How CHA Determines Rent

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Owner SYMPOSIUM 2026

HCV Property Owner Resources

Agenda

- Rent Determination for New Moves
- Example Cases for Rent Determination
- Important Items to Remember
- Q&A

Rent Determination for New Moves

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Steps to the Moving Process

1. The family requests (or is required) to move.
2. CHA issues a voucher to the family.
3. The family searches for suitable housing and works with the property owner to submit an RTA packet to CHA for processing.
4. CHA screens the property owner for eligibility, determines the Contract Rent and inspects the unit.
5. The family signs a lease with the property owner; CHA signs a HAP Contract with the property owner.
6. The family moves into the new unit.

Rent Determination

- CHA takes three factors into account when determining a rent offer for a new move:
  1. The property owner's ***"Asking Rent"***
  2. The ***"Market Rent"***
     - Determined by a market analysis study.
  3. The HCV participant's ***affordability***
     - Calculated using the ***family's income*** and the amount of ***subsidy the family can receive*** from CHA.

The Rent Offer, in Brief

- ***The rent offer is the lowest of the 3 amounts.***
  - CHA cannot offer more than what the property owner requests.
  - CHA cannot offer a rent amount over the market rate.
  - CHA cannot offer a rent amount that is unaffordable for the participant family.
- Now let's talk about the details …

Factor 1: Asking Rent

- ***"Asking Rent"*** is what the property owner lists on the RTA packet as their proposed rent.
- CHA recommends that property owners study the market before deciding what to ask for rent.
  - ***Do your own research!*** There are many resources available online on how to set rental rates based on unit amenities, location, etc.

Factor 2: Market Rent

- After the property owner's eligibility has been verified, CHA conducts an analysis of ***comparable units*** to determine a reasonable ***"Market Rent"***.
- CHA partners with ***AffordableHousing.com*** to manage the database of comparable units.
  - CHA enters the unit information (as provided in the RTA packet) and the database generates the **most** comparable units.

Determining Comparable Units

- ***AffordableHousing.com*** pulls comparable data from dozens of reliable, verifiable sources.
- The ***best*** comparable units are:
  - Within a 1-mile radius of the property (the closer, the better).
  - Leased within 1 year without a subsidy (i.e., market rate).
  - The same property type (single-family, duplex, high-rise, etc.).
  - The same unit size (number of bedrooms).
  - The same utility responsibilities.

Reminder: Market Analysis and Comps

- It is vital that property owners have a clear understanding of the market, including comparable units in the area, and use this to determine the 'Requested Rent' or 'Asking Rent' amount.
- If you have comparable unit data that you want CHA to consider during the rent determination process, it must be submitted to ***AffordableHousing.com*** **prior to** RTA packet submission.
  - ***Note:*** CHA will review all viable comparables; however, there is no guarantee that what you submit will be used in determining the Contract Rent amount for the unit.

Factor 3: Participant Affordability

- CHA calculates an HCV participant family's affordability based on:
  1. the family's ***income***, and
  2. the amount of ***subsidy*** the family is eligible to receive.

Note: Participant affordability is where the calculations occur, so please follow along carefully!

3-1: Calculating Family Income

- CHA uses income to determine the ***Total Tenant Payment (TTP)***, or the monthly amount the family is expected to pay toward both ***rent and utilities***.
- CHA counts ***all*** consistent income for the family (except food stamps, income of live-in aides, minors and foster children/adults).
- CHA will ***adjust*** the family's income if they qualify for ***deductions***:
  - Dependent children, students or persons with disabilities
  - Childcare costs, Child Support
  - Medical expenses, disability expenses

Example: Calculating TTP

- Jane Smith's annual income is $5,688, or ***$474 monthly***.
- Her adjusted annual income is $4,248, or ***$354 monthly***.
  - CHA deducted $1,440 ($480 a year for each of her 3 children) to determine this adjusted amount.
- TTP is then the ***highest*** of the following 3 amounts:
  - 10% of total monthly income $47
  - 30% of adjusted monthly income ***$106***
  - CHA's minimum monthly payment $75

3-2: Calculating Participant Subsidy

- The amount of subsidy that a participant family is eligible for is determined by the ***size of their voucher***, which is defined in terms of bedrooms.
  - 1 bedroom for the head of household and co-head/spouse.
  - 1 bedroom for every additional 2 household members, regardless of age or gender.
- ***Example***: The Rhodes Family has 5 members … 1 head of household and 4 household members. They are eligible for a ***3-bedroom voucher***.

Payment Standards

- The ***Payment Standard*** represents the maximum amount of subsidy that CHA will pay on the family's behalf, based on their ***voucher size***.
  - These amounts are based on HUD's Fair Market Rents and typically change annually.
  - ***Note:*** Payment Standards are not pre-determined rental rates!

Voucher	Payment Standard
0	$1,036
1	$1,234
2	$1,392
3	$1,661
4	$1,974
5	$2,271
6	$2,567
7	$2,939
8	$3,380

**For training purposes only*

Note: Voucher Size vs. Unit Size

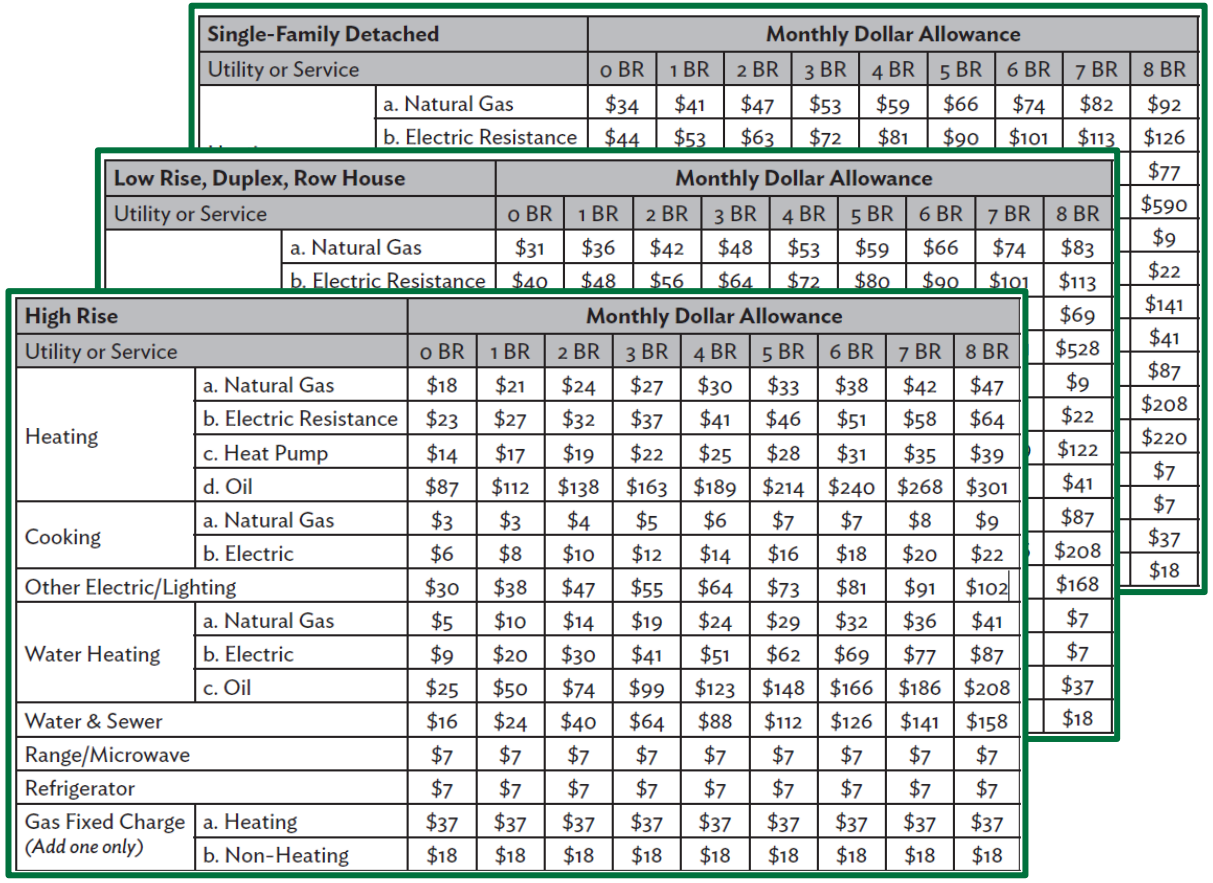
- ***Voucher size does not necessarily dictate unit size.*** Families are allowed to choose to rent a unit that is a different size than their voucher (as long as it's affordable)!
- ***Effective August 17, 2021:*** CHA uses the ***Payment Standard*** for the family's voucher size, irrespective of the unit size they choose.
  - ***Families who choose to rent a unit that is smaller*** than their voucher size will no longer have their subsidy reduced to match.
  - ***Families who choose to rent a unit that is larger*** than their voucher size will see no impact from this policy change.

Factor 3: Participant Affordability

- Now that we know the family's income and subsidy, it's time for ***math***!
- To determine whether a family can afford a specific unit, CHA will compare the ***Payment Standard*** for the voucher to the ***Gross Rent*** of the chosen unit.
  - ***Gross Rent*** represents the entire monthly housing cost: the property owner's ***Asking Rent*** plus the ***Utility Allowance*** for any tenant-paid utilities.
  - A ***Utility Allowance*** is the estimated monthly cost of ***tenant-paid utilities and appliances***.

Calculating the Utility Allowance

- CHA calculates the family's total ***Utility Allowance*** for the unit based on the ***tenant-assigned utilities***.
- ***Utility Allowance*** amounts vary by unit type, unit size, and fuel type, and are updated annually based on Chicago utility rates.



Single-Family Detached		Monthly Dollar Allowance								
Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR
	a. Natural Gas	$34	$41	$47	$53	$59	$66	$74	$82	$92
	b. Electric Resistance	$44	$53	$63	$72	$81	$90	$101	$113	$126

Low Rise, Duplex, Row House		Monthly Dollar Allowance								
Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR
	a. Natural Gas	$31	$36	$42	$48	$53	$59	$66	$74	$83
	b. Electric Resistance	$40	$48	$56	$64	$72	$80	$90	$101	$113

High Rise		Monthly Dollar Allowance								
Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR
Heating	a. Natural Gas	$18	$21	$24	$27	$30	$33	$38	$42	$47
	b. Electric Resistance	$23	$27	$32	$37	$41	$46	$51	$58	$64
	c. Heat Pump	$14	$17	$19	$22	$25	$28	$31	$35	$39
	d. Oil	$87	$112	$138	$163	$189	$214	$240	$268	$301
Cooking	a. Natural Gas	$3	$3	$4	$5	$6	$7	$7	$8	$9
	b. Electric	$6	$8	$10	$12	$14	$16	$18	$20	$22
Other Electric/Lighting		$30	$38	$47	$55	$64	$73	$81	$91	$102
Water Heating	a. Natural Gas	$5	$10	$14	$19	$24	$29	$32	$36	$41
	b. Electric	$9	$20	$30	$41	$51	$62	$69	$77	$87
	c. Oil	$25	$50	$74	$99	$123	$148	$166	$186	$208
Water & Sewer		$16	$24	$40	$64	$88	$112	$126	$141	$158
Range/Microwave		$7	$7	$7	$7	$7	$7	$7	$7	$7
Refrigerator		$7	$7	$7	$7	$7	$7	$7	$7	$7
Gas Fixed Charge *(Add one only)*	a. Heating	$37	$37	$37	$37	$37	$37	$37	$37	$37
	b. Non-Heating	$18	$18	$18	$18	$18	$18	$18	$18	$18

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Note: Voucher Size vs. Unit Size

- Unlike the policy for Payment Standards, CHA must use the ***lesser*** of the voucher size vs. unit size when calculating ***Utility Allowance***.

  Example: The Rhodes family has a 3-bedroom voucher.

  - ***If they choose a 3-bedroom unit or larger***, CHA calculates subsidy using the 3-bedroom Payment Standard and Utility Allowance, ***despite the unit's actual size***.
  - ***If they choose a 2-bedroom unit or smaller***, CHA calculates subsidy using the 3-bedroom Payment Standard but uses the Utility Allowance ***for the unit's actual size***.

Factor 3: Participant Affordability

Gross Rent < Payment Standard	*Gross Rent > Payment Standard*
The unit is affordable! The participant portion to the property owner will be the ***TTP*** minus any ***Utility Allowance***.	Further calculations are needed to ensure that the family can afford the unit…

Factor 3: Participant Affordability

If the Gross Rent is higher than the Payment Standard…

- CHA subtracts the participant family's ***TTP*** from the ***Payment Standard***. This results in the ***Housing Assistance Payment (HAP)***, the amount that CHA will pay as subsidy.
- CHA will subtract the ***HAP*** from the ***Gross Rent*** to determine the ***family share*** (family rent portion plus any ***Utility Allowance***).
- CHA will then compare the ***family share*** to the family's adjusted monthly income.
  - CHA will allow a participant to rent a unit ***if the family share does not exceed 40% of the family's adjusted monthly income***.

Rent Determination not Rent Negotiation

- Once CHA sends the rent offer, ***property owners have 2 days to either accept or decline the offer***.
- Property owners are expected to ***review the rent offer carefully*** to ensure the unit information (i.e., bedroom size, utility responsibility) is accurate and notify CHA of any discrepancy before accepting/declining.
- ***Declining the rent offer will cancel the move***, and the family will be re-issued moving papers to continue their search.
- Families cannot agree to pay more than what CHA has determined … ***this defeats the purpose of the Program***!
- ***Remember:*** Comparable unit data must be submitted **prior to** as the RTA packet submission.

No Side Payments

- It is a violation of the ***Family Obligations*** for participant families to pay more rent than is determined by CHA.
  - Even if the participant says they can afford it, even if it's not that much more, ***families must not pay more than the portion assigned by CHA***.
  - Violation can result in termination from the HCV Program and/or lead to prosecution under federal law.
- Families are encouraged to immediately report any instances of a property owner/ manager asking for a payment outside of the rent determined by CHA.

Accepting the Rent Offer

- Once the property owner accepts the rent offer, the participant family and property owner must determine a ***lease effective date*** and ***sign a lease***.
- CHA will ask the property owner for a signed/executed copy of the lease to ensure that it matches the terms as agreed.

Executing the HAP Contract

- CHA will execute a HAP Contract and issue a ***Contract Rent Notice*** to both the property owner and the participant.
  - This notice will state the total Contract Rent and break down the portion responsibilities: CHA's portion (HAP), the participant's portion and any applicable utility reimbursement.
- While the portions may shift throughout the tenancy, ***the Contract Rent will not change*** unless a rent increase request is approved.
  - If the portions change, CHA will issue an ***Amendment to the HAP Contract*** notice with a new portion breakdown.

Example Rent Determination Cases

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Example Family

The Smith Family has a 3-bedroom voucher.

- Based on the family's income, the ***TTP*** is ***$106***.
- Their maximum portion (40%) is ***$142***.

- ***Assuming that the Market Rent supports the Asking Rent***, we'll determine whether the Smith Family can afford the example units.

1. Calculate the total ***Utility Allowance***.
2. Calculate the ***Gross Rent*** (***Asking Rent*** + ***Utility Allowance***).
3. Compare the ***Gross Rent*** to the ***Payment Standard***.
4. Determine whether the family can afford to rent the unit.

Example #1

3-BR unit, multi-family building.

$1,550 asking rent.

Tenant pays for electric/lighting only.

Total Utility Allowance = ***$64***

Gross Rent = ***1,550 + 64 = $1,614***

Payment Standard = ***$1,661***

Can the tenant afford the unit? ***Yes, Gross Rent is lower than Payment Standard***

Example #2

3-BR unit, multi-family building.

$1,500 asking rent.

Tenant pays for electric/lighting and cooking gas.

Total Utility Allowance = ***64 + 5 + 18 = $87***

Gross Rent = ***1,500 + 87 = $1,587***

Payment Standard = ***$1,661***

Can the tenant afford the unit? ***Yes, Gross Rent is lower than Payment Standard***

Rent Increases vs. New Moves

- Unlike rent determination for a new move, ***CHA does not factor in the family's affordability for rent increases***.
- As a result, if a rent increase is approved and the full CHA subsidy is already being utilized, ***the family's portion may increase above 40% of their income (i.e., outside of their affordability)***.
  - This can vary based on the participant's income, CHA subsidy, utilities, etc. and the additional amount cannot be determined until the request is processed.
  - ***If the participant family does not wish to absorb an increase in rent***, they may request moving papers from CHA.

Important Items to Remember...

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When Screening for Affordability…

- ***Every move is different.*** CHA cannot run exact rent calculations until the participant family chooses a unit, and the property owner submits an RTA packet.
  - ***Why?*** Without the exact unit, CHA cannot calculate the Utility Allowance or determine market comparables!
- ***Don't forget to include the cost of utilities!*** CHA calculates affordability based on the ***Gross Rent***.
  - ***If the family's voucher size does not match their unit size***, watch out for the change in Utility Allowance subsidy.

For All Rent Determinations

- ***The voucher Payment Standard is just one factor…***
  - Other factors include unit size, participant income, utility responsibilities, and market rates.
- ***Rent determination is not a negotiation!***
  - CHA does not drive the rental market … all rent determinations must be in line with area market rates for similar units.

Questions?

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