

Determining a preliminary rent offer for a prospective unit

Tenants and landlords often experience difficulty with deterring a potential rent offer that the Housing Authority will pay for a landlord's unit. This information is helpful for both parties when deciding on the tenancy for a unit. Typically, there are "4" major factors that will influence a rent offer: 1) payment standard, 2) utility allowance, 3) tenant household income and 4) rent reasonableness analysis.

Effective May 2013, HUD has implemented new payment standards amounts that are based on the unit's City and Zip-code. The payment standards amount is the maximum allowable rent amount that HUD has designated for a specific city under the Cook County jurisdiction. This amount however included utilities. This means that landlords may only receive the payment standard amount listed for their particular unit if they are responsible for the payment of all of the utilities. In order to determine the correct payment standard amount to use, tenants and landlords should first locate the city and zip-code in which their prospective unit is located on the attached payment standard sheet. Each zip-code has a coordinating range in which a specific payment standard amount is assigned. Tenants and landlords will need to locate the amount found under the appropriate range.

*Please note that landlords and tenants must be aware of the tenant's actual voucher size before deciding on a payment standard amount. Tenants with a voucher size that is smaller than the unit size must use the size of their voucher instead of the size of the unit. For instance: if a tenant has a 2-bedroom voucher but locates a 3-bedroom unit, they must use a 2-bedroom payment standard. If the tenant's voucher size is large than the unit size then they must use the actual size of the unit. For instance: if a tenant has a 4-bedroom voucher but locates a 3-bedroom unit, then they must use the 3-bedroom payment standard.

Once the payment standard amount has been identified, the utility allowance (if any) should be calculated. Tenants are provided a dollar amount for each utility that they will pay in the unit. This amount is totaled and then "deducted" from the payment standard amount. Tenants and landlords should refer to the utility allowance sheet to calculate the allowance amount. If there is no utility allowance to deduct then the payment standard amount will be used as the preliminary rent offer. After the utility allowance has been calculated and then deducted from the appropriate payment standard amount, the amount left over is the preliminary rent offer amount. This amount is a good

estimate of the amount that the Housing Authority can offer to the landlord.

Keep in mind that this amount is not the final rent offer amount. It may increase or decrease based on the tenants reported household income or the results of the rent analysis. Tenants typically pay only 30% **of their monthly income** in rent and utilities. However, if they have a substantial amount of household income, they can agree to pay up to 40% **of their monthly income**. This will allow the landlords to obtain more in total rent, provided it is reasonable. Both tenants and landlords should be aware that in order to offer more in rent, the tenant will need to agree in writing to pay up to their 40% amount. The calculation of the tenant's portion is conducted by the housing authority during the preliminary and final rent determination process. The amount may also decrease based on the rent analysis of comparable units within a 5-mile radius of the assisted unit regardless of the client's income. Tenants landlords are advised to use this method first when deciding on tenancy. It will help both parties determine if the rent amount requested will be approved by the housing authority or not.

Always remember that the preliminary rent offers are subject to change after the unit has been inspected and approved. The final rent analysis will be completed once the inspection report is submitted to the moves housing specialist assigned to the tenants file.

**Rent Offer = Lesser of
'Payment Standard - Utility Allowance' or 'Rent Reasonableness'**