



January 24, 2022

The Honorable Marcia Fudge
Secretary
U.S. Department of Housing & Urban Development
Room 10000
451 7th St, SW
Washington, DC 20410

Dear Secretary Fudge:

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) was enacted to provide a framework to preserve 1.4 million units of rental housing subsidized under the project-based Section 8 programs. The housing was at risk of loss as the initial terms of the subsidy contracts were expiring. Congress provided authority to renew expiring contracts at comparable market rents, understanding that owners had no incentive to renew the contracts at rents that were less than the conventional rental market.

HUD and the industry recognized early on that it was imperative to develop a fair and reliable process to determine comparable market rents using independent appraisers. With significant input from property owners, appraisers, and HUD field offices a methodology was formulated that has been in place for over 20 years. In determining the market rent for a Section 8 property, an appraiser compares that property with conventional properties that are similar; making adjustments, both positive and negative for location, type of building, amenities as well as non-shelter services. The idea is to compare apples to apples in deriving what the market or street rent is for the property.

In November, the Office of Multifamily Housing issued a memo that purports to clarify existing policy on determining rent comparability. However, the memo drastically amends the valuation of non-shelter services which is not only inconsistent with the framework of MAHRA and the existing RCS guidance but strangely incompatible with the Administration's stated goals surrounding resident housing services, equity and diversity. There was no notice and opportunity for comment.

HUD has stated its "clarification" is related to budgetary concerns, yet the valuation of non-shelter services accounts for a de minimis share of the Section 8 renewal costs and provides exponential value to seniors and families.

Limiting property valuations for non-shelter services disincentivizes the provision of critical resident services. Such arbitrary action will negatively impact the ability of seniors to live independently, resulting in increased reliance on Medicaid funded nursing homes at a substantially higher cost to the U.S. Treasury. Further, efforts to promote tenant resiliency and self-sufficiency will be severely hampered by HUD's misguided effort to alter rent comparability procedures.

We urge the November 15 memo be withdrawn immediately.

Sincerely,

Council for Affordable and Rural Housing (CARH)
Institute of Real Estate Management (IREM)
Institute for Responsible Preservation (IRHP)
Mortgage Bankers Association (MBA)
National Affordable Housing Management Association (NAHMA)
National Apartment Association (NAA)
National Association of Home Builders (NAHB)
National Association of Housing Cooperatives (NAHC)
National Housing and Rehabilitation Association (NHRA)
National Council of Housing Market Analysts (NCHMA)
National Leased Housing Association (NLHA)
National Multi Housing Council (NMHC)