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December 20, 2010

Reports Liaison Officer
Office of Policy Development and Research
Department of Housing and Urban Development
Room 8234
451 7th St, SW
Washington, DC 20410

Re: Notice of Proposed Information Collection for Public Comment: Survey
of Market Absorption of New Multifamily Units
Docket No. FR-5382-N-16

Dear Sir or Madam:

On behalf of the National Association of Home Builders (NAHB), I would like to comment on the proposed information collection for the Survey of Market Absorption (SOMA) published in the October 26, 2010 Federal Register (75 Fed. Reg. 65643):

The National Association of Home Builders is a Washington-based trade association representing more than 175,000 members involved in a wide variety of activities related to housing and home building, including the development, construction, ownership, and management of multifamily housing units. As such, NAHB and its members have a strong interest in the information provided by the SOMA.

Examples of important data produced by the SOMA include absorption rates (the share of units that are rented or sold three, six, nine, or twelve months after completion), asking rents and, for condos, asking prices. Absorption rates, prices and rents are important indicators of market demand. The SOMA is the only federal survey designed to track units shortly after they are completed, and therefore the only one that can be used to produce this type of information.

Other data sources may be able to provide related information for existing units, but the SOMA is the only source for timely data on units that have been completed recently. Price and rent distributions for recently completed units can be quite different from those for older units, even in the same market area, as the newer units may be designed to meet shifting demand conditions, or built under restrictions imposed by local jurisdictions.

SOMA data is thus important to stakeholders in both the public and private sectors, as the price, rent, and absorption data generated by the SOMA enables

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NAHB, the government, and other industry analysts to determine what segments of the market are being served by new construction.

NAHB regularly makes use of this information. For example, each time new SOMA statistics are released, NAHB reports and distributes them widely to its multifamily membership in its electronic newsletter Multifamily Market Outlook. A recent example can be found on the NAHB Web site at <http://nahbenews.com/nahbout/issues/2010-12-02/index.html>

The SOMA collects important data on unit characteristics that are unavailable elsewhere. Among these are statistics on units designed for seniors and information on supportive services provided in the units for seniors. This is an important and path breaking contribution of the SOMA, as facilities designed for seniors have emerged as a distinct and important segment of the housing market that needs to be tracked separately. Moreover, the need to track the seniors market segment is becoming more acute as the U.S. population ages. Private sources of information about construction intended for seniors is extremely fragmented and are not based on scientifically chosen samples, so this is another example of SOMA providing important information that is available from no other data source.

Without the information provided by the SOMA, the ability of NAHB and many other public and private stakeholders to recommend optimal methods to advance the national policy of increasing the availability and affordability of housing would be greatly impaired. It would, for example, become difficult to analyze legislative and regulatory proposals affecting multifamily housing. For these reasons, NAHB believes that the SOMA clearly has practical utility and strongly supports the information collection proposed in the October 26 notice.

NAHB also appreciates this opportunity to comment on an important data collection effort related to the housing industry. If you have any questions about NAHB's comment letter, please contact Paul Emrath, NAHB's Vice President of Survey and Housing Policy Research (202-266-8449, pemrath@nahb.com).

Best regards,



David Crowe
Chief Economist