

Rent Comparability Reviews

Referral to OAHP and Assignment to PAE

Section 11-1

- A. **Referral to OAHP from Multifamily Hub or Program Center.** When an owner determines the Section 8 contract rents are at or below-market, and is seeking Section 8 contract renewal without restructuring or a reduction in rents, the Multifamily Hub or Program Center may request an OAHP determination of market rents. For purposes of Mark-to-Market eligibility, OAHP will presume the project's rents are above-market, based on the Multifamily Hub or Program Center's concerns.
- B. **Assignment to PAE.** OAHP will assign the project to a PAE. At the time of assignment, OAHP Headquarters will notify the owner, with a copy to the Multifamily Hub or Program Center and the PAE, that Multifamily has referred the project to OAHP for a rent comparability review.

General Owner/Project Eligibility Requirements

Section 11-2

- A. **Commissioning the Market Rent Study.** The PAE will contract for a Market Rent Study, to determine market rents in accordance with "Statement of Work A - Rent Comparability Studies," in Appendix H.
- B. **PAE Review.** The PAE will perform a desk review of the Rent Comparability Study prepared by their Appraiser and of any Owner's submission. In preparing the Rent Comparability Review Report to OAHP (Form 11.1), the PAE is not required to conduct a site visit. A site visit will be required if, and when, the asset status subsequently changes to a Lite, or a Full debt restructuring.
- C. **PAE Conclusions.** The PAE will document its Rent Comparability Review conclusions and submit them to the OAHP Preservation Office using Form 11.1 within 75 days of asset assignment. The

PAE will discuss their analysis with the Multifamily Hub or Program Center if requested.

- D. **OAHP Review.** OAHP will review the PAE's market rent determinations and either accept or request additional information substantiating the PAE's conclusions. When the PAE's recommendation is approved, the OAHP Preservation Office will notify the Multifamily Hub or Program Center, and the PAE, of the market rent conclusions, by sending Form 11.2 and a copy of the Rent Comparability Grid.
- E. **Owner Notification.** The Multifamily Hub or Program Center will transmit the OAHP market rent determination to the owner.

Processing Upon Completion of Review

Section 11-3

- A. **Rents At or Below-Market.** If rents are determined to be at, or below-market, the property is not eligible for M2M.
- B. **Rents Above-Market.** If rents are determined to be above-market, and the property is eligible for M2M, the Multifamily Hub or Program Center will provide the owner with the opportunity to submit an amended election (under Housing Notice 99-36, and subsequent guidance).
 - 1. Owner Opts for Full Restructuring. If the owner requests a full debt restructuring, OAHP will assign the project to the PAE for processing and the PAE will request the appraiser to upgrade its Market Rent Study to a Limited Scope Appraisal. (Whenever possible, the PAE should develop prior agreements with the appraiser for expeditious upgrading of a market rent study to a limited scope appraisal.)
 - 2. Owner Opts for Contract Renewal at Reduced Rents without Debt Restructuring. If the owner requests Section 8 contract renewals at reduced rents, without debt restructuring (i.e., a Lite), OAHP will assign the project to the PAE for processing and the previously completed Market Rent Study will be used for the rent restructuring.
 - 3. Owner does not submit an election. If the owner elects not to submit an amended election and the Multifamily Hub or Program Center elects to renew the Section 8 contract, the new contract will be renewed at the OAHP approved reduced rents.

Appeal Process for Rent Comparability Review

Section 11-4

- A. **General.** The owner has **one** opportunity to appeal the OAHP decision related to the Rent Comparability Review. The Multifamily Hub or Program Center will notify the owner of its appeal right when providing the owner with the market rent determination.
- B. **Content and Timing of Owner Appeal.** If the owner elects to dispute OAHP's conclusion of the comparable market rents, the owner has 20 business days from notification by the Multifamily Hub or Program Center, to submit an appeal letter with supporting documentation to the OAHP Preservation Office Director. The appeal should address all points of disagreement (e.g., selection of comparables, rent adjustments, etc.) with OAHP's conclusions. The owner should also provide a copy of the appeal letter to the Multifamily Hub or Program Center.
- C. **OAHP Review.** The OAHP Preservation Office will review the appeal, and respond within 30 calendar days of receipt of the owner's appeal.
- D. **Owner Notification.** The OAHP Preservation Office will notify the owner, the PAE, and the Multifamily Hub or Program Center of its decision after reviewing the owner's appeal.

Business Forms

- 11.1 PAE Rent Comparability Review Report
- 11.2 OAHP Rent Comparability Review Determination