

DHSS Policy Memorandum (PM) 62
As Applied to DDDS Residential Sites:
Frequently Asked Questions (FAQs)

Q. *What is PM 62?*

A. The Department of Health and Social Services (DHSS) Policy Memorandum 62 (hereafter referred to as PM 62) was enacted in October 2010 and most-recently revised in February 2015. PM 62 is a Department-wide policy and applies to all residential sites in which individuals supported by DHSS reside. PM 62 aims to manage site expenses by ensuring that rent / mortgage costs for DHSS residential sites remain comparable to Fair Market Rent (FMR) thresholds determined by the U.S. Department of Housing and Urban Development (HUD). Before a site is granted (or re-granted) Residential Property Approval & Authorization by the Office of Budget, Contracts, and Business Services (OBCBS), the monthly rent / mortgage for that site is screened against HUD FMR rates to verify cost alignment and prevent over-spending by DHSS.

As it pertains to the Division of Developmental Disabilities Services (DDDS), PM 62 specifies the rent / mortgage parameters for all DDDS residential sites. Every existing, approved, and proposed DDDS residential site is subject to the rent / mortgage rules set forth in PM 62. On an annual basis, monthly rent / mortgage for a DDDS residential property (inclusive of mortgage principal and interest (as applicable), property and school tax (as applicable), property insurance, maintenance, replacement reserve funds, and administration / management fees) is screened against current HUD FMRs; the allowable amount of rent / mortgage for a DDDS residential property is the lower of the two amounts.

If the actual cost of rent / mortgage for a DDDS residential property is higher than the HUD FMR, the DDDS provider may submit additional documentation to apply for a cost adjustment. If the application for adjustment is approved by OBCBS, the allowable final rent / mortgage of the DDDS residential property may be up to 30% above the HUD FMR.

PM 62, in its entirety, is available on the DDDS website at

http://dhss.delaware.gov/dhss/admin/files/pm_62.pdf

Q. *How does PM 62 affect properties managed by my agency?*

- A. For each DDDS residential site currently in operation, PM 62 requires an annual review of rent / mortgage costs to determine if the proposed renewal cost is compliant with HUD FMRs. Compliancy must be met before Residential Property Approval & Authorization is re-granted. Additionally, PM 62 requires that all DDDS residential sites currently under contract and in the process of development meet the specified HUD FMR thresholds prior to re-granting of Residential Property Approval & Authorization. As an authorized DDDS provider, it is the responsibility of your agency to submit the required documents for your managed sites to OBCBS **at least 30 days** prior to the expiration date of the current Residential Property Approval & Authorization. Also please note that proposed new residential sites must also meet HUD FMRs prior to initial Residential Property Approval & Authorization.

Q. *What is FMR?*

- A. Fair Market Rents (FMRs) are used to define monthly rent payment standards for various housing assistance programs across the United States. FMRs are updated and released annually by the Office of Policy Development and Research, U.S. Department of Housing and Urban Development (HUD). FMRs are calculated for 530 metropolitan areas and 2,045 non-metropolitan county areas and include rent, as well as the cost of tenant-paid utilities (excluding telephone, cable and/or satellite television, and internet service).

HUD releases FMRs each October to coincide with the beginning of the Federal Fiscal Year.

Current-year FMR values, as well as additional information related to FMR calculation methodology, are available on the HUD website at

<https://www.huduser.gov/portal/datasets/fmr.html>.

PM 62 requires that each DDDS residential site has a monthly rent / mortgage cost equal to or lower than the current-year FMR.

For illustrative purposes, the 2017 Delaware FMRs are displayed below:

2017 Delaware HUD FMRs, by Unit Size and County

Unit Size	Kent County	Sussex County	New Castle County
Efficiency	\$832	\$618	\$845
1 Bedroom	\$899	\$688	\$1,003
2 Bedroom	\$1,037	\$915	\$1,211
3 Bedroom	\$1,510	\$1,304	\$1,515
4 Bedroom	\$1,827	\$1,477	\$1,686

Q. How can I tell if my managed sites meet PM62 guidelines?

- A. As an authorized DDDS provider, it is the responsibility of your agency to ensure that all residential sites managed by your agency – whether existing, under development, or proposed – are compliant with current-year FMRs.

Current-year FMRs may be accessed via the HUD website at <https://www.huduser.gov/portal/datasets/fmr.html>. As a professional courtesy, the Office of Professional Services (OPS) will forward a copy of current-year FMRs to all authorized DDDS providers. However, please note that it is the responsibility of the DDDS provider to ensure current FMR values are used regardless of whether rates are forwarded by OPS.

If the proposed rent / mortgage for a DDDS residential site is greater than the current-year FMR, the DDDS provider may appeal to OBCBS for a cost adjustment up to 30% more than HUD FMR. As part of the adjustment application process, the DDDS provider must complete a Programmatic Features Assessment and/or Universal Design Scoresheet as supporting documentation. Please complete and submit the Residential Property Approval & Authorization form, the current lease or mortgage agreement, and all supporting documentation to OBCBS **at least 30 days** prior to expiration of the current residential property approval form.

Q. *The proposed rent / mortgage cost for a residential property is above HUD FMR; will it still be approved by OBCBS?*

A. OBCBS reviews each residential property while considering the needs of the individuals residing within the home. As stated above, consideration will be given to proposed rent / mortgage costs above current HUD FMR contingent on the DDDS provider submitting all required documentation in a timely and accurate manner. Again, please ensure that all necessary forms are submitted to OBCBS **at least 30 days** prior to expiration of the current residential property approval form.

Q. *How long does it take for a review and decision from DDDS?*

A. Annual reviews of residential site rent / mortgage costs are completed within 3 weeks of the submission of all necessary documentation. Review of incomplete submissions, as well as submissions pertaining to sites with proposed rent / mortgage costs above HUD FMRs, will take longer than 3 weeks. OBCBS strongly recommends authorized providers submit complete proposals or renewals for review **at least 30 days** prior to the expiration of the current Residential Property Approval & Authorization.