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HDR Current Developments
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IDEAS AND TRENDS
SECTION 8
Issue Contents

Philadelphia Housing Authority **Rent** System Recognized for Efficiently Using
Public Funds

The **rent** assessment system used by the Philadelphia Housing Authority (PHA) to determine **rent reasonableness** in its Section 8 program has been recognized with an award from the Counselors of Real Estate, a national organization of real estate advisers, which said the system results in an efficient use of public funds.

Maxine Mitchell, president of Applied Area Real Estate Analysis (AREA), a Chicago company, and Robert Miller of AREA, who worked closely with PHA to develop the system, were the recipients of the award.

The Counselors of Real Estate said the system, which determines the appropriate **rent** levels for specific units, resulted in substantial benefits that included reduced rental costs for many units, increased efficiency which cut backlogs and staffing needs, and increased program reliability.

A similar system had been developed for the Housing Authority of New Orleans (HANO) before Hurricane Katrina devastated the city last year, and AREA currently is developing an assessment system for the Housing Authority of the City of Los Angeles.

AREA anticipates that the HANO **rent** system may prove useful as the city recovers from the hurricane.

Submarkets Determined

AREA has been working in the Philadelphia housing market since 1999, conducting its own market surveys and dividing the area into submarkets, which are groups of neighborhoods with similar characteristics. AREA updates its survey information every two years.

Rent calculations are based on a pricing model that estimates appropriate local market prices for various rental housing characteristics.

The sample size used for this statistical analysis is in the thousands of units to make it reliable.

The characteristics surveyed include those listed in the Section 8 management assessment program (SEMAP) **rent reasonableness** indicator used to monitor the effectiveness of local voucher administration.

Variables in the AREA model include **rent**, unit size according to number of bedrooms and bathrooms, location and

specific housing submarket, and physical condition of the unit. AREA develops customizable software for each housing authority that is compatible with its information system.

Advantages of System

PHA Executive Director Carl Greene says the **rent** system has many advantages, including inspiring public confidence.

"Taxpayers have a right to know that we are spending our dollars efficiently," Greene said. "With this system in place, people can be sure we are not paying more for a rental property than we should. It also tells landlords they will be paid a fair **rent**."

Mitchell said that too often PHAs try to rely on their own limited staff to collect rental information through news clippings, available market studies, and talking to property owners. "You don't get the consistency and reliability of information that way," she said.

"We don't have the least expensive system" said Mitchell, "but we do have one that has very reliable data and information that meets all the requirements in terms of archiving information and to reproduce information and increasing staff efficiency because it is heavily automated."

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