



**Council of Large Public Housing Authorities**

455 Massachusetts Avenue, NW, Suite 425

Washington, DC 20001-2621

**Executive Director:** Sunia Zaterman

**phone:** 202.638.1300 | **fax:** 202.638.2364

**web:** [www.clpha.org](http://www.clpha.org)

July 5, 2019

Regulations Division  
Office of General Counsel  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW, Room 10276  
Washington, DC 20410-0001

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

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 on proposed changes to HUD's methodology for estimating Fair Market Rents (FMRs). While encouraged by the Department's study of ways to improve FMR methodology, the current proposed changes should be viewed as merely a first step towards improving FMR accuracy. Further, HUD should be more transparent in sharing its proposed changes so that PHAs can fully evaluate the new methodology and provide useful feedback.

FMRs are comprised of three components: 1) gross rents of recent movers using the American Community Survey (ACS), 2) a local inflation factor from the Consumer Price Index (CPI) to update gross rents, and 3) a national trend factor using CPI data to forecast future changes in gross rents. To improve FMR accuracy, HUD proposes using a new method of calculating its trend factor that uses local rent forecasting data to obtain a more accurate, locally-based trend factor. To evaluate how FMRs calculated using the new trend factor methodology would differ from FMRs using the current method, HUD provided a comparison spreadsheet of hypothetical and current FMRs.

**For the exercise to be useful, the hypothetical FMRs must be compared to FY2019 FMRs prior to appeals with PHA-sponsored rent surveys.**

Using FY 2019 FMRs that were revised based on PHA-sponsored rent surveys has no value as a comparison group to the hypothetical 2019 FMRs. FY 2019 FMRs that HUD calculated prior to accounting for local rent surveys are the most appropriate comparison, yet HUD only provided

FMRs with the survey. Without this information, PHAs who submitted surveys are unable to fully evaluate what the proposed changes would mean for their local FMR. It is impossible to separate changes in FMR due to the new trend factor methodology versus changes due to use of rent survey data. We encourage HUD to release a new comparison sheet that includes the appropriate FMRs that PHAs need to evaluate the proposed methodology.

**HUD should continue to explore the use of commercial data to obtain more accurate gross rents.**

Though the FMR calculation is made up of three components (the gross rent, inflation factor, and trend factor), the proposed changes would only address issues with the trend factor while neglecting to improve gross rent data, which our members believe is outdated and leading to inaccurate FMR calculations.

The study team investigating alternatives to the current trend factor methodology examined two commercial datasets, Axiometrics and Zillow, for possible use in calculating trend factors. The study team's report suggests that Axiometrics data of gross rents was comparable, though slightly higher on average, to the currently used ACS data, and we would like to see additional analysis from HUD on the potential of Axiometrics or other commercial data sources to produce more accurate gross rents.

Thank you for the opportunity to submit these comments.

Sincerely,



Sunia Zaterman  
Executive Director