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Fact Sheet

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Housing Information Update #23:
HUD Publishes 2005 Fair Market Rents
for Voucher Program and People with
Disabilities

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The Community Living Exchange at Rutgers/NASHP provides technical assistance to the Real Choice Systems Change grantees funded by the Centers for Medicare & Medicaid Services.

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This Information Update is the twenty-third in a series to be made available to improve awareness and understanding of alternative approaches to expand affordable and accessible housing choices for Americans with disabilities. These updates will feature new publications, policy developments at a federal, state, and local levels, and other strategies being pursued by grantees, community and faith-based organizations, and housing agencies to respond to the Olmstead "Community Inclusion" mandate. These Information Updates are being prepared by Michael Morris, Director of the National Disability Institute at the NCB Development Corporation on behalf of the Community Living Exchange at the Rutgers University Center for State Health Policy. To contact Michael Morris directly, his email address and phone number are mmorris@ncbdc.org, (202) 521-2930

HOUSING INFORMATION UPDATE NUMBER 23

HUD Publishes 2005 Fair Market Rents for Voucher Program and People with Disabilities

The Department of Housing and Urban Development (HUD) is legally required to publish Fair Market Rents (FMRs) periodically, but not less than annually, adjusted to be effective on October 1 of each year. The FMRs are 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. The FMRs determine the Section 8 payment amounts established by HUD for counties and apply to both renewal rents and initial rents for voucher programs. Other programs may require use of FMRs for other purposes. On October 1, 2004, HUD published, for all areas, final FY2005 FMRs that reflect the estimated 40th and 50th percentile rent levels trended to April 1, 2005.

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. In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter 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.

In response to the concerns of public housing agencies (PHAs) and major interest groups about the new calculation methods, HUD used the same FMR area definitions used in the FY 2004 FMR publication. In August, 2004, HUD proposed using 2000 Census data and new Office of Management and Budget metropolitan area definitions. PHAs and major interest groups raised concerns that such calculation methods, which differed from calculation methods used in the past, would result in significant, negative impacts.

People who require accessible units in any federally-funded housing program (public housing, HOME, CDBG, HOPE VI, etc.) and those that assist such people must know the FMRs. This knowledge is only the first step, however. Local Housing Authorities have discretion to set the payment standard between 90 percent and 110 percent of the published FMR.

Advocates should next work to see that the payments are set at 110 percent. Advocates and people with disabilities should be aware that the payments standards can go up to 120 percent of the published FMR "as a reasonable accommodation for a family that includes a person with disabilities." (24 C.F.R. 982.503(c)(2) (2004)) Federal regulations grant HUD the discretion to allow payment standards to reach 120 percent if the Housing Authority requests an "exception payments" up to 120 percent of the FMR. (24 C.F.R. 982.503(c)(2) (2004))

The final step for advocates and people with disabilities is to find accessible units that might accept a Section 8 housing voucher and ask the Housing Authority to request the HUD Field Office to approve payments up to 120 percent as a reasonable accommodation. If a family cannot find a unit that meets their needs at the rate set by the Housing Authority, the Housing Authority should request from HUD approval of the "exception payment standard amount" above 120 percent of the FMR as a reasonable accommodation. If accessible units at less than the 150 percent of the FMR are unavailable, the meaningful access for people with disabilities requires the FMR be set at the 150 percent level.

For More Information: The Fair Market Rents for the Housing Choice Voucher Program and Moderate rehabilitation Single Room Occupancy Program are located at <http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/pdf/04-21892.pdf> and at <http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-21892.htm>.