



FEMA

RECOVERY POLICY (INTERIM) 9443.1

I. TITLE: **Rental Assistance Rate Increases**

II. DATE: August 23, 2006

III. PURPOSE:

Establish criteria and guidance for increasing the rate of rental assistance within a declared State, following a presidential emergency or major disaster declaration.

IV. DESCRIPTION:

FEMA's rental assistance rate, as described in the Code of Federal Regulations, is based on the Department of Housing and Urban Development (HUD) published fair market rent (FMR) for existing rental units. HUD's regulations define FMR as "*estimates of rent plus the cost of utilities, except telephone*" (24 CFR Section 888.113(a)). Following a disaster, the published HUD FMR may be insufficient to meet the demand for housing. This policy establishes the line of authority and mechanism for authorizing an emergency increase of the FMR. For purposes of consistent and uniform policy application, this policy will not consider localized, unilateral rental adjustments made by Local Public Housing Authorities or fluctuations in utility rates in the area and other associated costs (e.g. utility hook up, security deposits, etc).

V. SCOPE AND AUDIENCE:

This policy is to be implemented in all disasters declared on or after the publication date (paragraph II), until superseded by the final policy. All personnel are directed to follow this policy.

VI. AUTHORITY:

Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 USC 5174)

VII. POLICY:

A. By regulation, FEMA will use the fair market rent rates identified by HUD to make rental assistance awards.

B. FEMA may authorize emergency exceptions to the published HUD FMR rate when such an action is necessary to counter elevated housing market rates which have adversely impacted the availability of FMR-affordable rental resources for disaster victims. The exceptions to the HUD rate may be authorized when the FEMA FMR calculator (a description of the calculator is at



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attachment 1; procedures for using the calculator are at attachment 2) establishes that the published HUD FMR for a designated or host non-designated county/parish is significantly less than prevailing market rates.

Emergency exceptions to the HUD FMR rate may be authorized as follows:

1. By the Regional Director / Disaster Recovery Manager (hereinafter RD), as follows:
 - a. The RD may authorize, for a designated county/parish (or an undesignated "host" county/parish) an increase in the published HUD rate when the FEMA FMR calculator "Percent of Published FMR" computation for the parish/county is greater than 100%. The RD may only authorize up to the percent increase indicated by the FEMA FMR calculator, not to exceed 125%. (A "host" county/parish is defined as a non-designated county/parish hosting one or more households evacuated from an Individual Assistance-designated county/parish.)
 - b. The RD must submit a written notification (refer to format at attachment 3) of the FMR increase to FEMA HQ Director of Recovery along with a print-out of the FMR calculator.
 - c. The RD (or acting RD) may not delegate this authority.
 2. By the FEMA HQ Director of Recovery:
 - a. The FEMA HQ Director of Recovery may authorize, in a designated (or non-designated host) county/parish, an emergency increase above 25 percent to the published HUD rate when the FEMA FMR calculator "Percent of Published FMR" computation reaches 125%.
 - b. The Director of Recovery may authorize a statewide emergency increase of the published HUD rate when the FEMA FMR calculator "Percent of Published FMR" computation for each designated county/parish reaches 125%.
- C. Based on a qualified observation of the post-disaster local housing market, State and local governments via the State may request via the RD that FEMA implement the process to determine if an emergency exception to the published HUD FMR rate is needed. In making a request, the State must submit reliable sources of data on the Pre Disaster Rental Vacancy Rate, Housing Units Lost, Pre-Disaster Housing Stock, Pre-Disaster Rental Housing Stock, Number of Displaced Households, and/or any other information that may be relevant for the county/counties.



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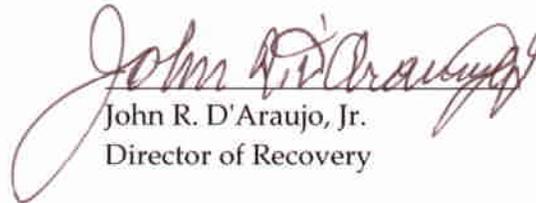
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D. Any emergency exceptions to the HUD rate authorized under subparagraph "B" will remain in effect until HUD completes a market analysis of the affected area(s). Once completed, FEMA will rescind any emergency exceptions and implement the rate identified by HUD.

VIII. ORIGINATING OFFICE: Recovery Division (Individual Assistance Branch).

IX. SUPERSESSION: None.

X. REVIEW DATE: One year from the date of publication.



John R. D'Araujo, Jr.
Director of Recovery



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ATTACHMENT 1

FMR CALCULATOR DESCRIPTION

The FEMA Fair Market Rent (FMR) Calculator is a mathematical formula that allows the user to rapidly evaluate the impact of a major disaster on the local housing market. The calculator uses data from FEMA's Preliminary Damage Assessments, or other reliable source of data, for uninhabitable units identified as having major damage or are destroyed and the Census' housing market information for the impacted area.

Information Needs:

Pre Disaster Rental Vacancy Rate (VR₀) – SOURCE: Estimate from 2000 Census and State's American Community Survey (ACS).

Housing Units Lost (HU_l) – SOURCE: FEMA Preliminary Damage Assessments, or other reliable source of data, for uninhabitable units identified as major or destroyed.

Pre-Disaster Housing Stock (HS₀) – SOURCE: most recent ACS data on housing unit counts (HUD data on updated unit counts from Census Geography Division) or, if ACS data is unavailable, 2000 Census data.

Pre-Disaster Rental Housing Stock (RS₀) – SOURCE: most recent ACS data on renter occupied, vacant-for-rent, and vacant-for-sale-or-rent housing unit counts or, if ACS data is unavailable, 2000 Census data.

Number of Displaced Households (DH) – SOURCE: FEMA Households displaced by the disaster and in need of housing in the area where the FMR calculation is being made. This can come from preliminary damage assessments or other reliable sources of data.

Other terms:

Post Disaster Housing Stock (HS_{pd}) – count of housing units in the market area not substantially affected by the event.

Post Disaster Rental Housing Stock (RS_{pd}) – Total rental stock not affected by disaster, assumes affected units have same proportion rental as total stock

Post Disaster Available Rental Unit Estimate (AU_{pd}) – Estimate of market rental units available after accounting for destroyed units



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Post Disaster Vacancy Rate Estimate (VR_{pd}) – Estimate of vacancy rate after absorbing displaced households

HUD defines Housing Payment Standard Adjustments by the Post Disaster Vacancy Rate Estimate (i.e. what does the housing market look like after accounting for destroyed/damaged units and following the absorption of displaced persons). The following items detail how the Post Disaster Vacancy Rate Estimate is calculated:

1. Calculate the Post Disaster Housing Stock (HS_{pd}): This is done by subtracting the number of Housing Units Lost (HU_L) from the Pre-Disaster Housing Stock (HS_0).

The equation for this calculation is $HS_{pd} = HS_0 - HU_L$.

2. Next, we estimate the Post Disaster Rental Housing Stock (RS_{pd}). This is accomplished by dividing the Post Disaster Housing Stock (HS_{pd}) by the Pre-Disaster Housing Stock (HS_0). This generates the percentage of housing units remaining after the disaster. This percentage is then multiplied by the Pre-Disaster Rental Housing Stock (RS_0) resulting in the Post Disaster Rental Housing Stock (RS_{pd}).

The equation for this calculation is: $RS_{pd} = (HS_{pd} / HS_0) * RS_0$.

3. The third step in the process is to calculate an estimate of the Post Disaster Available Rental Units (AU_{pd}). This is accomplished by multiplying the Pre-Disaster Vacancy Rate (VR_0) by the Post Disaster Rental Housing Stock (RS_{pd}).

The equation for this calculation is: $AU_{pd} = VR_0 * RS_{pd}$.

4. The final step in the calculation is to calculate Post Disaster Vacancy rate Estimate (VR_{pd}). To complete this calculation, start by subtracting the number of Displaced Households (DH) from the number of Post Disaster Available Rental Units (AU_{pd}). Next, take this result and divide it by the Post Disaster Rental Housing Stock (RS_{pd}).

The equation for this calculation is: $VR_{pd} = (AU_{pd} - DH) / RS_{pd}$.

Now that the Post Disaster Vacancy Rate has been estimated, we use the following table to determine the Emergency Payment Standard.



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If VR_{pd} is:	Then EMERGENCY Payment Standard is:	Comment
$\leq 0\%$	$FMR * 1.25$	Non-functional rental market. Equilibrium rents unlikely to be reached for a considerable period of time. Frequent future assessments required.
> 0 and $< 2.5\%$	$FMR * 1.15$	Extremely tight rental market. Frequent monitoring of rental market warranted.
$\geq 2.5\%$ and $\leq 5\%$	$FMR * 1.1$	Tight but functioning rental market. Normal monitoring should suffice.
$> 5\%$	FMR	Normal market, no adjustment necessary.

The formula applies equally to markets where housing was destroyed, as well as those where no housing was affected or destroyed by the event ($HU_i = 0$), but displaced persons are being sheltered and are likely to enter the housing market ($DH > 0$).



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ATTACHMENT 2

FMR CALCULATOR INSTRUCTIONS

I. PRE-DISASTER HOUSING STOCK FOR COUNTY:

- Step (1)** Go to the link – <http://quickfacts.census.gov/qfd/index.html>;
- Step (2)** Identify the state from the pull-down menu;
- Step (3)** Choose the affected county from the pull-down menu;
- Step (4)** Go down to the 5th section to identify the number of Households;
- Step (5)** Enter this number into the FMR Calculator.

II. HOME OWNERSHIP RATE:

- Step (1)** Stay on the same page where the information for Pre-Disaster Housing Stock for County was found;
- Step (2)** Go down to the 4th section to identify the percent listed for Homeownership rate;
- Step (3)** Enter this number into the FMR Calculator.

III. TOTAL OCCUPIED HOUSING UNITS FOR STATE¹:

- Step (1)** Go to the link - <http://factfinder.census.gov>;
- Step (2)** Select state from the pull down menu under geographic type;
- Step (3)** Select the state from the pull-down menu and click “Next”;
- Step (4)** Go to the section called “Housing Physical Characteristics”;
- Step (5)** Click on Physical Housing Characteristics for Occupied Housing Units;
- Step (6)** Enter the number of occupied housing units into the FMR Calculator.

¹ State data is the best available source for generally accessible information. County information may be substituted with reliable source documentation.



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IV. TOTAL VACANT HOUSING UNITS FOR STATE:²

- Step (1)** Go to the link - <http://factfinder.census.gov>;
- Step (2)** Select state from the pull down menu under geographic type;
- Step (3)** Select the state from the pull-down menu and click "Next";
- Step (4)** Go to the section called "Housing Physical Characteristics";
- Step (5)** Click on Physical Housing Characteristics for Vacant Housing Units;
- Step (6)** Enter the number of vacant housing units into the FMR Calculator.

V. HOUSING UNITS LOST³:

- Step (1)** Enter number of units identified as major damage or destroyed.

VI. DISPLACED HOUSEHOLDS IN NEED OF HOUSING⁴:

- Step (1)** Identify number of displaced households in the affected county.

² State data is the best available source for generally accessible information. County information may be substituted with reliable source documentation.

³ Source can be obtained through preliminary damage assessments or other reliable source with identifiable documentation

⁴ Displaced households and evacuees in host counties can be identified from NEMIS records. Relief workers and contractors occupying rental units may be included in the number of displaced households. Source documentation for the number of households included for this group must be provided.



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ATTACHMENT 3

MEMORANDUM MODEL

MEMORANDUM FOR: [Name]
Director of Recovery

FROM: [Name]
Federal Coordinating Officer/Disaster Recovery Manager
FEMA-####-DR-State

SUBJECT: Increase to Published HUD FMR
FEMA-####-DR-State
Individuals and Households Program

I am approving an increase of the published FMR for temporary housing assistance (*see chart below*) based on the attached outcome produced by the FMR Calculator (attached is a print out of calculation).

COUNTY	PERCENT INCREASE

I am also requesting the Recovery Director consider an increase above 125% of the published FMR for temporary housing. This request is submitted due to the following factors: *[insert factors or supporting reasons for an increase above the 25% increase]*. [USE THIS PARAGRAPH ONLY IF A REQUEST IS BEING MADE TO INCREASE PUBLISHED FMR ABOVE 25%]

If you have any questions, please have your staff contact *[insert IA Branch Chief, JFO]*.

cc:

Deputy Director, Recovery Division
Branch Chief, IA Branch
Section Chief, NPSC Operations
[State Coordinating Officer]
Associate Deputy Assistant Secretary for Economic Affairs, HUD