. Next, HUD takes an average of this private-sector measure of rent inflation with rent inflation as captured by the CPI for the area, where the private-sector measure is weighted at approximately 55.8 percent and the CPI rent inflation measure is weighted at approximately 44.2 percent. HUD has determined these weights by comparing the national average of the private rent changes and changes in CPI rent of primary residence to changes in the national average of recent mover rents from the ACS from 2017 through 2021. HUD weights the private data averages and overall CPI rent of primary residence in such a way as to minimize the root mean squared error between the resulting average and the ACS recent mover rents. For future FMRs, HUD will update the weights by adding the most recent years of ACS recent mover rents, private rent data, and CPI rent of primary residence to the analysis.

HUD uses a local measure of private rent inflation for markets that are covered by at least three of the six available sources of private rent data. HUD combines this local measure of rent inflation with either the local metropolitan area CPI rent of primary residence for the 23 areas where such data exist, or the regional CPI rent in areas without a local index.

Unlike in FY 2023, for areas without at least three of the six private rent data sources available, HUD uses a regional average of private rent inflation factors alongside the regional CPI rent of primary residence using the nationally derived weights described above. HUD constructs the regional average by taking the rental unit weighted average of the change in rents of each area in a region that does have private rent data coverage. This ensures that smaller areas which are not covered by the private sources directly still have current rental market conditions taken into account in the calculation of the rent inflation factor for such areas.

Finally, HUD averages the result of this step with the year-to-year change in the CPI housing fuels and utilities index for the area in order to make the resulting inflation measure reflective of gross rents. The results of this step are gross rent estimates that are “as of” 2022.

F. Trend Factor Forecasts

Following the application of the appropriate gross rent inflation factor, HUD trends the gross rent estimate from 2022 to FY 2024 using a trend factor which is based on local or regional forecasts of CPI gross rent data. HUD derived a trend factor for each Class A CPI area and Class B/C CPI region using time series models based on national inputs (National Input Model or NIM), local inputs (Local Input Model or LIM) and historical values of the predicted series (Pure Time Series—PTS). HUD chose the actual model used for each CPI area’s trend factor based on which model generates the lowest Root Mean Square Error (RMSE) statistic and applied the trend factors to the corresponding FMR areas. HUD established the type of model for each forecast (NIM, LIM, or PTS) for the FY 2020 FMRs and is keeping it constant for 5 years. HUD will reassess the model selections during the calculation of the FY 2025 FMRs. More details on the trend factor forecasts are available in the June 5, 2019, Federal Register notice (84 FR 26141) and are available at https://www.federalregister.gov/documents/2019/06/05/2019-11763/proposed-changes-to-the-methodology-used-for-estimating-fair-market rents.

G. Bedroom Rent Adjustments

HUD updates the bedroom ratios used in the calculation of FMRs annually. The bedroom ratios HUD uses in the calculation of FY 2024 FMRs are calculated from three, five-year ACS data series (2015–2019, 2016–2020, and 2017–2021). HUD only uses estimates with a margin of error ratio of less than 50 percent. If an area does not have reliable estimates in at least two of the previous three ACS releases, HUD uses the bedroom ratios for the area’s larger parent geography.

HUD uses two-bedroom units for its primary calculation of FMR estimates. This is generally the most common size of rental unit and, therefore, the most reliable to survey and analyze. After estimating two-bedroom FMRs, HUD calculates bedroom ratios for each FMR area which relate the prices of smaller and larger units to the cost of two-bedroom units. To ensure an adequate distributional fit in these bedroom ratio calculations for individual FMR areas, HUD establishes bedroom interval ranges which set upper and lower limits for bedroom ratios nationwide, based on an analysis of the range of such intervals for all areas with large enough samples to permit accurate bedroom ratio determinations.
In the calculation of FY 2024 FMR estimates, HUD sets the bedroom interval ranges as follows: efficiency FMRs are constrained to fall between 0.68 and 0.87 of the two-bedroom FMR; one-bedroom FMRs must be between 0.76 and 0.89 of the two-bedroom FMR; three-bedroom FMRs (prior to the adjustments described below) must be between 1.12 and 1.30 of the two-bedroom FMR; and four-bedroom FMRs (again, prior to adjustment) must be between 1.24 and 1.58 of the two-bedroom FMR. Given that these interval ranges partially overlap across unit bedroom counts, HUD further adjusts bedroom ratios for a given FMR area, if necessary, to ensure that higher bedroom-count units have higher rents than lower bedroom-count units within that area.

HUD also further adjusts the rents for three-bedroom and larger units to reflect HUD’s policy to set higher rents for three-bedroom and larger units to reflect that area.

As mentioned above, HUD applies the interval ranges for the three-bedroom and four-bedroom FMR ratios prior to making these adjustments. In other words, the adjusted three- and four-bedroom FMRs can exceed the interval ranges but the unadjusted FMRs cannot. 8

Within the Small Area FMR final rule published on November 16, 2016, 10 HUD amended 24 CFR 888.113 to include a limit on the amount that FMRs may annually decrease. The current year’s FMRs resulting from the application of the bedroom ratios, as discussed in section (E) above, may be no less than 90 percent of the prior year’s FMRs for units with the same number of bedrooms. Accordingly, if the current year’s FMRs are less than 90 percent of the prior year’s FMRs as calculated by the above methodology, HUD sets the current year’s FMRs equal to 90 percent of the prior year’s FMRs.

For areas where use of Small Area FMRs in the administration of their voucher programs is required, the FY 2024 Small Area FMRs may be no less than 90 percent of the FY 2023 Small Area FMRs. For all other metropolitan areas, the FY 2024 Small Area FMRs may be no less than 90 percent of the greater of the FY 2023 metropolitan area wide FMRs or the applicable FY 2023 Small Area FMR.

PHAAs operating in areas where the calculated FMR is lower than the published FMR (i.e., those areas where HUD has limited the decrease in the annual change in the FMR to 10 percent) may request payment standards below the basic range (24 CFR 982.503(d)) and reference the “unfloored” rents (i.e., the unfinalized FMRs calculated by HUD prior to application of the 10-percent-decrease limit) depicted in the FY 2024 FMR Documentation System (available at: https://www.huduser.gov/portal/datasets/fmr.html#2024_query).

J. Methodology Appendix

To derive the weights used for the private shelter rent inflation factors and the CPI rent of primary residence, HUD compared the national average private rent inflation rates and CPI rent of primary residence inflation rates to the national average increase in ACS recent mover rents. While private rent data and ACS recent mover rents measure rent inflation for recent movers, the CPI rent of primary residence measures rent inflation across all rental units, and while ACS recent mover rents and CPI rent of primary residence originate from representative samples, private rent data inflation is derived from large samples of rents that are not constructed to be fully representative of the rental stock.

To temper any potential bias arising from the non-representativeness of the private data sources, HUD constructs a weighted average of private rent data and CPI rent of primary residence that minimizes the root mean squared error between the weighted average of changes in private rent data and CPI rent of primary residence compared to changes in national average ACS recent mover rents for the years 2017 through 2021. Since 2020 ACS recent mover rent data are not available, HUD interpolates a value for 2020 by assuming the rate of increase was constant from 2019 to 2021. The resulting weights are approximately 55.8 percent private rent data and 44.2 percent CPI rent of primary residence.

### Table: Weights for Private Rent Data and CPI Rent of Primary Residence

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8 As mentioned above, HUD applies the interval ranges for the three-bedroom and four-bedroom FMR ratios prior to making these adjustments. In other words, the adjusted three- and four-bedroom FMRs can exceed the interval ranges but the unadjusted FMRs cannot.


10§ 1 FR 80567.
HUD will use these values of the weights for the FY 2024 FMRs and will perform the same analysis including new data for purposes of setting weights each year, e.g., for FY2025 FMRs, 2022 ACS recent mover rents, 2022 private rent data and 2022 CPI rent of primary residence would be included in the analysis to set the weights. Thus, the weights for private rent data and CPI rent of primary residence in the gross rent inflation adjustment factors will vary based on such reanalysis in future versions of FMRs.

IV. Small Area FMRs

HUD lists Small Area FMRs for all metropolitan areas in the Small Area FMR Schedule. Metropolitan PHAs operating in areas where the use of Small Area FMRs is not mandated should contact their local HUD field office to request approval for using Small Area FMRs in the operation of their Housing Choice Voucher program. HUD calculates Small Area FMRs directly from the standard quality gross rents provided to HUD by the Census Bureau for ZIP Code Tabulation Areas (ZCTAs) when such data are statistically reliable. The ZCTA two-bedroom equivalent 40th percentile gross rent is analogous to the standard quality base rents set for metropolitan areas and non-metropolitan counties. For each ZCTA with statistically reliable gross rent estimates, using the expanded test of statistical reliability first used in FY 2018 (i.e., estimates with margins of error ratios below 50 percent and based on at least 100 observations), HUD calculates a two-bedroom equivalent 40th percentile gross rent using the first statistically reliable gross rent distribution data from the following data sets (in this order): two-bedroom gross rents, one-bedroom gross rents, and three-bedroom gross rents. If either the one-bedroom or three-bedroom gross rent data are used because the two-bedroom gross rent data are not statistically reliable, HUD converts the one-bedroom or three-bedroom 40th percentile gross rent to a two-bedroom equivalent rent using the bedroom ratios for the ZCTA’s parent metropolitan area. To increase stability to these Small Area FMR estimates, HUD averages the latest three years of gross rent estimates.

For ZCTAs without usable gross rent data by bedroom count, HUD calculates Small Area FMRs using the rent ratio method. To calculate Small Area FMRs using a rent ratio, HUD divides the median gross rent across all bedrooms for the ZCTA by the similar median gross rent for the metropolitan area of the ZCTA. If a ZCTA does not have reliable rent data at the all-bedroom level, HUD will then check to see if the ZCTA borders other ZCTAs that themselves have reliable rent data. If at least half of a ZCTA’s “neighbors” have such data, HUD will use the weighted average of those estimates as the basis for the Small Area FMR rather than a county proxy, where the weight is the length of the shared boundary between the ZCTA and its neighbor. In small areas where the neighboring ZCTA median gross rents are not statistically reliable, HUD substitutes the median gross rent for the county containing the ZIP code in the numerator of the rent ratio calculation. HUD multiplies this rent ratio by the current two-bedroom FMR for the metropolitan area containing the small area to generate the current year two-bedroom FMR for the small area.

HUD continues to use a rolling average of ACS data in calculating the Small Area FMR rent ratios. HUD believes coupling the most current data with previous year’s data minimizes excessive year-to-year variability in Small Area FMR rent ratios due to sampling variance. Therefore, for FY 2024 Small Area FMRs, HUD has updated the rent ratios to use an average of the rent ratios calculated from the 2015–2019, 2016–2020, and 2017–2021 5-year ACS estimates.

HUD limits each two-bedroom Small Area FMR to be no more than 150 percent of the two-bedroom FMR for the metropolitan area where the ZIP code is located.

V. Response to Comments on Proposed Changes to FMR Calculation

On June 23, 2023, HUD published a notice of Proposed Changes to the Methodology Used for Calculating Fair Market Rents.12 In response to this notice HUD received 25 public comments. The following sections respond to these comments.

a. Public Comments Supporting the Proposed Changes to the Methodology Used for Calculating FMRs

The majority of commenters supported both of HUD’s proposed changes to the FY 2024 FMR calculation methodology, specifically: (1) retaining and expanding the use of rent inflation factors calculated by private sector data sources and (2) changing the “recent mover” definition from a maximum of 23 months to 11 months. Commenters stated that these changes are likely to produce FMRs that are more accurate because the private data sources are updated more recently than the CPI and because rents for tenants who have moved within the past year are more reflective of current rental prices.

Several commenters also mentioned the importance of capturing the high rate of inflation. There were no commenters opposed to the “recent mover” redefinition, although one commenter expressed concern that it could increase volatility. There were also no commenters expressly opposed to the expanded use of private data, although some commenters expressed concerns about insufficient transparency into the companies’ methodologies and into HUD’s selection criteria.

Several commenters applauded HUD for the methodological changes implemented in FY 2023, noting that FMRs were significantly more reflective of real market conditions last year than in the past. HUD Response: Partially in response to the supportive comments, HUD is retaining and expanding the use of private rent inflation data in its FMR calculation. HUD consistently strives for transparency in its FMR calculation by maintaining an online lookup tool that shows the component factors of each area’s FMR calculation. HUD is committed to further research on the various methodologies used by private companies and making this research publicly available.

b. Public Comments Recommending Additional Changes or Alterations to the Proposed Changes to the Methodology Used for Calculating FMRs

i. Suggestions To Further Expand Usage of Private or Alternative Data Sources

While most commenters expressed support for the expanded use of private data as proposed for FY 2024, several commenters recommended that HUD expand its use even further in FY 2025. One commenter recommended that HUD replace the use of 5-year ACS data with private data since this accounts for 80% of FMR areas. Another recommended that HUD augment the gross rent CPI data used in the Trend Factor calculation with private data, which they had also recommended in their public comment submitted for FY 2023. Another commenter recommended additional private or alternative data sources for HUD to consider including in FY 2025 calculations. Another commenter expressed concern that HUD has

11 For example, for FY 2024 Small Area FMRs, HUD averages the gross rents from 2019, 2020, and 2021 5-Year ACS estimates. The 2019 and 2020 gross rent estimates would be adjusted to 2021 dollars using the metropolitan area’s gross rent CPI adjustment factors.

12 88 FR 41118.
provided insufficient justification for its three private data sources standard. Another requested further clarification from HUD on HUD's selection criteria for private data sources.

ii. Request for More Transparency in Private Data

Multiple commenters expressed concern that there is insufficient transparency into the methodologies used by the private companies in calculating rental rates.

iii. Request That FMR Calculation Be More Localized

Two commenters requested that local data sources, specifically the University of Southern California Lusk Center for Real Estate, University of California Los Angeles Lewis Center for Regional Policy Studies, and the New York City Housing and Vacancy Survey (NYCHVS), be added to the private data as alternative sources. Another commenter requested that local PHAs be allowed to set their own FMRs in order to properly account for hyperlocal conditions, while another suggested that FMRs instead be set “within the state based on local conditions.” A commenter recommended that HUD consider basing its inflation adjustment on smaller geographic areas for rental markets with many submarkets, such as Los Angeles.

HUD Response: The private rental data available to HUD do not represent the entirety of the rental market. The data sources are in some cases based on online rental listings or consist of surveys of large multifamily properties. Research has shown that despite these limitations, the changes in rent reported by these sources are similar to the change in rent from the overall rental market. Therefore, HUD is comfortable using these sources as a source of the shelter rent inflation rate for markets where such data are available. However, they cannot be used to establish the base rent for each area, as they do not provide a 40th percentile rent statistic, and if they did, such a statistic would not be drawn from a representative sample of the entire rental market as is the case with gross rent estimates from the ACS.

HUD is aware that, given the limitations in the CPI rent of primary residence as a measure of recent mover rents, there are concerns in continuing to rely on that series in the trend factor. However, given the complexities of forecasting, HUD has not arrived an alternative methodology. Moreover, until further research into both the overall CPI rent of primary residence and the CPI new tenant repeat rent index showed similar rates of inflation, suggesting that convergence in the future is a reasonable assumption.

As previously stated, HUD consistently strives for transparency in its FMR calculation by maintaining an online lookup tool that shows the component factors of each area’s FMR calculation. HUD is committed to further research on the various methodologies used by private companies and making this research publicly available. In some cases, the proprietary nature of the data and methodologies used by various companies limit the ability of HUD to provide.

With respect to alternative data sources, interested parties may submit any survey or comprehensive rental market study that provides a 40th percentile rent estimate for recent movers that is more current than the year of the ACS for consideration to HUD. In the case of the New York Housing and Vacancy Survey however, the most recent data are from 2017.

c. Public Comments That Address Alternative FMR Calculations and the Determination of FMR Amounts

i. Comments Concerning the FMR Amounts

Multiple commenters indicated that FMR values have historically been too low, and continue to be too low, causing individuals and families to be unable to find housing. On the other hand, some commenters indicated that high FMR values have negatively affected tenant ability to afford units when flat rents are set to 80% of FMRs.

ii. Comments Suggesting Alternative FMR Calculation Methodologies

Multiple commenters suggested alternative methodologies for HUD to use in calculating FMRs that differ significantly from current methods. One commenter encouraged the use of a “Fair and Reasonable” approach in the setting of FMR amounts, rather than the method currently used to set FMR rates. One commenter lamented that Public Housing Authorities have had difficulty serving tenants amidst rising rental prices and recommended that PHAs be allowed to determine the rental rates for their own jurisdiction based on a “rent reasonableness” standard, their budget, and their total number of assigned vouchers. Another commenter recommended that HUD factor vacancy rates into its FMR calculations, although they did not expand on how it should be factored in. A commenter recommended that HUD fundamentally change the FMR calculation from an estimate of current rents in the area to instead be based on “what the near-term rent needs to be to attract the private capital necessary to create the type of housing that is desired” in neighborhoods that “lack affordable housing units but face strong demand from local residents.” One commenter recommended that HUD adopt an Island-Wide FMR specifically for Puerto Rico to increase administrative efficiency. Another commenter recommended that HUD reconsider its use of 40th percentile rent limits; if voucher holders are unable to secure rental housing at this rate, the commenter suggested that PHAs have the discretion to incorporate the use of 50th percentile rent levels instead.

HUD Response: In setting the overall level of the FMR, HUD must balance the interests of ensuring that families have an adequate choice of decent and safe housing while seeking to maximize the number of families who can receive assistance. HUD’s current regulations set the FMR at the 40th percentile rent, a statistic which is below the average rent in each area, to achieve this balance. With respect to the Voucher program, there are numerous ways in which the payment standard can exceed the FMR, including exception payment standards and success rate payment standards.

With respect to flat rents, there are numerous options for PHAs in circumstances where the FMR is too high for an appropriate flat rent, such as the use of Small Area FMRs or conducting a rent comparability study.

HUD periodically conducts research on potential improvements to the voucher program. For example, several PHAs who participate in the Moving to Work demonstration have conducted their own rental market studies and determined their own payment standards rather than rely on the FMR. The Department is committed to continuing to evaluate this and other research and determine the best approach to determining rental subsidy rates.

It is not clear that setting higher FMRs would increase housing supply, as the largest barrier to the creation of new affordable housing in many areas is land use restrictions. Instead, setting FMRs higher based on a desire to attract new capital would likely lead to undue subsidy capture by current landlords.

HUD is committed to working with stakeholders in Puerto Rico regarding what the appropriate level of geography is for determining Fair Market Rent areas. As of yet, HUD has received little feedback on this issue.
d. Public Comments Regarding Suggestions for the Methodology Used for Calculating FMRs After FY 2024

One commenter recommended that for areas that use SAFMRs, HUD replace the three private data sources standard with either a minimum population or rental unit count, as these areas may have the requisite population/unit density.

One commenter recommended that rather than using a minimum of three private data sources, HUD use only data from the two private providers—CoreLogic and Zillow—that have an established relationship with the CPI according to the BLS/Fed study. Another commenter recommended that HUD continue to follow up on the BLS/Fed study with a longitudinal study to observe the accuracy of FMR calculation methods with private sector data.

One commenter who supported both of HUD’s proposals recommended that HUD increase transparency by producing a new annual report detailing national FMR statistics in the aggregate (i.e., percent of areas where FMRs did not pass statistical reliability checks).

One commenter tentatively supports the use of private data, but requests that the sources be required to release their coverage areas and methodology for public comment; this commenter also tentatively supports the definition of “recent mover” but is concerned that it may increase volatility and suggests that HUD incorporate additional safeguards in general against year-over-year volatility.

HUD Response: With respect to the use of only CoreLogic and Zillow, note that the BLS/Fed study did not examine the other data sources available to HUD. HUD has replicated the correlations among the additional sources and the CPI NTRR as was done in the study and feels that the results justify including the additional sources. Additionally, the BLS/Fed study considered only national changes in rent. At the local level, rent data are more volatile and including additional data sources reduces some of this volatility. HUD does intend to continue tracking the relationship among private sources of rent data and the CPI NTRR subject to the latter’s availability.

With respect to transparency, HUD would be willing to provide aggregate statistics on the various adjustment categories that FMR areas are subject to; however, with many such adjustments it is not clear which would be most salient for users. Interested parties are invited to comment on this in response to this notice.

On the issue of geographic coverage, HUD only uses private sources in cases where the geographic coverage closely matches HUD’s FMR area definitions.

HUD agrees that volatility is a concern in setting FMRs and making methodology changes. At the same time, rental markets themselves may be genuinely volatile and therefore FMRs may exhibit some degree of volatility by virtue of being accurately calculated.

VI. Request for Public Comments and FMR Reevaluations

HUD accepts public comments on the methods HUD uses to calculate FY 2024 FMRs and requests for reevaluation of FMRs for specific areas for 30 days after the publication of this notice. HUD lacks the resources to conduct local surveys of rents to address comments filed regarding the FMR levels for specific areas. PHAs may continue to fund such surveys independently, as specified below, using ongoing administrative fees or their administrative fee reserves if they so choose. HUD continually strives to calculate FMRs that meet the statutory requirement of using “the most recent available data” while also serving as an effective program parameter.

FMR Reevaluations

42 U.S.C. 1437f(c)(1)(B) includes the following: “The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and request, within a time specified by the Secretary, reevaluation of the fair market rentals in a jurisdiction before such rentals become effective.”

PHAs or other parties interested in requesting HUD’s reevaluation of their area’s FY 2024 FMRs, as provided for under section 8(c)(1)(B) of USHA, must follow the following procedures:

1. By the end of the 30-day comment period, PHAs or other parties must submit reevaluation requests through https://www.regulations.gov/ or directly to HUD as described in the Addresses section above. The area’s PHA or, in multi-jurisdictional areas, PHA(s) representing at least half of the voucher tenants in the FMR area, must agree that the reevaluation is necessary.

2. The requestor(s) must supply HUD with data more recent than the 2021 ACS data used in the calculation of the FY 2024 FMRs. HUD requires data on gross rents paid in the FMR area for occupied standard quality rental housing units. Occupied recent mover units (defined as those who moved in the past 24 months, although a shorter definition may also be used at the requestors discretion) provide the best data. The data delivered must be sufficient for HUD to calculate a 40th and 50th percentile two-bedroom gross rent. Should this type of data not be available, requestors may gather this information using the survey guidance available at https://www.huduser.gov/portal/datasets/fmr/NoteRevisedAreaSurveyProcedures.pdf and https://www.huduser.gov/portal/datasets/fmr/PrinciplesforPHA-ConductedAreaRentSurveys.pdf.

3. Areas where valid reevaluation requests are submitted may continue to use FY 2023 FMRs, or may use the FY 2024 FMRs. Commenters should indicate whether they wish to maintain the FY 2023 or implement the FY 2024 FMR during the reevaluation period as part of their reevaluation request.

Following the comment period, HUD will post a list, at https://www.huduser.gov/portal/datasets/fmr.html, of the areas requesting reevaluations where FY 2023 FMRs remain in effect.

4. PHAs or other parties must supply data for reevaluations to HUD no later than Friday January 5, 2024. All survey responses of rental units gathered as part of the survey efforts should be delivered to HUD. In addition to the survey data, HUD requires a current utility schedule to evaluate the survey responses. Finally, HUD encourages PHAs to evaluate their survey data to ensure the survey supports their request. Should PHAs or their contractors undertake this evaluation, HUD requests that this analysis also be submitted.

HUD will use the data delivered by January 5, 2024 to reevaluate the FMRs and following the reevaluation, will post revised FMRs in April of 2024 with an accompanying Federal Register notice stating the revised FMRs are available, which will include HUD’s responses to comments filed during the comment period for this notice. By January 12, 2024, HUD will post at https://www.huduser.gov/portal/datasets/fmr.html a listing of the areas that requested FMR reevaluations and continued effect of the FY2023 FMRs but did not deliver data, making the FY 2024 FMRs effective in these areas. HUD will incorporate any data supporting a change in FMRs supplied after January 5, 2024 into FY 2025 FMRs. Questions on how to conduct FMR surveys may be addressed to the Program Parameters and Research Division at pprrd@hud.gov.

13 Although there are no longer 50th percentile SAFMRs, HUD must calculate 50th percentile rents for the Success Rate Payment Standard under 24 CFR 982.50(e).
For small metropolitan areas without one-year ACS data and non-metropolitan counties, HUD has developed a method using mail surveys that is discussed on the FMR web page: https://www.huduser.gov/portal/datasets/fmr.html#survey_info. This method allows for the collection of as few as 100 one-bedroom, two-bedroom, and three-bedroom units.

Other survey methods are acceptable in providing data to support reevaluation requests if the survey method can provide statistically reliable, unbiased estimates of gross rents paid of the entire FMR area. In general, recommendations for FMR changes and supporting data must reflect the rent levels that exist within the entire FMR area and should be statistically reliable.

PHAs in non-metropolitan areas are required to get 100 eligible survey responses, which means they should have at least 5,000 rental units. PHAs may conduct surveys of groups of non-metropolitan counties to increase the number of rental units that are surveyed, but HUD must approve all county-grouped surveys in advance. HUD cautions that the resulting FMRs may 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, HUD advises that in counties where FMRs are based on the combined rents in the cluster of FMR areas, HUD will not revise their FMRs unless the grouped survey results show a revised FMR statistically different from the combined rent level.

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 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 current 5-year ACS data should be used as a means of verifying if a sample is representative of the FMR area’s rental housing stock. Staff from HUD’s Program Parameters and Research Division will work with PHAs in areas requesting re-evaluations to provide the minimum number of survey cases required to ensure that data submitted for re-evaluation represent a statistically valid sample.

The 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, but in no case will fewer than 100 eligible cases be considered.

Calculating Small Area FMRs Using Rent Distributions

Since FY 2016, HUD has provided guidance and data on how to provide data-supported comments on Small Area FMRs using HUD’s special tabulations of the distribution of gross rents by unit bedroom count for ZIP Code Tabulation Areas. HUD has not received any such requests since 2017 and is therefore discontinuing the publication of these data.

VII. Environmental Impact

This notice involves the establishment of FMR 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 available at https://www.huduser.gov/portal/datasets/fmr.html.

Solomon Greene,
Principal Deputy Assistant Secretary for Policy Development and Research.

Fair Market Rents for the Housing Choice Voucher Program

Schedule B—General Explanatory Notes

Arrangement of FMR Areas and Identification of Constituent Parts

a. The Metropolitan and Non-Metropolitan FMR Area Schedule lists FMRs alphabetically by state, by metropolitan area and by non-metropolitan county within each state and are available at https://www.huduser.gov/portal/datasets/fmr.html.

b. The schedule lists the constituent counties (and New England towns and cities) included in each metropolitan FMR area 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. The schedule lists two non-metropolitan counties alphabetically on each line of the non-metropolitan county listings.

d. Similarly, the schedule lists the New England towns and cities included in a non-metropolitan county immediately following the county name.

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
[BLM MT FRN MO# 4500172578]

Public Meeting for the Missouri Basin Resource Advisory Council

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Land Policy and Management Act and the Federal Advisory Committee Act of 1972, the U.S. Department of the Interior, Bureau of Land Management (BLM) Missouri Basin Resource Advisory Council (RAC) will meet as follows.

DATES: The Missouri Basin RAC will meet on September 18, 2023, from 10 a.m. to 4 p.m. Mountain Time (MT) and on September 19, 2023, from 8 a.m. to 1 p.m. MT.

ADDRESSES: The meetings will take place at the BLM Miles City Field Office, 111 Garryowen Road, Miles City, MT 59301. To accommodate broader participation, the meetings will provide both in-person and virtual attendance options. Individuals that prefer to participate virtually must contact the RAC coordinator by September 14 to request a link.

FOR FURTHER INFORMATION CONTACT: Mark Jacobsen, Missouri Basin RAC Coordinator, BLM Eastern Montana/ Dakotas District Office, 111 Garryowen Road, Miles City, MT 59301; telephone: (406) 233–2831; email: mjacobse@blm.gov.

Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: The 15-member council advises the Secretary of the Interior, through the BLM, on a variety of planning and management issues associated with public land management in central and eastern Montana, and North and South Dakota. At this meeting, agenda topics will...