

Dallas Metro Small Area FMRs Facts

Background

A Fair Market Rent (FMR) is the amount set by HUD that would be needed to pay the rent plus utilities of privately owned, decent and safe rental housing of a modest nature with suitable amenities.

Currently, FMRs are set as one nonmetropolitan county or one metropolitan area wide rent by bedroom size. All Public Housing Authorities (PHAs) in an FMR area use that amount to set their payment standards. Payment Standards are the cap on the amount of housing assistance the PHA will contribute for a unit. For fiscal year 2011, HUD is implementing a Small Area Fair Market Rents (SAFMR) demonstration project. The SAFMRs are based on ZIP codes and are intended to more accurately reflect the rents charged in an area. PHAs who wish to participate in the demonstration will apply to HUD and will be selected based on predetermined criteria. For specific information about the demonstration application process, please refer to the following website: <http://www.huduser.org/portal/datasets/fmr.html>.

The Dallas, Texas metropolitan area is the only metropolitan area required to implement the SAFMRs for fiscal year 2011 as a result of a court settlement with the Inclusive Communities Project. The Dallas FMR area consists of the following 8 counties: Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall.

HUD expects that FMRs by ZIP code will provide HCV tenants with greater ability to move into opportunity areas where jobs, transportation and educational opportunities exist, and reduce undue subsidy in lower-rent areas.

As a landlord, it is important that you be aware the change in FMR methodology does not necessarily mean a change in the rent for your unit. The FMR is not the basis for setting or changing rent amounts and the program regulations regarding rent reasonableness still apply. We have compiled a list of frequently asked questions to assist you in understanding how the new SAFMRs may affect your rent amount. If you have additional questions, please contact your PHA representative.

Landlord FAQs

- ***How can I find out what the FMR is for my ZIP code?***

To lookup a specific area and ZIP code, please use the following website: http://www.huduser.org/portal/datasets/fmr/fmrs/FY2011_code/select_geography_sa.odb

- ***What is the impact of Small area FMRs on my rental units?***

The impact on your unit depends on several factors including the decisions made at the local PHA level. HUD allows PHAs to set their payment standard (which is the maximum monthly assistance payment) between 90 to 110 percent of the FMR. If a PHA's current payment standard is within that range, no revision to the payment standard is necessary, although many PHAs adjust their payment standards annually. If the FMR increases or decreases to an amount that causes the current payment standards to be outside of the 90 to 110 percent range, the PHA will modify its payment standards. Since the payment standard is the maximum amount of subsidy a PHA can pay, the amount of your housing assistance payment could change, thereby affecting the tenant share of the rent.

- ***If the FMRs increase for the ZIP code area where my unit is located, will I be able to set my rents higher?***

An increase in the FMR does not necessarily mean the rent amount should or will increase. All rents under the HCV program must be reasonable when compared to similar unassisted units in the same location. The PHA will not be able to approve an increase in excess of the rent charged for comparable unassisted units in the area.

- ***If the FMRs decrease for the ZIP code area where my unit is located, will I have to lower my rent amount?***

If the rent is reasonable compared to other units, you will not be required to lower the rent. However, if the PHA lowers its payment standards as a result of the lower FMRs, you should be aware that the share of rent payable by the tenant will increase.

If the current rent amount is higher than what is determined reasonable through a rent reasonableness survey, the owner must reduce the rent to a reasonable amount upon receiving notification by the PHA in order to continue participation in the Housing Choice Voucher program. A change in the amount of rent to owner typically occurs during the family's reexamination process or the anniversary date of the HAP contract. However, the regulations allow a PHA to perform a rent reasonableness determination and revise the contract rent amount at anytime during the HAP contract if the rent to owner is found to be unreasonable.

- ***If it is determined, through rent reasonableness, that I have to lower my rent, can I terminate the lease for a family?***

During the initial lease term, an owner cannot terminate a tenancy due to a change in the contract rent. At the end of the initial lease term, either the landlord or the tenant can terminate tenancy based on advance written notice in accordance with the terms of the lease.

- ***If I am a landlord in the Dallas, Texas area, how do I find out specific information about my unit?***

Contact the PHA operating the HCV program in your area.