

DOYLE REAL ESTATE ADVISORS, LLC

COMMERCIAL APPRAISALS | LITIGATION COUNSELING | MARKET RESEARCH
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Section 8 Rent Studies & Renovation Scopes, Fall 2026

John E. Doyle, MAI

10/5/26

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 MIDWEST LENDERS *Association*

- I. How are Section 8 RENT STUDY, RCS, AS-RENOVATED rents developed?**
 - a. How to maximize rent increases?**

- II. What are the RISKS of inflated Section 8 RCS?**

- III. How to tell if the borrower's RCS is inflated?**

- IV. Why should an underwriter care if RCS is GREATER THAN MARKET RENT?**

I) RENOVATED RENT

NO Rent Premium for:
NON-Leaking New Roofs
Potable Water
(except Flint, MI)

Like Kind Replacement



CONTRACTOR GRADE, Home Depot

- Countertops: No Change
- Cabinetry: Stain/paint, replace hardware
- Appliances: Upgrade 3-piece suite (refrigerator, range, and microwave) to black
- Flooring: Replace contractor grade VCT with Luxury Vinyl Plank
- Faucet: Upgrade faucet to gooseneck

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Substantial Reposition



- Countertops: Replace formica with solid surface (quartz, granite, or other)
- Cabinetry: Stain/paint, replace hardware
- Appliances: Upgrade 3-piece suite (refrigerator, range, and microwave) to stainless steel
- Flooring: Replace contractor grade VCT with Luxury Vinyl Plank
- Faucet: Upgrade faucet to gooseneck
- Directional Lighting
- Subway Tile Backsplash

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Non-LIHTC, Renovation Scope



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Internet

- Add FREE Internet IN UNIT - Use Tenant's Existing Wiring
- Shared Building-Wide Wi-Fi vs. Wired to Units

FREE INTERNET STRATEGIES		
	Shared Building-Wide Wi-Fi	Wired to Units
PRO	• Long term control of network • Potentially higher margins • Benefit for building systems	• NO Up Front Capital Costs • Best Internet Quality • Highest RCS Adjustment • Keeps management out of IT
CON	• Up Front Capital Costs • Lower Quality Connection • Ceiling on Rent Adjustment	• Reliant on ISP • Pricing Can be Uncompetitive • ISPs tend to oversell, incl. TV

3) NOI Maximization – Community Space



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Fitness Center

- **For Seniors: Chair Yoga, Bands, etc.**
- **Aging-in-Place Activities:**

Balance Exercises and Fall Prevention

NOT Expensive Gym Equipment solely for “Optics”

Extraordinary Section 8 Property, W. Bloomfield Twp., MI



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Non-Shelter Services

- **NOT ONLY FOR SENIORS**
- **Example of Family Service Elements:**
 - Afterschool Programming
 - GED Classes, Job Readiness, ESL, Nutrition,
 - Financial Literacy – Credit Score, Bank Borrowing
 - Health Screenings, Food Security Assistance

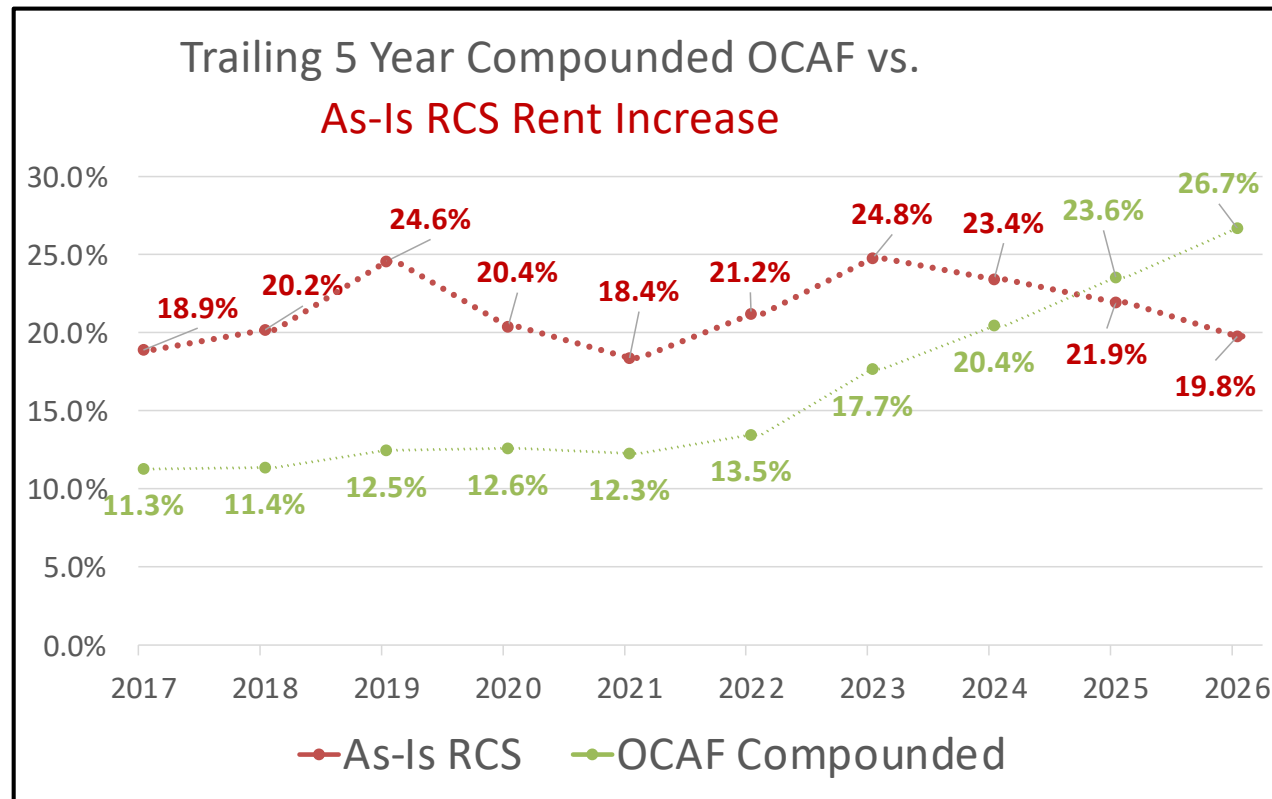
Nonshelter Services

- **VIRTUAL (Call Center @ 1,000 residents to 1) is NO REPLACEMENT for Boots on the Ground**
- **Only Appropriate for Small Scale, Rural, and Remote from Portfolio and Shared Services**
- **- Don't underestimate Site Manager's knowledge and ability to assist resident's Non-Shelter needs**
- **De-Minimis Rent Adjustments**

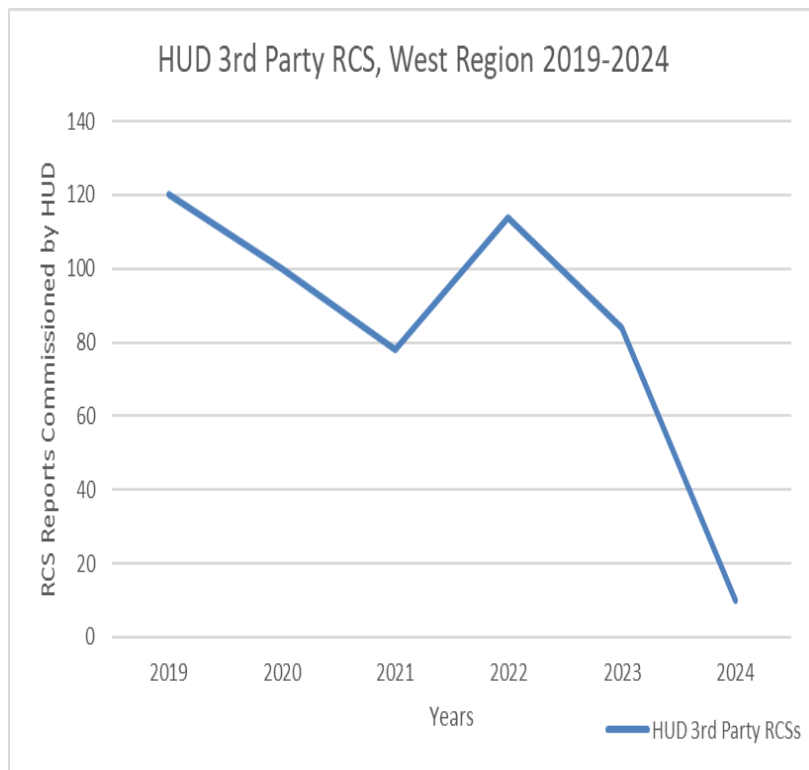
II) Risks from Inflated RCS

- Rent gap to APPRAISAL rents...HEADACHES
(Ethical Challenge to downstream professionals)
- Probable MARK DOWN to MARKET in Year-5
 - Especially when OCAF > Local Rent Growth
- Long Term Risk of Regulatory Backlash
 - OMB, FHFA, GAO, Congress

Risk of MARK DOWN in Year-5



No Check on Outlier Inflated RCS



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Year	2019	2020	2021	2022	2023	2024
Total HUD 3rd Party RCS	230	292	295	368	167	57
HAP, Option #1, #2, #4 5YR Renewals	2,640	2,047	2,163	2,149	2,525	2,640
HUD 3rd Party RCS Audit Percentage	9%	14%	14%	17%	7%	2%
*National Data, excluding Midwest						

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Size of the Section 8 PBRA Portfolio

	Properties	Units
Section 8, Project Based Rental Assistance (PBRA) Portfolio	16,780	1,275,000
Section 8, PBRA, Option #1 and #2, NEED 5-year RCS	8,800	800,000

HUD Section 8 PBRA Budget Growth EXCEEDs Market Rent Increases by 80%

	CPI, Rent		Section 8 PBRA Budget	
	Index Level	Annual Growth	(\$ billions)	Annual Growth
10/1/2005 FY 2006	219		\$5.3	
8/1/2026 FY 2027*	449	3.5%	\$18.6	6.2%

*Reflects House THUD Appropriations Bill;

9/2/2026 Continuing Resolution (CR) Maintains funding at FY2026 Enacted \$18.034B through December 11, 2026

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Aurora, IL – RISK OF Year 5 MARK DOWN to MARKET

Section 8 Property



Built in 1972, Renovated

495sf 1BR

Contract Rent: \$2,070 \$4.18/sf

MARKET RATE Benchmark



Built in 1985, Renovated

601sf 1BR

Market Rent: \$1,608 \$2.67/sf

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Section 8 Property



Built in 1979, Renovated 2021
515sf 1BR
Contract Rent \$3,200 \$6.21/sf

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MARKET RATE Benchmark (1 block away)



Built in 2024
502sf 1BR
Rent \$2,713 \$5.40/sf

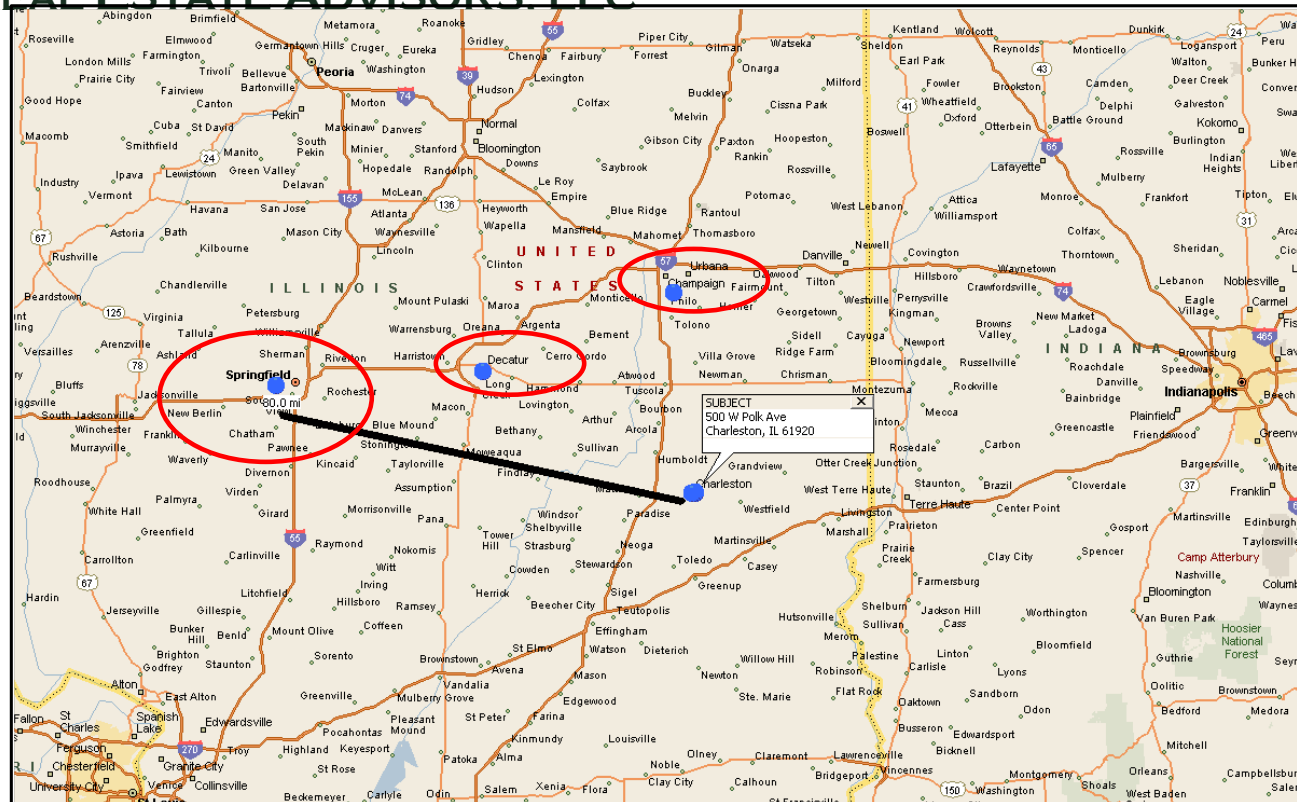
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III) How Spot Inflated RCS and Mitigate Underwriting Risk

- **Extreme turnover of RCS appraisers is a red flag**
 - Distinct from use of multiple appraisers for:
 - Quality Control, OR
 - Local Expertise
- **Comp Selection, Location & Age/Condition**
- **Adjustment, Location & Age/Condition**

III) How Spot Inflated RCS and Mitigate Underwriting Risk

- **Spurious ADD-ONS**
 - Water Filtration
 - Common Area Wi-Fi
 - Virtual Only Services
 - Furnished Apartments



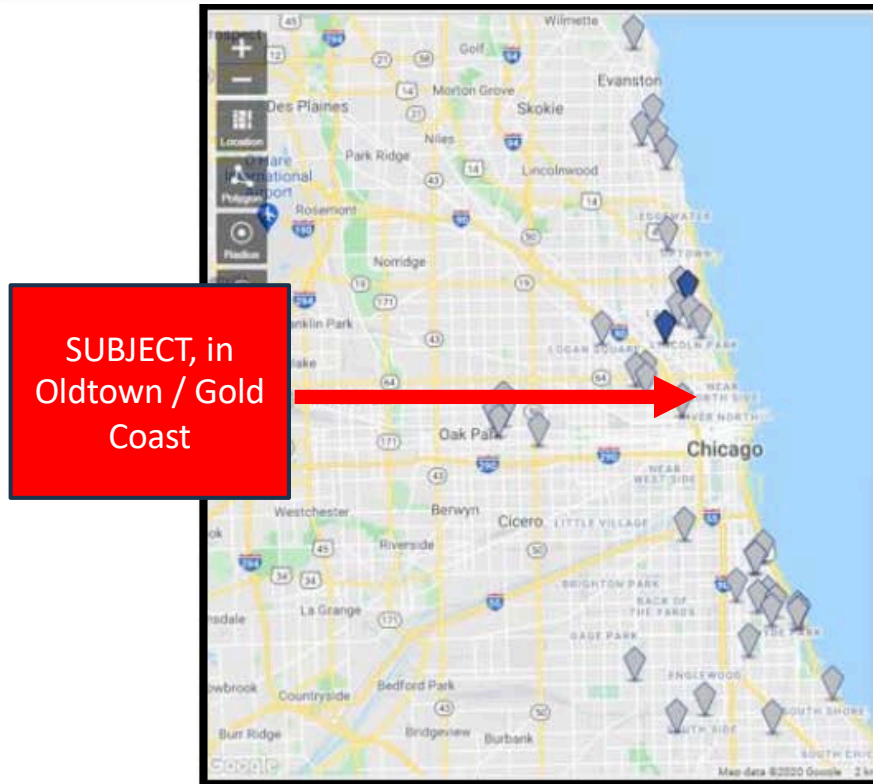
Ordinary, 2-Story 1978 Senior Elevator, Reached 80 Miles to Springfield, Skipping Additional Comparables in Champaign/Urbana and Decatur

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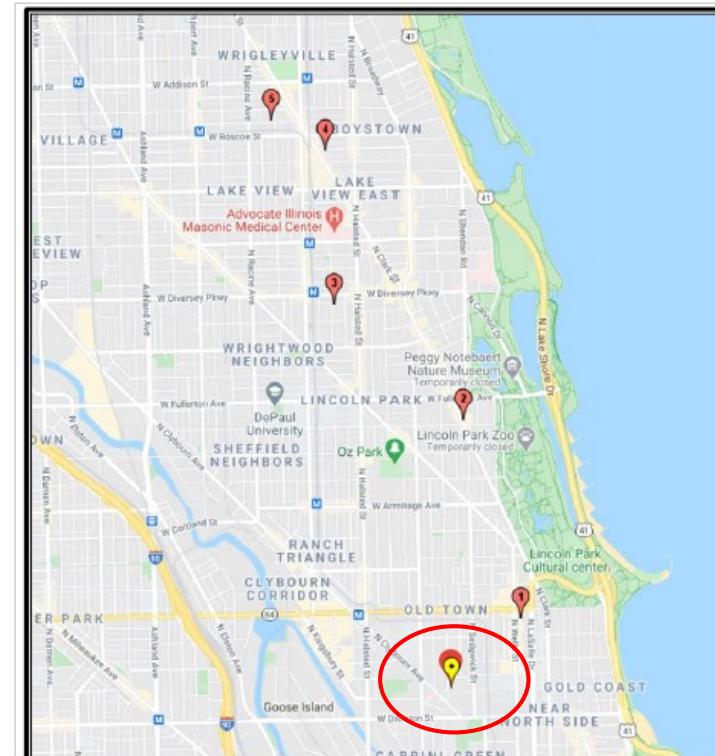
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**Considered Comparables from
Willamette to the South Shore**

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**Settled on Comparables up to three
(3) miles North in Wrigleyville**

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New Construction, Luxury Comps

Section 8



Built in 1989

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RCS Comparable #1



Built 2023

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New Construction, Luxury Comps

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Built in 1989

RCS Comparable #2



Built 2025

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New Construction, Luxury Comps

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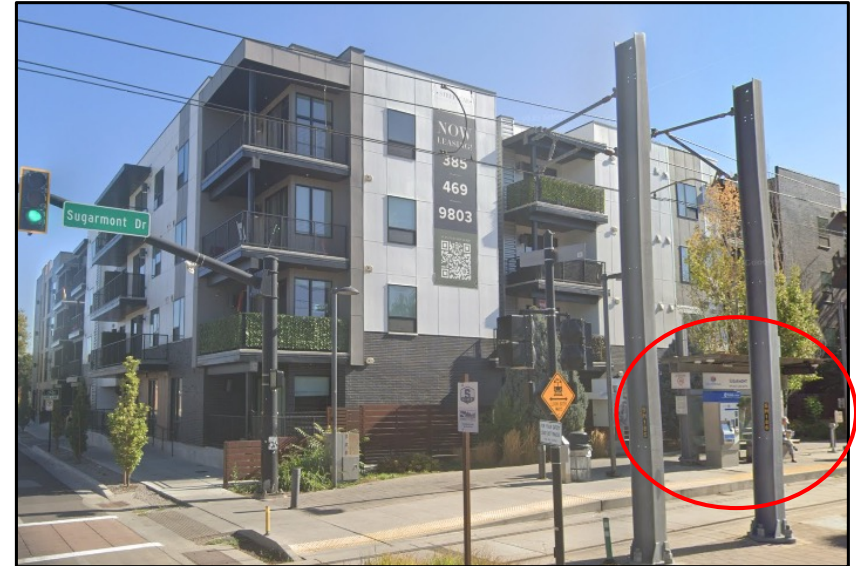


Built in 1989

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RCS Comparable #3



Built 2024

(TOD at Light Rail stop, no adjustments)

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New Construction, Luxury Comps

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Built in 1989

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RCS Comparable #4



Built 2014

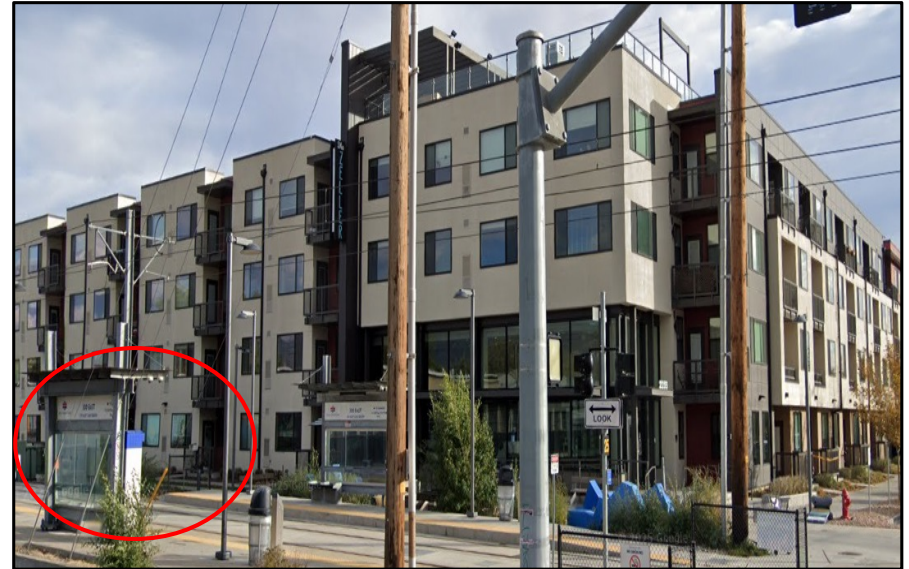
New Construction, Luxury Comps

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Built in 1989

RCS Comparable #5



Built 2018

(TOD at Light Rail stop, no adjustments)

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Unused Comparables

Section 8



Built in 1989

Alternate and Closer Comparable



Built 1963

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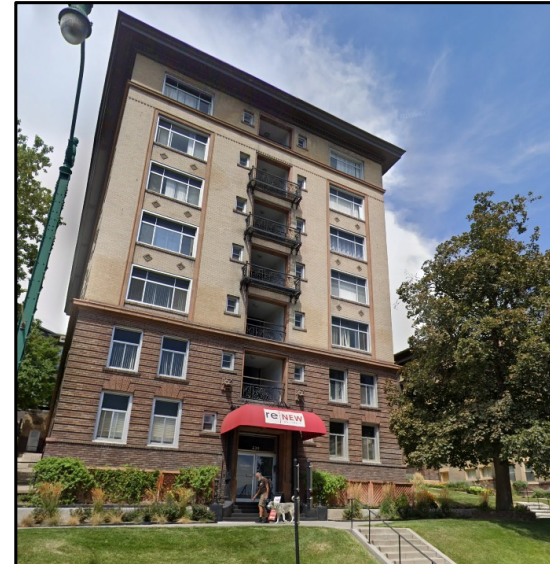
Unused Comparables

Section 8



Built in 1989

Alternate Comparable



Built 1909

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Inflated Comparables vs. Competitive Market

Comparables Used in INFLATED RCS				
Comp Location	Year Built	1BR Rent	Unit Size	\$ / SF
SUBJECT	1989	\$1,775	533	\$3.33
Comp #1	2023	\$2,391	657	\$3.64
Comp #2	2025	\$1,829	815	\$2.24
Comp #3	2024	\$1,749	779	\$2.25
Comp #4	2014	\$1,750	800	\$2.19
Comp #5	2018	\$1,900	740	\$2.57
Average		\$1,924	758	\$2.58

ALTERNATE Comparables				
Comp Location	Year Built	1BR Rent	Unit Size	\$ / SF
SUBJECT	1989	\$1,775	533	\$3.33
Alt #1	1963/2020	\$934	568	\$1.64
Alt #2	1909/2010	\$1,134	607	\$1.87
Average		\$1,034	588	\$1.76

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