



Overview of Rent Determination Process for New Moves

Factors Impacting Rent Offered

Four factors determine the rent CHA offers to an owner:

Asking Rent-The proposed rent on the Request for Tenancy Approval. The prospective tenant must sign this document.

Market Analysis-The rent amount the unit would receive from an unsubsidized tenant. CHA conducts a market analysis through a third party vendor and determines the amount the unit could receive in the private market. Owners have the ability to submit their own comparables; however, CHA does not guarantee that those units will be used to determine the market rent.

Payment Standard-The maximum amount of subsidy CHA can provide a family. The payment standard is based on Fair Market Rents (FMR) for the Chicago region, as determined by the U.S. Department of Housing and Urban Development (HUD). If the unit is located in an "Opportunity Area," the participant may be eligible for an Exception Payment Standard.

Participant income (affordability)-Participants may not pay more than 40% of their monthly-adjusted income when moving into a new unit.

What CHA Can Offer

The asking rent is the greatest rental amount the CHA may offer, provided however, that the market analysis supports the requested amount and it doesn't result in the tenant paying more than 40% of his/her income toward the rent. If there is not an affordability issue, but the comparable units do not support the asking rent, the offer is only as great as the amount the market analysis supports. If comparable units support the asking rent but the rental amount would result in an unaffordable unit for the participant, CHA offers a rental amount that would result in the tenant paying no more than 40% of his/her income toward the rent.

It is a violation of HCV program rules for an owner to charge the tenant the difference between the offered and proposed rent. If CHA becomes aware of any such arrangement, the participant is subject to termination and the owner could face debarment.

Possible Scenarios

Below outlines the different scenarios that can arise when determining rent for a new move.

Scenario 1-Market supports asking rent and there is no affordability issue

Asking Rent-\$1,450

Market Analysis supports-\$1,450

Payment Standard-\$1,139

Affordability-Pass (see below)

Rent Offer-\$1,450 (asking amount)

Gross Rent			
Rent to Owner	1450	Maximum Gross Rent	1850
Utility Allowance	213	Affordability Test	Pass
Gross Rent	1663	Rent Burden %	32.0%



Scenario 2-Market supports asking rent but there is an affordability issue

Asking Rent-\$1,300

Market Analysis supports-\$1,300

Payment Standard-\$1,139

Affordability-Fail (see below)

Rent Offer-\$1231 The highest amount that doesn't cause the tenant to fail the affordability test

Gross Rent			
Rent to Owner	1300	Maximum Gross Rent	1378
Utility Allowance	147	Affordability Test	Fail
Gross Rent	1447	Rent Burden %	42.9%

Gross Rent			
Rent to Owner	1231	Maximum Gross Rent	1378
Utility Allowance	147	Affordability Test	Pass
Gross Rent	1378	Rent Burden %	40.0%

Scenario 3-There is no affordability issue but market does not support asking rent

Asking Rent-\$1,300

Market Analysis supports-\$1,200

Payment Standard-\$1,372

Affordability-Pass (see below)

Rent Offer-\$1,200 Although the affordability passes, the offer cannot exceed the market analysis

Gross Rent			
Rent to Owner	1300	Maximum Gross Rent	1559
Utility Allowance	141	Affordability Test	Pass
Gross Rent	1441	Rent Burden %	33.7%