



## Frequently Asked Questions: FY 2024 Fair Market Rents

Today, HUD released its Fair Market Rents (FMRs) for Fiscal Year (“FY”) 2024. HUD is required by law to set fair market rents every year, which go into effect on October 1st. FMRs are an estimate of the amount of money that would cover gross rents (rent and utility expenses) on 40 percent of the rental housing units in an area. FMRs are used in several HUD programs, including determining the maximum amount a Housing Choice Voucher will cover. For FY24, HUD continues to supplement public data with private sector data from companies like Zillow and Apartment List.

Because rents have risen quickly recently, voucher holders are increasingly unable to find units available to rent within HUD payment standards. The new FMR levels announced today will enable the voucher program to keep up with rent increases in the private market. These new FMRs will allow voucher holders to access and secure leases in more units so that they can benefit from the housing affordability and stability that vouchers provide.

Nationally, FMRs will increase by an average of approximately 12 percent. To explore new FMRs in your community, click [here](#).

### Frequently Asked Questions

#### *How much will FMRs increase nationally?*

- The national mean increase in FMRs is 12.2 percent; this is on top of an approximately 10 percent increase in FY 2023.
- Many metro areas with significant rent increases recently will have large increases to FMRs—for example, 21 percent in Miami and 19 percent in Denver.

#### *Why is HUD issuing new FMRs now?*

- HUD is required to update FMRs at least once each year, and FY 2024 FMRs must go into effect on October 1, 2023.

#### *Some private sources show that year-over-year rents between 2022 and 2023 are flat or have a small increase. Why is HUD’s increase to FMRs so much bigger?*

- HUD calculates FMRs by using base year data from the American Community Survey (ACS) and then adjusting those numbers to the current year. For FY 2024, HUD uses 2021 5-year ACS estimates as its baseline, adjusts rents to 2022 levels using a mix of private sources and CPI rent of primary residence, and projects rents forward through the rest of 2023 and into 2024. HUD’s year-over-year increase in FMRs is larger than many private sector estimates because our methodology incorporates data from multiple years, including when rent inflation was at its recent peak, to derive the FY 2024 FMRs.

***Will this cause inflation to increase?***

- No, this change will not affect rental prices or increase inflation.
- Voucher holders account for roughly 5 percent of the nation’s rental market (2.3 million households out of approximately 44 million renter households). Any marginal effect on rents would be concentrated on a narrow swath of the rental market and distributed in sub-geographies across the country.

***When will these go into effect?***

- The FY 2024 FMRs will go into effect on October 1, 2023.
- Once posted, public housing authorities have up to 90 days to incorporate new FMRs into their payment standards.

***FMRs in my community went down or did not increase by as much as what we’re seeing locally. How can my community go about requesting a reevaluation?***

- HUD derives its FMRs from the ACS, but the small sample sizes that the ACS uses in some communities, especially smaller, rural places, may lead to FMRs that do not represent the reality on the ground.
- Including private data (see below) provides more information about rent changes, producing more accurate FMRs.
- Communities are welcome to request a re-evaluation of their FMRs. To do so, an area public housing agency (PHA) must commission and submit data from a representative survey sample by the beginning of January 2024. See here for more information on the reevaluation process: <https://www.huduser.gov/portal/datasets/fmr/FMR-Reevaluation-FAQs.pdf>.
- If the 2024 FMRs are higher than the 2023 FMRs in a community, but not as high as PHAs think they should be, a reevaluation may still be requested, but the 2024 FMRs can still be implemented pending submission of data to HUD.

***Is HUD continuing to use private data?***

- Yes. HUD will continue to use private sector rental data from multiple sources into the FMR calculation process in limited and statistically valid situations where private sector rental data have demonstrated that they more accurately estimate changes in rental markets.

***Which private data sources are used? How are they used?***

- For FY 2024 FMRs, HUD is using up to 6 private sector rent data sources:
  - RealPage (formerly Axiometrics) average effective rent per unit,
  - Moody’s Analytics REIS average gross revenue per unit,
  - CoStar Group average effective rent,
  - CoreLogic, Inc. single-family combined 3-bedroom rent index,
  - Apartment List Rent Estimates,
  - Zillow Observed Rent Index.
- HUD uses private sector rent data sources only where at least three sources cover the FMR area.

***Did including private data in last year's FMRs improve HUD's voucher utilization rate?***

- There is early evidence that the substantial increase in FMRs for FY 2023 and other actions HUD has taken, such as allowing PHAs to easily increase payment standards up to 120% of the FMR, is helping to improve voucher utilization. Through May 2023, there has been an uptick in voucher leasing and budget utilization.