

July 5, 2019

Regulations Division
Office of General Counsel
U.S. Department of Housing & Urban Development
451 7th St. SW
Room 10276
Washington, DC 20410-0001

Proposed Changes to the Methodology Used for Estimating Fair Market Rents - Docket No. FR-6161-N-01

On behalf of the undersigned organizations, we wish to commend HUD for its transparency regarding methodological changes to Fair Market Rent (FMR) calculations. We commend HUD's efforts to continue to address concerns regarding the geographic variations that occur in real estate markets and believe the introduction of more detailed geographies in the data will help address some of those concerns.

While we continue to have concerns regarding the use of Small Area Fair Market Rents (SAFMRs) because zip codes do not represent real estate markets, we are encouraged by the fact that detailed data from surrounding zip codes will now be included to move towards defining a geography that more accurately describes a real estate market. We respectfully request that the use of SAFMRs continues to be restricted to the current jurisdictions in the program, as there is currently little research to show a change from FMRs to SAFMRs is successful in the goal of moving voucher holders into areas of greater opportunity.

The methodological changes to both the FMRs and SAFMRs will result in positive and negative changes to the payment standard in some areas, and in the case of SAFMRs, it is possible that the changes could be more drastic because the local trend factors have not been included in the hypothetical SAFMRs published by HUD. We are concerned that areas where the payment standard declines will have a detrimental effect to the operation of properties, especially given the fact that we are in a time of increasing operating expenses. We ask, therefore, that HUD adopts the hold harmless policy that was previously in effect for income limits, that would cap rent declines to 5 percent.

Once again, we strongly thank you for your continued efforts to make the methodology more accurate, and your transparency in doing so.

Sincerely,

Council for Affordable and Rural Housing
Institute of Real Estate Management
National Affordable Housing Management Association
National Apartment Association
National Leased Housing Association
National Multifamily Housing Council