



## The GO8! Solution to the Rent Reasonableness Challenge

In the Section 8 Housing Choice Voucher (HCV) program, PHAs are required by HUD to determine if the rents charged by owners to HCV tenant families are reasonable in comparison to rents charged for comparable unassisted units in the private market. The determination process must be applied:

- Whenever a new unit is leased up
- Whenever an owner requests a rent increase for an existing assisted unit
- Whenever there is a five-percent decrease in the HUD-published fair market rent (FMR) applicable to the assisted unit, in effect 60 days before the HAP contract anniversary of the assisted unit
- If directed to do so by HUD

Depending on the PHA's process, rent reasonableness determination can be costly, time consuming, and/or unreliable. This white paper focuses on the GoSection8.com (GO8!) Web site and its rent reasonableness software, and how it can be used by PHAs to create an accurate, quick and consistent method for determining rent reasonableness, to produce rent reasonableness certifications, and a uniform way of listing units and properties at the PHA.

### HUD Requirements and PHA Challenges

Ensuring that HCV program rents remain reasonable is critical for financially responsible and effective program operation, both locally and on a national level. If a

PHA approves program rents that are inappropriately high, HCV program costs are driven up and the PHA's limited HCV housing subsidies are misspent.

Through increased program monitoring reviews, HUD is focusing its attention on the rent reasonableness function at PHAs to verify the HCV program is being administered efficiently. HUD regulations and guidance provides only the most basic standards to apply when establishing rent reasonableness, requiring only that the PHA consider nine factors when comparing rents: location, quality, size, unit type, age, amenities, housing services, maintenance services, and utilities.

Because HUD does not dictate a uniform method to establish rent reasonableness, PHAs may not be considering all nine

criteria when conducting rent comparability, or may value these criteria on an ad hoc, case by case basis, making it difficult to document and support rent comparability analysis. At the same time, any process a PHA uses to establish rent reasonableness requires that the PHA gather substantial amounts of data on comparable unassisted rental housing in the PHA's market, which must be updated and maintained on a regular basis to ensure that the data remains current and useable for rent reasonableness determinations.

Additionally, HUD charges PHAs to proactively create and expand housing opportunities and mobility for very low-income families. To help meet these challenges, most PHAs maintain listings of interested landlords and their rental properties throughout the PHA's jurisdiction, which often become the de facto standard for listing and finding privately owned Section 8 rentals. There is no broadly established technique for efficiently distributing the list to potential HCV tenants, and because lists are generally maintained by individual PHAs, missed opportunities between prospective HCV families and interested landlords are increased.

## Using GO8! for Rent Reasonableness

GO8!'s rent reasonableness certification program is based on the use of real time market rent data, which is made possible through the integrated property listing and rent reasonableness systems within the GO8! Web site. It uses an automated hedonic valuation model (here, hedonic price analysis determines how the price of a unit varies with its characteristics and features) to identify and compare the subject unit to the most similar private market rental units within a specific geographic radius or area, drawing on a database of millions of non-subsidized comparables and current property listings, which are updated daily.

Hedonic pricing is common in the real estate market. It is based on the premise that the price of a property is determined both by the characteristics of the property itself (size, appearance, features, condition, etc.) as well as the characteristics of the surrounding neighborhood (accessibility to schools and shopping, level of water and air pollution, value of other homes, etc.). Hedonic pricing represents an informed estimate of the extent to which each of these critical factors affects a property's price.

To make a rent reasonableness determination and create a rent reasonableness certification on GO8!, a user types in a subject property address and information about the unit, including number of bedrooms and baths, and runs a search on the GO8! database. Information on the most comparable property units is displayed in three different tabs: as icons on an interactive map with several options, on a chart with at-a-glance median comparisons for the county, city, and search area of a subject unit, and in a list that allows the user to choose the appropriate number of comparables to use in a rent reasonableness determination. The user also has the option of an auto-select button, which will choose the three comparable units with



## GOsection8 RentWatch v4 is the industry's leading web-based rent reasonable service!

*Save Time, Save Money,  
Work Less*

*Give staff confidence  
negotiating and challenging  
rents, offering savings in  
HAP payments*

*Assure high score on SEMAP  
Indicator 2, Reasonable Rent*

*RentWatch v4 is audit proven*

### Features for RentWatch:

Provides verifiable, current, and on demand, unassisted comparable data

Verification and quality assurance dashboard

Accounts for all nine HUD factors of rent reasonableness

True dollar-for-dollar utility schedule integration

Unit-to-market and unit-to-unit comparisons

Google map interface and real time geo-coding

the highest similarity and credibility ratings.


GO8! will then display the subject property and the comparable properties on the Trurent Comparable Analysis form. This Web page enables the user to see at a glance all of the comparative data on each unit, displayed based on the nine HUD factors of rent reasonableness. GO8! automatically adjusts for key market-based differences (e.g., size, type, amenities) between the subject unit and the comparable units, and also allows the user to make manual adjustments.

All automatic adjustments made by GO8! are based on data drawn from the Market Assumptions and Rent Reasonableness Methodology (MARRM) Worksheet. The MARRM worksheet is an online parameter Web page that lists critical market features and the relative value of those features in the local housing market (i.e., the hedonic pricing model). Using the results of an analysis of the local housing market conducted by a local certified appraiser, GO8! populates the MARRM with data during installation.

Adjustments, both automatic and user-initiated, to comparable units ensure the closest possible match between a subject unit and comparable units, which enables a rent comparison that is as accurate as possible, and grounded in objective market-based data. In this way, GO8! ensures that the rents for comparable units compared to rent asked for the subject unit is a more “apples-to-apples” comparison, which results in more confidence when making a rent reasonableness determination that the rent requested for the subject unit is or is not reasonable in relation to the rental value of other units in the housing market.

After adjustments and a rent reasonableness determination are made, the user may print and file a rent reasonableness certification, documenting the rent reasonableness process. This certification can be printed and added to a tenant file,

**RentWatch Rent Reasonable Software**  
Version 4.1.01 Released 2008-08-08  
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**GoSection8.com**  
Your Affordable Housing Authority

**Create Rent Reasonableness Certification**

**1. How far back would you like to search?**  
 Date Range: 2 4 2008 To: 2 4 2009

**2. Enter the location and address of the subject property:**  
 State: Florida County: Broward City: Fort Lauderdale  
 Address: 1000 Arizona Ave  Unit or Apt #: Zip Code: 33312

**3. Describe the subject property: [Click for Advanced Options >>](#)**

Bedrooms: 3 Baths: 2 Square Feet: 1279 Year Built: 1980  
 Radius (miles): 2 Type: House Requested Contract Rent: \$1200.00

**Search 2011808 rental records**

**Selected Properties 3/3**

Br/Bth	Type	SQFT	Age	Asking	% Area Rent	%FMR	Dist	Similarity	Credibility
3/2	<input type="button" value="Remove"/> House	900	1978	1500.00	1.06	83	0.94 mi.	99.12	99.03
3/1	<input type="button" value="Remove"/> House	0	1955	1500.00	1.06	83	1.36 mi.	99.33	99.03
3/1	<input type="button" value="Remove"/> House	1300	1957	1500.00	1.06	83	0.67 mi.	99.33	99.03

[Print Map and Chart](#)

readily available should HUD wish to review the rationale for this specific approved rent.

## Solving the Rent Reasonableness Challenge

Uniform use of GO8! throughout a PHA creates a consistent, objective, market-based process for determining rent reasonableness, avoiding many of the common problems and shortcomings of current PHA approaches.

In addition to providing PHAs with a rent reasonableness solution that is easy to implement PHA-wide and easy to use, the GO8! system was also designed to provide meaningful advantages to PHAs:

### 1. Decreased Expenses

All PHAs using the GO8! system have reported significant savings in time and

costs needed to manage and maintain their rent reasonableness system. Time saved can result in decreased workloads, which are directly translatable into dollar savings.

### 2. Justified Rent Values

GO8! offers clear documentation of the PHA's rent reasonableness determination method by providing a simple comparison document, which shows the rationale behind adjustments to the selected comparable units to obtain an accurate market-value comparison.

The use of verified, actual market values in GO8!'s rent reasonableness determination process provides rational, factual, market-based data to underpin rent reasonableness analysis used by the PHA.

Many PHAs using the GO8! system have experienced significant rent savings

as a result of their increased ability to defend rent determinations in negotiations with landlords after using the GO8! rent reasonableness methodology.

### 3. Improved SEMAP scores

By using GO8! consistently and appropriately throughout a PHA, and printing and filing documentation of rent reasonableness determination, a PHA can also use GO8! as a tool to improve or maximum scores for the following SEMAP factors:

- *Reasonable rent*  
maximum 20 point value
- *Utility allowance schedule*  
maximum 5 point value
- *HQS quality control inspections*  
maximum 5 point value
- *Expanding housing opportunities*  
maximum 5 point value
- *Payment standards*  
maximum 5 point value
- *Lease-up*  
maximum 20 point value
- *Deconcentration*  
maximum 5 point (bonus) value
- *(New indicator) Success rate of voucher holders*  
maximum 5 point value

### 4. Expedited Production of Landlord and Rental Unit Listings

PHAs can generate and print custom, available unit listings on GO8! in less than a minute. PHAs can decide on the contents of their listings to better reflect their needs and the local housing market.

These listings take into account affordability, utility allowances, payment standards, and other features that automate HCV income calculations, and are compliant with Uniform Federal Accessibility Standards (UFAS) and HUD requirements. Advanced search options for the listings are also available and include property type, affordable housing type, and maximum rent.

### 5. Simplified Property Searches for Potential Tenants

GO8! simplifies the process of searching for and finding interested landlords by giving HCV families access to accurate, up-to-the-minute listings.

### 6. Cross-jurisdictional Comparisons

By merging comparables from adjacent PHAs to create a comprehensive database, GO8! provides consistent rent reasonableness results in a homogeneous geography.

### 7. Improved Landlord Participation in the HCV Program

GO8! makes it simple for landlords and property owners to list their properties with multiple PHAs through its listing service. These landlord listings benefit prospective HCV families searching for housing, as well as landlords, who benefit by reducing vacancy times, lost rental revenue, and increase their opportunities to find appropriate tenants.

By encouraging landlords to list all properties, unassisted unit data entered is managed by the GO8! system and increases the reliability of the PHA's database for rent reasonableness determinations.

### Conclusion

GO8! establishes an efficient, uniform way of creating an accurate and consistent method for determining and documenting rent reasonableness at a PHA. It provides verifiable and defensible unassisted comparable data, incorporates all nine HUD factors of rent reasonableness, and allows PHAs to set payment standards, challenge landlord requested rents and FMRs with confidence. GO8! streamlines a PHA's rent reasonableness process by reducing cost, time, and resources needed to meet HUD requirements, and simplifies compiling and maintaining landlord listings at a PHA. ■

Nan McKay & Associates and GoSection8.com have partnered to provide you with an accurate and audit proven solution for the rent reasonableness challenge.

Nan McKay & Associates, Inc. (NMA) is the industry leader in providing training and consulting through performance improvement solutions to subsidized housing agencies. Founded in 1980 by Nan McKay, an Executive Administrator, and Certified Housing Manager, NMA has grown into a stable and strong privately held company with extensive technical expertise in all areas of housing management. NMA has a successful and proven history of bringing training and consulting excellence to thousands of public housing agencies and staff throughout the years.

GOsection8.com (GO8!) is the largest online rental listing service designed specifically to fulfill the needs of section 8 property owners, tenants, and public housing authorities nationwide. Founded in 2004 by Richard Cupelli, a section 8 property owner, entrepreneur, and software engineer, GO8! fit a need for accurate rent reasonableness with real-time market data as well as a need to match tenants and property owners.

**To request a demo of  
GoSection8.com, call us at  
800.783.3100 or email  
sales@nanmckay.com today!**