

# Estimates of Market Rent by Comparison

U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Commissioner

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**Public reporting burden** for this collection of information is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

1. Unit Type		2. Subject Property (Address)			A. Comparable Property No. 1 (address)			B. Comparable Property No. 2 (address)			C. Comparable Property No.3 (address)			D. Comparable Property No. 4 (address)			E. Comparable Property No. 5 (address)		
Characteristics		Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments			
3. Effective Date of Rental																			
4. Type of Project/Stories																			
5. Floor of Unit in Building																			
6. Project Occupancy %																			
7. Concessions																			
8. Year Built																			
9. Sq. Ft. Area																			
10. Number of Bedrooms																			
11. Number of Baths																			
12. Number of Rooms																			
13. Balc./Terrace/Patio																			
14. Garage or Carport																			
15. Equipment	a. A/C																		
	b. Range/Oven																		
	c. Refrigerator																		
	d. Disposal																		
	e. Microwave																		
	f. Dishwasher																		
	g. Washer / Dryer																		
	h. Carpet/Drapes																		
	i. Pool/Rec. Area																		
16. Services	a. Heat/Type																		
	b. Cook/Type																		
	c. Electricity																		
	d. Water Cold/Hot																		
17. Storage																			
18. Project Location																			
19. Other																			
20. Unit Rent Per Month																			
21. Total Adjustment																			
22. Indicated Rent																			
23. Correlated Subject Rent																			

Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature

Date (mm/dd/yyyy)

Reviewer's Signature

Date (mm/dd/yyyy)

**Instructions: Form HUD-92273**  
Valuation for Estimates of Market Rents by Comparison

The form **HUD -92273** supports the appraiser's market rent estimates on forms **HUD- 92264** and **HUD-92664-HCF**. One form is to be prepared for each type and size (if significantly different) of rental units in the project. All data and conditions reported on form **HUD-92213** must be supported in the narrative of the appraisal report. This includes photos and location maps of the comparables used in the analysis.

A minimum of three comparables for each unit type may be used if there is a shortage of good comparables. Normally, however, use of five is recommended. This will provide better analysis and a more accurate estimation of market rent. Comparables chosen shall be as similar to the subject as possible (i.e., those requiring the least adjustments). If reasonably acceptable comparables are not available in the subject locality, comparables from similar, although geographically more distant locations, should be used.

1. **Unit Type.** Adequately identify the unit type for which the monthly market rent by comparison is to be estimated by entering the appropriate description (e.g., 1BR-1B, 1 BR-1-1/2B, etc.) in the space provided on the line "Unit Type." Unit types substantially different due to size, design, etc. are not to be combined on one sheet even if they have the same bedroom count.
2. **Subject Property.** Enter the name, project number and location of the subject project in the space provided.

**Characteristics:**

Each of the items listed in the first column under "Characteristics" tends to affect the rents typical tenants in the subject's competitive area would pay. However, Not all of the listed characteristics will always have an appreciable effect all of the time. Local market conditions will dictate if, when, and how much of an effect any given item might exert. The Appraiser shall reflect this effect, if any, in the analysis.

Space for listing additional items, if considered appropriate by the appraiser, is provided under Item 19, "Other". Throughout the analysis, care must be exercised to insure that no duplication of "Characteristics" and/or "Adjustments" inadvertently takes place.

Note: When estimating rents for health care facilities the appraiser should adapt the form to take into consideration characteristics that impact bed or unit rent for the specific type of health care market, i.e., skilled nursing home, assisted living facility, etc. An example of a health care characteristic would be "degree of services provided."

**Data:**

The appraiser will relate each of the characteristics to the subject and the comparables used by making relevant entries in corresponding spaces in each of the respective columns under "Data." These entries will serve to facilitate objective comparison of the subject unit characteristics with those of each of the comparables. Significant observable differences between the subject and the comparables shall be reflected by entering a dollar amount for each difference in the appropriate space under "Adjustments."

**Adjustments:**

The adjustments must be made in dollar amounts, reflecting local market differences between the subject and the comparables. If the subject is superior to a comparable, relative to a characteristic enter the amount of the adjustment in the "Plus" (+) column for that comparable; if the subject is inferior, enter the amount of the adjustment in the "Minus" (-) column.

3. **Effective Date of Rental.** Enter the date that the comparable unit was last leased as the "Effective Date of Rental." If the comparable rental does not represent the amount currently obtainable on the open market, but represents an amount obtainable at an appreciably earlier date, the earlier date shall be entered as the "Effective Date of Rental"

and a time adjustment made. For example, assure that a rental was last verified six months ago, and an updated rental for that unit type within the comparable project cannot be obtained. The date as of six months ago shall be entered as the "Effective Date of Rental" and a time adjustment shall be made from the effective date to the date of appraisal. If units in a comparable project similar to the subject unit are currently offered for lease, and there is substantial reason to believe that the units are readily rentable as the rents offered, the currently offered rent may be entered; the date of the appraisal shall be recorded as the "Effective Date of Rental" and no time adjustment shall be made.

4. **Type of Project/Stories.** Enter "E" for elevator, "TH" for townhouse, "WU" for walkup, etc.; a slant bar and the number of stories. Choose only comparables of the same project type as the subject, when practicable.
5. **Floor of Unit In Building.** Enter floor, if applicable unit located on.
6. **Project occupancy %.** Self explanatory.
7. **Concessions.** Enter adjustment for concessions, if any.
8. **Year Built.** Enter the dates as appropriate for the subject and comparables. If the age difference would affect the level of attainable rents, an adjustment is required. In cases where the unit and/or project has been, or is proposed to be, rehabilitated, this entry shall include the actual age followed by a slant bar and the completion date of the rehabilitation and shall be referenced to clarifying remarks. Adjustments shall be made on the basis of effective rather than chronological age. Clarifying remarks for this and other items, where appropriate or required by instructions herein, shall be written on the back of the Form and identified and referenced by asterisks or numbered superscripts.
9. **Sq. Ft. Area.** This refers to the net rentable area of the unit.  
  
Note: A variation of the Principle of Contribution may affect adjustments for differences in unit size. A given square foot difference may not enhance the utility of a larger unit to the same degree that it might a smaller unit (i.e., a difference of 50 square feet of net rentable area would have greater market effect relative to a 500 square foot 1 BR unit than to an 800 square foot 1 BR unit).
10. **Number of Bedrooms.** Entry for this item is self-explanatory. The appraiser is not justified in using comparables with a bedroom count different from the subject, except in very unusual circumstances. Where such circumstances exist, a detailed explanation shall be given.
11. **Number of Baths.** Entry for this item is self-explanatory.
12. **Number of Rooms.** Entry for this item is self-explanatory. Dividing a unit into too many rooms relative to its size would tend to have a negative effect on that unit's rentability. Generally, an adjustment for the number of rooms shall not be made in addition to a size adjustment, but it is not prohibited if necessary to reflect local market reactions, provided that care is exercised to avoid any duplication of overlap of the unit size adjustment.
13. **Balc./Terrace/Patio.** Enter under the subject and comparable which amenity, if any, each has. If a unit does not have one of the above enter "None."
14. **Garage or Carport.** Enter whichever is applicable or "None" if appropriate. If the project has either a garage or carport but their use is not included in the rent, enter "Extra" and explain in clarifying remarks.
15. **Equipment.** All of the items under this general heading refer to the equipment included in the rent rather than to the cost for the energy needed to operate the equipment. Consideration of the operating expense shall be reflected under "Services."

- a. A/C. Enter the type of air conditioning equipment the unit has or "None" as appropriate. An adjustment may also be warranted to reflect a certain type of equipment (i.e., central vs. window unit) if the local market so indicates.
- b. Range/Oven. Enter "R/O" if the unit has both items of equipment included in rent; "R" or "O" respectively, if the unit has one or the other; and "None" if neither is included.
- c. Refrigerator. Enter "Yes" if included in the rent and "No" if not
- d. Garbage Disposal. Enter "Yes" if included in the rent and "No" if not.
- e. Microwave. Enter "Yes" if include in the rent and "No" if not
- f. Dishwasher. Enter "Yes" if included in the rent and "No" if not.
- g. Washer/Dryer. Enter "Yes" if included in the rent and "No" if not.
- h. Carpet/Drapes. Enter "C/O" if both are included in the rent; "C" or "D" respectively if the unit has one or the other; and "None" if neither is included.
- i. Pool/Rec. Area. Enter the applicable facility (or facilities) available to the tenant. Although a facility may be available for both the subject unit and a comparable unit, there may be a substantial difference in the amenity provided because of design, capacity, and/or other factors. If this is the case, appropriate adjustments supported by explanatory remarks shall be made.
16. **Services.** All of the following items for consideration under this general heading refer to the cost of the utility (energy) that may be included in the rent. In some instances, even if both the subject and comparable units have the same utility included in the rent an adjustment may still be warranted to bring the comparable in line with the subject, due to factors of size, equipment, insulation, utility rates, etc. If Included in the comparable rent but not in the subject rent, enter a minus adjustment reflecting the portion of the comparables rent attributable to the inclusion of the service. If excluded from the comparable rent but included in the subject rent, enter a plus adjustment reflecting the estimated increase in rental value attributable to including the service in the subject's rent.
- a. Heat/Type. Enter "Yes" or "No" to indicate whether or not heat is included in rent. Also, enter the appropriate abbreviation for the type of system (refer to Form FHA-2264 instructions, Section A, Item IS) for evaluation relative to rent.
- b. Cook/Type. Enter "Yes" or "No" to indicate whether or not the energy to operate the cooking equipment is included in the rent. Also indicate "E" for electric, "G" for Gas, etc., as appropriate to indicate type.
- c. Electricity. Enter "Yes" or "No" to reflect whether or not the cost of electricity used within the unit is included in the rent.
- d. Water – Cold/Hot. If the cost of water used within the unit is not included in the rent enter "No"; otherwise enter "C" for cold water included, "H" for hot water included or "C/H" for both included.
17. **Storage.** Enter the appropriate descriptive adjective (i.e., "Excellent", "Good", "Fair", or "Poor"). Consider storage outside of the finished living area (such as in the basement for each unit) and relate to local market demand and unit/project type.
18. **Project Location.** Enter the appropriate adjective (i.e., "Excellent", "Good", "Fair," or "Poor"). Consider factors such as: distance to shopping, recreational, social, medical and employment centers; economic obsolescence; neighborhood desirability; transportation; special hazards and nuisances; etc.
19. **Other.** Use these spaces as needed to reflect characteristics not categorized elsewhere but which are significant enough to affect the unit rent.
- Among the items that may be considered here are the following:
- Livability – Reflect good or poor room sizes, lack of adequate closets and/or cupboards, adequacy of lighting, extra elevators, laundry facilities I the unit, etc.
  - Condition of Improvements – Reflect lack of maintenance, upkeep, etc.
  - Parking – Reflect parking rates, adequacy of parking space for visitors, proximity of parking spaces to unit and/or other factors related to parking.
  - Project Density – Consider extra open space or crowding of units if degree of either is such that it would affect the level of attainable rent.
  - Unit Location – Reflect here features of location of unit in the project such as view, nuisance due to proximity to swimming pool or other recreation facilities, and/or any other factors of this nature.
  - Project Features – Reflect here features such as a fireplace in the unit, works of art, beach, boat marina, sauna, doorman, security services and equipment, etc.
20. **Unit Rent Per Mo.** Enter in the appropriate space provide for each comparable the monthly rent as reflected by leases currently (as of the date of the processing of this form) being executed and not a rental amount currently being paid by the tenant but based on a lease executed substantially earlier than the date or processing. Or, alternatively, if a good comparable has had no recent turnover (past 3 to 6 months) in a unit comparable to the unit being appraised, the most recently leased unit may be used as a comparable; provided that the date of the lease is reported as "Effective Date of Rental" and a time adjustment is made to reflect changes in prevailing rents in the comparable neighborhood, if any, between the date of the lease and the date of the appraisal.
21. **Net Adjustment.** Enter the difference between the total "plus" adjustments and total "minus" adjustments. This entry shall be prefixed by either a (+) plus or (-) minus. Enter "-0-" if there is no difference between the totals.
22. **Indicated Rent W/O Trend. & Spec. ADJ.** Enter for each of the comparables used the algebraic sum of Item 17, Unit Rent Per/Mo., and Item 18, Net Adjustment W/O Trend & Special Adjustments.
23. **Correlated Subject Rent.** Proper correlation and interpolation of the amounts shown in Item 22 for the comparables shall result in the estimated monthly dollar amount to be entered for the subject unit. Generally the Appraiser may choose any rental value, which he/she believes to be the single most defensible estimate which is within the range of the value indicators derived from adjustment of the comparable rents. However, when vacancy rates are low, (less than 5%) indicating a tight rental market, correlated rental values should be derived from the high end of the range to reflect rental values compatible with the long range vacancy and collection loss estimates of 5 to 7 percent.