

MODEL RCS CHECKLIST

Rent Comparability Study Required Contents

- ❖ **Section 8 Renewal Policy Guide, 9-15, Note:** The *owner* is responsible for reviewing all information required by Appendix 9-10, and Section 9-14, B1 requires owners to certify that they have checked the RCS for completeness.
- ❖ **Section 8 Renewal Policy Guide, 9-18, Special Procedures for MU2M:** Requires *HUD/CA staff* to review the owner- and HUD-purchased studies for completeness and timeliness.
- ❖ **Section 8 Renewal Policy Guide, 9-19:** The *site manager/contract administrator* reviews the owner's RCS to ensure completeness with Sections 9-14 and 9-16 and Appendix 9-10.

- 1. Appraiser's Transmittal Letter is signed by the appraiser.
- 2. The appraiser's Transmittal Letter is dated no more than 90 calendar days from the date he/she collected the data contained in the study.
- 3. No more than 90 calendar days elapsed between the date of the appraiser's Transmittal Letter and the date the owner is submitting the study to the PBCA/HUD.
- 4. Appraiser's Transmittal Letter includes the following:
 - Appraiser's name, company name, address, telephone/fax number, and email address (these may be included in the letterhead or body of the letter)
 - Project name, and the FHA and/or contract number
 - Table of estimated market rents for each unit type—format:

UNIT TYPE	NO. OF UNITS	SIZE (Sq. Ft.)	ESTIMATED RENT	MARKET \$/Sq. Ft.	PREPARED GRID? Y/N
TOTAL UNITS					

- Statement that market rents were defined and estimated in accordance with Chapter 9 of the Section 8 Renewal Guide
- Statement from appraiser that acknowledges how the report will be used (for example: *I understand that HUD/ the Section 8 contract administrator 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.*)
- 5. The Scope of Work included in the appraiser's report that acknowledges that work was completed in accordance with the requirements set forth in Notice H 00-12 and/or the Section 8 Renewal Policy Guide, Chapter 9
- 6. The Scope of Work's narrative includes the following:
 - Date, number, and type of inspections, and how unit sizes were verified

- How rent, condition, and amenity data were collected and verified
- Interviews noted, records reviewed, Internet sites utilized, etc., and the time period during which data was collected
- A comment concerning data that was unobtainable or estimated and all efforts to obtain that data
- Names of individuals other than the licensed appraiser who assisted in completing the study
- 7. A description of the Subject Property addresses the items listed below: (If the units being renewed are located on scattered sites and those sites differ significantly in condition, services, street appeal, or other factors listed below, those differences must be disclosed.)
 - 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—format:

UNIT TYPE	NO. OF UNITS	INTERIOR SIZE (Sq. Ft.)	NO. OF PROJECT-BASED SECTION 8 UNITS	NO. OF OTHER RENT-RESTRICTED UNITS	NO. OF UNITS NOT RENT RESTRICTED
TOTALS					

- Condition: age of the property, state of repair, any recent/planned rehab or refurbishing
- Schedule of charges collected in addition to rent
- Three to five labeled, *color* photos of exterior and interior (see Section 9-9B for more on photos)
- Population of occupancy group targeted (if any) for the property (elderly, disabled, family)
- Summary of unit design and amenities

RCS Checklist (continued from p. 7)

- Summary of project services/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 telephone number of the contact person with whom the appraiser verified or collected information on the subject property
- 8.** Information on the Subject's Market Area and geographic area from which applicants would normally be drawn is included.
- 9.** A description of the neighborhood that notes the property's location and outlines factors that would impact market rent levels is included.
- 10.** A neighborhood description addresses at least the following: (If the units being renewed are located on scattered sites and those sites differ significantly on the factors listed below, those differences must be noted.)
 - 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 the resident can see
 - Nuisances (e.g., street noise), crime rates, and other factors that would affect the perceived quality of the neighborhood
- 11.** A narrative describing the selection of comparable properties includes the following:
 - An overall assessment of the availability of comparables; the quality of the comparables selected; a statement why the comparables used were selected
 - If unassisted units in the subject project have the same number of bedrooms and were not used as comparables, there is an explanation
 - An explanation is included when fewer than five comparables were provided for any primary unit type
 - Comparables that are significantly dissimilar to the subject property (e.g., different number of bedrooms, different structure type, different level of services) are noted and an explanation is provided as to what research was performed to determine that more similar comparables were not available
 - Comparables that are outside the subject's market area are identified; research was performed to determine that better comparables were not available in the subject's market area
 - Rent levels in the alternate market area were compared with those in the subject's market area
 - Rent-restricted units (and type(s) of restriction) are identified if they were used as comparables (e.g., LIHTC, local rent control)
- Comparables that are owned or managed by companies having any identity-of-interest with the owner or management agent are identified and explained
- 12.** A Locator Map shows the following:
 - The subject property and location of each comparable
 - Major roadways and natural or man-made barriers (e.g., rivers, freeways, railways)
- 13.** A Rent Comparability Grid is included.
 - One grid was completed for each primary unit type
 - All comparables for one unit type are on one grid and all lines of the grid's data columns were completed, even if no adjustment was made on a line
- 14.** Narrative explaining Adjustments and Market Rent Conclusions for each grid was provided as outlined below: (A separate set of explanations should have been prepared for each grid.)
 - Adjustments made/not made: For each adjustment, a brief explanation why the adjustment was made and how it was arrived at; the dollar value of the adjustment; and if data columns show a comparable differs significantly from the subject project but no adjustment was made, an explanation why
 - How the market rent was derived from comparables' adjusted rents
 - An explanation of how the market rent was estimated and why it was derived that way
 - Comparables that were given the most weight are noted with an explanation why (if some comparables were weighted more heavily than others were or the estimated market rent is set at the high end of the adjusted rents' range, an explanation must be provided)
 - How the market rent for a primary unit was used to derive a market rent for a similar, secondary unit type; explanation of what adjustments were made and why
- 15.** Comparable Property Profiles include the following:
 - A one-page profile of each comparable property (if the same property was used as a comparable for different unit types, only one profile should be included)
 - The profile includes at least the items listed below:
 - Property name and address (street, city, county, cross streets) and neighborhood name
 - Name and telephone number of contact person with whom the information was verified or collected on the property and the date obtained
 - A color photo (at least 3" by 5") of the projects' exterior (interior photos may be included if available, but they are not required)
 - A rent and unit mix table that include all units in the project grouped by major unit types (e.g., number of bedrooms/number of baths)
 - Indication of which unit types are used as comparables in the RCS

Source: *Contract Management Services*