Effective Waitlist Management and Rent Reasonableness Determinations

GoSection8

Richard Cupelli
Frank Gualtieri
Michael Lazdowsky
Dominic Muttilo

Agenda

- Introductions
- Rent reasonableness determinations
- Effective waitlist management
  - Shared waitlists
  - Keeping the list accurate & up-to-date
- Demo of GoSection8 software
- Q&A

GoSection8

GoSection8.com
Listing Service (2017)

- 166,085,631 pages viewed
- 5,290,304 new users
- 2,010,930 tenants registered for QuikMatch
  - Each has its own unique profile viewable in the new wait list software
- We estimate that 90%+ of voucher holders use Go8 for their housing search

The Nation's Leading HCV Listing and Rent Reasonable Service

GoSection8

GoSection8.com
Rent Reasonable Service

550+ PHA customers

Serves 50+% of all vouchers

3,277,500 rent reasonable certifications

$1,221,251,700 saved ($400/year per voucher!)

The Nation's Leading HCV Listing and Rent Reasonable Service

GoSection8   4

End to End Solution
Helping Families Throughout The Entire Affordable Housing Cycle!

1 Search Waitlists & Go8 Listings

2 Apply to Waitlists

3 While waiting, get ALERTS about — Application status Alerts / Other Open Waitlists Alerts / Saved Rental Search Alerts

4 Eligibility & Verification

5 Voucher Issued — Search Go8 Listings / Rent Reasonable / Lease Up

GoSection8.com
Phone: 1 (866) 466-7328
Email: wlsupport@gosection8.com
Website: www.gosection8.com

5

What is Rent Reasonableness?

PHAs must ensure rents charged by owners are reasonable compared to:

1. Similar _unassisted_ units in the **marketplace**.

2. Rents for similar units on the **premises**.

GoSection8

When are Rent Reasonableness Determinations Made?

- **At initial occupancy**
- **Whenever the owner requests a rent increase**
- **When directed by HUD**
- **When the PHA decides it's needed**
- **If there's a 10%+ decrease in current FMR**

  - Owner may not change rent during the initial lease term
  - Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family

GoSection8

Comparability

Rents Charged for Other Units on the Premises

- Request for Tenancy Approval (HUD-52517) requires owners provide information about rent charged for other unassisted, comparable units on the premises
  - If premises include more than 4 units
- By accepting PHA payment each month, owner certifies the rent is not more than the rent charged for comparable, unassisted units on the premises
- If asked, owner must give PHA information regarding rents charged for other units on the premises
- PHA may allow an owner to submit information about other comparable units in the market area (not required)

GoSection8

Comparability

HUD Required 9 Factors
24 CFR 982.507(b)

1. **Location**
   - 2 miles for urban areas
   - Neighborhood amenities (stores, transportation etc.)
2. **Quality**
   - Construction & building materials
3. **Size**
   - Square footage
   - Number of bedrooms
   - Number of baths

4. **Unit type**
   - House, low rise, high rise triplex, etc…
5. **Age**
6. **Amenities**
7. **Housing services**
8. **Maintenance services**
9. **Utilities**
   - Who pays for what

GoSection8

Comparability

- **Focus on factors that affect rent rather than trying to measure against an arbitrary standard of average rents**
  - i.e., same unit would rent for a different amount in a different location
- **Not all of the factors have the same effect on rents**
  - Variation on what is important from market-to-market

GoSection8

Point and "Dollars Per Feature" Systems

- **Some PHAs use systems that attempt to summarize the features of a unit using a point system**
  - Typically selects first for location and number of bedrooms (and perhaps building type)
  - Compares points designed to cover the other aspects of the variables for comparison
- **Some PHAs add dollar amounts for certain features (e.g., $5 for a second bathroom)**
  - PHA should check a feature is accurate
    - Either through comparison of multiple rents in the marketplace or by interviewing rental market experts

GoSection8

Point and "Dollars Per Feature" Systems

- What really affects rents requires considerable knowledge of the rental market
- PHAs that would like to develop a system may wish to outsource to vendor/consultant experts on the rental market

GoSection8

GoSection8 Rent Reasonable Methodology

- **Dollar-for-dollar adjustments**
  - GO8 uses a true **market-based** methodology
    - Overcomes the inherent artificial numerical "value" assigned to point-based comparables because of unknown variables
  - Go8 fine-tunes the rent reasonableness process, allowing dollar-for-dollar adjustments based on the critical market factors that impact rent in your area
    - Ensures an "apples-to-apples" rent comparison

8 GoSection8

GoSection8 Rent Reasonable Methodology

- **Integrated comparable rental data**
  - Go8 incorporates ongoing, real-time data mining of open market rental data from over **300 rental listing websites and newspapers**
  - Open-market listings are **appended with local tax assessor information** along with **market assumptions** on utilities and amenities
    - Assures an accurate and verified rental comparable
- **Download current PHA rental data**

8 GoSection8

PHA Rent Reasonableness Methodology

1. **How the PHA collects market data**
   - Sources (newspapers, online, etc.)
   - Data collected (bed size & market area)
   - Market area determination (zip-code, census tract, neighborhood)
   - Length of time data is updated & kept for comparables

2. **How the PHA uses the information collected**

Admin plan: How will the PHA describe the analysis method it will use to make rent reasonableness determinations?

8 GoSection8

5

Value of Accessibility

- **For the family that requires an accessible unit, accessible features may justify a higher rent**
  - For such families, the rent reasonableness determination must take those features into account
- **In a community where there are few such units, the PHA may be justified in allowing a higher rent**

GoSection8

Units that Must Not be Used as Comparables

- **Units that receive some form of federal, state, or local assistance that imposes rent restrictions**
- **HUD assistance programs:**
  - Section 8 project-based assistance
  - Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects
  - Subsidized HOME or Community Development Block Grant (CDBG) program-assisted units subsidized through federal, state, or local tax credits
  - Units subsidized by the Department of Agriculture rural housing programs
  - Units that are rent-controlled by local ordinance

Note: 8/17/11 HUD Notice PIH 2011-46

GoSection8

Developing and Maintaining a Database of Unassisted Units

- **Identify the population of rental units**
  - Where rental housing is located in your community
  - Knowledge of the rental market helps ensure database includes a representative number of affordable units in the local market and each submarket
  - Census data can be used to identify the location and type of rental housing throughout the market area

GoSection8

Sources of Rental Information on Vacant Units

- Rental websites
- Properties licensed as rental units
- Current owners who lease in the HCV program
- Newspaper ads (many have online rental ads)
- "For Rent" signs
- Bulletin boards in community locations, such as grocery stores, laundromats, churches, and social service offices
- Real estate companies that handle rental property.

Admin plan: PHA must describe how the PHA collects the information it will use for rent reasonableness

GoSection8

Multiple Sources Populate the GoSection8 Database

Websites
Magazines
Yellow Pages
Newspapers
For Rent Signs
Landlords and Tenants

GoSection8

SEMAP Indicator 2
Reasonable Rent

- **Measures whether PHA has and implements a reasonable written methodology to determine and document for each unit leased that the rent to owner is reasonable based upon current rents for comparable unassisted units**
  - Taking into account nine factors: location, size, type, quality and age, amenities, housing services and maintenance, and utilities provided by the owner under the lease

GoSection8

Quality Control For SEMAP

- **Quality control sample showed the PHA follows its rent reasonableness method for:**
  - 98%, 80-97%, or less than 80%
  - Each fiscal year, the PHA must draw a random sample of participant files in order to document evidence that the PHA has followed its procedures and that each rent to owner is reasonable
  - This quality control review must examine rent reasonableness documentation for each time during the fiscal year that a unit in the sample was leased or received a rent increase.
  - There must also be rent reasonableness documentation if there was a 10% decrease in the FMR in effect 60 days before the HAP contract anniversary for any unit

GoSection8

Save Time and Money with Effective Waitlist Management

- **Send less mail**
- **Cut down response time and no response from applicants**
- **Increase occupancy and utilization**
- **Free-up staff time**
- **Reduce the burden of maintaining a waitlist**
  - Update mailings
  - Notifications to applicants
  - Opening/closing

GoSection8   23

How do I save time and money maintaining my waitlists?

PHA collaboration

Shared waitlists

Effective technology

GoSection8 New Waitlist

GoSection8

What is a shared waitlist?

- **Each PHA in shared waitlist has their own separate waitlist but share collective functionality:**
  - Update and maintain only one application
  - Applications issued voucher or ineligible (non-discretionary denial) are removed from all PHA waitlists
  - Applicants may re-apply to a PHA & maintain original application date at others
- **PHAs sync existing applications or start new**
- **PHAs can be added or leave**
- **PHAs share application history**

GoSection8   25

Why create a shared waitlist?

- **Reduce the duplication of efforts among surrounding agencies**
- **Save staff time**
  - Decrease time dedicated to application intake, updates, and calls
  - Reduce the time and resources needed when opening, closing, or updating a waitlist

GoSection8

Why create a shared waitlist?

- **One application for multiple lists**
  - Allows for quick initial processing
  - Screens out obviously ineligible applicants
  - Defers completion of full application and eliminates need to re-verify
  - Limits delays in issuance
- **PHAs can create a centralized application center for a PHA's public housing and housing choice voucher programs.**

GoSection8

Benefits of a Shared Waitlist to Applicants

- **Reduce confusion and burden**
  - One central place to search for open waitlists and affordable housing opportunities
  - View FAQs and detailed information on PHAs and their programs
- **Increases the pool of applicants and accessibility**
  - Mobile-friendly
  - Translations
  - SMS and email alerts
- **Provide more comprehensive information on housing opportunities in a variety of areas**

GoSection8   28

How to Start a Shared Waitlist

- **Organize a collaboration of PHAs**
- **Adopt administrative plan amendment**
  - PHA group shared policy
- **Universal pre-application**
  - Preferences
  - Public notice
- **Software**

HUD Guidance to come in 2019

GoSection8   29

Economic Growth, Regulatory Relief, and Consumer Protection Act (5/24/18)

Section 209: SHARED WAITING LISTS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development shall make available to interested public housing agencies and owners of multifamily properties receiving assistance from the Department of Housing and Urban Development 1 or more software programs that will facilitate the voluntary use of a shared waiting list by multiple public housing agencies or owners receiving assistance, and shall **publish on the website of the Department of Housing and Urban Development procedural guidance for implementing shared waiting lists that includes information on how to obtain the software.**

GoSection8

Shared Waitlist Examples

- **Massachusetts Section 8 Centralized Waiting List**
  - 101 Participating PHAs
  - Open since January 1, 2003
  - Using new GoSection8 system for HCV and PBV
- **Massachusetts (State Public Housing)**
  - All State PHAs
  - Required by State law

- **Maine Centralized Section 8/HCV Waiting List**
  - Required by State Law
  - 20 Participating PHAs
  - Open since April 10, 2013
- **Rhode Island (Section 8 and PBV)**
  - 25 Participating PHAs (Entire State)

8 GoSection8

How do I keep the waitlist up-to-date?

- **Use technology to send less mail and reduce response time**
- **Real-time address, phone & email verification**
- **One application/update for all waitlists**
- **Live toll free support line**
- **SMS/text and email alerts**
  - Reduces amount of mail sent by PHAs
  - Updated contact info = less pulling from the list and a more accurate waitlist
  - Reduces applicants from being removed for no response (didn't update application)

8 GoSection8

Maintain a Healthy Waitlist with Effective Analysis

- Are there a sufficient number and variety of applicants to ensure full utilization of the PHA's rental assistance resources?
- Do the applicants represent a broad range of social and economic characteristics that are representative of the community?
- Are those families determined least likely to apply adequately represented?
- Will the PHA be able to satisfy income-targeting requirements with current applicants?

8 GoSection8

Should I keep the waitlist open?

- Are there enough applicants to account for contract turnovers and vouchers that are issued but do not result in a HAP contract?
- Does the PHA wish to continue to take applications from families that meet certain local preferences?
- Is there a sufficient number of extremely low-income families on the waiting list to satisfy income targeting requirements?
- How long is the average wait for the various categories of applicants (preference and non-preference) on the waiting list?

GoSection8

Should I keep the waitlist open?

- With effective management, you can keep it open
- Eliminates unnecessary application processing costs.
- Staff can devote time to other important program activities

GoSection8

More GoSection8 Waitlist Highlights

- Adaptable to any program and PHA policy
- Sort list by date/time, or lottery, and any PHA preferences
- PHA Custom Reports
- One-step or two-step application process
  - Pre-app/full-app)
- Clear audit trail of selection of applicants and changes made to applications

- Limited waitlist openings
  - Targeted funding, emergency apps
- Special admissions override
  - i.e. displaced due to PH demo
- Security of personal information
  - Redacted reports, SSN hidden to most users, data encryption

GoSection8

More functionality to come…

We listen to housing professionals!

- **Full application:** collects all applicant and household information to conduct eligibility verification
  - Assists in verifying eligibility & preferences.
  - Calculates annual income, adjusted annual income, tenant portion of the rent, Housing Assistance Payment of the rent.
- **Export data**
  - HUD 50058 form
- **Enhanced reporting**
  - HUD's 2-year tool (TYT)

GoSection8

Q&A

Richard Cupelli
President
rcupelli@gosection8.com

Michael Lazdowsky
Waitlist Account Manager
mlazdowsky@gosection8.com

GoSection8