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HUD Desk Officer
Office of Management and Budget
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Subject: Notice of Submission of Proposed Information Collection to OMB 2012
Rental Housing Finance Survey (RHFS); OMB approval Number (2528–Pending)

Pursuant to the above-referenced notice published in the Federal Register on April 21, 2011 (76 Fed. Reg. 22409), the National Association of Home Builders (NAHB) would like to comment on the 2012 Rental Housing Finance Survey (RHFS) information collection proposed by the Department of Housing and Urban Development (HUD).

NAHB is a Washington-based trade association representing more than 160,000 members involved in all aspects of housing, including the building, financing, operation, and management of multifamily rental housing. NAHB and its members thus have a strong interest in the information that would be provided by the proposed RHFS. As a trade association, NAHB also has a long history of using housing data sponsored by HUD, and has produced hundreds of articles and internal research documents based on data from the American Housing Survey (AHS), Residential Finance Survey (RFS), Property Owners and Managers Survey (POMS), and the Survey of Construction (SOC).

HUD has provided NAHB with a copy of the final RHFS questionnaire, as well as earlier versions of questionnaire when it was in draft form. NAHB would like to acknowledge HUD's efforts to cooperate with the relevant stakeholders while the RHFS was under development. As the questionnaire was being drafted and revised, HUD devoted a commendable amount of time and resources to soliciting input from private organizations and other government agencies.

Important data that would be captured by the RHFS questionnaire include basic property characteristics, vacancy status of individual units, rental receipts, value, operating expenses, capital improvements, ownership, and subsidies, in addition to information about mortgages on the property.

These data would fill substantial gaps that currently exist in federal housing data systems. For example, it is impossible to answer a simple question about how many multifamily buildings or properties there are in the U.S. using a current source of data. When NAHB needs to determine the share of properties captured

in one of its multifamily surveys or the number of multifamily properties that would be affected by a change in regulation, it is necessary to construct estimates of questionable validity from the 2001 RFS, which is now a decade outdated. It is possible to estimate the new buildings that have been added to the stock since then using data from the SOC, but there is no adequate way to account for losses to the stock, a problem that grows in severity as the data on existing buildings and properties become more dated.

Moreover, a number of anomalies in the 2001 RFS records (for example, a substantial number of properties showing annual rent of over a million dollars per apartment) render it unsuitable for many multifamily analyses, requiring researchers to revert to the even older 1995-1996 POMS. Both the POMS and RFS have been discontinued, so there is no prospect of obtaining a reliable count of multifamily buildings and properties in the U.S. without the RHFS.

Although some private organizations collect information on a subset of multifamily rental properties—primarily large, professionally managed properties—there are many smaller properties in the U.S. that constitute a significant share of the rental housing stock and are out of the scope of these private data collection efforts. The RHFS, if approved, would constitute the only source of information on these smaller properties.

Hence, the RHFS would provide the ability to investigate issues such as differences in the characteristics of smaller and larger rental properties other than their size, relative performance of smaller and larger properties, and the extent to which smaller properties are helping to address particular policy objectives such as housing affordability.

Because of the financial information it would collect, the RHFS could provide information on the universe of outstanding multifamily mortgages, including mortgages that support properties with particular rent levels. Due to lack of relevant data, it is currently difficult to estimate the share of multifamily mortgages covered by federal programs or captured by the housing government-sponsored enterprises (GSEs), causing problems for federal regulators charged with determining if the GSEs are meeting their target goals.

Among the other policy issues that could be investigated with the RHFS are characteristics of properties with Section 8 Voucher holders, the financial performance of subsidized or lower-rent properties to see if any may be in danger of falling out of the affordable housing stock, the extent to which properties with federal subsidies receive local property tax relief, and the number and size of properties that may be impacted by particular environmental regulations. It is difficult to imagine how issues such as these could be analyzed effectively without a new data source like the RHFS.

Moreover, because the RHFS would collect information on both rent and value for a nationally representative sample of properties it could be used to establish capitalization rates for particular types of properties, or for the U.S. rental stock as a whole. A crosswalk between rent and value or other characteristics is also

needed by the U.S. Bureau of Economic Analysis for the purpose of estimating imputed rent on owner-occupied housing, which accounts for more than 8 percent of Gross Domestic Product.

NAHB believes that the above examples clearly illustrate the practical utility that the proposed RHFS would have. The information collected by the RHFS would be useful to a large number of private and government stakeholders, permitting them to analyze important industry and policy issues in a way not possible with any source of data that exists at present. Given the recent increase in the share of renter households in the U.S., it is even more important to be able to analyze many of these issues, and for researchers to have access a good source of data on rental properties.

HUD's estimate of the reporting burden associated with the RHFS seems reasonable and easily justified by the value of the information that it would produce. For these reasons, NAHB urges the Office of Management and Budget to approve HUD's proposal to conduct the 2012 RHFS, as described in the above-referenced Federal Register notice.

If you have any questions about NAHB's comments, please contact Paul Emrath, NAHB's Vice President of Survey and Housing Policy Research (202-266-8449, pemrath@nahb.org).

Best regards,

A handwritten signature in black ink, appearing to read "David Crowe". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Crowe
Chief Economist