

## **Challenging Fair Market Rent Data: Guidelines for the Indian Housing Block Grant Formula**

This document, in question and answer format, outlines the steps HUD requires for a tribe to challenge the Fair Market Rent (FMR) data used in the FCAS component of the Indian Housing Block Grant (IHBG) formula.

### **Q1: How is FMR used in the formula?**

**A1:** In accordance with 24 CFR 1000.320, FMR is an adjustment factor for local area costs applied to Low-Rent, Mutual Help, and Turnkey III units in the Formula Current Assisted Stock Component of the formula. The FMR adjustment is weighted to derive a local area FMR relative to the national average for FMR. In the formula, the greater of the FMR factor or Allowable Expense Level (AEL) factor is used.

### **Q2: Where would a tribe/TDHE find FMR?**

**A2:** FMRs are published in the Federal Register annually. They are also available as a free download from HUD USER at <http://www.huduser.org/datasets/FMR/> or by calling 1-800-245-2691.

### **Q3: How is FMR calculated?**

**A3:** FMR factors are gross rent estimates that include rent plus the cost of all utilities derived by HUD from annual estimates for 354 metropolitan areas and 2,350 nonmetropolitan county areas. The FMRs for the entire Country is calculated by HUD's Office of Policy Development and Research (PD&R), Economic Market Analysis Division located in Washington, D.C.

### **Q4: Can tribes or tribally designated housing entities (TDHE) challenge the FMR?**

**A4:** Yes. In accordance with §1000.336 (a)(6) a tribe may challenge its FMR.

### **Q5: How would a tribe/TDHE challenge FMR?**

**A5:** The tribe/TDHE could conduct a survey. Two documents are published by HUD's Office of PD&R and can be downloaded from [www.huduser.gov](http://www.huduser.gov). The titles are: *Random Digit Dialing Surveys: A Guide to Assist Larger Public Housing Agencies in Preparing Fair Market Rent Comments or Rental Housing Surveys* (<http://www.huduser.org/publications/doc/rddl原因98.doc>); and, *Rental Housing Surveys: A Guide to Assist Smaller Public Housing Agencies in Preparing Fair Market Rent Comments* (<http://www.huduser.org/publications/doc/rddsmall98.doc>).

Additional help in preparing your submittal should be obtained by contacting HUD's Office of PD&R, Economic Market Analysis Division, Marie Lihn or Lynn Rodgers at

202-708-0590.

**Q6: What do I need to do to update my IHBG formula data once my challenge has been accepted by HUD's Office of PD&R?**

**A6:** In order for a challenge to be considered for the upcoming fiscal year allocation, all data and documentation that the data was approved by HUD's Office of PD&R must be submitted in writing to the IHBG Formula Customer Service Center by October 1 at the address below. For example, all data and HUD's Office of PD&R approval documentation must be submitted by October 1, 2006, for consideration in the FY 2007 IHBG funding cycle.

All data and approval documentation should be sent to:

1112 16<sup>th</sup> St. NW, Ste. 240  
Washington, D.C. 20036  
Toll Free: 800-410-8808  
TTY: 800-505-5908  
FAX: 202-393-5043  
E-mail: [IHBGformula@swinter.com](mailto:IHBGformula@swinter.com)