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FY 2018 Fair Market Rent Documentation System — Calculation for Chicago-Joliet-Naperville, IL HUD Metro FMR Area



## FY 2018 FAIR MARKET RENT DOCUMENTATION SYSTEM

### The Final FY 2018 Chicago-Joliet-Naperville, IL HUD Metro FMR Area FMRs for All Bedroom Sizes

Final FY 2018 FMRs By Unit Bedrooms					
Year	<a href="#">Efficiency</a>	<a href="#">One-Bedroom</a>	<a href="#">Two-Bedroom</a>	<a href="#">Three-Bedroom</a>	<a href="#">Four-Bedroom</a>
FY 2018 FMR	\$879	\$1,014	\$1,180	\$1,501	\$1,794
<a href="#">FY 2017 FMR</a>	\$912	\$1,055	\$1,232	\$1,569	\$1,878

*NOTE: For FY 2018 Chicago-Joliet-Naperville, IL HUD Metro FMR Area has lost its 50<sup>th</sup> Percentile status as established by HUD regulations.*

The Chicago-Joliet-Naperville, IL HUD Metro FMR Area consists of the following counties: Cook County, IL; DuPage County, IL; Kane County, IL; Lake County, IL; McHenry County, IL; and Will County, IL. All information here applies to the entirety of the Chicago-Joliet-Naperville, IL HUD Metro FMR Area.

#### Fair Market Rent Calculation Methodology

— [Show/Hide Methodology Narrative](#) —

Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2011-2015 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2018 provided the estimate is statistically reliable. For FY2018, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based on at least 100 survey cases. HUD does not receive the exact number of survey cases, but rather a categorical variable known as the count indicator indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

If an area does not have a reliable 2011-2015 5-year, HUD checks whether the area has had at least minimally reliable estimate in any of the past 3 years, or estimates that meet the 50% margin of error test described above. If so, the FY2018 base rent is the average of the inflated ACS estimates.

If an area has not had a minimally reliable estimate in the past 3 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2018.

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2. HUD calculates a recent mover adjustment factor by comparing a 2015 1-year 40th percentile recent mover 2-bedroom rent to the 2011-2015 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.
3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.
4. Rents are calculated as of 2016 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2015 to annual 2016.
5. All estimates are then inflated from 2016 to FY2018 using a trend factor based on the forecast of gross rent changes through FY2018.
6. FY2018 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.
7. FY2018 FMRs may not be less than 90% of FY2017 FMRs.

### The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2015 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Chicago-Joliet-Naperville, IL HUD Metro FMR Area.

Area	ACS <sub>2015</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS <sub>2015</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Chicago-Joliet-Naperville, IL HUD Metro FMR Area	<a href="#">\$965</a>	\$3	$\frac{\$3}{\$965} = 0.003$	6	0.003 < .5 6 ≥ 4 Use ACS <sub>2015</sub> 5-Year Chicago-Joliet-Naperville, IL HUD Metro FMR

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Area 2-Bedroom Adjusted Standard Quality Gross Rent

Since the ACS<sub>2015</sub> Margin of Error Ratio is less than .5, the ACS<sub>2015</sub> Chicago-Joliet-Naperville, IL HUD Metro FMR Area value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	FY2018 Base Rent
Chicago-Joliet-Naperville, IL HUD Metro FMR Area	\$965

- A recent mover adjustment factor is applied based on the smallest area of geography which contains Chicago-Joliet-Naperville, IL HUD Metro FMR Area and has an ACS<sub>2015</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS <sub>2015</sub> 1-Year Adjusted Standard Quality Recent-Mover Gross Rent	ACS <sub>2015</sub> 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Chicago-Joliet-Naperville, IL HUD Metro FMR Area – 2 Bedroom	<u>\$1,092</u>	\$18	0.016	6	0.016 < .5 6 ≥ 4 Use ACS <sub>2015</sub> 1-Year Chicago-Joliet-Naperville, IL HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

The smallest area of geography which contains Chicago-Joliet-Naperville, IL HUD Metro FMR Area and has an ACS<sub>2015</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 and with a sufficient number of sample cases is Chicago-Joliet-Naperville, IL HUD Metro FMR Area.

- The calculation of the relevant Recent-Mover Adjustment Factor for Chicago-Joliet-Naperville, IL HUD Metro FMR Area is as follows:

ACS <sub>2015</sub> 5-Year Area	ACS <sub>2015</sub> 5-Year 40th Percentile Adjusted	ACS <sub>2015</sub> 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
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<b>Standard Quality Gross Rent</b>		
Chicago-Joliet-Naperville, IL HUD Metro FMR Area – 2 Bedroom	<u>\$965</u>	<u>\$1,092</u>

Area	Ratio	Recent-Mover Adjustment Factor
Chicago-Joliet-Naperville, IL HUD Metro FMR Area	\$1,092 / \$965 = 1.132	1.132 ≥ 1.0 Use calculated Recent-Mover Adjustment Factor of 1.132

4. The calculation of the relevant CPI Update Factors for Chicago-Joliet-Naperville, IL HUD Metro FMR Area is as follows: HUD updates the 2015 intermediate rent with the ratio of the annual 2016 local or regional CPI to the annual 2015 local or regional CPI to establish rents as of 2016.

Update Factor	Type
CPI Update Factor <u>1.0202</u>	Local CPI

5. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2016 to 2018. This makes Fair Market Rents "as of" FY2018.

National Trend Factor
<u>1.0589</u>

6. The FY 2018 2-Bedroom Fair Market Rent for Chicago-Joliet-Naperville, IL HUD Metro FMR Area is calculated as follows:

Area	<u>ACS<sub>2015</sub> 5-Year Estimate</u>	<u>Recent-Mover Adjustment Factor</u>	<u>Annual 2015 to 2016 CPI Adjustment</u>	<u>Trending 1.0589 to FY2018</u>	FY 2018 2-Bedroom FMR
Chicago-Joliet-Naperville, IL HUD Metro FMR Area	\$965	1.132	1.0202	1.0589	\$965 * 1.132 * 1.0202 * 1.0589 = \$1,180

7. In keeping with HUD policy, the preliminary FY 2018 FMR is checked to ensure that it does not fall below the state minimum.

Area	Preliminary FY2018 2-Bedroom FMR	FY 2018 Illinois State Minimum	Final FY2018 2-Bedroom FMR

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Chicago-Joliet-Naperville, IL HUD Metro FMR Area	\$1,180	<u>\$670</u>	\$1,180 ≥ \$670 Use Chicago-Joliet-Naperville, IL HUD Metro FMR Area FMR of \$1,180
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8. Bedroom ratios are applied to calculate FMRs for unit sizes other than two bedrooms.

Click on the links in the table to see how the bedroom ratios are calculated.

<b>FY 2018 FMRs By Unit Bedrooms</b>					
	<a href="#">Efficiency</a>	<a href="#">One-Bedroom</a>	<a href="#">Two-Bedroom</a>	<a href="#">Three-Bedroom</a>	<a href="#">Four-Bedroom</a>
FY 2018 FMR	\$879	\$1,014	\$1,180	\$1,501	\$1,794

9. The FY2018 FMR must not be below 90% of the FY2017 FMR.

	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
FY2017 FMR	\$912	\$1,055	\$1,232	\$1,569	\$1,878
FY2017 floor	\$821	\$950	\$1,109	\$1,412	\$1,690
FY 2018 FMR	\$879	\$1,014	\$1,180	\$1,501	\$1,794
Use FY2017 floor for FY2018?	No	No	No	No	No

### **Final FY2018 Rents for All Bedroom Sizes for Chicago-Joliet-Naperville, IL HUD Metro FMR Area**

The following table shows the Final FY 2018 FMRs by bedroom sizes.

<b>Final FY 2018 FMRs By Unit Bedrooms</b>					
	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
Final FY 2018 FMR	\$879	\$1,014	\$1,180	\$1,501	\$1,794

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

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Permanent link to this page: [http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2018\\_code/2018summary.odn?&year=2018&fmrtype=Final&cbsasub=METRO16980M16980](http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2018_code/2018summary.odn?&year=2018&fmrtype=Final&cbsasub=METRO16980M16980)

### Other HUD Metro FMR Areas in the Same MSA

Select another Final FY 2018 HUD Metro FMR Area that is a part of the Chicago-Naperville-Elgin, IN-WI MSA:

DeKalb County, IL HUD Metro FMR Area ▼ Select Metropolitan FMR Area

### Select a different area

Press below to select a different county within the same state (same primary state for metropolitan areas):

Adams County, IL ▲  
 Alexander County, IL ■  
 Bond County, IL ▼  
 Boone County, IL  
 Brown County, IL ▼ Select a new county

Press below to select a different state:

Select a new state

Select a Final FY 2018 Metropolitan FMR Area:

Chicago-Joliet-Naperville, IL HUD Metro FMR Area ▼  
 Select Metropolitan FMR Area

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Prepared by the [Economic and Market Analysis Division](#), HUD. Technical problems or questions? [Contact Us](#).