

November 6, 2024

The Honorable Adrienne Todman
Acting Secretary
Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Re: Comment to the Notice of Adoption of 2020 Core Based Statistical Standards – FR-6464-P-01.

Dear Acting Secretary Todman:

The undersigned national real estate associations represent a broad coalition of housing providers and lenders. We submit these comments in response to the U.S. Department of Housing and Urban Development’s (“HUD”) Notice of Proposed Adoption of 2020 Core Based Statistical Area Standards – FR-6464-P-01. While we represent a broad coalition of housing providers and lenders, our comments focus on the impact of the proposed rule on the rental housing market and housing providers alike. We appreciate the opportunity to share our perspective on the impact of the proposed rule on our members.

Background of the Proposed Rule

On September 6, 2024, HUD issued the Federal Register Notice entitled “Adoption of 2020 Core Based Statistical Area Standards”, which seeks to “adopt the 2020 Core Based Statistical Area (CBSA) standards as determined by the Office of Management and Budget (OMB).”

This Federal Register notice invites written comments on the proposed rule. All comments are due on or before November 6, 2024.

CBSAs are set geographical areas that are used for statistical purposes by a multitude of Federal agencies. They are intended to represent areas that are centered by a population nucleus and surrounding areas that are related to that nucleus. CBSAs are set by the Office of Management and Budget (OMB) and consist of Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas. These CBSAs are updated approximately every 10 years to coincide with the Decennial Census, with the most recent update in July 2021.

HUD uses CBSAs to calculate Fair Market Rents (FMRs), Area Median Family Income Estimates (MFIs), and Income Limits. These calculations are used to establish eligibility for a variety of HUD programs, including, but not limited to, Community Development Block Grants (CDBGs), the Low-Income Housing Tax Credit (LIHTC) program and the HOME program. HUD intends to utilize the most recent CBSA geographies for these calculations.

Preliminary Statement

Population centers are consistently evolving over time, and we agree with HUD’s assertion that this is a necessary and expected change. These adjustments to the geography definitions will have differing impacts, and we ask that HUD take these impacts into account and make certain adjustments.

FMR/HAMFI/Income Limits

As HUD has done previously, it should make exceptions to the OMB delineations of MSAs to avoid disruptive changes to program parameters solely due to the change in geographic definitions. In particular, because downward changes tend to be particularly difficult for program participants to predict and are especially disruptive, HUD should adjust a “hold harmless” policy that keeps income limits constant rather than allowing them to decline. In practice this means:

1. Not merging a relatively high-income county with an MSA that has a lower MFI. Instead, in this case, the high-income county should be kept separate in its own HMFA.
2. Holding harmless any county detached from an MSA. In other words, when a relatively lower-income county is detached from an MSA with a higher MFI, income limits in the detached county should be kept at the same level as they were when part of the MSA, rather than allowed to decline.

We recommend that HUD do this for all income limits—including the Section 8 limits—not just limits for Multifamily Tax Subsidy Projects.

HUD’s Other Uses of CBSAs

We ask that reasonable grandfathering be used for any of HUD’s other uses of CBSAs outside the above FMR/HAMFI/Income Limits discussed above. Any area, property or individual currently receiving assistance, or in the process of applying for assistance, should be grandfathered in for a reasonable period of time, rather than lose eligibility instantly due to the change in geographic definitions.

Conclusion

We support and applaud HUD’s efforts to use as updated information as possible to use data that most closely mirrors actual population centers around the country. Our only request is that HUD take measures to minimize disruptions as much as possible for program participants—both the housing providers as well as the families they house. If you have any questions regarding these comments or if we can be of any assistance, please do not hesitate to contact Caitlin Sugrue Walter, Senior Vice President of Research at cwalter@nmhc.org or 202.974.2343.

Sincerely,

Council for Affordable and Rural Housing
Institute of Real Estate Management
Manufactured Housing Institute
National Affordable Housing Management
Association

National Apartment Association
National Association of Home Builders
National Leased Housing Association
National Multifamily Housing Council