

Flat Rent Training

HUD FLAT RENT REQUIREMENTS

PUBLIC HOUSING MANAGEMENT AND OCCUPANCY DIVISION

OFO NETWORK TRAINING SEPTEMBER 2021



What We're Covering Today

- I. Flat Rent Options Overview
- II. Flat Rent Notice Updates
- III. Submission Cycle
- IV. Additional Resources
- V. Q&A



Flat Rent Options Overview

1. Option I: 80% of FMR

- (FMR x 80%) minus Utility Allowance

2. Option II: 80% of SAFMR or UR

- (SAFMR x 80%) minus Utility Allowance
- Areas where HUD does not publish a SAFMR, HUD will permit PHAs to use 80% of the unadjusted rent (UR) to satisfy this option.

3. Option III: Flat Rent Exception

- If a PHA does not believe 80% of FMR or SAFMR is reflective of its local market, a PHA may submit an exception flat rent based on a PHA produced market analysis.



Option III: Flat Rent Exception

Applicability

- HUD only requires flat rent exception requests when PHAs are setting flat rents at an amount that is lower than the lesser of:
 - 80% FMR, or
 - 80% SAFMR (or 80% of Unadjusted Rent when applicable)
- The PHA must submit a flat rent exception based on a PHA-produced market analysis.



Flat Rent Notice Updates

- ***Summary of Updates***
 - Moving to Work (Clarification)
 - Joint Submissions
 - Using Different Bedroom Sizes
 - Amenity Adjustments



Flat Rent Notice Update – Moving to Work

- Moving to Work (MTW) PHAs continue to have flexibility and can establish alternative requirements under the terms of
 - MTW Agreement and approved Annual MTW Plan or
 - MTW Operations Notice and approved MTW Supplement to the Annual PHA Plan (Supplement)
- Notice applies if Annual MTW Plan or MTW Supplement does not include alternative flat rent requirements.



Flat Rent Notice Update – Joint Submissions

Neighboring City or Same County

- PHAs from neighboring cities or within the same county with a shared executive director can submit a joint exception flat rent request.
- The justification should include information that explains how there is no substantive difference between the PHA's rental and employment markets.

Example

A PHA may provide a justification explaining that the two cities included in the joint submission are five miles apart and both within commuting distance of a warehouse that employs residents of both cities.



Flat Rent Notice Update – Different Bedroom Sizes

Comparables Using Different Bedroom Sizes

- Comparable units should use market comparables of the same bedroom size.
- HUD will make exceptions when there are no market rate comparable units for a specific bedroom size in a local market.

Example

For a 0-bedroom unit, a PHA may use a 1-bedroom unit and make an adjustment. The justifications may include an explanation that the rural community surrounding the PHA is mostly comprised of single-family homes and there are no 0-bedroom units/studios available for rent.



Flat Rent Notice Update – Market Analysis

Amenity Adjustments greater than 25% of Actual Rent

- PHAs with an amenity adjustment that is more than 25% of the comparable unit's actual rent must include a justification that is based on local market conditions.
- The justifications are to include market specific explanations of how the adjustment was made using local data.

Example

If the actual rent of a comparable unit is \$600 and it has an adjustment for 'Year Built/Renovated' that is \$150 or greater, a PHA may provide a justification explaining that PHA units at a specific development have not been renovated in 20 years as compared to other market rate units in the area, which are more modern.



Upcoming FY22 Submission Cycle

- PHAs must set their flat rents 90 days after the [FY22 FMRs](#) are effective (by December 31).
- [Form HUD 5880](#) “Flat Rent Market Analysis” is required for a flat rent exception request.
- If PHAs fall into the categories of 1) joint submissions, 2) differing bedroom sizes, or 3) >25% amenity adjustment, then a written justification on such needs to be included with the flat rent exception request.



Upcoming FY22 Submission Cycle

[Form HUD 5880](#) “Flat Rent Market Analysis” is required for an exception request. The form must:

1. Be submitted in the Excel format;
2. Include 3 distinct, unsubsidized market rate comp units per bedroom size;
3. Identify utility amounts paid by the PHA, tenant, or included in market rent, as applicable; and
4. Include applicable FMR, SAFMR, and Unadjusted Rents on lines 35 and 36.



FMR Timelines and Deadlines

FMR Updates

- HUD posts new FMRs annually. Typically, the final FMRs for the current fiscal year (FY) are effective on or around Oct 1.

FMR Implementation

- PHAs have 90 days from the effective date of new FMRs to either implement FMR-based flat rents (Options I or II) or submit an exception flat rent request (Option III). This would mean in a typical year PHAs have until December 31.

FMR Effective Duration

- Rents remain effective until the sooner of:
 1. The end of the 90-day period commencing the next effective date of HUDs final FMR (typically, December 31), or
 2. The date which the PHA updates and makes effective its flat rents schedule based on that FY FMR; whichever comes first.



Flat Rent Exception Requests Submission Timeline - Sample

Submission Timeline	Dates
HUD Publication of FMRs	10/1/2021
Flat Rent Exception Request Submitted	Before 12/31/2021
Flat Rent Exception Request Approved	During FY22
PHA Submits Extension Request	Before 12/31/2022
Flat Rent Exception Extended	Until 12/31/2023
PHA Submits a new Flat Rent Exception Request	Before 12/31/2024

Flat Rent Extensions and Expirations

- PHAs may request a 2-year extension of a previously approved exception flat rent.
- Extension requests are due to HUD no later than 90 days after the effective date of the final FMRs published by HUD (*typically December 31*)
- If the extension is expiring or if no extension was requested, the PHA must submit a new exception request.
- Applicable PHAs have been be notified.



Additional Resources: Guidance, FMRs, Training

HUD Published FMR, SAFMR, Unadjusted Rent:

- FMR: <https://www.huduser.gov/portal/datasets/fmr.html>
- SAFMR: <https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>
- Unadjusted Rent: Link will be provided by year, under the 'Data' tab.

Guidance:

- [Flat Rent Notice \(Notice PIH 2021-27\)](#)

Training:

- [Flat Rent Exception Market Tool Training](#) (YouTube Video)



OFO Network Training Schedule

NETWORK	TRAINING DATE & TIME	REGISTRATION
Northeast	Tuesday, September 14; 10:00 am	OFO Network Training Registration
Southeast	Tuesday, September 14; 1:00 pm	OFO Network Training Registration
Forward West and Beyond	Tuesday, September 14; 3:00 pm	OFO Network Training Registration
Upper Midwest	Thursday, September 16; 10:00 am	OFO Network Training Registration
Mountain and Plains	Thursday, September 16; 1:00 pm	OFO Network Training Registration
Southwest	Thursday, September 16; 3:00 pm	OFO Network Training Registration





Thank you, Questions?
Flatrentexceptionrequests@hud.gov

