

FY 2017 FAIR MARKET RENT DOCUMENTATION SYSTEM

The Final FY 2017 FMRs for All Bedroom Sizes

Final FY 2017 & Final FY 2016 FMRs By Unit Bedrooms					
Year	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
Final FY 2017 FMR	\$804	\$953	\$1,267	\$1,844	\$2,232
Final FY 2016 FMR	\$759	\$919	\$1,230	\$1,793	\$1,994
Percentage Change	5.9%	3.7%	3.0%	2.8%	11.9%

Fairbanks North Star Borough, Alaska is part of the Fairbanks, AK MSA, which consists of the following counties: Fairbanks North Star Borough, AK. All information here applies to the entirety of the Fairbanks, AK MSA.

Fair Market Rent Calculation Methodology

— [Show/Hide Methodology Narrative](#) —

Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2010-2014 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2017 provided the estimate is statistically reliable. For FY2017, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself.

If an area does not have a reliable 2010-2014 5-year, HUD checks whether the area has had a reliable estimate in any of the past 5 years. If so, the most recent reliable estimate is updated by the change in the area's corresponding State metropolitan or non-metropolitan area from the year of the most recent reliable estimate to 2010. This update value becomes the basis for FY2017.

If an area has not had a reliable estimate in the past 5 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2017.

2. HUD calculates a recent mover adjustment factor by comparing a 2014 1-year 40th percentile recent mover 2-bedroom rent to the 2010-2014 5-year 40th

percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.

3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.
4. Rents are calculated as of 2015 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2014 to annual 2015.
5. All estimates are then inflated from 2015 to FY2017 using a national trend factor based on the forecast of gross rent changes through FY2017.
6. FY2017 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.

The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2014 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Fairbanks, AK MSA.

Area	ACS ₂₀₁₄ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS ₂₀₁₄ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Result
Fairbanks, AK MSA	<u>\$1,165</u>	\$33	\$33 / \$1,165=0.028	0.028 < .5 Use ACS ₂₀₁₄ 5-Year Fairbanks, AK MSA 2-Bedroom Adjusted Standard Quality Gross Rent

Since the ACS₂₀₁₄ Margin of Error Ratio is less than .5, the ACS₂₀₁₄ Fairbanks, AK MSA value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	ACS ₂₀₁₄ Rent
Fairbanks, AK MSA	\$1,165

- A recent mover adjustment factor is applied based on the smallest area of geography which contains Fairbanks, AK MSA and has an ACS₂₀₁₄ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS ₂₀₁₄ 1-Year Adjusted Standard Quality Recent-Mover Gross Rent	ACS ₂₀₁₄ 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error	Ratio	Result
Fairbanks, AK MSA – 2 Bedroom	<u>\$1,174</u>	\$111	0.095	0.095 < .5 Use ACS ₂₀₁₄ 1-Year Fairbanks, AK MSA 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

The smallest area of geography which contains Fairbanks, AK MSA and has an ACS₂₀₁₄ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 is Fairbanks, AK MSA.

- The calculation of the relevant Recent-Mover Adjustment Factor for Fairbanks, AK MSA is as follows:

ACS ₂₀₁₄ 5-Year Area	ACS ₂₀₁₄ 5-Year 40th Percentile Adjusted Standard Quality Gross Rent	ACS ₂₀₁₄ 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
Fairbanks, AK MSA – 2 Bedroom	<u>\$1,165</u>	<u>\$1,174</u>

Area	Ratio	Recent-Mover Adjustment Factor
Fairbanks, AK MSA	\$1,174 / \$1,165 = 1.008	1.008 ≥ 1.0 Use calculated Recent-Mover Adjustment Factor of 1.008

- The calculation of the relevant CPI Update Factors for Fairbanks, AK MSA is as follows: HUD updates the 2014 intermediate rent with the ratio of the annual 2015 local or regional CPI to the annual 2014 local or regional CPI to establish rents as of 2015.

Update Factor	Type

CPI Update Factor	1.0247	Region CPI
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5. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2015 to 2017. This makes Fair Market Rents "as of" FY2017.

National Trend Factor
1.0531

6. The FY 2017 2-Bedroom Fair Market Rent for Fairbanks, AK MSA is calculated as follows:

Area	ACS₂₀₁₄5-Year Estimate	Recent-Mover Adjustment Factor	Annual 2014 to 2015 CPI Adjustment	Trending 1.0531 to FY2017	FY 2017 2-Bedroom FMR
Fairbanks, AK MSA	\$1,165	1.008	1.0247	1.0531	\$1,165 * 1.008 * 1.0247 * 1.0531 = \$1,267

7. In keeping with HUD policy, the preliminary FY 2017 FMR is checked to ensure that it does not fall below the state minimum.

Area	Preliminary FY2017 2-Bedroom FMR	FY 2017 Alaska State Minimum	Final FY2017 2-Bedroom FMR
Fairbanks, AK MSA	\$1,267	\$681	\$1,267 ≥ \$681 Use Fairbanks, AK MSA FMR of \$1,267

Final FY2017 Rents for All Bedroom Sizes for Fairbanks, AK MSA

The following table shows the Final FY 2017 FMRs by bedroom sizes.

Click on the links in the table to see how the bedroom rents were derived.

Final FY 2017 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2017 FMR	\$804	\$953	\$1,267	\$1,844	\$2,232

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six

bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.