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CHAPTER 6. VALUATION SEARCH PROGRAM

- 6-1. GENERAL. The SEARCH Program selects comparables from the Valuation Data Files for use in processing a multifamily project proposal. The SEARCH Program is used to arrive at and substantiate estimates of income, expense and/or land value. It can also furnish data to assist the appraiser in determining whether or not a proposal will require an operating deficit calculation. Before SEARCH can be run, the Form [HUD-92013](#) for the proposal must have been entered in CUPS.
- 6-2. FREQUENCY. The Multifamily Appraiser will request, if necessary, a SEARCH Program to be run at SAMA, Conditional and Firm Stages of processing for each multifamily project proposal.
- 6-3. INPUT AND OPTIONS. After the CUPS run command, the SEARCH Program will prompt for the five-digit project number. Then three options will be provided as shown below. Indicate the appropriate option and any overrides on the SEARCH Data Entry Worksheet (Appendix 2).
- a. Option 1 - SAMA Search. Option 1 will be run at the SAMA Stage. It will automatically provide a report containing the income search, the operating deficit search and the land search. Option 1 will follow the alternate place code sequence in the PLACE and PLACEL code files along with the programmed weight schedule. If the subject proposal is subsidized, the program will select only subsidized operating deficit data. The income search will select unsubsidized comparables. If the subject proposal is unsubsidized, the program will select only unsubsidized income and operating deficit data. The Section of the Act has no effect on the Land search. Land comparables will be selected without regard as to whether the subject case is subsidized or unsubsidized. See Appendix 27 for a Sample SEARCH - Option 1 run.
  - b. Option 2 - Conditional/Firm Search. Option 2 will be run at the Conditional and/or Firm Stages. It will automatically provide a report containing the Expense Search, Income Search, and Operating Deficit Search. Option 2 will follow the alternate place code sequence in the PLACE code file along with the programmed weight schedule. If the subject is subsidized, the program will select only subsidized expense and operating deficit data. Unsubsidized income data will be selected. See Appendix 28 for a Sample SEARCH - Option 2 run.
  - c. Option 3 - Segmented Search. Option 3 will be run whenever it is necessary to deviate from the programmed confinement of Options 1 and 2. Option 3 will permit the user to

run each search (Expense, Income/ Operating Deficit, and Land) separately or together. The segmented search will provide the opportunity to override the Place Code schedule for the Expense/Income Search and the Land Search. The program will also provide the opportunity to override the Section of the Act to select either subsidized data or unsubsidized data. See Appendix 29 for a Sample SEARCH - Option 3 run. The eligible Sections of the Act that may be specified for the Expense Search are as follows:

- (1) Unsubsidized: 207, 220, 221D3MIR, 221D4, 223F, 608 and CONVENTIONAL;
- (2) Subsidized: 221D3BMIR, 221D3RS, 223E 236 and SEC8;
- (3) Other: 231;
- (4) All: All of the above sections will be included in the Search.

6-4. MARKET AREA PLACE CODE MAPS AND SCHEDULES. The Appraiser responsible for maintaining Valuation data will compile and maintain market area place code maps and schedules of place codes for the field office insuring jurisdiction.

- a. The market area place code maps should delineate market areas that reflect an area or areas that contain similar market conditions; e.g., two or three small towns or possibly two, three or more counties may exhibit competitive market conditions and would constitute the areas that would be searched for comparable data for a proposed rental project. The geographic size of the market areas for land and income data will probably differ from the size of the market area from which an appraiser would pull and use expense data. Therefore, while reviewing these maps, market areas should be delineated in relation to areas that would be used in an appraiser's search for land and income data.
- b. The Appraiser should periodically review market area place code maps and revise them when market conditions indicate the need. Any revisions necessitate that all affected comparable data be changed to show proper market area place code numbers.

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- c. Following the Valuation Branch approval of the market area place code map, the two market area place code schedules should be reviewed. One market area place code schedule (PLACE) directs the Income/Market Absorption and Expense Data selection Search while the other market area place code schedule (PLACEL) directs the Land Data selection Search. Each schedule consists of a list of all market area place codes outlined on the maps followed by five competitive or alternate market area place code areas in their order of competitiveness. The subject or primary place code and the first two alternates of the PLACE Schedule (the schedule directing the income and expense search) relate to the income and market absorption search and represent those areas from which the appraiser would select data if he or she were processing manually. The remaining alternate place area numbers (third, fourth, and fifth alternate) are not involved in the income/market absorption search. The expense search utilized the subject or primary place code number and all five alternate market area place code areas of the PLACE schedule. The land market area code schedule (PLACEL), which may or may not be identical to the PLACE Schedule, directs the Land Data Section program (LAND SEARCH) and utilizes the subject or primary market area place code and the first two alternates. The remaining alternate numbers (third, fourth and fifth alternates) are not to be used by the Land Search.
- d. The Appraiser's review should insure that the proper competitive market area place codes are being searched for data.
- 6-5. COMPARABLE SELECTION AND WEIGHTING CRITERIA. The Search program uses a standard weighting schedule shown in Figure 6-1. However, this schedule can be modified for any field office library to better fulfill that office's need for comparable data selection. If the data appraiser determines that the weighting schedule should be modified, he/she should contact the Valuation Branch, Technical Support Division, Office of Multifamily Housing Development, at Headquarters to work with appropriate personnel in making the necessary changes. The basis for the selection of comparables and the weighting criteria for search are as follows:
- a. Expense Search. The Expense portion of the Search will select five comparables based on project characteristics. The program provides a separate search for each building type of a multiple-type project proposal. A description of each item on the expense search and the selection criteria are as follows:
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- (1) Project Number. The project numbers for the five comparables will relate to the Sections of the Act and whether or not subsidized or unsubsidized data is being searched.
- (2) Place Code. The place code is a weighted selection criterion. The Expense search seeks data that is located in areas that are in close proximity or in comparable areas to the subject location using the five alternate place codes entered in the PLACE code file. The Expense search assigns the highest weight to projects located in the subject place code area and lesser weights to projects located in any of the five alternate place code areas. If the place code override option in the segmented search is used one to three alternate place codes for the expense search may be entered. If the subject place code is entered alone on the override prompt, the program will search only that place code and no alternates. The weights used for the place code criterion are shown in item numbers 1 through 7 of Figure 6-1.
- (3) Type of Project. Type of project is a programmed selection criterion. The expense search selects those comparables identical in building type to the subject proposal. However, if the subject is a townhouse or walkup and the program can not find five comparables of the same type, it will then search the other type.
- (4) Number of Stories. The number of stories is a weighted criterion for Elevator/Highrise projects but only descriptive information for all other types of projects. For Elevator/Highrise projects, the expense search seeks those comparables similar in number of stories. The number of stories criterion weights are shown in item numbers 8 through 12 of Figure 6-1.
- (5) Occupancy Rate. The occupancy rate is a weighted selection and rejection criterion. The expense search will not select any comparable that does not have an 85% or higher occupancy rate based on the information contained in the Form HUD-92410 for the particular year of operation. Higher weights are given to projects with more favorable sustaining occupancies. The occupancy rate criterion weights are shown in item numbers 13 through 20 of Figure 6-1.

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- (6) Average Unit Size. The average unit size is a weighted selection criterion. The average size of the subject is compared to the average size of the comparable. The percentage of difference between the two is weighted according to item numbers 21 through 25 of Figure 6-1. Although there is no rejection on projects where average unit size is not known, those projects are given a much lower weight compared to projects where average unit size is known.
- (7) Composition. Project composition is a weighted selection criterion. The expense search will select comparables that are similar in project composition to the subject proposal. Unit composition is classified into three types. Type 1 is defined as efficiencies and one-bedroom units. Type 2 is defined as two-bedroom units. Type 3 is defined as three or more bedroom units. The program will compare the subject to the comparable for each type and calculate the percentage of difference in unit composition based on the following formula:
- $$\% \text{ difference} = 100 \text{ minus } \frac{\% \text{ of type units for subject} \times 100}{\% \text{ of type units for comparable.}}$$
- The percentage of difference for each type is then assigned a weight according to item numbers 26 through 40 of Figure 6-1.
- (8) Number of Units. Number of units is a weighted selection criterion. Weights for this criterion are shown in item numbers 41 through 43 of Figure 6-1.
- (9) Age of Project. This is a weighted selection criterion. The expense search seeks comparables that are similar in age to the subject so that characteristics relating to project age will be reflected in the operating experience of the comparables. The age of the comparable is compared to Item number A16 of the Form [HUD-92013](#). For proposed construction, where Item A16 may be blank, the expense search will use the current year for comparison. The difference in age is then weighted according to Item numbers 44 through 50 of Figure 6-1.
- (10) Services. Heating, electric and air conditioning services are weighted selection criteria. The expense search compares the subject to a comparable for services provided or not provided. This criterion is then weighted according to item numbers 51 through 56
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of Figure 6-1.

- (11) Section of Act. This is a descriptive information item and relates to the Section of the Act under which the projects are insured.
  - (12) Date of Data. This is a descriptive information item and is the operating year of the Form HUD-92410 for each comparable.
  - (13) Total Weight. Using the comparable selection criteria, the program reviews each comparable in the expense criterion. The expense search will select comparables data base and computes the total weight for each comparable. Those five comparables receiving the highest weight are selected for the expense search printout. If there are several comparables with the same total lowest weight, the program will select and print the comparable it computed first.
  - (14) Comparability. The degree of comparability as computed by the expense search is the percentage of the total weight for the comparable as compared to the total maximum weight that could be achieved for a perfectly matched comparable.
  - (15) Additional Information. The expense search will show the project name, location, Form FHA-2275 and Form HUD-92410 remarks for each comparable selected. The itemized component expenses for the most current year of operation for the comparables are shown in Form FHA-2264, Section E format as per unit and per square foot units of comparison on the last page of the search printout. The tax expenses are shown on a per unit basis and as a percentage of the Gross Income reported on the Form HUD-92410. Total operating expense and total taxes for the two years preceding the most current operating period (if in the F2410 file) will also be shown for each comparable.
- b. Income Search. The income portion of the Search Program selects from the Income Data Base (F184 File) five income comparables for each unit type of the subject project

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proposal. The program provides a separate search for each building type of a multiple-type project proposal. These income comparables are selected according to the weighted selection criteria for project characteristics. A description of each item on the income search and the selection criteria are as follows:

- (1) Project Number. This is a programmed selection criterion. The income search will select as comparables only those projects that are conventionally financed or HUD projects that are insured under market interest rate programs without benefit of subsidy allowances to project owners or occupants. The income search will reject all comparables in the subsidized data numbering series. Appropriate unsubsidized and subsidized project numbering series are shown in Figure 6-2.
- (2) Place Code. The place code is a weighted selection criterion. The income search seeks data that is in close proximity to the subject project proposal and in areas that have similar market conditions as the subject project. This criterion is based on the alternate place code schedule entered in the PLACE file. The income search selects comparables from the subject place code area or the first and second alternate place code areas. No income comparables are selected from the third, fourth or fifth alternate place code areas. The segmented option of the income search will provide an opportunity to override the place code schedule if the appraiser determines that there are other more appropriate areas to search for comparable data. This override option should only be used where special proposed project characteristics are non-typical, or the location of the proposal is on the extreme borderline of a place code area causing the first and second place code areas to become inappropriate for data selection. If the appraiser frequently uses the place code override option, he/she may need to analyze and possibly revise the place code schedule and place code area map that outline market areas. The place code criterion weights are shown in item numbers 57 through 60 of Figure 6-1.

- (3) Type of Project. Type of project is a programmed selection criterion. The income search selects those comparables identical in building type to the subject proposal. However, if the subject is a townhouse or walkup and the program can not find five comparables of the same type, it will then search the other type.
- (4) Number of Stories. The number of stories is descriptive information shown for the subject and each comparable.
- (5) Number of Units. The number of units is descriptive information shown for the subject proposal and each comparable. The program shows total number of project units for those comparables that have one building type. For comparables with multiple building types, the total number of units will just be the total for the building type selected in the search. For these comparables that will be identified by a project number ending with a letter, refer to the additional information at the end of the income search for remarks regarding total project unit count.
- (6) Occupancy Rate. The occupancy rate is a descriptive information item indicating the occupancy percentage for each unit type of the comparable, as recorded on the most recent rental report on the Form FHA-184. No comparable is rejected because of low occupancy.
- (7) Composition. The following three items are considered for the unit type search criterion.
  - (a) Average Size. Average size is a weighted selection criterion. The income search will provide separate searches for those units with different bedroom counts; i.e., a search for the one-bedroom unit, a search for the two-bedroom unit, and a search for any other type of unit. If any bedroom type has multiple units of identical bedroom count with different unit sizes of 100 square feet or less, the program will average the size of those units. For example, the program will compute the average square foot unit size for a two-bedroom unit type of 700 square feet and a two-bedroom unit type of 750 square feet. A single search based on the computed average unit size will then be provided for that bedroom type. If the difference in unit size is larger than 100 square feet, the program will provide individual

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searches. The difference between the subject average unit size and the comparable average unit size is then weighted according to item numbers 80 through 84 of Figure 6-1.

- (b) Number of Units. The number of units for each type is descriptive information shown for the subject and each comparable. The program does not reject a comparable for a limit to the number of units.
  - (c) Bath per Unit. The number of baths per unit is a weighted selection criterion. The income search selects comparables with similar bath count. A comparable with the same bath count as the subject will receive a weight of three, a half-bath difference will receive a weight of two, and a full-bath difference will receive a weight of one. If there is more than a full-bath difference, the comparable will receive a weight of zero for this item.
- (8) Rent. The rent for each unit type is descriptive information shown for each comparable.
  - (9) Equipment. The inclusion or exclusion of equipment in project rentals are weighted selection criteria. The program will search for comparables that include the same equipment in the rent. This equipment includes range and refrigerator, air conditioning, laundry, disposal, and carpet and drapes. Weights for equipment are shown in item numbers 85 through 90 of Figure 6-1. A swimming pool is not included in the selection criteria.
  - (10) Services. The inclusion or exclusion of services in project rentals are weighted selection criteria. The program will search for comparables that include the same services in the rent. These services include heating, cooking, air conditioning, hot water, electric and water. The income search will designate the type of energy used by the service if that service is included in the rent. For example, the printout will show E for electric heat or G for gas heat included in the rent. A service that is not included in the rent will show an N for the subject or a comparable. Weights for the services criteria are shown in item numbers 91 through 96 of Figure 6-1.

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- (11) Age of Project. The age of the project is a weighted selection criterion. The income search selects comparables that are similar in age to the subject so that characteristics relating to project age will be reflected in the rentals of the comparables. The age of the comparable is compared to Item number A16 of the Form [HUD-92013](#). For proposed construction, where Item A16 on the Form [HUD-92013](#) may be blank, the income search will use the current year for comparison. The difference in age is then weighted according to Item numbers 73 through 79 of Figure 6-1.
- (12) Parking. Whether or not covered parking (carports or garages) is included in the rent is a weighted selection criterion. If the subject and comparable are the same for this criterion, the program assigns a weight of one. Comparables that are not the same for parking are assigned a weight of zero for this item.
- (13) Date of Data. This is a descriptive information item showing the month and year of the reporting period for the rental and occupancy data.
- (14) Total Weight. Using the comparable selection criteria, the income search reviews each comparable in the income data base and computes the total weight for each comparable. Those five comparables receiving the highest weight are selected for the income search printout. This search is repeated for each different unit type in the subject proposal. If there are several comparables with the same total lowest weight, the program will select and print the comparable it computed first.
- (15) Comparability. The degree of comparability as computed by the income search is the percentage of the total weight for the comparable as compared to the total maximum weight that could be achieved for a perfectly matched comparable.
- (16) Additional Information. The income search printout will show on the last page additional information, including project name, address, and any remarks or comments from the Form HUD-9184 for each comparable.
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c. Land Search. The Land portion of the Search will select five comparables based on site characteristics. A description of each item on the land search and the selection criteria are as follows:

- (1) Project Number. The land search will show the project number for the subject. For each land sale comparable, the program will show a number referred to as the sequence number on the same line as the subject project number. CUPS automatically assigns these comparable sequence numbers when they are entered in the Land data file (LAND1).
- (2) Location. The land search prints the first line of the location for the subject and each comparable as descriptive information. The complete location is printed as miscellaneous information at the end of the land search.
- (3) Place Code. The place code is a weighted selection criterion. The land search seeks data that is located in areas that are in close proximity or in comparable areas to the subject location using the first and second alternate place codes entered in the PLACEL code file. The land search assigns the highest weight to land sales located in the subject place code area and lesser weights to land sales located in the first or second alternate place code areas. The program will not select comparables from the third, fourth or fifth alternate place code areas. If the place code override option in the segmented search is used, one to three alternate place codes for the land search may be entered. The weights used for the place code criterion are shown in item numbers 98 through 101 of Figure 6-1.
- (4) Size. The square foot size or site area is a weighted selection criterion. If the site area of the comparable is three times greater than the area of the subject site or less than one-third the area of the subject site, the program will assign a weight of zero for this criterion. If the comparable site area falls within these parameters, the program will assign a weight of three for this item.
- (5) Units Per Acre. The number of units per acre or density is a weighted selection criterion. The land

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search will select comparables that have densities similar to the density of the subject proposal. The percentage of difference in the number of units per acre of the subject proposal and each land comparable is weighted according to item numbers 104 through 107 of Figure 6-1.

- (a) The effectiveness of this weighted selection criterion depends upon proper interpretation of the market actions among seller, buyer, developer, and political authority. In those Field Office jurisdictions where builders do not build according to maximum density as permitted by zoning, or those jurisdictions where various zoning classifications do not relate to actual development, the land data should not show density when entered into the data file. If buyers and developers are not buying in accordance with maximum density zoning, the appraiser should not select comparables on that basis. However, if the appraiser determines that there is a true relationship between actual number of units constructed and maximum density zoning, the land data should show density when entered into the data file. For site comparables where construction has commenced or construction intention is known, the appraiser should determine the most probable density for that site considering the highest and best multifamily use for entry into the land data file.
  - (b) The appraiser should be consistent for all land comparables by either showing or not showing density as data. If density is entered in the land data file for some comparables and not others, the land search will constantly compute a lower total weight for those without density indicated, since a weight of zero will be assigned for this criterion.
- (6) Date of Sale. The date of sale is a weighted selection and rejection criterion. The land search will select the most recent land sales. The search will reject any land comparable with 48 months from the current date since the date of sale. The weights for this criterion are shown in item numbers 108 through 111 of Figure 6-1.

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- (7) Utilities at Site. This item is a weighted selection criterion. The land search selects comparables that are the most appropriate to use for arriving at the subject land value fully improved. Weights for this criterion are shown in item number 112 and 113 of Figure 6-1.
  - (8) Price Per Unit. (As Is). The price per unit (as is) is shown as descriptive information on the land search printout if density is known for the comparable. This price does not include any known on-site, off-site or demolition costs attributable to the site. If density is not known for the comparable, the printout will show asterisks for this item.
  - (9) Price Per Square Foot (As Is). The land search shows the sales price as a per square foot unit of measurement for each comparable. This item reflects all site conditions that existed at the time of the sales transaction and that were included in the sales price.
  - (10) Price Per Acre (As Is). The land search shows as descriptive information the total sales price broken down into an acre unit of measurement for the "as is" condition of the site comparable.
  - (11) Total Sales Price (As Is). The land search shows as descriptive information the total price paid to purchase and obtain title for each site comparable.
  - (12) Cost Per Unit (Improved). The land search shows as descriptive information the cost per unit which includes the completion and correction of all conditions necessary to bring the site to an improved condition by HUD standards. Cost per unit differs from price per unit by the cost of off-site improvements, correction of unusual site conditions, demolition of existing structures, or the satisfaction of any special assessments levied by a local authority. If the site is already in an improved condition, the program will show the same price per unit (as is) and cost per unit (improved).
  - (13) Cost Per Square Foot (Improved). The land search shows as descriptive information the sales price as a per square foot unit of measurement for the site fully improved.

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- (14) Cost Per Acre (Improved). The land search shows as descriptive information the total sales price broken down into an acre unit of measurement for the fully improved condition of the site comparable.
  - (15) Total Sales Price (Improved). For each site comparable, the land search shows as descriptive information the total sales price combined with all known or estimated improvement costs.
  - (16) Type of Paving. This is a descriptive information item which identifies the type of paving used for streets or roads bordering the comparable site.
  - (17) Total Weight. Using the comparable selection criteria, the program reviews each comparable in the land data base and computes the total weight for each comparable. Those five comparables receiving the highest weight are selected for the land search printout. If there are several comparables with the same total lowest weight, the program will select and print the comparable it computed first.
  - (18) Comparability. The degree of comparability as computed by the land search is the percentage of the total weight for the comparable as compared to the total maximum weight that could be achieved for a perfectly matched comparable.
  - (19) Additional Information. The land search will print additional information including the complete location address, utilities at the site, and any remarks for each comparable.
- d. Operating Deficit Search. The operating deficit portion of the Search Program selects from the market absorption data file (F184 file) five comparables that may assist the appraiser in determining whether or not the subject proposal will require an operating deficit calculation. In addition, the operating deficit search will provide an occupancy report by unit type for all projects of identical building type to the subject proposal located in the subject and first two alternate place code areas. A description of each item on the operating deficit search and the selection criteria are as follows.
- (1) Project Number. This is a programmed selection criterion. If the subject project proposed is unsubsidized, the search will select as comparables only those

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projects that are conventionally financed or HUD projects that are insured under market interest rate programs without benefit of subsidy allowances to project owners or occupants. If the project proposed is subsidized, the program will select subsidized comparable data. Appropriate unsubsidized and subsidized project numbering series are shown in Figure 6-2.

- (2) Place Code. The place code is a weighted selection criterion. The operating deficit search seeks data that is in close proximity to the subject project proposal and in areas that have similar market conditions as the subject project. This criterion is based on the alternate place code schedule entered in the PLACE file. The search selects comparables from the subject place code area or the first and second alternate place code areas. No operating deficit comparables are selected from the third, fourth or fifth alternate place code areas. The segmented option of the operating deficit search will provide an opportunity to override the place code schedule if the appraiser determines there are other more appropriate areas to search for comparable data. The place code criterion weights are shown in item numbers 114 through 117 of Figure 6-1.
- (3) Type of Project. Type of project is a programmed selection criterion. The operating deficit search selects those comparables identical in building type to the subject proposal. However, if the subject is a townhouse or walkup, and the program can not find five comparables of the same type, it will then search the other type.
- (4) Size of Project. The size of the project is a weighted selection criterion. The operating deficit search selects comparables that have a total project unit count similar to the subject proposal. Based on the percentage of difference in project size between the subject and a comparable, the program will assign a weight according to item numbers 118 through 120 of Figure 6-1.
- (5) Ready for Occupancy. The date (month and year) that the comparable project was ready for occupancy is a programmed selection criterion. Based on the occupancy date, the program will reject any comparable that was not constructed within the last three years.

- (6) Date at 85%. The operating deficit search will show as descriptive information the date (month and year) when the comparable project first attained 85% or higher occupancy. This date represents the reporting date from the Form HUD-9184 for the comparable indicating when the data was collected. The usefulness of this information depends on the timely collection of the market absorption data for the comparable. The data is most useful when market absorption data is collected at two or three month intervals during the first two years since occupancy started for the project.
- (7) Current Occupancy. The operating deficit search shows as descriptive information the occupancy of each comparable as recorded for the most recent reporting period.
- (8) Last Update. This is descriptive information indicating the last month and year that Form FHA-184 rental data was collected for each comparable.
- (9) Composition. Project composition is a weighted selection criterion. The operating deficit search will select comparables that are similar in project composition to the subject proposal. Unit composition is classified into three types. Type 1 is defined as efficiencies and one-bedroom units. Type 2 is defined as two-bedroom units. Type 3 is defined as three or more bedroom units. The program will compare the subject to the comparable for each type and calculate the percentage or difference in unit composition based on the following formula: % difference = 100 minus

$$\frac{\% \text{ of type units for subject} \times 100}{\% \text{ of type of units for comparable}}$$

$$\% \text{ of type of units for comparable.}$$

The percentage of difference for each type is then assigned a weight according to item numbers 121 through 135 of Figure 6-1.

- (10) Total Weight. Using the comparable selection criteria, the Search program reviews each entry in the F184 data file and computes the total weight for each operating deficit comparable. Those five comparables receiving the highest weight are selected for the operating deficit search printout. If there are several comparables with the same total lowest weight, the program will select and print the comparable
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it computed first.

- (11) Comparability. The degree of comparability as computed by the operating deficit search is the percentage of the total weight for the comparable, as compared to the total maximum weight that could be achieved for a perfectly matched comparable.
- (12) Additional Information. The operating deficit search will show the complete name and location for each comparable, following all of the above items.
- (13) Current Occupancy for Place Codes. In addition to the comparable selection, the operating deficit search will provide an occupancy report by unit type for all projects of identical building type located in the subject and first two alternate place code areas. If the subject is unsubsidized, the program will group the data by conventional projects and HUD Projects and will also print an overall (Conventional and HUD project data combined) report. The number available, the number rented, and occupancy percentage will be printed for each unit type. If the subject proposal is subsidized, the program will group the data by Section of the Act and also print an overall report for all Sections.

- 6-6. ANALYSIS OF RESULTS. The Appraiser will review the comparables selected by the Search Program to determine if they are adequate for use in processing the subject proposal. He/she may find it necessary to rerun one or more portions of the Search using the override options in the segmented version. The following information should be taken into consideration when analyzing the search results.
- a. Expense Search. The total weight and degree of comparability as computed by the expense search relates to only a few easily identifiable project characteristics common to a majority of projects. Because the program computes a high total weight for a particular data entry, this data entry is not necessarily a better comparable than another data entry with a lesser total weight. The Search program can not measure conditions or characteristics that do not fall in a constant programmable routine; such as, degree of management, project maintenance, user group, and various locational features. The Appraiser should use professional judgment in the ultimate selection of expense comparables.
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- b. **Income Search.** When analyzing the income search results, the Appraiser should take into consideration additional criteria that can not be programmed, as in the expense search. The income comparable receiving the highest total weight is not necessarily the comparable that best substantiates the rental amounts for the subject proposal. The final selection of income comparables depends upon the Appraiser's professional judgment.
  - c. **Land Search.** As in the expense and income searches, the Appraiser must use professional judgment in the ultimate selection of comparables. The land comparable receiving the highest total weight is not necessarily the comparable that best substantiates the land value for the subject proposal. Many variables that can not be programmed such as, degree of site preparation, development costs, location, and financing agreement and terms, should be considered in determining the acceptability of the comparable as an indicator of land value.
  - d. **Operating Deficit Search.**
    - (1) **Comparable Selection.** Since the operating deficit search selects recently constructed rental projects and provides limited rental data for those projects, the appraiser must use professional judgment to interpret the comparable data selected by the program. This data should be reviewed for an indication of possible market absorption problems. This information will assist the Appraiser in determining whether or not the subject proposal will require an operating deficit calculation.
    - (2) **Occupancy Report.** The validity of the data on the occupancy report as a market indicator depends upon the maintenance of the F184 data file. The report is not meaningful if the HUD-9184 data entered in the data file are not a sufficient amount when compared to the total actual existing projects in any area. The occupancy report is also invalid if the rental information on the Form HUD-9184 is not current within the last 12 months.
- 6-7. **AVAILABILITY AND DISTRIBUTION.** The Search Program is available from CUPS as needed for project proposal processing. The Search Report will be returned to the Appraiser processing the subject project proposal. See Appendices 27, 28 and 29 for examples of Search Printouts.



- (B) PROJECT NUMBERS BEGINNING WITH 32000, SECTION 220
- (C) PROJECT NUMBERS BEGINNING WITH 35000, SECTIONS  
221(d)(4) & 221(d)(3)MIR
- (D) PROJECT NUMBERS BEGINNING WITH 11000, SECTION 223F
- (E) PROJECT NUMBERS BEGINNING WITH 42000, SECTION 608
- (F) PROJECT NUMBERS BEGINNING WITH 99000, OR C0000,  
CONVENTIONAL

(2) SUBSIDIZED DATA IS IDENTIFIED AS:

- (A) PROJECT NUMBERS BEGINNING WITH 95000, SECTION 221(d)(3)RS
- (B) PROJECT NUMBERS BEGINNING WITH 55000, SECTION 221(d)(3)BMIR
- (C) PROJECT NUMBERS BEGINNING WITH 57000, SECTION 223(e)
- (D) PROJECT NUMBERS BEGINNING WITH 44000, SECTION 236
- (E) PROJECT NUMBERS BEGINNING WITH 80000, SECTION 8

(3) DATA ON ELDERLY PROJECTS IS IDENTIFIED AS:

- (A) PROJECT NUMBERS BEGINNING WITH 38000, SECTION 231
- (B) PROJECT NUMBERS BEGINNING WITH 38500, SECTION 202.