

Required Contents for Rent Comparability Study

See Appendix 9-3 for a Sample RCS.

1. Transmittal Letter signed by the Appraiser. Address to project owner and date as of the date you gave the report to the owner. Include:

- ☞ appraiser's name, company name, address, telephone, fax number and email address (*These may be included in letterhead or body of letter.*)
- ☞ project name, FHA/other project number of the Section 8 project
- ☞ table of estimated market rent for each unit type included in the study. Use table format shown below. In last column, enter “Y” for yes if you prepared a Rent Grid for that unit type. Enter “N” for No for secondary unit types for which you did not prepare a grid, but instead adjusted the primary type’s estimated rent.

			<i>Estimated Market</i>		
Unit Type	# Units	Size (Sq. Ft)	Rent	\$/ Sq. Ft	Prepared Grid? (Y/N)
	Total				

- ☞ statement that market rents were defined and estimated in accordance with Sections 9-7 through 9-13 of this Chapter and the report was prepared in accordance with Sections 9-14 through 9-16 of this Chapter.
- ☞ appraiser’s acknowledgment of how his / her report will be used: *Suggested language* -- I understand that HUD/the Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner’s options for renewing the project’s Section 8 contracts; and 2) the maximum rents allowed under any renewal contract.

2. Scope of Work. Acknowledge that all work was done in accordance with the requirements set forth in this notice. Provide a narrative describing:

- ☞ dates, number and types of inspections, and how unit sizes were verified.
- ☞ how rent, condition and amenity data were collected and verified. Note interviews, records reviewed, Internet sites used, etc. Indicate time period during which data was collected.
- ☞ any data that was unobtainable or estimated and all efforts to obtain that data.

any assistance from assistant appraisers.

3. Description of Subject Property. Address the items listed below. **Note:** If the units being renewed are located on scattered sites and those sites differ significantly on condition, services, street appeal or other factors listed below, note those differences.

- property name and address (street, city, county, cross streets) and neighborhood name if applicable).
- site characteristics and improvements: number of buildings and their design (construction material, structure type), number of units; topography and density; and access to site.
- unit mix for all units in the project, not just the Section 8 units. Use the table format below. Include all revenue-producing units in the project & group them by major unit types (e.g., # bedrooms/ # baths). (See Section 9-10A 6 for a definition of rent restricted units.).

Unit Type	# Units	Interior Size (SF)	# Pjt- Based Sec 8 units	# Other Rent Restricted Units	# Units Not Rent Restricted
	Total		Total	Total	Total

- condition: age of property, state of repair, any recent/ planned rehab or refurbishing.
- schedule of charges collected in addition to rent.
- 3 to 5 labeled, color photos of exterior and interior (See Section 9-9B for more on photos. Place photos at the end of the RCS or in the body of RCS’s description of the subject.).
- population or occupancy group targeted for this project (e.g., elderly), if any.
- summary of unit design and amenities.
- summary of project service/ site amenities: parking, recreational facilities, community areas, security, service coordination, neighborhood networks, transportation, meal services, social or educational activities, emergency call systems, laundry or housekeeping, and any other amenities for elderly or disabled.
- name and phone number of contact person with whom you verified or collected information on the subject property

4. Identification of the Subject’s Market Area. Identify the geographic area from which the subject would normally draw its applicants.

5. Description of Neighborhood. Discuss the project's location noting factors that would impact market rent level. Cover at least the factors listed below. **Note:** If the units being renewed are located on scattered sites and those sites differ significantly on the factors listed below, note those differences.

- ☐ property types (multifamily, single family, commercial) and rural/ suburban /urban nature of community.
- ☐ access to schools, recreation, transportation, shopping, medical and employment centers, community services or other features tenants at subject would seek
- ☐ nuisance (e.g., street noise), crime rates, and other factors affecting the perceived quality of the neighborhood.

6. Narrative Describing Selection of Comparables.

- ☐ Provide an overall assessment of the availability of comparables and the quality of the comparables selected and state *why* the comparables used were selected. If the unassisted units in the subject project have the same number of bedrooms and were not used as comparables, explain why. If less than five comparables were provided for any primary unit type, say so and explain why.
- ☐ Identify any comparables that are significantly dissimilar to the subject (e.g., different number of bedrooms, different structure type, different level of services). Describe what research was performed to determine that more similar comparables were not available.
- ☐ Identify any comparables that are outside the subject's market area. Describe what research was performed to determine that better comparables were not available in the subject's market area. Compare the rent levels in the alternate market area with those in the subject's market area.
- ☐ Identify any rent restricted units used as comparables. Explain the type of restriction (e.g., LIHTC, local rent control, etc.).
- ☐ Identify any comparables that are owned or managed by companies having an identity-of interest with the owner or management agent of the subject property.

7. Locator Map.

- ☐ Identify subject property and each comparable.
- ☐ Clearly mark major roadways and natural or man-made barriers (e.g., rivers, freeways, railways, etc).

8. Rent Comparability Grid (Appendix 9-2)

- ☐ Complete one grid for each primary unit type using instructions in Appendix 9-8 and guidance in Section 9-15 of this Chapter.
- ☐ Show all comparables for one unit type on one grid. Fill in all lines of the Grid's data columns, even if no adjustment is made on a line.

9. Narrative Explaining Adjustments and Market Rent Conclusions for Each Rent Grid. Review the guidance in Sections 9-12 and 9-13 and the line-by-line

instructions in Appendix 9-8 before preparing this narrative. Be sure you explain the items listed below.

Note: 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 was estimated for the same reason and in the same way as for comparable #X).

- ☞ **Adjustments made / not made:** For each adjustment, briefly explain *why* the adjustment was made and *how* you arrived at the dollar value of the adjustment. If data columns show a comparable differs significantly from the subject project but no adjustment was made, explain why.
- ☞ **How market rent was derived from comparables' adjusted rents.** Explain *how* the market rent was estimated and *why* it was derived that way. Note which comparables were given the most weight and why. If some comparables were weighted more heavily than others were or the estimated market rent is set at high end of adjusted rents' range, explain why.
- ☞ **How market rent for a primary unit was used to derive a market rent for a similar, secondary unit type.** Explain *what* adjustments were made and *why*. Put these comments immediately following Line 46's comments. (*Note: See Section 9-9A2 for guidance on classifying unit types as primary or secondary*).

10. Comparable Property Profiles. Provide a one-page, table/ grid profile of each comparable property used in the RCS. Profile each property only once, regardless of the number of unit types for which the property was used. The profile must include at least the items listed below. Appendix 9-4 *provides a sample profile, but appraisers may create their own table / grid formats.*

- ☞ *property name and address* (street, city, county, cross streets) and neighborhood name
- ☞ *name and phone number of contact person with whom* you verified or collected information on the property and the date you did so.
- ☞ a *color photo* (at least 3" by 5") of the project's exterior. (Interior photos may be included if available, but they are not required).
- ☞ A *rent and unit mix table*. Include *all units* in the project and group them by major unit types (e.g., # bedrooms/ # baths). Indicate which unit types are used as comparables in the RCS.

Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
	Total				

- ☞ Total number of units at the project and project-wide occupancy.
- ☞ List of any charges tenants pay in addition to rent.
- ☞ Describe *any rent / income/ use restrictions or tenant rent subsidies* (Section 8, certificates, vouchers, state/local payments on behalf of residents) in effect at the property. Provide this information even if the units covered by the restriction/ subsidy were not the units studied in the RCS.

11. Appraiser Certification (Appendix 9-1)

- ☞ Fill in blanks and sign and date the Certification. When entering names, also give title. (Example: Sharon Jones, Assistant Appraiser)
- ☞ Enter “*none*” in items 8 and 10 if you have nothing to disclose.

12. Copy of any Temporary License the appraiser is relying upon for this RCS. Any temporary license relied upon must be issued by the state where the property is located.

Important: The following items are *NOT* required in a RCS.

- Demographic trends for the market
- Interior photographs of comparables
- Copy of Engagement Letter
- Appraiser Qualifications (In Appendix 9-1 Appraiser Certification, appraisers certify that they meet all of the appraiser qualifications set forth in Section 9-8 of this Chapter)
- Copy of Appraiser's Permanent License