

October 1, 2026

Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington, DC 20410-0500

RE: [Docket No. FR-6553-N-03] Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs, Fiscal Year 2027

To whom it may concern,

The Council of Large Public Housing Authorities (CLPHA) is a non-profit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis, and public education. We support the nation's largest and most innovative public housing authorities (PHAs) by advocating for the resources they need to solve local housing challenges and create communities of opportunity. Our members own and manage nearly half of the nation's public housing program, administer a quarter of the Housing Choice Voucher (HCV) program, and operate a wide array of other housing programs.

We appreciate the opportunity to submit comments to the U.S. Department of Housing and Urban Development (HUD or the Department) in response to the notice titled "Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs, Fiscal Year 2027," published in the Federal Register on September 1, 2026 (91 FR 56156).

Background: What Changed for FY 2027

Fair Market Rents (FMRs) estimate the 40th percentile gross rent (rent plus utilities) paid by recent movers for standard quality units. They set the basis for HCV payment standards and, through the year-over-year change in two-bedroom FMRs, feed the Renewal Funding Inflation Factors (RFIFs) that determine PHAs' Housing Assistance Payments (HAP) funding eligibility. HUD's own notice reminds PHAs of this link and encourages them to weigh RFIF adequacy when deciding whether to request a reevaluation of FY 2027 FMRs.

Several elements of the FY 2027 notice matter to CLPHA members:

- **Private data weight lowered in annual recalibration:** HUD's annual recalibration of the gross rent inflation factor weights reduced the private rental data share to approximately 55 percent and Consumer Price Index (CPI) to approximately 45 percent, down from roughly 64 percent private and 36 percent CPI in FY 2026.
- **A new utility inflation factor:** HUD proposed this change in the FY 2026 notice and adopted it for FY 2027, after the Bureau of Labor Statistics (BLS) stopped publishing the local CPI for fuels and utilities. HUD now measures utility cost changes using state-level

prices for electricity, natural gas and fuel oil, plus national data for water, sewer and trash. The new factor is used both to update rents to 2025 and to project them forward to FY 2027.

- **Trend factor models were not reassessed.** HUD continues to use the model selections established for FY 2020, citing 2020–2024 market volatility.
- **Small Area FMR (SAFMR) methodology and mandates are unchanged.**

CLPHA's analysis of the FY 2027 FMRs found that nearly a third of CLPHA members received a reduction in their two-bedroom FMR, and that FMRs rose by just 2 percent on average across the membership. These results arrive while the HCV program faces more than \$700 million in funding shortfalls and after HUD's RFIF methodology produced a 0 percent inflation factor for over half of CLPHA members in 2026.

FMRs Continue to Fall Behind Market Reality

In our FY 2026 comments, CLPHA documented a persistent gap between published FMRs and the rents our members' voucher holders face. The FY 2027 FMRs widen that gap. A 2 percent average increase, with more than a third of members seeing decreases, does not reflect what PHAs are experiencing on the ground in rent growth, utility costs, and landlord asking rents.

CLPHA's analysis of two-bedroom FMRs across member agencies shows how widespread the problem is. Twenty-eight member agencies (31 percent) saw their two-bedroom FMR fall between FY 2026 and FY 2027, six of them by more than 5 percent. Thirty agencies now have FY 2027 FMRs below their FY 2025 levels, and 11 have seen declines two years in a row. Many of the steepest reductions fall in large, high-cost metropolitan areas:

Two-bedroom FMRs in selected major metropolitan areas with CLPHA members, FY 2025–FY 2027

Metropolitan area	FY 2025	FY 2026	FY 2027	FY26–FY27
Salt Lake City, UT	\$1,748	\$1,747	\$1,615	–7.6%
Washington, DC	\$2,540	\$2,620	\$2,438	–6.9%
San Jose, CA	\$3,446	\$3,483	\$3,272	–6.1%
San Diego, CA	\$2,881	\$3,001	\$2,823	–5.9%
Milwaukee, WI	\$1,257	\$1,338	\$1,263	–5.6%
Houston, TX	\$1,529	\$1,573	\$1,497	–4.8%
Riverside–San Bernardino, CA	\$2,306	\$2,201	\$2,103	–4.5%
Oakland, CA	\$2,682	\$2,912	\$2,805	–3.7%
Atlanta, GA	\$1,830	\$1,820	\$1,762	–3.2%
Sacramento, CA	\$2,206	\$2,255	\$2,201	–2.4%
Portland, OR	\$1,997	\$1,922	\$1,878	–2.3%
Austin, TX	\$1,949	\$1,852	\$1,817	–1.9%

In several of these markets, the decline is not a one-year adjustment. Two-bedroom FMRs have now fallen two years in a row in the Riverside–San Bernardino, Portland, Austin, and Atlanta areas, and FY 2027 FMRs in San Jose, San Diego, Washington, DC, Houston, and Seattle remain below their FY 2025 levels. Four of these declines, in Washington, DC, San Diego, Atlanta, and Sacramento, occurred in metropolitan areas where HUD mandates Small Area FMRs. Because

Small Area FMRs are calculated from the metropolitan FMR, these declines lower payment standards across every ZIP code in those areas, including the higher-opportunity neighborhoods the SAFMR policy is meant to open up.

The structural lag we described last year remains. The newest rent data used to calculate FY 2027 FMRs come from the 2024 1-year American Community Survey (ACS), which captures households that moved into their units during 2024. HUD combines those recent-mover rents with 2020–2024 5-year ACS base rents and inflates the result by one year to 2025. It then projects the rents forward to FY 2027 using forecast models selected in 2019. As a result, FMRs in use from October 2026 through September 2027 rest on rents observed two to three years earlier. In many areas, reliable 1-year data are not available at all, and HUD falls back on two-year recent-mover estimates or data from a larger geography.

The notice itself shows how often this approach falls short. HUD replaces ACS data with a local rent survey only when the survey is more recent. In large metros, that means it was collected after June 30, 2024, the midpoint of the 1-year ACS. For FY 2027, HUD uses local surveys from 2024 through 2026 in New York, Boston, Los Angeles, and about a dozen other areas. These surveys were generally commissioned by PHAs and other local parties who concluded that ACS-based FMRs did not reflect their markets, and who paid to prove it through the reevaluation process. Some of the highest-cost markets in the country have more current FMRs only because local agencies funded their own data collection.

Lagging FMRs Are Contributing to a Shrinking Voucher Program

These FMRs arrive after PHAs have already made painful choices to stay within their funding. In its February 2026 letter to PHA executive directors, HUD recommended that all PHAs stop issuing new vouchers (except HUD-VASH and newly awarded Foster Youth to Independence vouchers), pause new project-based voucher commitments, reduce payment standards and end the use of exception payment standards, and adopt other cost-savings measures from PIH Notice 2025-28. PHAs that received 2025 shortfall awards were barred from issuing vouchers outside the narrow limits of their Shortfall Prevention Team action plans, and HUD warned it could not guarantee shortfall funding for any PHA. CLPHA members followed this guidance at real cost to the families on their waiting lists.

CLPHA is **deeply concerned** that the HCV program is shrinking and that FMR methodology is contributing to the decline. With voucher issuance halted at many agencies, vouchers that turn over are not reissued, and the number of families served falls through attrition. Lagging FMRs accelerate this decline in four reinforcing ways:

- **Payment standards fall again.** Many PHAs have already cut payment standards and ended exception payment standards at HUD's urging. Where FMRs now decline, PHAs outside the basic range must cut further. This raises family rent burdens and pushes voucher holders toward the most distressed neighborhoods.
- **Fewer families lease up, and fewer landlords participate.** Uncompetitive payment standards lengthen searches and increase voucher expirations. Owners read flat or falling FMRs as a sign that the program is unresponsive to the market, and once they leave, they are slow to return.

- **Lower FMRs mean lower renewal funding.** RFIFs are built from changes in two-bedroom FMRs, so flat or declining FMRs reduce HAP renewal funding even where PHAs' actual per-unit costs are rising.
- **Smaller programs become the new baseline.** Renewal funding is based on prior-year leasing and costs. When PHAs serve fewer families, that smaller program becomes the base for the next year's funding, locking in the decline.

HUD's February 2026 letter attributed shortfalls to program costs that have not moderated alongside national rent inflation. National averages, however, mask conditions in the markets where CLPHA members operate, where rents and utility costs continue to rise. When FMRs understate those costs, the result is not lower costs but fewer families served, even as need grows. CLPHA urges HUD to treat FMR accuracy not only as a technical matter but as a question of how many families the program can serve.

Recommendations

1. Explain and Reconsider the Reduced Weight on Private Rental Data, and Update High-Volatility Markets More Frequently

CLPHA has long supported HUD's use of private rental data from Apartment List, CoStar Group, Cotality, Moody's, RealPage, and Zillow. The notice itself acknowledges that private data often measure recent-mover rent inflation more quickly than the CPI. Yet for FY 2027, HUD reduced the private data weight from 64 percent to 55 percent.

HUD sets these weights by testing which mix of private data and CPI would have best matched ACS recent-mover rents from 2018 through 2024. The problem is that private data are valued precisely because they pick up rent changes sooner than the ACS. Judging them by how closely they track the ACS rewards the slower-moving source. That can shift weight away from private data and build the lag back into FMRs. CLPHA recommends HUD:

1. Publish the analysis behind the revised weights, including year-by-year results and how the prior weights would have changed each area's FY 2027 FMR.
2. Test alternative calibration approaches that give more credit to timeliness and consider restoring at least the FY 2026 weighting while that work is underway.
3. As we recommended last year, implement semi-annual or quarterly FMR updates in markets where the private data HUD already licenses show year-over-year rent growth above a set threshold (for example, 7–10 percent).

2. Validate and Refine the New Utility Inflation Factor

CLPHA recognizes that HUD needed a replacement after BLS discontinued the local housing fuels and utilities CPI data. However, the new composite raises concerns for members whose tenants pay utilities:

- **State-level prices mask local variation.** Utility rates can differ sharply between a large city's municipal utility and the rest of its state.
- **Water, sewer, and trash are measured nationally.** These rates are set locally by cities and utilities and can vary widely from one community to the next. A single national series

cannot reflect local rate increases, so PHAs in areas with above-average increases will see those costs understated in their FMRs.

- **Regional electricity cost spikes are averaged away.** State-level averages and a one-year measurement window miss the rapid electricity price increases now occurring in regions with concentrated data center growth, as discussed below.

Data center growth is driving rapid electricity cost increases in many markets that CLPHA members serve. In the PJM Interconnection, the wholesale electricity market serving all or parts of 13 states and the District of Columbia, utilities pay capacity prices to make sure enough power plants will be available at times of peak demand. Those costs are passed through to every customer's electric bill. In most of the region, capacity prices rose more than elevenfold in two years: from \$28.92 per megawatt-day for 2024/2025 to \$269.92 for 2025/2026 and \$329.17 for 2026/2027. The 2026/2027 price would have been even higher had PJM not imposed a price cap. PJM's independent market monitor estimated that data centers were responsible for 63 percent of the 2025/2026 increase, or \$9.3 billion recovered from customers across the region through higher electric rates. Capacity costs alone are estimated to add about \$18 per month to the average residential bill in western Maryland and about \$16 per month in Ohio, and to account for about \$10 of a \$21 monthly increase for Pepco residential customers in Washington, DC.¹ Many CLPHA members operate in PJM markets, including the Washington, DC, Baltimore, Philadelphia, Pittsburgh, Chicago, Cleveland, Columbus, Cincinnati, Norfolk, and northern New Jersey areas.

These increases fall hardest on low- and moderate-income households, who already spend a far larger share of their income on energy. The American Council for an Energy-Efficient Economy (ACEEE) found that one in four low-income households nationally spends more than 15 percent of income on energy bills, and that in 23 of the 25 largest metropolitan areas it studied, at least one in four low-income households faced a severe energy burden above 10 percent of income. Baltimore, a PJM market, had the highest burdens of the metropolitan areas ACEEE examined.² For voucher households that pay their own utilities, rising electricity costs erode the value of their assistance unless utility allowances and FMRs keep pace. When they do not, families must absorb the difference or limit their search to a narrower set of units.

HUD's new utility factor is not designed to capture these changes. It measures price changes from 2024 to 2025, so it reflects only part of the capacity cost increase that began in June 2025 and none of the further increase that began in June 2026. It relies on state-level average prices, which dilute increases concentrated in particular utility service territories, especially in states split between wholesale markets. Research examining bills at the ZIP code level has not found a consistent local effect from nearby data centers,³ which underscores that the largest impacts are regional, flowing

¹ Cathy Kunkel, "Projected data center growth spurs PJM capacity prices by factor of 10," Institute for Energy Economics and Financial Analysis (IEEFA), July 30, 2025 (citing estimates by Monitoring Analytics, PJM's independent market monitor), <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10>.

² American Council for an Energy-Efficient Economy (ACEEE), "Study: One in Four Low-Income Households Spend Over 15% of Income on Energy Bills," September 11, 2024, <https://www.aceee.org/press-release/2024/09/study-one-four-low-income-households-spend-over-15-income-energy-bills>.

³ New Jersey State Policy Lab, Rutgers University, "Are Data Centers Raising Your Electric Bill? Mostly Not. Yet.," 2026, <https://policylab.rutgers.edu/publication/are-data-centers-raising-your-electric-bill-mostly-not-yet/>.

through wholesale capacity markets and utility rates across entire service territories. A measure built from state averages and national weights is not well suited to capture them.

CLPHA recommends HUD:

1. Publish, for each CPI area and region, the new utility factor alongside what the former CPI-based method would have produced, so PHAs can see the effect of the change.
2. Incorporate local or utility-specific water, sewer, and trash rate data where available, and use regional rather than national component weights.
3. Allow PHAs to submit local utility rate data as part of the reevaluation process.
4. Evaluate the new factor's accuracy after its first year and report the results in the FY 2028 notice.
5. Monitor regions experiencing rapid electricity price increases, such as the PJM region, and use utility- or zone-level price data where state averages mask those increases, including in the trend factor forecasts.

3. Reassess the Trend Factor Forecast Models Now

HUD has used the same trend factor model selections since FY 2020 and again declined to reassess them, citing 2020–2024 volatility. HUD chose these models in 2019, before the pandemic and the rent surge that followed, and before the new utility factor was added to the forecasts. Volatility is a reason to test the models, not to defer testing. CLPHA recommends HUD reassess model selection for FY 2027, publish forecast-versus-actual accuracy by CPI area, and consider incorporating private rent data into the forecasts.

4. Fund and Streamline FMR Reevaluations

The FY 2027 notice states that HUD lacks the resources to conduct local rent surveys and suggests PHAs fund them from administrative fees or administrative fee reserves. At a time of HAP shortfalls and deeply prorated administrative fees, that is not a realistic option for most agencies. Administrative fees have been prorated below the full formula year after year, even as staffing, insurance, technology, and other operating costs have risen with inflation, leaving most PHAs with little room to absorb new expenses. Rent surveys cost tens of thousands of dollars, and more than \$100,000 in large metropolitan markets. At the same time, HUD is explicitly pointing PHAs to reevaluations as a remedy for inadequate RFIFs, which will increase demand for surveys that PHAs cannot afford.

CLPHA reiterates its FY 2026 recommendations that HUD:

1. Establish a dedicated funding stream to cover the cost of reevaluation surveys.
2. Set clear processing timelines (for example, 30–45 days from receipt of complete data) and provide status updates.
3. Accept evidence from the private data sources HUD already uses as sufficient support for a reevaluation, without requiring a full independent survey.
4. Provide technical assistance, including standardized survey templates.
5. Proactively identify markets where HUD's own private data indicate a reevaluation is warranted and reach out to the affected PHAs.

5. Protect PHAs and Families from FMR Decreases and Align RFIFs with Market Conditions

With nearly a third of CLPHA members facing lower FMRs, CLPHA urges HUD to:

1. Allow PHAs to maintain their current payment standards when an FMR decrease would otherwise push them outside the basic range, without requiring a waiver.
2. Ensure FMR decreases produced by methodology changes, such as the new private data weights or utility factor, do not reduce RFIFs.

6. Restore Local Discretion over Small Area FMRs

HUD left the Small Area FMR (SAFMR) mandates unchanged for FY 2027. As CLPHA explained in last year's comments, mandatory SAFMRs require PHAs to manage dozens of ZIP code-level payment standards. They also complicate mobility counseling, portability, and landlord relationships.

Funding shortfalls make these problems worse. SAFMRs are designed to raise payment standards in higher-rent neighborhoods, which increases the per-unit cost of each family that moves there. That runs directly against HUD's own guidance urging PHAs to cut costs, reduce payment standards, and stay within the basic range. PHAs under a mandate cannot simply return to a single metropolitan payment standard to control costs. At the same time, SAFMRs lower payment standards in the neighborhoods where many voucher holders already live. That raises rent burdens for families who stay in place, just as they have the fewest options to move.

The mobility goal behind the mandate is also harder to reach in a shortfall. With issuance halted at many agencies, few new families are searching for units. The families who are searching face tighter budgets, fewer participating landlords, and shorter search windows. Meanwhile, the administrative work of maintaining SAFMRs continues while administrative fees are prorated. And because SAFMRs are calculated from the metropolitan FMR, this year's metro-wide declines in areas such as Washington, DC, San Diego, Atlanta, and Sacramento reduce payment standards across every ZIP code in those areas.

CLPHA recommends HUD:

1. Convert mandatory SAFMR areas to voluntary adoption, so PHAs can choose the structure that best fits their market and budget.
2. Allow PHAs currently under a mandate to suspend SAFMR use while they are in shortfall or at risk of shortfall.
3. Provide guidance and administrative fee funding to PHAs that choose SAFMRs.
4. Conduct an independent evaluation of SAFMR outcomes before any further expansion, including lease-up rates, time to lease, utilization, per-unit cost, and administrative cost.

7. Provide More Time Between Publication and Effective Dates

The FY 2027 FMRs were published September 1, 2026, and both comments and reevaluation requests are due October 1, the same day the FMRs take effect. Thirty days is not enough time for PHAs to analyze new FMRs, assess a new utility methodology, and decide whether to commit to an

expensive survey. CLPHA recommends HUD publish preliminary FMRs and RFIF estimates at least 60 days before October 1.

Conclusion

FY 2027 FMRs rose just 2 percent on average across CLPHA's membership, and nearly a third of members saw decreases, even as the HCV program faces historic funding shortfalls. The methodology changes in this notice, a lower weight on timely private data, a new and untested utility factor, and trend models left unexamined since 2019, risk moving FMRs further from market reality rather than closer to it. Given FMRs drive both payment standards and renewal funding, these gaps fall hardest on the families who rely on vouchers to find stable housing.

CLPHA urges HUD to publish the analysis behind its methodology changes, validate the new utility factor, reassess its forecast models, fund and streamline reevaluations, protect PHAs from FMR decreases, and give PHAs more time to respond. CLPHA and our members stand ready to share data, local market knowledge, and technical expertise to support these reforms.

Sincerely,

A handwritten signature in black ink, reading "La Shelle Dozier". The signature is fluid and cursive, with the first name "La Shelle" and the last name "Dozier" clearly distinguishable.

La Shelle Dozier
CEO
Council of Large Public Housing Authorities