

Fair Market Rents

Introductory Overview

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Overview

Fair Market Rents (FMR)

- What are FMRs?
- Statutory and Regulatory Matters
- How are FMRs Used?
- Timelines
- The Methodology

Resources, Next Steps, & Questions



What are FMRs?

- **FMRs = Gross Rent**
 - **Cost of the Shelter plus utilities (regardless who pays)**
 - **Utilities**
 - All major utilities except telephone, cable or satellite television, and Internet services
 - **Contract rent**
 - The rental payment agreed to in a lease - could be Shelter Rent, Gross Rent, or somewhere in between
- **FMRs are calculated across the country for:**
 - **OMB Defined Metro Areas and some “HUD Metro FMR Areas - HMFAs”**
 - **Non-Metropolitan Counties**
 - **October 1 Effective date**



Metropolitan Areas

- **OMB defined metropolitan areas based on Core-Based Statistical Areas**
- **HUD Exceptions to OMB Metropolitan Areas**
 - **New England: Before 2000, metro areas were based on towns; To prevent large changes in FMRs, HUD maintains the town-based metro area definitions**
 - **HUD Metro FMR Areas were created where the county added to a metropolitan area that had its own rent or income limit would have a difference of more than five percent**
 - **New county additions since the FY 2006 FMRs have not been added to a metropolitan area where they have their own usable data**



Statutory and Regulatory Matters

- **Statute: 42 USC 1437f**
 - “Most recent data available”
 - Requests for Re-evaluation
 - New FMRs placed on hold during re-evaluation period
- **Regulations: 24 CFR 888.113**
 - Calculated at the 40th percentile
 - Data sources to include local area surveys
 - Rules for required Small Area FMR use



How are FMRs used?

- **HUD uses FMRs primarily to help determine the following:**
 - Payment standard amounts for the Section 8 Housing Choice Voucher program (Between 90 percent and 110 percent of the FMR)
 - *Public Housing Flat Rents (Must be at 80% of FMR or more)*
 - Renewal Funding Inflation Factor Calculations (Annual FMR Change)
 - Initial renewal rents for some expiring project-based Section 8 contracts.
 - Initial rents for housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program (Mod Rehab).
 - Rent ceilings in both the HOME rental assistance program and the Emergency Solution Grants program.
 - Calculation of Grant Amounts and establishes maximum rents to Continuum of Care Grantees



FMR Timelines

- FY 2026 FMR Timeline:**

2023 ACS Public Data
Released: 9/2024 1-
Year Data, 12/2024 5-
Year Data

HUD's Special Tabulation
(HUD's Geography and
Standard Quality Rents) of
ACS Data 1Q/25

FMRs Calculated in
04-08/2025

Federal Register
Notice
publication NLT
8/31/25

2024 CPI
Data
Available
01/2025

Notice of Proposed
FMR Methodology
Changes [Must be
published with 30-
day comment period
ending no later than
early July]

Calculations
Complete
NLT 08/2025

Effective
10/1/2025



FMR Methodology

- **FMRs are based on Standard Quality (SQ), Recent Mover (RM) Rents**
- **Most areas begin with a new benchmark**
 - A standard quality rent from the 5-Year ACS (Puerto Rico uses the Puerto Rico Community Survey)
 - US Virgin Islands, Pacific Islands (American Samoa, Guam, Northern Marianas) based on Decennial Census data
- **Recent Mover Adjustment**
 - Relationship between 5-Year SQ and 1-Year RM Rents
 - Find smallest area with statistically valid 1-YR RM data
 - First examine single-year RMs, then two-year RMs
 - Cannot be less than 1
 - Multiply new benchmark rent (from 5-year SQ data) by Recent Mover Factor, so FMR is based on 1-year data for virtually all metropolitan areas.

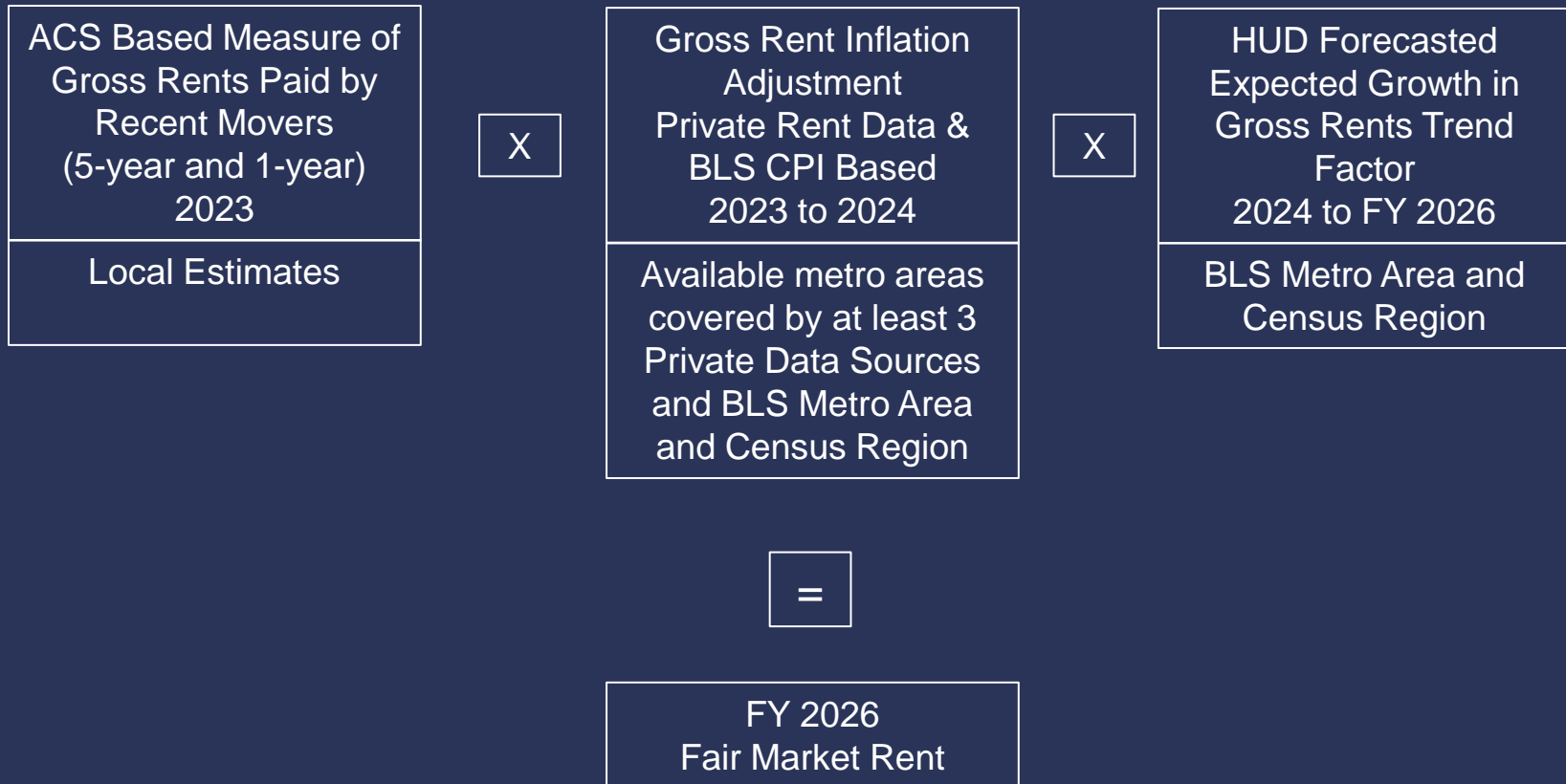


FMR Methodology (cont'd)

- **Inflation Adjustment**
 - CPI measured 1-year change in gross rents for CPI metro areas and 4 Census Regions
 - Private rent measured 1-year change in gross rents for metro areas where available and 4 Census Regions
 - Take weighted average of the two such that the national weighted average change matches that of the national ACS recent mover rent
- **Trend Factor**
 - HUD forecast of expected growth in gross rents for CPI Metro areas and 4 Census Regions



FMR Calculations



Small Area FMRs

- **Small Area FMRs set by ZIP Codes within Metropolitan or Non-Metropolitan Areas**
 - **Provide tenants greater Mobility Options to move to “Opportunity Neighborhoods”**
 - ✓ **Jobs, Transportation, Good Schools**
 - **Multiple Payment Standards in a Metro Area**
 - **Reduce undue subsidy in lower-rent areas**
- **Required in administering the Housing Choice Voucher Program in over 60 Metropolitan Areas**



Resources

- **Fair Market Rents**
 - <http://www.huduser.org/portal/datasets/fmr.html>
 - Query Tool Tab: Online Documentation System providing step by step details of FMR Calculations
 - Documents Tab: Official versions of Federal Register Notices, FMR Schedules, and other information
 - Data Tab: Electronic Versions of FMR Data
- **FMR Surveys**
 - <https://www.huduser.gov/portal/datasets/fmr.html#fmrsurvey>
- **Historical Data**
 - <https://www.huduser.gov/portal/datasets/fmr.html#history>
- **OMB Bulletin – Metropolitan Area Definitions**
 - <https://www.whitehouse.gov/omb/bulletins/>



Questions / Concerns

- Contact the staff of the Program Parameters and Research Division at:

– pprd@hud.gov

