

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**[Docket No. FR-4995-N-05]****Final Fair Market Rents for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program for Fiscal Year 2006; Revised****AGENCY:** Office of the Assistant Secretary for Policy Development and Research, HUD.**ACTION:** Notice of Final Fair Market Rents (FMRs) for Fiscal Year 2006, update.**SUMMARY:** This notice updates the FMRs for Burlington, VT, St. Mary's County, MD and San Jose, CA based on Random Digit Dialing (RDD) surveys conducted in November 2005. It also revised FMRs for Baton Rouge and New Orleans based on January 2006 data.**DATES:** Effective March 6, 2006.**FOR FURTHER INFORMATION CONTACT:** For technical information on the methodology used to develop FMRs or a listing of all FMRs, please call the HUD USER information line at (800) 245-2691 or access the information on the HUD Web site, <http://www.huduser.org/datasets/fmr.html>. FMRs are listed at the 40th or 50th percentile in Schedule B. For informational purposes, a table of 40th percentile recent mover rents for those areas currently at the 50th percentile FMRs will be provided on the same Web site noted above. Any questions related to use of FMRs or voucher payment standards should be directed to the respective local HUD program staff. Questions on how to conduct FMR surveys or further methodological explanations may be addressed to Marie L. Lihn or Lynn A. Rodgers, Economic

and Market Analysis Division, Office of Economic Affairs, Office of Policy Development and Research, telephone (202) 708-0590. Questions about disaster-related FMR exceptions should be referred to the respective local HUD office. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339. (Other than the HUD USER information line and TTY numbers, telephone numbers are not toll-free.)

UpdateRandom Digit Dialing (RDD) surveys were completed in November 2005 for the following FMR areas: Burlington-South Burlington, VT, MSA; Bloomington, IN CBSA; San Jose-Sunnyvale-Santa Clara, CA CBSA; St. Mary's County, MD; and Eastern Worcester County, MA HMFA. The RDD surveys for two areas, Bloomington, IN and Eastern Worcester County, MA, indicated no change. The survey results for San Jose-Sunnyvale-Santa Clara and St. Mary's County showed that rents had increased. The revised San Jose FMRs are less than the FMRs published in the **Federal Register** on October 3, 2005 (70 FR 57654), because this FMR was a 50th percentile FMR. San Jose became subject to 40th percentile FMRs in the **Federal Register** notice published on February 14, 2006 (71 FR 7832). The FMRs implemented in this notice are an increase over the February 14, 2006, FMRs notice. San Benito County is a separate HUD FMR Market Area (HMFA) within the San Jose CBSA, so both San Jose and San Benito were given increases.

Both the Baton Rouge and New Orleans rental housing markets experienced enormous impacts from

Hurricanes Katrina and Rita. In New Orleans the impacts were a combination of damage that made over half of the inventory uninhabitable and a massive increase in demand for the remaining units. The Baton Rouge rental inventory also had some damage, but the influx of New Orleans evacuees had a far greater impact and virtually eliminated vacancies.

Surveys of both rental markets show effectively no vacancies. Operating and repair costs have increased and insurance costs, which were already very high, are expected to further increase this year.

Apartment complex survey data indicate that rents have increased 25-30 percent in New Orleans and 15-20 percent in Baton Rouge. These results are supported by extensive field work by HUD economists who have been researching local market conditions. In this notice, HUD is increasing Baton Rouge FMRs by 25 percent and New Orleans FMRs by 35 percent. The FMR increases provided are believed adequate to reflect current market circumstances and should cover at least part of the expected additional increases anticipated this year. The Department will continue to monitor this situation and modify FMRs if significant further rent increases occur. HUD is currently conducting rent surveys in Beaumont-Port Arthur, Dallas, Jackson, Houston, Little Rock, San Antonio and Shreveport, all of which are housing significant numbers of Katrina evacuees. The objective is to determine if disaster evacuees have reduced pre-Katrina vacancies enough to result in measurable rent increases. FMR increases will be issued if justified by the survey results for any of these areas.

The FMR for the affected areas are increased as follows:

2006 Fair market rent areas	Number of bedrooms				
	0 BR	1 BR	2 BR	3 BR	4 BR
Baton Rouge, LA HMFA	\$573	\$624	\$720	\$918	\$1009
Burlington, South Burlington, VT MSA	673	745	935	1197	1342
New Orleans-Metairie-Kenner, LA MSA	725	803	940	1206	1247
San Benito, CA HMFA	614	831	924	1309	1621
San Jose-Sunnyvale-Santa Clara, CA HMFA	914	1059	1273	1831	2015
St. Mary's County, MD	694	720	938	1233	1623

Dated: February 23, 2006.

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