Adam Bibler, Director
Program Parameters and Research Division, Office of Economic Affairs
Office of Policy Development and Research, HUD Headquarters
451 7th Street SW, Room 8208
Washington, DC 20410

Re: Proposed Changes to the Methodology Used for Calculating Fair Market Rents, Docket No. FR-6334-N-01
Submitted via the Federal eRulemaking Portal at https://www.regulations.gov/.

Dear Director Bibler:

The Center for Law and Social Policy (CLASP) is a national nonprofit organization that advocates for policies that advance economic and racial justice for people with low incomes. Founded more than 50 years ago, CLASP works to develop legislation and regulations that have the potential to eliminate poverty, dismantle white supremacy, and create a social safety net that truly meets the needs of people. CLASP submits this comment in support of the Department of Housing and Urban Development's (HUD) decision to leverage private rental data for the 2023 Fair Market Rent (FMR) calculations.

According to several sources of private data, which are often timelier and more localized than federal sources, rents have risen considerably in the past 2 years, outpacing FMRs in many places. For example, Table 1 compares CoStar Group's rental data for multi-family units to the greatest Small Area Fair Market Rent (SAFMR) for a 2-bedroom unit in metropolitan areas. In the twelve counties depicted in the table, the average rents for a multi-family unit are far greater than current the FMR—ranging from 120 percent to 220 percent of each county's highest SAFMR.

Public Housing Authorities (PHAs) who wish to raise their payment standards above 120 percent of the FMR or SAFMR must request an exception from HUD, which takes as many as 6 months to be approved. For voucher-holders searching for a quality, affordable rental unit, this delay is burdensome at best. At worst, underestimating rents can prolong housing insecurity or homelessness. Insufficient FMRs and payment standards often force people with vouchers to pay well over 30 percent of their income on rent because all available units exceed the payment standards or cause them to lose their voucher altogether if they cannot sign a lease within the time allowed. It is therefore imperative that HUD leverage all resources available to align its calculations with actual housing costs.

Table 1. Top 12 Metro Counties Where Private Rental Data is Outpacing Current SAFMRs

County or City	Average Rent for Multi-Family Unit*	FMR for 2-Bedroom Unit	Average Rent as a Percentage of the FMR	Greatest SAFMR for 2-Bedroom Unit	Average Rent as a Percentage of the Greatest SAFMR
Macoupin County, IL	$1,971	$735	268.2%	$860	229.2%
Douglas County, WA	$2,121	$1,126	188.4%	$1,430	148.3%
Cache County, UT	$1,563	$877	178.2%	$1,070	146.0%
Montgomery County, VA	$1,799	$935	192.4%	$1,260	142.8%
Charlottesville, VA	$1,867	$1,264	147.7%	$1,460	127.8%
Walton County, FL	$1,888	$1,008	187.3%	$1,500	125.9%
Centre County, PA	$1,812	$1,212	149.5%	$1,450	125.0%
Lee County, AL	$1,366	$924	147.8%	$1,100	124.2%
Lee County	$1,366	$924	147.8%	$1,100	124.1%
Lincoln County, OK	$1,114	$740	150.5%	$900	123.8%
Pickens County, SC	$1,502	$992	151.4%	$1,230	122.3%
Clarke County, GA	$1,339	$899	148.9%	$1,100	121.7%

* According to the National Multifamily Housing Council (NMHC), approximately 38 percent of multifamily apartment units are 2-bedroom and 44 percent are one-bedroom. If we used the FMRs for one-bedrooms to calculate these percentages, the disparities would be much larger. As few as 7 percent of multifamily apartments include 3 or more bedrooms.

To calculate these percentages for metropolitans and several other counties (which CLASP can share upon request), we depended heavily on the CoStar Group's average rent estimates for the first quarter of 2022. The percent change in rents from 2020 to 2022 was less useful in our comparison of actual rents to the current FMRs or SAFMRs. However, we did consider using change over time data to evaluate the responsiveness of HUD's annual calculation (e.g., comparing the percent change in FMRs from 2021 to 2022 for a 2-bedroom unit to the CoStar Group's estimated percent change in rents for multifamily unit over the same period), but ultimately felt we would need more data to make an assessment.

Of the public data we explored (including Zillow and ApartmentList), the CoStar Group was one of the few sources that included data for less populated counties that HUD categorizes as nonmetro. It is unlikely that HUD will find 3 sources of data covering nonmetropolitan areas. Therefore, in nonmetro areas where private data may be unavailable or scarce, we encourage HUD to explore alternative methods for supplementing the American Communities Survey (ACS), such as modifying the inflation adjustment calculation to account for the reduced reliability of the private data or finding ways to incorporate rental data collected by PHAs (i.e., information used to determine rent reasonableness).

In metro areas where there are multiple sources, we believe that the department's proposal to incorporate private data on 2019-2020 gross rent changes into the estimate for recent mover rents has the potential to produce more accurate FMRs and SAFMRs. Of the two options proposed by HUD to calculate the inflation adjustment in metropolitan areas, we recommend that HUD take the average of changes in rents from all available private data sources for the area and the change in rents measured by the Bureau of Labor Statistics (BLS) metropolitan Consumer Price Index (CPI).

To conclude, CLASP supports the use of private data for the 2023 FMR and SAFMR calculations because underestimating FMRs can have life-altering consequences for people who receive rental assistance. In the future, we encourage HUD to experiment with the myriad of ways that the department can leverage private rental data to improve the accuracy of FMR and SAFMR calculations. For the 2023 FMR calculation, we foresee that the incorporation of private data into the department's calculation will be especially relevant to areas with high population growth without SAFMRs and hope HUD also encourages PHAs to adopt SAFMRs where appropriate.

Thank you for the opportunity to submit comments. Feel free to contact Jessi Russell at jrussell@clasp.org if you have any questions or need any further information