



# Federal Register

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**Friday,  
December 16, 2005**

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**Part V**

## **Department of Housing and Urban Development**

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**Proposed Metropolitan Area Definitions  
for FY2006 Income Limits and Estimates  
of Median Family Income; Notice**

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5011-N-01; HUD-2005-0075]

### Proposed Metropolitan Area Definitions for FY2006 Income Limits and Estimates of Median Family Income

**AGENCY:** Office of the Assistant Secretary for Policy Development and Research, HUD.

**ACTION:** Notice of Proposed Metropolitan Area Definitions for Fiscal Year (FY) 2006 Income Limits and Median Family Income Estimates.

**SUMMARY:** This notice proposes changes in the metropolitan area definitions used to calculate HUD median family income estimates and income limits. In this notice, HUD is proposing to issue FY2006 income limits that are based on current Office of Management and Budget (OMB) metropolitan statistical area (MSA) definitions based on 2000 Census data rather than to continue to use old OMB metropolitan area definitions based on 1990 Census data.

OMB revises metropolitan area definitions after each Decennial Census. It issued its 2000-Census based definitions in 2003, which contained substantial changes to several metropolitan area definitions. These changes were made to better reflect metropolitan area commuting and economic patterns. The OMB metropolitan area definitions are used on a widespread basis throughout the federal government for both data collection and program administrative purposes.

HUD proposed implementing these definitions in its 2004 publication of proposed FY2005 Section 8 Fair Market Rents. It planned to issue FY2005 income limits using the same area definitions. In response to public comments, it reverted to use of old OMB definitions in its final FY2005 Fair Market Rent (FMR) publication. HUD noted in this publication that it intended to continue exploring how to best implement the new definitions, and subsequently received a number of comments supporting use of the new definitions. To meet the needs of agencies required to use current OMB metropolitan area definitions, it published a separate set of FY2005 income estimates based on the new definitions. HUD's final FY2006 FMR publication of October 3, 2005, uses the new OMB definitions in defining metropolitan areas, but modified these definitions to permit subareas based on old metropolitan area definitions in

instances when FMRs based on the old definitions differed significantly from the new metropolitan area-wide FMRs.

The new approach leaves open the question of whether a hold-harmless provision of some type should be applied in instances where the new metropolitan area definitions produce decreases in estimates of median family income and/or income limits. The statute governing how income limits are to be defined is relatively detailed, but the Secretary of HUD does have limited discretion over its application. Given the number of changes associated with OMB's new metropolitan area definitions, the Department wishes to solicit public comments on this matter prior to implementation.

In order to provide directly comparable estimates on the impacts of the changes in metropolitan area definitions on income limits, revised FY2005 income limits were calculated using the new area definitions. The actual FY2006 estimates using the new definitions are likely to be at least somewhat higher than the comparable FY2005 estimates. To provide detailed information on the impacts of the new metropolitan area definitions, HUD prepared a table that compares FY2005 actual income limits with the equivalent FY2005 income limits calculated using the new metropolitan area definitions. Two versions of revised FY2005 income limits are provided—one without any hold-harmless policy and one with a hold-harmless policy based on the published FY2005 income limits for the primary old-definition component of the new metropolitan area. This table identifies all of the component parts of the new metropolitan areas and shows which parts previously had different income limits. The table may be obtained at [www.huduser.org/datasets/il.html](http://www.huduser.org/datasets/il.html).

In addition to inviting comments on the hold-harmless policy, HUD is also interested in comments on FMR area definitions for areas where two or more metropolitan areas were merged under the new definitions. In preparing its proposed FY2006 FMRs, HUD opted to disaggregate such areas when their FMRs differed by more than 5 percent so as to better reflect local market conditions. In reviewing the impacts of FMR area changes on income limits, it was found that most areas had minimal changes in income limits. There were two notable exceptions. Under the new area definitions, the former Bergen-Passaic and Monmouth-Ocean metropolitan areas were added to New York City and the former Fort Lauderdale and West Palm Beach-Boca Raton metropolitan areas were added to

Miami. In both instances, the old metropolitan areas had very similar 2000 Census-based FMRs to those of the metropolitan areas to which they were being added, but they had significantly higher median family income and income limit amounts. HUD therefore wishes to invite comments as to whether any of these areas should be treated as distinct subparts of their new OMB metropolitan areas, as was done for subparts with measurably different FMRs. Establishing separate income limit areas would mean that separate FMR areas would also be established. In these specific instances, however, the changes in FMR area configurations would have no impact on FY2006 FMRs and would be likely to have very little impact on FY2007 FMRs.

HUD believes that the primary area hold-harmless appears to provide the best compromise between program objectives and program administrative considerations. Given that there are methodological changes involved, however, HUD wishes to obtain public comments before calculating and publishing FY2006 income limits.

**DATES:** *Comments Due Date:* February 14, 2006.

**ADDRESSES:** Interested persons are invited to submit comments regarding HUD's use of new OMB metropolitan area definitions for purposes of income limit computations. The HUD definitions follow OMB metropolitan area definitions, but allow subareas as described in the proposed FY2006 FMR publication in the June 2, 2005, **Federal Register**. All comments should be sent to the Office of the General Counsel, Rules Docket Clerk, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 10276, Washington, DC 20410-0001. Communications should refer to the above docket number and title and should contain the information specified in the "Request for Comments" section. To ensure that the information is fully considered by all of the reviewers, each commenter is requested to submit two copies of its comments, one to the Rules Docket Clerk and the other to the Headquarters Economic and Market Analysis Division, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 8224, Washington, DC 20410-0001. A copy of each communication submitted will be available for public inspection and copying during regular business hours (8 a.m. to 5 p.m. Eastern Time) at the above address.

**FOR FURTHER INFORMATION CONTACT:** For technical information on the

methodology used to develop income limits and median family income estimates, 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/il.html>. That website has current and historical income limits plus a section on proposed FY2006 income limits. The FY2005 HUD Income Limits Briefing Material provides detailed information on how current HUD income limits were calculated, provides statutory references, and has listings of all metropolitan areas where any adjustments were made to the normal income limit percentages and the formula basis for such exceptions.

For informational purposes, the FY2006 Income Limits Alternatives section of the website contains a file that provides detailed information on the impacts of the proposed changes. It is ordered alphabetically by state. It uses FY2006 FMR metropolitan area definitions, but shows every component county and county subpart that comprise the new area. The table contains the following information:

- Column one identifies the FY2006 FMR area name and the county or township subparts;
- Column two shows the currently effective FY2005 four-person very low-income limit (i.e., 50 percent of median, as defined in statute) for each FMR area subpart;
- Column three shows the equivalent FY2005 income limit calculated using FY2006 FMR area definitions and no hold-harmless policy (i.e., the income limits are allowed to be less than the in-place income limits);
- Column four shows the recalculated FY2005 income limit calculated using a hold-harmless policy that does not allow the revised FY2005 income limit to be less than the published FY2005 income limit for the largest old component of the new metropolitan area (e.g., if two metro areas are combined, the income limits would not be allowed to be less than those of the largest of the two old areas);
- Column five shows the percentage change between the published FY2005 income limit and the revised FY2005 income limit with no hold-harmless policy; and,
- Column six shows the percentage change between the published FY2005 income limit and the revised FY2005 income limit with the proposed primary area hold-harmless policy.

Questions on 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. 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.)

#### SUPPLEMENTARY INFORMATION

##### I. Background

Section 3(b)(2) of the United States Housing Act of 1937 (USHA) defines "low-income families" and "very low-income families" as families whose incomes are below 80 percent and 50 percent, respectively, of the median family income for the area with adjustments for family size. In addition, the Act specifies conditions under which income limits are to be adjusted either on a designated area basis or based on unusually high or low family incomes. Legislative history as well as the statutory language provides that income limits are to be calculated on a metropolitan statistical area basis except when specified otherwise in the statute. These income limits are generally referred to as Section 8 income limits because of the historical and statutory links with that program. Section 8 income limits have always been calculated using Section 8 FMR area definitions, which in turn are based on OMB metropolitan area definitions.

HUD has always followed the OMB metropolitan area classification scheme in defining FMR areas. In reviewing the 1990 Census-based metropolitan area definitions, however, HUD assigned some peripheral county parts of large OMB-defined metropolitan areas their own income limits. This was done in instances where the counties had significantly lower incomes and rents than the core of their respective metropolitan area, and where they were considered to have limited interaction with the core metropolitan area to which they were assigned. The approach proposed in this notice continues to make limited use of HUD's discretion to define income limit areas within the boundaries of OMB metropolitan area definitions.

*Electronic Data Availability:* This **Federal Register** notice is available electronically from the HUD news page: <http://www.hudclips.org>. **Federal Register** notices also are available electronically from the U.S. Government Printing Office Web site: <http://www.gpoaccess.gov/fr/index.html>.

##### II. Procedures for the Development of HUD Income Limit Areas

Since passage of the Housing and Community Development Act of 1974 that established HUD Section 8 income limits, HUD has established income limit areas using Section 8 FMR area boundaries except in one instance where HUD is directed to do otherwise by statute (Rockland County, NY). The related statutory directives and details of the methodology used is contained in the *FY2005 HUD Income Limits Briefing Material* found on the [www.huduser.org](http://www.huduser.org) Web site previously referenced. The proposed FY2006 income limits calculation methodology differs from that used in calculating the FY2005 HUD Section 8 income limits in two respects: (1) it assumes use of the proposed FY2006 Section 8 FMR areas as defined in **Federal Register** publication of June 2, 2005, and also available at [www.huduser.org/datasets/fmr.html](http://www.huduser.org/datasets/fmr.html); and, (2) it proposes comments on two possible hold-harmless income limit policies (continuation of past policies without adjustment is inconsistent with the new area definitions);

##### III. Metropolitan Area Definitions

The proposed FY2006 income limit areas are identical to proposed Section 8 FMR areas except for the one statutory exception previously noted. For FY2006, HUD is using the new county-based statistical areas as defined by OMB in 2003 and since updated with minor changes. HUD has, however, modified the application of the new definitions so as to minimize changes in FMRs and thereby minimize program management problems. This also serves to reduce the changes in income limits that would otherwise result. The only difference between FMR area definitions and the new OMB metropolitan area definitions is that HUD has established metropolitan area submarkets for purposes of income limit and FMR determinations in some instances where old FMR and income limit areas have been significantly modified. All proposed metropolitan FMR areas consist of areas within new OMB metropolitan areas. Any parts of old metropolitan areas, or formerly nonmetropolitan counties, with a sufficient number of recent mover rental units in the 2000 Census to permit a separate FMR estimate and that would have more than a 5 percent increase or decrease in their FMRs as a result of implementing the new OMB definitions are defined as separate FMR areas. In general, HUD applies the same update

factors to the rents of all FMR areas within the same new metropolitan area.

The changes in area definitions have resulted in different proposed income limits than if an area was subject to the normal updating of last year's values, particularly in counties that were in old metropolitan areas that are now considered nonmetropolitan under the new OMB definitions. This approach, however, makes HUD FMR area definitions more consistent with current local housing market relationships, makes them more consistent with those used by most other federal agencies, and facilitates use of the extensive new Census data that will become available from the American Community Survey.

#### A. Background

In June 2003, OMB issued new metropolitan area definitions based on 2000 Census data and a revised methodology that placed increased weight on commuting patterns. This methodology had been developed and made subject to public comment prior to and after the 2000 Census data collection, and reflected the consensus thinking of numerous experts. HUD economists and demographers were involved in this process and believe that the new definitions are technically superior to the old definitions and better reflect how local housing markets should be evaluated.

OMB metropolitan definitions are important for two reasons. One is that they are the basis on which the federal government collects and reports data (e.g., new Census data collections will base samples and issue reports using the new definitions). The Census American Community Survey (ACS), which the Census Bureau began administering in full in 2005 to replace decennial census sample data (the current source of base income and most base rent data), will provide extensive and relatively current data on rents and incomes using the new OMB definitions. The other reason OMB definitions are important is that federal agencies are expected to use these definitions in administering their programs unless there is some strong program reason to do otherwise.

HUD proposed using the new OMB definitions in an August 6, 2004 (69 FR 48040), **Federal Register** publication that issued proposed FY2005 FMRs. That publication introduced use of both the new OMB definitions and 2000 Census data. There were an unusually large number of proposed increases and decreases related to use of the new data and definitions. In response to the limited timeframe available for public comments and the number of comments received opposing use of the new

definitions, HUD reverted to using the old definitions in its final FY2005 FMR publication and in the FY2005 income limit publication. HUD subsequently received a number of complaints from members of the public and the Congress related to its failure to implement the new OMB definitions.

Following publication of proposed FY2006 FMRs and a review of public comments received, HUD published final FY2006 FMRs effective on October 1, 2005, that were calculated using new OMB metropolitan area definitions. There are statutory and administrative linkages between HUD FMR and income limit areas, and HUD therefore proposes to implement the revised FMR area definitions in calculating FY2006 income limits. In addition to statutory and administrative considerations, HUD believes that it is important to implement the new definitions for the following reasons: (1) The new definitions better reflect local housing market relationships; (2) inconsistencies with other federal program standards will be minimized, (3) it will facilitate the use of the extensive new ACS data that the Census will begin releasing next year that is collected and processed based on the new OMB definitions; and, (4) it is responsive to complaints received after issuance of the final FY2005 FMRs and income limits from areas regarding HUD's failure to implement the new OMB definitions.

According to OMB guidance on the use of metropolitan area definitions for non-statistical programs, such as setting FMRs for the Housing Choice Voucher program and income limits for all programs, HUD may alter OMB definitions of metropolitan areas to better suit program operations. As stated in OMB Bulletin 04-03 defining metropolitan areas:

OMB establishes and maintains the definitions of Metropolitan \* \* \* Statistical Areas \* \* \* solely for statistical purposes. \* \* \* OMB does not take into account or attempt to anticipate any non-statistical uses that may be made of the definitions[.] In cases where \* \* \* an agency elects to use the Metropolitan \* \* \* Area definitions in non-statistical programs, it is the sponsoring agency's responsibility to ensure that the definitions are appropriate for such use. An agency using the statistical definitions in a non-statistical program may modify the definitions, but only for the purposes of that program. In such cases, any modifications should be clearly identified as deviations from the OMB statistical area definitions in order to avoid confusion with OMB's official definitions of Metropolitan \* \* \* Statistical Areas.

#### B. Modified Implementation of New OMB Definitions

HUD had three objectives in defining FMR areas for FY2006: (1) To incorporate new OMB metropolitan area definitions so the FMR estimation system can better use new data collected using those definitions; (2) to better reflect current housing markets; and, (3) to minimize the number of large changes in FMRs due to use of the new OMB definitions. A reduction in changes in income limits was also of interest but given a secondary priority for reasons noted in item IV of this notice. The proposed FMR area definitions were developed to achieve these objectives as follows:

- FMRs were calculated for each of the new OMB metropolitan areas using 2000 Census data.
- Subparts of any of the new areas that had separate FMRs under the old OMB definitions were identified, and 2000 Census Base Rents for these subparts were calculated. Only the subparts within the new OMB metropolitan area were included in this calculation (e.g., counties that had been excluded from the new OMB metropolitan area were not included).
- Metropolitan subparts of new areas that had previously had separate FMRs were assigned their own FMRs and income limits if their 2000 Census Base Rents differed by more than 5 percent from the new OMB area 2000 Census Base Rent.
- Formerly metro counties removed from old metropolitan areas get their own FMRs and income limits, which accounts for most of the large decreases in FMRs and income limits.

- Formerly nonmetropolitan counties that were added to the new OMB metropolitan areas and did not have enough renters to calculate separate 2000 Census Base Rents were assigned the FMRs and income limits for the appropriate adjoining metropolitan counties, which accounted for most of the large increases in FMRs and income limits.

The area-specific data and computations used to calculate proposed FY2006 FMRs and FMR area definitions can be found at [www.huduser.org/datasets/fmr/fmrs/](http://www.huduser.org/datasets/fmr/fmrs/).

#### C. Future Section 8 FMR and Income Limit Annual Updates

HUD believes the new OMB definitions of Metropolitan Statistical Areas (MSAs) are reasonable definitions of housing markets whose relevance will increase with time. That is, while HUD has permitted some subdivisions of new MSA's to correspond with old

MSA boundaries based on 2000 Census rent data, the new MSAs are believed likely to be increasingly good reflections of housing market growth patterns over time. Future updates to income limits will be made at the metropolitan area level except in instances where there are sufficient ACS data to calculate median family income estimates for FMR/income limit submarkets within an OMB metropolitan area.

#### IV. Impacts of Income Limit Area Changes

The tables in this section provide information on the impacts of two different income limit policies. As noted previously, some of these changes are due to elimination of existing hold-harmless income limits and some are due to the new definitions. Once admitted into the public housing or Section 8 program, a family remains eligible for assistance even if their income increases. Thus, changes in income limits will only affect new admissions into assisted housing.

Income limits are generally far above the incomes of most applicants, which partly reflects the fact that assisted housing benefits are inversely related to income. In nearly all instances income limits are and will remain above the income levels of applicants.

Although changes in HUD income limits would have very little impact on HUD assisted housing programs, they would impact other programs. The largest programs affected would be HUD's Community Development Block Grant and HOME programs, the Department of the Treasury's Low Income Housing Tax Credit (LIHTC) program, and the Department of Agriculture's Rural Housing Services' assisted housing programs.

HUD has in the past selectively frozen income limits in instances where reductions would result due to changes in income estimates, income estimation methodology, or income limit methodology. This "hold-harmless" approach was intended to minimize program administrative burdens and

misunderstandings, as well as avoid placing the financial feasibility of existing housing projects into question in instances where program rents were tied to income limits (*i.e.*, as with the LIHTC program). In such instances, income limits are frozen until such time as normal income limit calculations produce increases. The widespread scope of the 2003 OMB definitional changes, however, led to problems in applying a simple hold-harmless approach.

Table 1 provides information on how published FY2005 income limits compare with FY2005 income limits calculated using FY2006 FMR area definitions, which match new OMB metropolitan area definitions but allow some areas to be subdivided along the lines of old metropolitan area definitions. In Table 1, the revised FY2005 income limits are calculated without any of the hold-harmless provisions that were contained in the published FY2005 income limits.

TABLE 1.—DIFFERENCES BETWEEN ACTUAL FY2005 INCOME LIMITS AND INCOME LIMITS CALCULATED USING FY2006 FMR AREA DEFINITIONS WITH NO HOLD-HARMLESS POLICY

Income limit change (percent)	2000 population	Percent	Cumulative population	Cumulative percent
Less than -20 .....	4,830,632	1.7	4,830,632	1.7
-20 to -15.01 .....	3,014,346	1.1	7,844,978	2.7
-15 to -10.01 .....	8,747,501	3.1	16,592,479	5.8
-10 to -5.01 .....	24,421,108	8.6	41,013,587	14.4
-5 to -1.00 .....	91,578,905	32.1	132,592,492	46.5
Less than +/- 1 .....	128,074,050	44.9	260,666,542	91.3
+1.0% to 5 .....	11,709,325	4.1	272,375,867	95.4
+5.01 to 10 .....	9,835,536	3.4	282,211,403	98.9
+10.01 to 15 .....	2,227,150	0.8	284,438,553	99.7
+15.01 to 20 .....	336,345	0.1	284,774,898	99.8
Greater than 20 .....	630,634	0.2	285,405,532	100.0

The largest Table 1 income limit decreases are concentrated in Puerto Rico, in a limited number of New England metropolitan areas with large area definitional changes, and in counties that have been re-assigned from metropolitan areas to non-metropolitan status and therefore have income limits based on county rather than metropolitan area data. In practice, since most or all FY2006 estimates of median family income will be higher than equivalent FY2005 estimates, the actual income limit decreases will be

less than shown in Tables 1 and 2 and the increases will be greater.

Table 2 shows the impacts of implementing a hold-harmless policy based on using the FY2005 income limits for the largest old component part of the new metropolitan area as the hold-harmless income limits. That is, if the definition of a new metropolitan area included parts of two old FMR/income limit areas, part A with a population of 200,000 and part B with a population of 100,000, the hold-harmless income limits used would be those of part A. Part A's FY2005 income

limits would be used to set the new FMR area's FY2006 income limits in the event that normal income limit calculations produced lower income limits. As shown in Table 2, only 1.9 percent of the population resided in areas subject to income limit decreases of more than 10 percent had the new income limits been effective in FY2005. Again, since most FY2006 median family income estimates will be higher than FY2005 estimates, the percentages shown in Table 2 overstate the FY2006 decreases of this approach and understate the increases.

TABLE 2.—DIFFERENCES BETWEEN ACTUAL FY2005 INCOME LIMITS AND INCOME LIMITS CALCULATED USING FY2006 FMR AREA DEFINITIONS WITH PRIMARY AREA HOLD-HARMLESS POLICY

Income limit change (percent)	2000 population frequency	Percent	Cumulative population frequency	Cumulative percent
Less than -20 .....	0	0.0	0	0.0
-20 to -15.01 .....	1,437,963	0.5	1,437,963	0.5
-15 to -10.01 .....	3,986,037	1.4	5,424,000	1.9
-10 to -5.01 .....	827,944	0.3	6,251,944	2.2
-5 to -1.00 .....	879,452	0.3	7,131,396	2.5
Less than +/- 1 .....	253,073,450	88.7	260,204,846	91.2
+1.0 to 5 .....	11,861,397	4.2	272,066,243	95.3
+5.01 to 10 .....	988,7843	3.5	281,954,086	98.8
+10.01 to 15 .....	2,181,860	0.8	284,135,946	99.6
+15.01 to 20 .....	281,344	0.1	284,417,290	99.7
Greater than 20 .....	988,242	0.3	285,405,532	10.0

The major concern with this approach is that it would result in large increases in income limits solely because of the addition of a county or county subpart that is small in relationship to the FMR/income limit area. There are a few such instances where the resulting income limits would be so much higher than if based on the area's true median family income estimates that its income limits would need to remain frozen for several years. In such instances, area income limits would be much higher than income limits permitted in other areas of the country with similar economic and demographic characteristics. Given the widespread use of HUD income limits in other Federal programs, this outcome would be unacceptably inequitable.

There are two reasons why it is undesirable to artificially raise income limits through implementation of a hold-harmless policy. One is simply that it is inconsistent with Congressional intent to have higher income limits than specified in the law, since they have the effect of reducing the intended Congressional targeting of program benefits to low and very-low income households and undermine the Congressional intent to establish similar income limits for areas with similar housing and economic characteristics. The other reason for caution in permitting higher income limits is that it can have the effect of artificially increasing allowed rents and profits in the Low Income Housing Tax Credit program at the same time it makes the long-term financial viability of such projects uncertain because changes in maximum allowed rents will be prohibited for an indefinite period of time, sometimes for several years. For instance, if a change in income limit calculation procedures has the effect of increasing income limits by 15 percent, the maximum allowed rents for any Low Income Housing Tax Credit projects in

the area automatically increase by 15 percent. The major reason for considering a hold-harmless policy is that Low Income Housing Tax Credit projects in areas with income limit decreases automatically have proportional decreases in their maximum allowed rent charges, which can adversely impact their financial viability. Very few such projects would be affected using a primary area hold-harmless policy (Table 2).

A significant part of the income limit reductions that would occur if a primary area hold-harmless policy is implemented are associated with two metropolitan areas. As noted previously, in some instances the new OMB definitions had the effect of merging two or more metropolitan areas. In preparing its proposed FY2006 FMRs, HUD opted to disaggregate such areas when their FMRs differed by more than 5 percent so as to better reflect housing market relationships. In reviewing the impact of income limit changes due to FMR area definitional changes, it was found that most proposed FMR area mergers remaining after the 5 percent test was applied had similar income limits. As noted previously, this was not true for the metropolitan areas added to the Miami and New York City metropolitan areas. The Bergen-Passaic and Monmouth-Ocean former metropolitan areas that were added to New York City had significantly higher median family incomes and income limits than those for New York City, although their FMRs were similar. The same was true for the former metropolitan areas of Fort Lauderdale and West Palm Beach-Boca Raton that were added to Miami. Application of a primary area hold-harmless policy does not benefit the old metropolitan areas being added to Miami and New York City, because the primary areas are much larger than the areas being added and have much lower income limits. Using a primary area

hold-harmless policy produces the following results:

Area	Income limit change (percent)
Miami Metropolitan Area:	No Change.
Fort Lauderdale Part .....	- 10
W. Palm Beach-Boca Raton	- 14
New York City Metro Area:	No Change.
Bergen-Passaic .....	- 18
Monmouth-Ocean .....	- 12

HUD believes that the magnitude of these differences in income limits warrants reconsideration of the FMR area definitions for these two newly defined OMB metropolitan areas. The few other metropolitan areas experiencing decreases had decreases that were so small that they are likely to disappear once FY2005 income limits are updated to FY2006, which is when the new numbers would become effective. HUD therefore wishes to invite comments as to whether any of the areas identified above should be made into separate subparts of their new OMB metropolitan areas, as was done for subparts with measurably different FMRs. Establishing separate income limit areas would mean that separate FMR areas would also be established. The FY2006 FMRs for all areas in question would remain unchanged in FY2006, and the FY2007 FMRs for the two primary areas and their OMB-defined additions would be likely to be almost identical.

#### V. Request For Public Comments

HUD seeks public comments on the proposed income limit methodology. Both general and area-specific comments will be accepted. General comments should provide program-related reasons for supporting, modifying, or opposing the proposed income limit approach. Area-specific calculation comments need to be

accompanied by information and analysis supporting any recommendation made. HUD believes it generally has the best available current

information on incomes, but is interested in reviewing any additional information that can be supplied.

Dated: December 8, 2005.

**Darlene F. Williams,**  
*Assistant Secretary for Policy Development  
and Research.*

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