

Completing the Rent Comparability Grid (HUD 92273-S8)


Important: Before preparing the Rent Grid, read the guidance provided in Chapter Nine of this Guide, pay special attention to the information contained in Sections 9-12 and 9-13. If you are using HUD's Excel worksheet, be sure to read the notes to Excel users on the next page before you set up your Rent Grids or start loading data.

General Instructions

- 1. Prepare a separate Rent Grid** for each *primary* Section 8 unit type. See Section 9-9A2 for guidance on classifying unit types as primary or secondary. Complete a data and an adjustment column for each comparable. Show all comparables for one unit type on one grid. Enter the comparable's name and address at the top of each column.
- 2. Data Columns.** Complete all lines of the Grid's data columns – i.e., even lines/characteristics for which you will make no adjustment. Use the letter codes listed in the line-by-line instructions below. Use blank lines to add other characteristics that would affect the rent a property could command in the subject's market area.
- 3. Adjustment Columns.** Not all of the characteristics will affect rents. Local market conditions will dictate if, when and how much of an impact each characteristic will have upon rent. Make adjustments only for differences in characteristics that would affect the amount of rent tenants in the *subject's* market area are willing to pay.
 - a. The goal is to determine what rent the comparable could obtain if it were more like the subject. Thus, if the comparable is:
 - *inferior* to the subject on a particular characteristic, adjust the comparable upward -- i.e., enter the adjustment as a *positive value* to indicate that residents of the comparable would pay *more* if the comparable looked more like the subject on that characteristic.
 - *superior* to the subject, adjust the comparable downward -- i.e., enter the adjustment as a *negative value* to indicate that residents of the comparable would pay *less* if the comparable looked more like the subject on that characteristic.
 - b. Leave adjustment entries blank (*not zero*) if local renters would not pay for the difference shown on that line. Display adjustments in dollar amounts. If you are using Excel, precede negative adjustments with a minus sign and Excel will format the entry in red type and parentheses. If you are typing on hard copy, enclose negative values in parentheses.
- 4. Narrative Explanations.**
 - a. Attach a narrative explaining *why* each adjustment was made and *how* the dollar value of the adjustment was derived. Prepare a separate set of explanations for each Grid. If an explanation applies to more than one comparable, you may refer back to that explanation rather than repeating it each time (e.g., the location adjustment for comp #Y was estimated for the same reason and in the same way as for comp #X).
 - b. If the data columns show a comparable differs significantly from the subject project but you did not adjust, explain why.

- c. Be sure to include the *two additional narrative* explanations required for the estimated market rent, Line 46 of the instructions. These include an explanation of how: 1) market rent was derived from the comparables' adjusted rents; and 2) a primary unit type's market rent was adjusted to derive a market rent for a secondary unit type.

If you are using the Excel version of the Rent Grid ...

- The worksheet is protected and cells containing formulas are locked. If you try to enter data in a formula cell, you will receive an error message telling you the cells are locked and cannot be changed.
- The tab key will move you horizontally within the print area of the worksheet. It will let you skip locked, formula cells and stop only at cells designed to receive data. As you enter adjustments, Excel will automatically compute any counts, sums or percentages requested on the form. **Note:** The Tab Key will navigate as described only if the Excel settings are configured to: 1) *not* check the Transition Navigation Keys box; and 2) check the "Microsoft Excel Menus" button. Go to Tools-Options-Transition Tab to check settings.
- As you scroll horizontally to the right, columns will shift left and be hidden behind Column C's row labels. This keeps line labels next to the data cells, making it easier to accurately load data. To view the hidden columns, just scroll back to the left. Similarly, as you scroll down, rows will move up and disappear under the column headings. To bring the rows back into view, just scroll up.
- The "Create  New Grid" button allows you to simultaneously add a new unit type worksheet, label the tab at the bottom of the worksheet, and fill in the Unit Type box at the top of the worksheet. You can enter different names/ labels for the tab and the unit type box on top.

IMPORTANT: If you use the **Create New Grid** button, the resulting worksheet will contain all of the data that was on the worksheet containing the button. You will need to edit any data that is not appropriate for the new unit type. So, decide how you want to use the button. For example, you could:

1. Load just the project names and other identifying header data that will apply to most unit types and then use the Create New Grid button to create a worksheet for each unit type. You could then load amenity and adjustment entries either individually on each sheet, by copying specific cells from one worksheet to another, or by clicking the control key and selecting multiple worksheets. When you use the control key option, data is entered simultaneously in the same cell location on all of the worksheets you selected.
2. Fully complete one unit type worksheet, use the Create Grid button to add another worksheet, and edit the resulting worksheet to change data that is not appropriate for the new unit type. Be careful! Don't forget to check any copied data.

Part A: Rents Charged (lines 1 through 5)

Before the rents for comparable units can be adjusted for differences from the subject, they must be adjusted for conditions at the comparable property itself. This section makes adjustments that are primarily internal to each individual comparable and produces an effective rent. Subsequent sections adjust each comparable's effective rent by comparing the comparable to the subject property.

Line 1. \$ Last Rent/Restricted? In the “data” column, enter the rent at which this unit type was last leased. This must be a rent that was actually paid; do not enter an asking rent which has not yet been achieved. In the adjustments column, enter “Y” if the unit is rent restricted and “N” if it is not. Rent restricted units include those that are subject to rent control, rent stabilization or other restrictions on the unit rent. (Example: LIHTC, HOME, HOPE VI, and 236/BMIR/ Rural Development Section 515 units). *Identify the specific reason for a yes answer in the narrative explanation of adjustments.*

Note: No dollar adjustments may be made on this line. Rent restricted units should be used as comparables only when they reasonably represent market rents.

Line 2. Date Last Leased. In the data column, enter the date (*month/ year*) that unit type was most recently leased. This should be the date the most recent lease for the rent on Line 1 became effective. Make an adjustment here only if the rental market has changed significantly between the date on this line and the date of your analysis. This adjustment may be needed when the comparable is at full occupancy and has had no turnover for an extended period. If market conditions have not changed, do not adjust ... even if considerable time has elapsed since Line 1's rent became effective.

Line 3. Rent Concessions. Is the comparable offering rent or renewal concessions? Enter “Y” or “N”. Enter a negative adjustment to reflect the value of the concession. Prorate the concession over the typical lease period for the market. For example, make a (\$33) adjustment for one month free on a 12-month lease, at \$400 /month.

Line 4. Occupancy % for Unit Type. Consider *only* the unit type represented by the comparable. Enter the approximate percent of units *in that type* that are occupied as of your data collection date. Do *not* enter occupancy for all unit types at the comparable. If the comparable's occupancy rate for the unit type under consideration is not typical of the comparable's market, determine if the occupancy differential is due to the rent being set too high/ too low ... or to other factors.

- a. If the occupancy gap is due to factors other than Line 1's rent level (e.g. condition or location), do *not* make an adjustment. Adjust only if the occupancy gap is clearly due to the rent level used on Line 1. If the comparable's occupancy for the unit type being studied is significantly lower than the typical occupancy rate for that unit type, adjust negatively to indicate that the rent is too high. If the comparable's occupancy for the unit type being studied is significantly higher than the typical occupancy rate for that unit type, make a positive adjustment.

- b. If the property manager/ other contact for a comparable is unwilling or unable to provide occupancy rates *by unit type*, the appraiser should report overall occupancy for the comparable and note in the Item 4 explanation that the occupancy rate is project-wide. If only overall occupancy is reported, an occupancy adjustment may be made only if the unit mix is such that the appraiser can still conclude that the occupancy for the unit type is significantly different than market occupancy levels for that unit type. **Example:** If a project has 99% occupancy and 100 units (50 one bedrooms, 50 two bedrooms), one could still conclude that the two - bedroom units being studied were at least 98% occupied. The appraiser must explain how he/ she arrived at that conclusion.

Line 5. Effective Rent and Rent/ Sq. Ft. Enter the sum of lines 2, 3, and 4. This yields an effective rent after age of the lease, occupancy, and rental concessions are taken into account. If you are using Excel, the form will automatically calculate the total rent. After you enter the unit size in Part C, the form will also display the effective rent per square foot. **Note:** If you are typing on hard copy, enter the rent / sq. ft in the adjustment column of each comparable. Divide the effective rent on Line 5 by the unit size on Line C13.

Part B. Design, Location, Condition (lines 6 through 10)

This section allows for comparison of the comparable to the subject in terms of design, materials, condition, location, and appeal. The total adjustments in this section should not exceed the value a typical renter would place on these characteristics in the aggregate.

Line 6. Structure/ Stories. Enter the type of structure. Use “E” for Elevator, “G” for Garden, “WU” for other walk-up, and “T” for townhouse. Follow the letters with a slant bar and the number of stories. For example, enter “WU/3” for a three-story walk-up. Try to select comparables that have the same structure type as the subject.

Line 7. Year built/Year renovated. Enter the year the property was built. If it has been renovated, follow with a slant bar and the year the property was renovated. For example, 1939/70 would indicate that the property was built in 1939 and renovated in 1970. Adjust on this line if the effective age (*the age indicated by the utility/ quality of the structure and major equipment*) affects rental value. Consider if basic structures and major equipment have been replaced and whether baths and kitchens have been renovated.

Line 8. Condition/ Street Appeal. Enter “E” for excellent, “G” for good, “F” for fair, or “P” for poor. If the design of the building or the street appeal of the property would affect the rents it can command, adjust appropriately. Consider the overall appearance of the property -e.g., are grounds clean? landscaping well maintained? paint or siding in good shape? layout on site appealing (open space, shrubbery, etc)? especially appealing exterior architecture? Would the comparable’s condition/street appeal cause applicants to pay more or less than they would pay at the subject? *Take care not to duplicate adjustments made on line 7. Adjustments made on lines 7 and 8 should not add to more than a tenant would pay if factors on Lines 7 and 8 were considered collectively.*

Line 9. Neighborhood. Enter “E” for excellent, “G” for good, “F” for fair, or “P” for poor. The entry should reflect the market’s reaction to location features that affect rental values -- e.g., neighborhood desirability; nuisances such as street noise; nearby land uses; crime volume; and access (time/distance) to schools, transportation, shopping, recreation, and medical and employment centers.

- The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) specifically requires that neighborhood (including risk of crime), location and access be considered.
- HUD FHEO guidelines prohibit negative adjustments based solely on the racial, ethnic, religious mix of properties or their surrounding areas or other discriminatory criteria. Adjustments must be based on objective, quantifiable factors.

Line 10. Same Market? Miles to Subject? Is the comparable in the same market area as the subject? Enter “Y” or “N”. Follow the entry with a slant bar, and the distance between the comparable and the subject in miles. If the comparable is in a different market area, collect quantitative data to compare the rent levels in the two market areas. Adjust for any significant difference in rental costs between the two market areas and explain how you computed the adjustment. If the comparable is in a different market area and you don’t adjust, explain why.

Part C. Unit Equipment/Amenities (lines 11 through 23)

This section details specifics about the unit and its equipment and amenities. Use the blank line to add unit amenities or equipment that aren’t listed but significantly affect the rent a tenant would pay. Total adjustments made for this Part should not exceed the value a typical renter would place on all unit amenities.

Line 11. # Bedrooms. Enter the number of bedrooms in the unit. Use “0” for efficiencies. If a comparable and the subject have a different number of bedrooms, explain why you selected a comparable of a different bedroom type in the Selecting Comparables narrative required by Section 4 of the Notice.

Line 12. # Baths. Enter the number of bathrooms in the unit. Use decimals to represent partial baths. For example, enter 1.5 to indicate one full bath and one bath with a toilet and sink, but no tub or shower stall.

Line 13. Unit Interior Sq. Ft. Enter the rentable *interior* square footage of the unit. Do not include balconies, mechanical areas or other non-living spaces. Explain: a) how the square footage of the subject was derived and how it corresponds to the square footage of the comparables; and b) the method used to determine the size adjustment.

Note: Adjust only if and to the extent the subject’s market values a size difference. Some markets may not value small size differences and a difference in size may not increase the market value of a larger unit to the same degree that it might a smaller unit. For example, a difference of 50 sq.ft. might command a higher rent in a 500 sq. ft., 1-bedroom unit, than in an 800-sq. ft., two-bedroom unit.

Line 14. Balcony/Patio. Does the unit have a balcony or a patio? Enter “Y” or “N”.

Line 15. AC: Central/Wall. The entry should reflect the type of cooling equipment in the unit, using “C” for central, “W” for wall unit, or “N” for none. Adjust only for the value of having AC equipment and for differences in the type of equipment (wall, central, etc.). Do not adjust for the cost of running the air conditioner; adjust for that on Line 34.

Line 16. Range /Refrigerator. Enter “R” for range, “F” for refrigerator, or “RF” if the unit has both appliances. If neither is present, enter “N”.

Line 17. Microwave/ Dishwasher. Enter “M” for microwave, “D” for dishwasher, or “MD” if the unit has both appliances. If neither is present, enter “N”.

Line 18. Washer/Dryer. If there is a washer/dryer hookup in the unit but the landlord supplies neither appliance, enter “HU.” If the appliances are provided in the unit, enter “W” for washer, “D” for dryer or “WD” for both. If there is a common laundry area in the property, enter “L”. If the property offers no laundry facilities, hookup, or appliances in the unit, enter “N”.

Line 19. Floor Coverings. Indicate the predominant floor covering in the unit, using “V” for vinyl, “W” for wood, and “C” for carpet.

Line 20. Window Coverings. If the unit is rented with window treatments, enter “B” for blinds or “S” for shades or “D” for drapes. If the unit is rented without window coverings of any kind, enter “N” for none.

Line 21. Cable/Satellite/Internet. Enter “C” for cable TV, “S” for satellite TV, and “I” for Internet access. If the property has more than one of these amenities, enter all the corresponding letters. For example, “CSI” would indicate a property that offers all of these amenities. Consider whether the property merely offers *access* to the services or whether it offers the service itself *as part of the rent*. If only access is offered, adjust based on market value attributable to availability of the service. If the service is included in the base rent, reflect the value of both access to and provision of the service.

Line 22. Special Features. Use this line to adjust for items that are valued in the project’s market but not listed above - e.g., views, fireplaces, vaulted ceiling. Enter “VW” for view, “F” for fireplace, or “VC” for vaulted ceiling. If the unit has safety bars, ramps, or other features to improve access for disabled or elderly, enter “A”.

Lines 23. Blank line. Use this line to add a unit amenity that isn’t listed but significantly affects the rent a tenant would pay. Describe the amenity on the line provided and make dollar adjustments as appropriate.

Part D. Site Equipment/Amenities (lines 24 through 32)

This section details specifics about the property and its amenities. Use the blank to add site amenities that aren’t listed but affect the rent a tenant would pay. Total adjustments

in this Part should not exceed the total value a typical renter would place on all amenities in this Part.

Line 24. Parking (\$ Fee). Enter “L” for lot parking, “G” for garage, and “CP” for covered parking, followed by a slant bar and the amount of the additional charge, if any, the tenant pays for the service. In there is no charge, enter “0”. Adjustments for the presence of a garage or carport should relate to local market demand for parking at similar unit/project types. *Adequacy* of parking at the subject or comparable properties must also be considered in the adjustment. If on-site parking is inadequate, comment on the availability and adequacy of on-street parking. What constitutes adequate parking will vary according to the location of the property and the type of tenancy. If tenants pay for parking outside of rent, adjust based upon the market value of having the parking available. If the parking is included in the rent, reflect the value of the parking itself.

Line 25. Extra Storage. Enter “Y” or “N” indicating whether tenants are provided with additional storage space. This may include extremely large or functional closets or outside storage. Before adjusting for any storage inside the unit, be sure that any adjustment for unit size did not already capture that value.

Line 26. Security. Does the property offer security features such as locked doors with intercom or security guards? Enter “Y” or “N”. Consider whether lack of security has a negative influence on the rent. Describe any security in your comments on Item 26.

Line 27. Clubhouse/Meeting Rooms/Dining Rooms. Enter “C” for clubhouse, “MR” for meeting rooms, and “DR” for dining room. If the property has none, enter “N”

Line 28. Pool/Recreation Areas. Enter “P” for pool, “E” for exercise rooms, or “R” for other recreation facilities such as playgrounds, volleyball or basketball courts. Be sure to describe the type of recreation facilities in your narrative description of adjustments.

Line 29. Business Center/Neighborhood Network. If the property has a business center offering office services such as copying and faxing, enter “BC.” If the property has a HUD sponsored Neighborhood Network, enter “NNW”. Enter “N” for neither. **Important:** Before completing this line, see Section 9-12C4 of this Chapter for guidance on valuing non-shelter amenities.

Line 30. Service Coordination. Does the property have a service coordinator that helps residents access social services, health care or resources for meeting other needs? Enter “Y” or “N”. **Important:** Before completing this line, see Paragraph 3-6C4 of the Notice for guidance on valuing non- shelter amenities.

Line 31. Non-Shelter Services. Enter “M” for meals, “T” for transportation, “EC” for emergency call systems, “H” for housekeeping, and “L” for laundry service ... or “N” for none. Write in and fully describe (in your adjustment explanations) any other services provided for the elderly or disabled. **Important: Before completing this line, see Section 9-12C4 of this Chapter for guidance on valuing non-shelter amenities.** That paragraph discusses valuing access to services vs. valuing actual delivery of service and precludes certain adjustments for mark-to-market projects.

Lines 32. Blank. Use this blank line to add a site equipment or amenity that isn't listed but significantly affects the rent a tenant would pay. Describe these on the lines provided and make dollar adjustments as appropriate.

Part E. Utilities (lines 33 through 39)

- a. For each line in this part, enter “Y” if the service is included in the rent and “N” if it isn't. Follow the Y or N entry with a slant bar and the energy source for the utility addressed on that line. If the property does not have a utility listed here, leave the space blank. “Other Electric” on line 37 includes the cost of electricity for things not listed separately on the form (e.g., lights and outlets).
- b. If a utility is:
 - excluded from the comparable rent but included in the subject rent, enter a ***positive*** adjustment that reflects the amount prospective tenants would reasonably expect to pay for that utility at the ***comparable***.
 - included in the comparable rent but not the subject rent, enter a ***negative*** adjustment that reflects what prospective tenants would reasonably expect to pay for that utility at the ***subject***.
- c. See Section 9-12C3 of this Chapter for more guidance on valuing differences in utilities.

Part F. Adjustments Recap (lines 40 through 43)

This section calculates both the number and dollar value of adjustments, both before and after utility adjustments. If you are using Excel, the form will automatically calculate these items. If you are typing on hard copy, compute these manually.

Line 40 # of Adjustments B through D. Enter the ***total number*** of positive and, separately, negative adjustments you made to each comparable for items *in Parts B through D*.

Line 41. Sum of Adjustments B through D. Enter the ***total dollar amount*** of positive and, separately, negative adjustments you made to each comparable for items *in Parts B through D*.

Line 42. Sum of Utility Adjustments. Enter the ***total dollar amount*** of positive and, separately, negative adjustments you made to each comparable for the *utility items* in Part E of the form.

Line 43 Net/Gross Adjustments B to E. For ***net*** adjustments, add the four entries (positive and negative) on Lines 41 and 42. For the ***gross*** adjustments, add the positive entries on Lines 41 and 42 to the ***absolute value*** of the negative entries on those lines. (See sample completed Grid in Appendix 9-3 for an example.)

Part G. Adjusted Rents (lines 44 through 45)

If you are using Excel, the form will automatically calculate these items. If you are typing on hard copy, compute these manually.

Line 44. Adjusted Rent. Add the *net adjustments* (Line 43) to the *Effective Rent* (Line 5) to derive an adjusted rent for each comparable.

Line 45. Adjusted Rent/Last rent. Divide the *Adjusted Rent* (Line 44) by the *Last Rent* (Line 1) and express the answer as a percent. [This shows the impact of all adjustments made for all Parts of the form. The previous totals in Part F did not include the adjustments in Part A.]

Line 46. Estimated Market Rent. Using your professional judgment, determine what point in the range of adjusted rents best represents the rent a knowledgeable applicant would most probably pay for that unit type at the subject. Enter that amount. Excel will divide that rent by the square footage shown for the subject in Part C. Do this manually if you are typing on hard copy. ***Be sure to explain the points listed below. Present these explanations immediately after your Item 46 comments. Studies without these explanations will be rejected.***

- **how the estimated market rent was derived from comparables' adjusted rents.** Explain *how* the estimated market rent was derived and *why* it was derived that way. Note which comparables were given the most weight and why. If the estimated market rent is set at the high or low end of the adjusted rents' range, explain why.
- **how the estimated market rent derived on the Grid was adjusted to estimate a market rent for a similar, secondary unit type.** Explain what adjustments were made and why. (*Note: See Section 9-9A2 of this Chapter for guidance on classifying unit types as primary or secondary.*)

Bottom of form: Be sure to sign and date the form. Also indicate whether you prepared the Grid in Excel (*with the computer running the calculations using HUD's formulas*) or by manually entering the data and calculations. If you used another approach (e.g., imported to Lotus), note that on bottom of the grid or at the end of your Grid comments.

Public reporting burden for this rent study is estimated to average 28 hours per study. This includes time for reviewing instructions, research and data collection and preparing the report. The 1997 Housing Act (MAHRA) and the HUD 2000 or 1997 Appropriations Act requires this information. The information is used to ensure that Section 8 rents do not exceed market limits imposed by statutes. This information is considered non-sensitive and does not require special protection. HUD may collect this information and you are required to complete this form only if it displays a valid OMB number.