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Report to the Chairman, Subcommittee on Housing and Community Development, Committee on Banking, Finance, and Urban Affairs
House of Representatives

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HOUSING ALLOWANCES

An Assessment of Program Participation and Effects

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The Honorable Henry B. Gonzalez
Chairman, Subcommittee on Housing
and Community Development
Committee on Banking, Finance,
and Urban Affairs
House of Representatives

Dear Mr. Chairman:

In your July 12, 1984, letter, you asked that we review and analyze the existing information regarding low income housing assistance payment programs. This report summarizes our review of the available evaluation research studies on the Section 8 Existing Housing Program and the Experimental Housing Allowance Program. Information has been synthesized on issues relevant to participation in these programs and program effects on housing quality, rent burden, and housing markets.

We are sending copies to the Secretary of the Department of Housing and Urban Development and to cognizant congressional committees. Copies will be made available to others who request them.

Sincerely yours,

Eleanor Chelimsky
Director

Executive Summary

The housing needs of the poor have been met predominantly by allowance programs in recent years. These programs help those in need pay the rent on housing they find in the existing market.

The chairman of the House Subcommittee on Housing and Community Development asked GAO to examine the available research on housing allowances to determine what the rates of program participation have been and what effect the programs have had on the availability and affordability of low-income housing. (See page 78.) From these main issues, GAO developed three specific evaluation questions:

- What were the participation rates and demographic profiles?
- What were the effects of the programs on participants?
- What were the effects of the programs on the low-income housing market?

Background

GAO performed a four-step evaluation synthesis, (1) formulating specific evaluation questions, (2) identifying the relevant evaluation reports, (3) rating the reports on their technical quality, and (4) analyzing and synthesizing their findings. (See pages 19-29.) GAO compared the data for subgroups of those who (1) were eligible, (2) enrolled (or applied for participation and were then deemed eligible), and (3) received allowance payments.

GAO concentrated on the two main allowance programs: the Experimental Housing Allowance Program (EHAP) and the Section 8 Existing Housing program (Section 8). EHAP was a large, complex experiment conducted in 12 sites in 1973-83 to assess the feasibility, usefulness, and effects of housing allowances. Section 8 was established in 1974 and continues to provide housing allowances nationwide. In fiscal year 1984, its budget outlay was $2 billion. Currently, it is the largest program providing housing assistance to the poor. Although there are differences, Section 8 and EHAP are similar along several important dimensions such as eligibility, levels of assistance, and family contribution. (See table 1.1.)

Results in Brief

With regard to participation rates compared to proportion in the eligible population, some demographic groups were served proportionately (minorities); some were served at higher rates (households headed by women, the very poor, and those on welfare); and some were served at

very slightly lower rates (large households). Results for the elderly were inconsistent. (See pages 37-47.)

With regard to effects of the programs on participants, as measured by rent burden and changes in housing quality, there is strong evidence that the rent burden decreased substantially to about 25 percent of income. (See pages 65-66.) As measured by changes in housing quality, allowances did not lead to significant improvement for all. Although the programs required all participants to meet certain standards, ensuring a minimum level of quality, many participants already lived in housing that met standards, and for some others, upgrading was minimal. (See pages 52-67.)

With regard to effects of the programs on the low-income housing market, the sole EHAP study that addressed the issues showed that although allowances did not increase housing supply, as hoped, they also did not result in market price inflation, as feared. (See pages 67-70.)

Principal Findings

GAO's principal findings are discussed in terms of those who were eligible, those who enrolled, and those who received payments.

Participation Rates

With some variation, the general pattern showed that the elderly enrolled at lower rates than their representation in the eligible population but had greater success than the nonelderly in becoming payment recipients. Differences in rates of enrollment and success, however, resulted in no consistent pattern of overall participation—that is, overrepresentation or underrepresentation—among the elderly. (See pages 38-40.)

Minorities enrolled at higher rates than their proportion in the eligible population would suggest, but this greater interest on the part of their households was met with less success in becoming payment recipients. Consequently, the proportion of minority households receiving payments ended up being similar to their proportion in the eligible population. (See pages 42-43.)

Large families enrolled at slightly higher rates than their eligible proportion but had difficulty in becoming recipients, ending up slightly underrepresented in relation to their proportion in the eligible population. Very poor households, households headed by women, and welfare households were overrepresented, both as enrollees and as recipients, in

relation to their representation in the target population. (See pages 40-41 and 43-47.)

Further work is needed to explore the effects of the interaction of these groups. Very poor households may be well represented in terms of participation, for example, but households that are simultaneously poor, large, and minority may not be.

Rent Burden

The studies GAO examined showed a considerable reduction in rent burden (the proportion of total income spent on rent) for recipients. Most showed a reduction from about 40 percent to 25 percent of a household's income. (See pages 65-66.)

Housing Quality

Of all the households that eventually became program recipients, about 40 percent qualified for allowances without making any housing improvements, because their housing already met minimum standards; about 20 percent made only minor repairs to meet the standards; and about 40 percent lived initially in housing that did not meet the standards, but they moved, presumably to better housing. Thus, 40 percent of the eventual recipients met the standards with no change to their housing. The remainder were encouraged to change their circumstances, 20 percent by making minor upgrades and 40 percent by moving (although some may have moved for reasons other than to meet housing standards). (See pages 52-64.)

The Effects of Allowances on the Housing Market

Information on the effects of the housing programs on low-income housing markets is limited to the findings of one of the EHAP studies, conducted at two sites, where there was no evidence of increases in rent, as some critics of allowances had feared. With regard to the supply of low-income housing, no effects were found, even though the allowance programs at these sites were very large. (See pages 67-70.)

Agency Comments

The U.S. Department of Housing and Urban Development (HUD) provided official oral comments on a draft of this report. It did not, in general, disagree with GAO's findings but did disagree with some of GAO's interpretations.

Participation Rates

HUD said that the differences GAO found in enrollment and participation among subgroups were so small that the programs might be said to have distributed benefits representatively. GAO did not set a criterion by which to judge the programs but, rather, provided descriptive information on those who were eligible and those who participated, presenting possible explanations for the discrepancies but allowing readers to make their own assessments.

Housing Quality

HUD said that the programs should be regarded as having successfully met the housing-quality objective, since all recipients had to live in housing that met minimum standards, initially and after yearly inspections. GAO agrees that the participants' housing met the standards for minimum quality, but in this study, the question asked was whether the participants experienced a change in the quality of their housing, whether, in other words, the program had made a difference with regard to quality.

The Effects of Allowances on the Housing Market

HUD indicated that it is not fair to the allowance programs to report no effect on housing supply, since currently few experts expect one, other than that of keeping in the market the units that participants occupied, thus preventing the supply of low-income housing from decreasing. GAO's view is that a major question of interest to the committee concerns the effects of allowances on the availability of low-income housing (appendix I). This is indeed a reasonable question to ask, since proponents have in fact claimed that housing allowances would increase the housing supply and one of the major experiments was carried out to obtain precisely this information.

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Abbreviations

AAE	Administrative Agency Experiment
CBO	Congressional Budget Office
EHAP	Experimental Housing Allowance Program
GAO	U.S. General Accounting Office
HADE	Housing Allowance Demand Experiment
HASE	Housing Assistance Supply Experiment
HUD	U.S. Department of Housing and Urban Development
SMSA	Standard metropolitan statistical area

Federal Low-Income Rental Housing Assistance

Since the Depression, the federal government has sought to respond to the housing needs of the poor. Although allowance payment programs (known also as "housing voucher" or "rent certificate" programs) make up just a few of the many housing assistance programs the federal government has funded in the past 50 years, they represent one of the two major approaches to low-income rental housing assistance. One is the use of existing housing through the provision of allowances; the other is new construction through low-income housing production programs. The allowance approach has been of continued interest over the years, but its visibility has been heightened by recent legislation authorizing a new voucher demonstration program.

The chairman of the Subcommittee on Housing and Community Development of the House Committee on Banking, Finance, and Urban Affairs asked us to summarize the findings of evaluations of programs featuring housing allowances (see appendix I). Topics of particular interest to the subcommittee are participation in the programs and the effects of the programs on the availability and affordability of low-income housing.

We selected for review two federal housing programs that have provided allowances to help recipients pay their housing costs. The Experimental Housing Allowance Program (EHAP) was a voucher experiment that was conducted during the 1970's and has since been completed. The Section 8 Existing Housing program, which has a similar allowance-like approach, is the largest of the ongoing low-income housing programs, as measured in terms of its fiscal year 1984 budget outlay of $2 billion.[1] We selected these programs because they represent the most relevant housing allowance experience to date.

In the discussion that follows, it will be seen that EHAP and the Section 8 allowance program differ on several dimensions, including their administration, the identity of the transfer payment recipients (that is, whether it is the participant or the landlord who receives a payment), and the "shopper's incentive," an encouragement built into the regulations for the participant to find the least expensive housing. However, these programs are similar along the most important dimension, that of supplying allowance payments to help participants pay the rent for units they locate for themselves in the private housing market. Our intent in this report is to combine the information available on these

[1]This amount represents the budget outlay ($2,000,821,929, or $2 billion if rounded) for Section 8 Existing and Moderate Rehabilitation for fiscal year 1984, when 1,179,297 units were served. The budget authority in fiscal year 1984 for Section 8 Existing only was $3.8 billion.

allowance programs in order to address our study questions. We do not focus on comparisons between the two programs.

The Experimental Housing Allowance Program

The Housing and Urban Development Act of 1970 authorized the Experimental Housing Allowance Program, a monumentally large and complex, three-part experimental test of vouchers in 12 sites across the nation. The experiment was aimed at assessing the feasibility and usefulness of giving cash subsidies to low-income households to help them acquire adequate housing. It addressed questions of participation, the quality of housing, the use of the allowance payments, market responses, administration, and more.

The design of EHAP included three subexperiments. One, called the Housing Allowance Demand Experiment (HADE), involved 3,400 households, representing 4 to 5 percent of the eligible renter households at each of two sites, Phoenix, Arizona, and Pittsburgh, Pennsylvania. Examining factors such as participation, mobility, and household spending on housing, HADE was administered by its research contractors at the two sites in 1973-76. Many versions of allowances were tested (see appendix II), but of main interest for this report is the type most similar to the current Section 8 Existing Housing Program: an allowance that provided a payment covering the gap between 25 percent of a household's income and the estimated cost of standard housing, if the housing unit passed minimum housing standards (this is called a "housing gap" allocation).

Another of the three experiments, the Housing Assistance Supply Experiment (HASE), enrolled nearly 9,200 households, representing approximately 40 percent of the eligible renter and owner households at each of two sites, Green Bay, Wisconsin, and South Bend, Indiana. Assessing factors affecting housing market supply such as cost, change in housing stock, and maintenance, this study was also administered by the researchers. Payments were available to participants over a 10-year period beginning in 1973, and data were collected during the first 3 years of operation. In order to assess how local housing markets would react to a full-scale program, enrollment in HASE was open. The payments were of the housing-gap type as in HADE and similar to Section 8 payments. Households received the difference between 25 percent of their income and the estimated cost of standard housing, if the housing unit passed minimum standards.

A third part of the experiment, the Administrative Agency Experiment (AAE), enrolled 8,100 households in Bismarck, North Dakota; Durham,

North Carolina; Jacksonville, Florida; Peoria, Illinois; Salem, Oregon; San Bernardino, California; Springfield, Massachusetts; and Tulsa, Oklahoma, all having been selected for their previously successful administration of housing programs. AAE examined various methods of administering a voucher program and their respective costs. The local public housing authorities, which administered the programs in 1973-76, were given considerable freedom to customize their programs. Enrollment was limited in this experiment, but the payments were of the housing-gap type used in the other parts of EHAP and in Section 8.

The three-part (HADE, HASE, AAE) $200 million EHAP spanned more than a decade, from its authorization in 1970 to its design in 1972 and through its implementation and analysis in 1973-83. More than 300 periodic reports were published, the major summary reports having been issued in the early 1980's as EHAP reached completion.

The Section 8 Existing Housing Program

The Section 8 Existing Housing Program (which we abbreviate to "Section 8 Existing") was established in 1974 as a nationwide program to help low-income families by supplementing their rent with payments given directly to their landlords. The payments equalled, during the period we reviewed, the difference between at most 25 percent of a household's income—or as little as 15 percent for certain types of household—and its rent, up to a fair market rent established for local geographic areas by the U.S. Department of Housing and Urban Development (HUD). The budget for fiscal year 1984 proposed the substitution of EHAP-like vouchers for new Section 8 housing assistance commitments. Moving toward this goal, the Congress authorized a voucher demonstration that began in April 1985.

EHAP, Section 8 Existing, and the new voucher demonstration can be compared in terms of eligibility, assistance level, housing standards, household contribution, shopper's incentive, and adjustments to assistance. The three programs are alike in providing to participants payments of the housing-gap type that cover the difference between 25 percent (now 30 percent in Section 8 Existing) of their income and the estimated cost of standard housing (the difference between 25 percent of income and the rent in Section 8 Existing), provided their housing units meet some type of minimum standard. Although the particular housing standards have varied across the programs, they have remained consistent with the basic principle of adherence to a standard. Participants received payments directly in EHAP, but the landlord receives the

payment in Section 8 Existing and in the new voucher demonstration. (See table 1.1.)

Table 1.1: A Comparison of EHAP, Section 8 Existing, and the Voucher Demonstration

Component	EHAP[a]	Section 8 Existing	Demonstration
Eligibility	Low-income families with monthly adjusted income less than 4 times the estimated cost of standard housing	Very low income families (below 50% of median family income, adjusted for family size and local area), for units available after the 1981 act	Families selected from Section 8 Existing certificate waiting list
Assistance	The difference between 25% of family income and the cost of standard housing (with no rent ceiling), paid directly to household	The difference between 25% (now 30%) of family income and actual rent, up to maximum of fair market rent, paid directly to landlord	The difference between 30% of family income and payment standard, paid directly to household
Minimum housing standards	Somewhat different in HADE, HASE, and AAE (no standards for certain groups in HADE)	Set forth in regulations	Same as Section 8
Family contribution	More or less than 25% of income, depending on actual rent paid	Higher of 30% of adjusted monthly income and 10% of gross monthly income (or housing component of welfare rent)	Difference between payment standard and rent paid plus 30% of income, or a minimum of 10% of gross income
Shopper's incentive	Family contribution reduced in units with rent below payment standard	None	Basically the same as EHAP
Adjustments	Annual, in rent and family assistance payments, because of program changes to estimated standard cost of housing	Annual, in rent and family assistance payments, depending on HUD changes to market rent	No more than 2 during 5-year contract; public housing authority may assist more families or adjust payments, after consulting public and local government

[a]General description of housing-gap characteristics only.

Source: Adapted for EHAP from R. Struyk and M. Bendick, Jr., Housing Vouchers for the Poor (Washington, D.C.: The Urban Institute, 1981); Section 8 and the Demonstration from interviews with National Association of Housing and Redevelopment officials.

A key feature that further distinguishes Section 8 Existing is its use of HUD's maximum rent levels, or "fair market rents," which limit the choice of housing that is available to the program's participants. Unlike EHAP, Section 8 Existing housing units whose rent is higher than the fair market rent are ineligible. In contrast, a shopper's incentive that is not available in Section 8 Existing was provided in EHAP and will be provided in the voucher demonstration. The incentive consists of allowing a household to rent a unit below the payment standard and keep the difference, if the household has been able to locate less expensive housing by "shopping around."

This report brings together the findings of evaluation research on EHAP and Section 8 Existing. Within the limits of available information, we discuss three issues:

1. participation in the programs;

2. the effects of the programs in terms of the availability, quality, and affordability of participants' housing;

3. the effects of the programs on supply and cost in the low-income rental housing market.

Background: History and Issues

Federal housing programs for low-income households began in the Depression. The early legislation was aimed more at stimulating employment and providing housing for temporary hardship cases by building public facilities than it was aimed at providing long-term housing for the very poor. Tenants used their own resources to provide rent sufficient to cover the operating expenses of publicly supplied units.

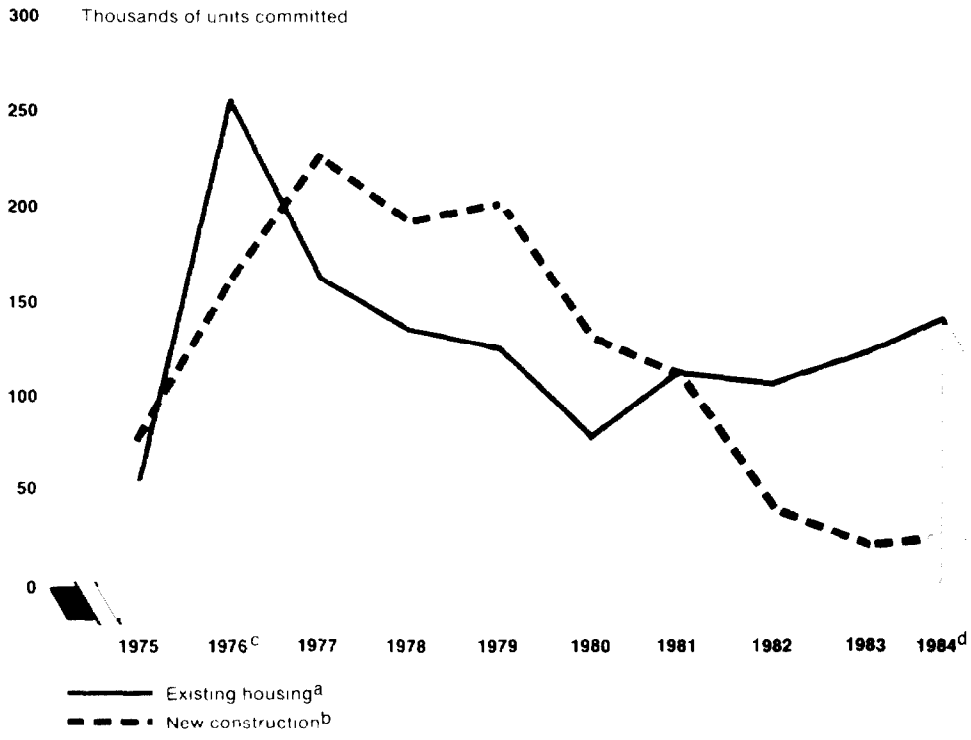
In the late 1940's, the focus of federal policy shifted toward providing assistance to low-income families so they could obtain better housing over a longer term, thus extending the length and changing the aim of assistance to program recipients. The Housing Act of 1949 (Public Law 81-171) outlined the national goal of making available "a decent home and suitable living environment for every American family." This act, and legislation in the following decades, broadened federal housing assistance to include the needs of the elderly, rural families, and moderate-income families in urban areas. By 1970, authorizations had been enacted to provide operating subsidies for public housing authorities, since most low-income tenants were no longer able to afford rents adequate to cover operating costs. The establishment of operating-cost subsidies and the imposition of a limit on rent payments contributed in large part to a substantial escalation of the cost of public housing programs.

Federally backing the construction of low-income housing units, which had been the norm in policy since the 1930's, became the focus of policy debate in the late 1960's and early 1970's, because of cost escalation, problems of crime and mismanagement, and renewed questioning of the architectural concepts that had led to large public housing projects such as Pruitt-Igoe in St. Louis, Missouri, and Cite Radieuse in Marseilles, France. A moratorium was placed on new commitments for subsidized

housing in the early 1970's. After a major review of federal housing policy, the entire Section 8 program (both new and existing) was developed, emphasizing construction, rehabilitation, and the use of housing in the private sector.

The trend since 1975 has been to use existing housing or to moderately rehabilitate it rather than to build new housing or substantially rehabilitate old housing units. The volume for both approaches peaked in 1976-77 and then fell. There was some upswing in both approaches after 1977, but neither reached the peak levels again. Since 1981, commitments to the existing-housing approach have been higher than those to new construction. (See figure 1.1.)

Figure 1.1: Subsidized Housing Unit Commitments Under Section 8 New and Existing and Other Public Housing Programs in Fiscal Years 1975-84



[a]Includes Section 8 Existing and moderate rehabilitation programs.

[b]Includes Section 8 new construction, substantial rehabilitation programs, and public housing.

[c]Prorated for the transition fiscal year July 1975 to October 1976.

[d]Estimated

In 1981, the President's Commission on Housing was charged with developing "housing options that strengthen the ability of the private sector to maximize opportunities for homeownership and provide adequate shelter for all Americans."[2] The commission viewed the main housing problem of the poor as one of affordability rather than availability; for a federal response to this problem, it called for housing assistance payments to be given to the poor to help pay their rents.

The Housing and Urban Rural Recovery Act of 1983 (Public Law 98-181) phased down and terminated new construction, emphasized the use of existing housing stock, and funded a voucher demonstration program that began in April 1985. The program includes provisions for an evaluation of its effect: one major goal of the program design is to evaluate how well allowances will work in various housing markets, particularly those with very low vacancy rates for low-income housing.

Not all have agreed with policies implemented in this act, particularly the role of allowances. Some have pointed out that the housing problem for the poor is not monolithic and that low-income rental housing is so scarce in some regions as to render allowances ineffective. We have summarized this and other points of contention on housing allowances without addressing, in the summary, other possible housing policies such as providing a mixture of approaches to assistance and starting new construction. See table 1.2.

[2]U.S. President's Commission on Housing, Report (Washington, D.C.: U.S. Government Printing Office, 1982), p. xv.

Table 1.2: Debate Positions on Housing Allowance Issues

Issue	Claim	Concern
Participation		
Overall	Allowances serve a wide range of possible participants and the more disadvantaged	Allowances serve only those best suited to the approach and probably the less disadvantaged
By demographic group	All groups have equal access to benefits; payments allow recipients to meet differing housing needs in the private market	Some groups may have difficult access to benefits: —the elderly, with special housing needs and little mobility; —large households that need large apartments; —minorities, because of discrimination and inadequate housing; —households headed by women, because of inadequate housing; —very poor and welfare households, because of inadequate housing and affordability
Affordability		
Rent burden	Allowances reduce rent burden, making decent housing more affordable	Rent burden is likely to be reduced, but some participants may pay more rent to meet program requirements
Rent inflation	Not likely for low-income housing	Likely for low-income housing
Availability		
Quality	Improvement likely	Significant improvement unlikely
Supply	Adequate in most areas; allowances should stimulate an increase by minor upgrading or maintain current supply by keeping units in stock	Inadequate in some areas; allowances unlikely to stimulate an increase
Program cost	Lower than housing construction programs; can serve more applicants than more expensive approaches for same amount	Lower than housing construction programs, depending on outreach and supportive services; cost savings unlikely to increase number of households served because of administrative budget reductions
Location	Households will have considerable choice in where to live because of additional funds from allowance	Little change in possible living locations; access for poor limited by socioeconomic barriers

Opponents of allowances have been skeptical about their blanket applicability to housing problems. They have seen them as unlikely to provide a long-term solution for any but a very few situations and people. Indeed, the critics have asserted that allowances seem to help most those who need them least—that is, those who are already in standard housing and those who are at the upper limit of income eligibility.[3]

[3]We use "critics" and "advocates" to highlight the major assertions and concerns regarding allowances. As individuals, housing experts might be critical on some points and favorable on others. Also, experts may have taken into account data from the housing allowance experiments as they have been published, so their concerns may have changed. In addition, some experts argue strongly for both housing allowances and other types of housing programs, so that an argument "for" allowances does not mean these are arguments against other support.

According to the critics, persons in the worst housing conditions or with the lowest incomes may be the least likely to participate in an allowance program, because they would have to move in order to find standard housing, thus incurring an additional expense and leaving their friends and neighborhoods. In addition, minorities, large families, and others with low incomes are believed to have great difficulty in finding adequate housing for reasons other than inability to pay. Racial discrimination, landlords' restrictions on renting to households with children, and a lack of low-income apartments and houses that have several bedrooms are among these reasons, according to the critics.

Critics of allowances also point out that while assistance payments are intended to reduce the burden of household rent, so that families will be less financially strapped in other areas, research has shown that families who are given extra income that is not earmarked for housing elect to use it for household budget items other than rent. These critics view allowances as another income supplement rather than as a strategy specifically linked to housing problems. Accordingly, they would like to see funding targeted to the housing conditions of the very poor. In summary, criticism of the housing allowance approach is directed toward its uncertain link to housing problems in general and its uncertain application to the housing problems of specific populations.

Advocates of allowances disagree with these criticisms. Some advocates view housing allowances as applicable to the housing needs of all the poor in most areas. It would not be more likely that only those in better housing and at the upper limits of income eligibility would participate. In addition, the local programs would be able to target specific groups if this were necessary. Advocates also believe that the supply of housing of minimum quality in most areas is adequate or can be achieved by minor upgrading. The allowances should affect housing quality by encouraging minor upgrading or encouraging the maintenance of units so that they do not drop from the local stock. Advocates see the reduction in rent burden as vital, because they view the main housing problem of the poor as affordability. Rent burden is as important an issue as housing quality, in their view.

In addition, advocates point to the ease of administering allowances compared to the administration of public housing. (This is not disputed.) Administrators need only verify income, check the quality of units that participants choose, and distribute the allowances; they do not have to operate and maintain housing units themselves. The advocates also

emphasize the lower costs of allowances, compared to public housing; the greater number of households that can be served; and the freedom of choice that allowances give to program participants, who might otherwise be expected to live in public housing.

Objectives, Scope, and Methodology

We undertook this report in response to the chairman's request that we review the existing evaluation literature on housing allowances, focusing on participation and program effects in terms of changes in the availability and affordability of low-income housing. We carried out our evaluation synthesis in four steps. First, we identified the specific questions and subquestions relevant to the main issues that could be addressed, according to a preliminary review of the evaluation literature. Second, we identified and collected the appropriate evaluation studies. Third, we assessed their findings in terms of their technical quality. Fourth, we synthesized the information that would answer our study questions.[4] (See figure 1.2.)

Figure 1.2: The Four Steps in the Evaluation Synthesis Methodology

A. Formulate and define questions

1. Identify issues
2. Review literature
3. Conduct interviews
   a. Researchers
   b. Housing professionals and public interest groups
   c. Federal agency staff

B. Identify and collect relevant studies

1. Search bibliographies
   a. Manually
   b. By computer
2. Conduct interviews
   a. Researchers
   b. Housing professionals and public interest groups
   c. Federal agency staff
3. Survey experts

C. Assess usefulness and reliability of studies

1. Classify study questions
2. Review studies
   a. Research design
   b. Methodology
      (1) Sampling
      (2) Data collection
      (3) Statistical analysis
   c. Findings
3. Prepare study summaries

D. Synthesize information

1. Assess studies and findings
   a. Strengths and weaknesses
   b. Similarities and trends
   c. Generalizability
2. Relate findings to synthesis questions
3. Summarize what is known
4. Review by experts

[4]The framework for the evaluation synthesis is described in The Evaluation Synthesis, Methods Paper I, published in 1983 by GAO's Program Evaluation and Methodology Division (formerly the Institute for Program Evaluation).

How We Developed the Questions

We took our study questions from the request letter, developing subquestions in the first step of the synthesis. We developed them from the general issues of congressional interest, the subissues under debate, and background information in the literature. See table 1.3.

Table 1.3: Study Questions and Subquestions

Question	Subquestion
1. What were the program participation rates and demographic profiles?	a. What were the overall rates of participation? b. Did the programs serve all eligible groups in proportion to their representation, particularly the elderly, large households, minorities, households headed by women, and very poor and welfare families?
2. What were the effects of the programs on the participants?	a. Did the programs change housing quality? b. Did the programs decrease the rent burden?
3. What were the effects of the programs on the low-income housing market?	a. Did the programs influence the supply of low-income housing in local areas? b. Did the programs influence rents for low-income housing?

The question of participation is important in terms of future policy. That is, If programs were expanded, how many and which eligible households might apply? With regard to overall enrollment, the housing allowance programs cannot tell us very much, because they are not entitlement programs. The exception is HASE, which had open enrollment.

With regard to subgroup participation, targeting is extremely broad, based primarily on income, and funding restrictions permit only a small proportion of those who are eligible actually to become recipients of program benefits. It is of interest to see who among the eligible population actually participates in an allowance program. HUD reports that 37 percent of U.S. renter households were eligible for these programs in 1981, by the criterion of "very low income" that is used for low-income housing programs.[5] Of the 10.6 million very-low-income renters eligible for assistance in 1981, 2.5 million (or close to one quarter of those eligible) received some type of subsidy from HUD.

Critics of allowances believe that these programs serve people whose incomes are at the upper limit of eligibility rather than the very poor; that minorities and large families, who are more likely to reside initially in housing that does not meet program standards, have difficulty finding housing that is adequate and meets the standards of HUD and local

[5]P. Burke, "Trends in Subsidized Housing 1974-1981," U.S. Department of Housing and Urban Development, Division of Housing and Demographic Analysis, Office of Economic Affairs, Washington, D.C., March 1984.

public housing authorities; and that participation is difficult for the elderly because of their special needs. Therefore, we have examined participation in EHAP and Section 8 Existing in order to provide descriptive information on the subgroups categorized by income, welfare status, minority status, family composition, and age.[6]

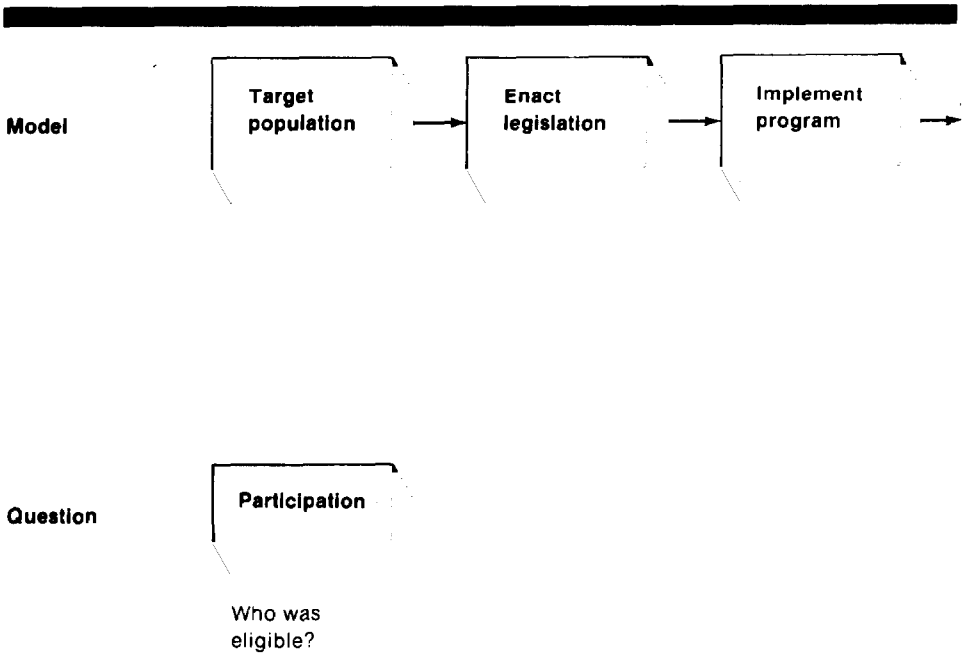
The second question in table 1.3 is about program effects on recipients in terms of changes in the quality of their housing and in the amount of their rent. Advocates of allowance programs have claimed that allowances will maintain and improve the quality of housing for renters with low income by enforcing standards for minimum quality. We have examined the literature regarding the quality of housing for program participants, first defining quality and how it is measured and enforced and then reporting what is known about whether participants experience improvements in the quality of their housing. Since a main goal of a housing assistance program is to reduce rent burdens, we examined the evaluation literature to determine whether the programs have reduced rent burdens and, if so, by how much.

To answer the third and final question, we reviewed the research that has examined program effects on the supply of housing accessible to participants. We were particularly concerned with whether EHAP and Section 8 Existing have been associated with any increase in the supply of low-income housing above the stock that was maintained by the inspection and annual reinspection requirements of the programs. Proponents of allowances have expected that either the supply of low-income housing is adequate or local markets respond to the increased demand created by housing assistance payments by supplying renovated housing stock. Critics have claimed that housing stock is inadequate in many areas and that the programs are too small to have any effect on supply.

In answering the third question, we also focused on the cost of the housing that is available to low-income residents (subquestion 3b). Of particular concern was whether EHAP and Section 8 Existing have been associated with changes in rent across a housing market. This question addresses the part of the debate in which the critics of assistance payments assert that payments cause an inflation of rental charges for low-income housing and the advocates assert that they do not. In our literature review, we noted problems and solutions to problems related to the

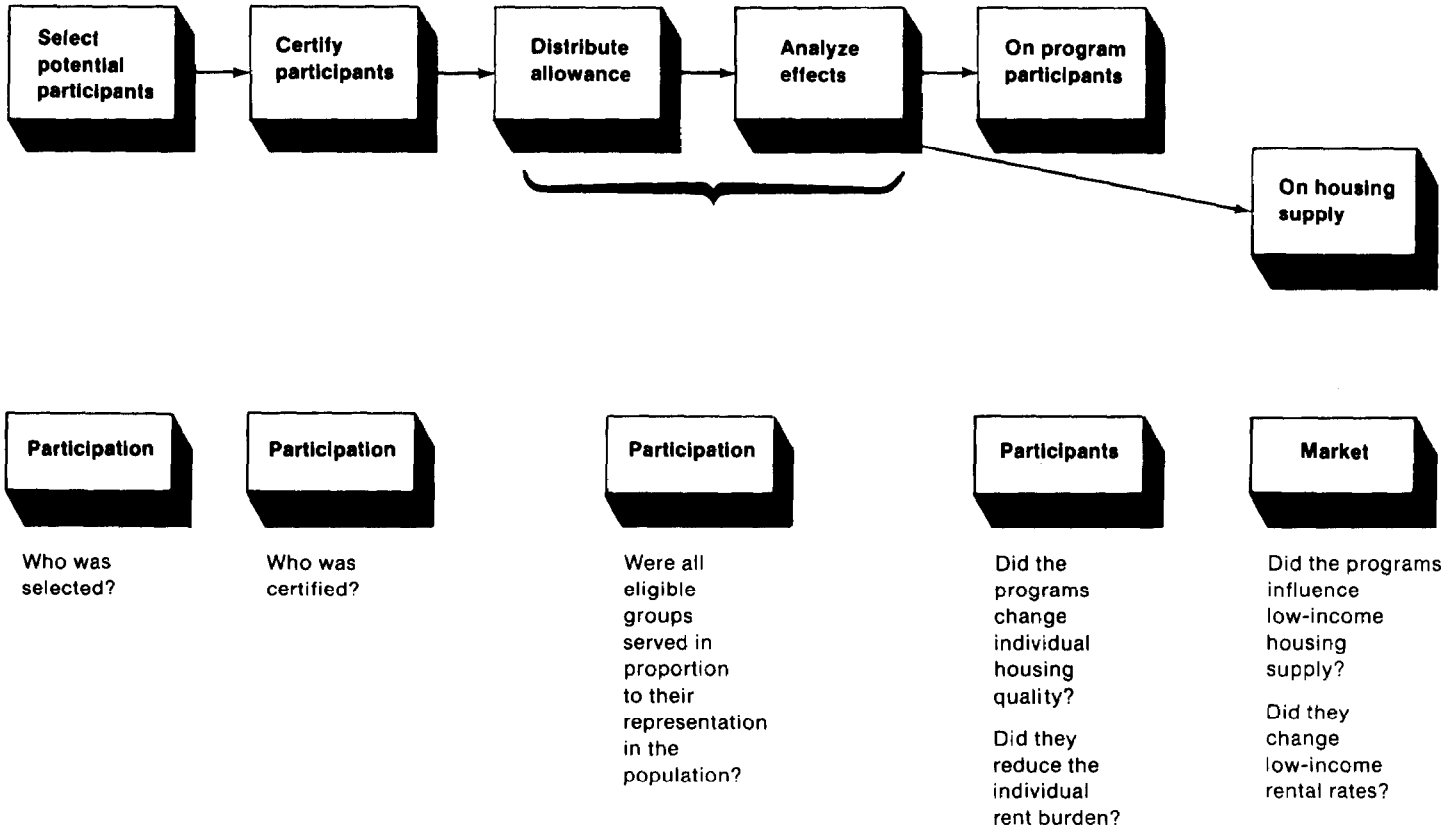
[6]Although the disabled also are reported to experience housing disadvantages, we did not include them in our synthesis because data were generally unavailable for this subgroup.

Figure 1:3 A Model of Services for Housing Allowance Programs and Related Study Questions



rents charged for low-income housing that may have affected or been the result of the programs. For example, the rents landlords charge in the Section 8 Existing program are subject to a rent-reasonableness criterion that is designed to prevent them from raising their tenants' rent to the fair market rent imposed by the program. However, this criterion has not been uniformly enforced.

Our study questions can also be understood in relation to a model of a housing service-delivery program displaying what occurs in a typical allowance program. The model of an allowance program can be set in parallel to the study questions to show how they fit into various segments of the model. Thus, we can start with the process of participating in a housing allowance program by looking first at the population that has been targeted for assistance by legislation. See figure 1.3.



Next, we come to the individual public housing agencies and how they carry out the legislative intent in a selection and certification process. In selection, a housing agency screens applicants for income eligibility. Those who qualify receive an allowance under EHAP or a certificate under Section 8 Existing, if funding is available (otherwise they are placed on a waiting list), and they are given 60 days either to locate housing whose quality allows it to pass the program standards or to upgrade the housing they lived in when they applied. After participants have located an appropriate unit or passed the quality standards, their landlords receive the housing allowance if they are in Section 8; they received it themselves if they were in EHAP. The rate of success with which those who are given allowances find appropriate units depends partly on the local supply of low-income rental housing. It may also be that the local supply is influenced by the demand created by allowances.

The righthand portion of the model in figure 1.3 depicts the follow-up effects on those who receive allowances.

The lower portion of the figure shows our study questions according to the sections of the model to which they are related. As can be seen, the eligibility question relates to the target population. Who actually participates is most relevant to the "distribute allowance" section, but it has to do also with selection and certification. Two questions on housing quality and rent burden relate to the benefits of individual participation, and the questions on the supply and price of low-income housing relate to the housing market exterior to the program.

How We Located the Studies

In the second step of this study, we identified and collected all the relevant program evaluations on the issues we were asked to examine. We sought studies conducted at national, state, and local levels from both published and unpublished sources, concentrating on a period that includes but is not limited to the past decade. We obtained the results of computer-generated bibliographic searches scanning a number of different data bases—specifically, those of the National Technical Information Service, the Public Affairs Information Service, the Economic Literature Index, the Social Science Search Index, and Dissertation Abstracts. We also sent to 41 researchers, program administrators, and evaluators familiar with low-income housing issues a survey that was intended to identify additional research. We located a total of 19 studies. (Individual reports on each of the three parts of EHAP were not counted separately.)

How We Assessed the Studies

We reviewed each study first to determine its relevance to our topic and then to assess its overall technical quality. We excluded studies that were not related to the specific questions we were addressing. Among the studies we excluded were research on early allowance programs such as the Model Cities Demonstration Projects, which did not deal with our study questions, and research on program issues such as administrative costs. A total of 11 studies were excluded on this basis.

Next, we rated the 8 relevant studies for their research quality. We considered each study in total for how well it met the evaluation research standards for soundness. Additionally, we conducted quality assessments of the findings that applied to our questions. For judging overall quality, we depended on a group consensus method involving a minimum of two readers per study.

Our criteria for quality encompassed such issues as the ability of the research design to answer the research questions, the adequacy of the sampling procedures, the methods and conditions of data collection, the appropriateness of the analyses, and the relationship of the findings to the conclusions. We used a checklist of technical issues to assess research quality.

Objectives:

- Are the study's objectives stated?
- Are they appropriate to the developmental stages of the program?

Design:

- Is the study design clear? Is it appropriate, given the objectives? Was the indicated design in fact executed? What are its strengths and weaknesses?
- Are the comparison groups adequate and appropriate?

Measurement:

- Do the variables relate to and adequately translate the objectives?
- Are the sampling procedures and sample sufficiently described? Are they adequate for the type of sample and its size?
- Are the sampling procedures such that policymakers can generalize to other persons, settings, and times?
- Is there a description of how the instruments were developed and tested? Were the procedures adequate?
- Are the measures that were used reliable and valid?
- Is there a description of how the data collectors were selected and trained? Was their selection appropriate? Was their training adequate?
- Are there procedures to ensure the reliability of the data that were collected?
- Are there any inadequacies in the data collection procedures?

Analysis:

- Is an analysis plan presented and is it appropriate?
- Are the statistical procedures well specified and appropriate to the task?
- Is a sufficient amount of detail reported for understanding and interpreting the data?

Conclusions:

- Are the conclusions supported by the data and the analysis?
- Are there competing alternative conclusions?
- Are the study's limitations identified? What is likely to affect the interpretation of the findings?

We rated all 8 studies high or medium in quality and included them in our synthesis (their quality ratings and other particulars are in appendix II). In addition to the three studies on the parts of EHAP (on HADE, HASE, and AAE), we included a fourth, integrative study on EHAP overall. Several nationwide studies on Section 8 are included, one by the Urban Institute in 1978 that integrated the findings of three regional segments of one nationwide project (done by three other research firms), two by Abt Associates in 1981 and 1983 that explored (from the same data base) the Section 8 experience in 15 metropolitan areas, and one by a consortium headed by Appalachian State University that investigated a nationwide rural sample of the Section 8 program. (See table 1.4.)

Not all 8 studies covered all aspects of the housing allowance service-delivery model in figure 1.3. For example, the HASE study covered all aspects of the model, but the 1983 Abt study covered only issues relevant to certification and the receipt of the allowance. The areas of the model that the studies cover is given in table 1.5.

Table 1.4: The Housing-Allowance Evaluation Studies We Reviewed

Program	Study	Design	Focus
EHAP			
HADE	Abt 1973-77; data collected 1974-75	Experimental, random sample, alternative treatment groups, control groups, descriptive[a]	Households, participation, change in mobility and housing consumption and conditions, cost
HASE	Rand 1973-83; data collected 1975-79	Quasiexperimental, full-scale test of open enrollment, analytical modeling of effects, descriptive[a]	Market, participation, benefits, housing availability, cost
AAE	Abt 1973-76; data collected 1974-75	Demonstration, uncontrolled variation in administrative practices[b]	Administration, participation, benefits, outreach, supportive services, certification, cost
Integrative	Urban Institute 1973-81	Integration of EHAP findings; market models and simulations[b]	Participation, change in housing quality and expenditures, market and community effects, cost
Section 8 Existing	Abt 1981; data collected 1979	Cross-sectional comparison of preprogram and program conditions, national sample of 15 SMSA's, descriptive[b]	Participation, mobility, change in housing costs and conditions and in economic and racial concentration
	Abt 1983; data collected 1979	Cross-sectional comparison of previously unanalyzed Abt 1981 data, descriptive[b]	Participation, estimated effect of change
	Appalachian State Univ. 1982; data collected 1980	Cross-sectional analyses of national sample of rural data, comparison of preprogram and program conditions to measure program effects, descriptive[b]	Participation, administrative procedures, housing conditions, location choice
	Urban Institute 1978; data collected 1976	Cross-sectional survey of aggregate data collected from different geographic regions by 3 contractors, comparisons of recipients and nonrecipients[b]	Participation, administrative management, benefits

[a]Rated generally high in quality. [b] Rated generally moderat in quality.

Table 1.5: Phases of Service for Housing-Allowance Programs Explored by Eight Evaluation Studies

				Effect	
Study	**Select potential participants**	**Certify participants**	**Distribute allowance**	**On participants**	**On housing supply**
EHAP					
HADE	X	X	X	X	
HASE	X	X	X	X	X
AAE	X	X	X		
Integrative	X	X	X	X	X
Section 8 Existing					
Abt 1981			X	X	
Abt 1983	X	X	X		
Appalachian State Univ.	X	X	X	X	
Urban Institute	X	X	X	X	

We reviewed the data in each study for relevance and quality in relation to our questions. We used these assessments of data quality as a source of interpretative qualifications, with the goal of looking for overall patterns that we could then examine more closely in light of these qualifications.

How We Synthesized the Data

In the final step, we extracted information from the studies that were high and medium in quality and relevant to our study questions. Information was compared and contrasted across studies to identify the strengths and weaknesses of available data. Where it was appropriate, similarities among studies were noted, and trends that had been observed were discussed in relation to each study question.

It should be reiterated that the three-part EHAP and the Section 8 programs are not all there is to the federal effort toward housing the poor, which has also included programs for housing construction and rehabilitation. Information on all these programs would be needed for a comprehensive understanding of the full federal effort in low-income housing. This study thus addresses only one component—albeit a major component—of the overall federal program.

The Benefits and Limitations of Our Method

An evaluation synthesis necessarily depends on the quantity and quality of the data and analyses in the available studies. We used documents that included HUD-sponsored research, journals and books, dissertations on file in libraries, and the like. Some of the reports were less than complete. The time restrictions for this review did not allow us to make contact with all authors to clarify ambiguities, request additional information, or obtain primary data. Therefore, we relied primarily on information as it has been reported in the published and unpublished sources we examined. It should be noted also that the current low-income rental-housing market conditions may differ somewhat from conditions when these studies were conducted.

It is possible that we did not uncover all the available documents, but our careful bibliographic search and survey of experts suggest that any gap is narrow. We believe that we have identified the documentation for all the major, completed evaluation studies on housing allowances that pertain to our study questions.

The major benefit of the evaluation synthesis is that beyond the literature review, it analyzes the quality of each evaluative finding in terms

of the evidence supporting it and yields refined information about what is known on a particular topic at a particular time. General knowledge is strengthened by the findings of several soundly designed and well-executed evaluations when they are consistent, even though they may have used different methods. No matter how high its quality, a single evaluation can rarely do this. Concluding from an evaluation synthesis that many evaluations were not soundly designed or well executed is beneficial, however. This is partly because the synthesis identifies areas for which there is no firm basis for making policy decisions and, further, because it identifies the problem areas that can be addressed in future evaluations.

Agency Comments and Our Response

The U.S. Department of Housing and Urban Development made official oral comments on a draft of this report. In general, it did not disagree with our findings but did disagree with some of our interpretations. Our responses to comments about major findings are presented in this section. We have changed the text where necessary to respond to other comments.

HUD said that the differences in enrollment and participation among subgroups were so small that it could be said that the programs achieved a representative distribution of benefits. Our response to this statement is that we did not set a criterion by which to judge the programs; instead, we provided descriptive information about who was eligible for the programs and who participated in them. We did find discrepancies between the proportions of those who were eligible and participants for some subgroups. We presented all the data, along with possible explanations for such discrepancies, in order to allow readers to make judgments of their own.

In HUD's view, the programs were successful with regard to quality, since all recipients had to live in housing that met minimum standards initially and that continued to meet them after yearly inspections. We agree that the housing met minimum standards of quality, but the question we were asking in this study was whether the participants experienced a change—that is, whether housing quality rose or fell with regard to minimum standards.

HUD believed our conclusion that the allowance programs did not affect housing supply was unfair since few experts currently expect them to. At most, HUD indicated, the expectation is that the programs will keep in

the market the units that participants occupy, thus preventing the supply of low-income housing from decreasing. We disagree with the department's views on the relevance of information on the effects of the allowance programs on supply, and we have noted that the committee specifically asked us to examine what past evaluations found with regard to the availability of low-income housing.

The Organization of This Report

This introduction is followed by two chapters in which we address the three main study questions. Chapter 2 answers the question on participation in housing allowance programs. It provides descriptive information on who has been eligible to participate, what the rates of participation have been (broken down by various demographic subgroups), and what factors have been related to participation. Chapter 3 covers the two questions on program effects. It provides information on housing quality and rent burden and on the effect of housing programs on the low-income housing market. Chapter 4 presents our conclusions on all three study questions. In the appendixes are the congressional request letter, descriptions and reviews of each study, and a bibliography.

Program Participation

This chapter describes participation in the Experimental Housing Allowance Program and the Section 8 Existing Housing Program and examines constraints on participation. It is important to look at program participation in some detail because, except for the Housing Assistance Supply Experiment in EHAP, funds have not been sufficient to provide housing assistance to all who are eligible. Therefore, of two households in similar circumstances, one may have received program assistance and the other may not. This chapter has been organized in response to the following questions:

1. Who has been eligible to participate? We explain program participation for the components of EHAP and Section 8, their differences, their eligibility requirements, and how eligibility estimates have been made.

2. What have the overall participation rates been? We present the participation data and discuss various participation rates in terms of eligibility, enrollment, and receipt of payment.

3. Have eligible groups been served in proportion to their representation in the eligible population? We provide participation data for the elderly, large households, minorities, households headed by women, and very poor and welfare recipient households. For each group, we compare proportions of eligible households, enrollees, and recipients. We also identify household groups that have been overrepresented and underrepresented relative to overall eligibility.

4. What have the constraints on participation been? We discuss factors that have been identified in the research literature as associated with constraining participation.

Who Has Been Eligible to Participate?

The eligibility criteria are established by legislation and differ slightly from program to program according to design, implementation, and funding. Basically, eligibility has been determined by income level. The size of the eligible population has usually been estimated from census data or the Annual Housing Survey, which is designed by HUD and carried out by the Bureau of the Census. See table 2.1.

The measure of eligibility may not entirely coincide with housing need. There may be some who, despite eligibility in relation to income, live in

Table 2.1: The Participation Process

Program	Eligibility estimate	Eligibility criteria	Enrollment	Constraint
EHAP				
HADE	Sample	Households of 2 or more related individuals; elderly disabled or handicapped single person; household income limited to less than 4 times the estimated monthly cost of standard housing; limit on household assets	Randomly selected	Limited to selected sample
HASE	Panel survey	Same as HADE	Self-selection	Open
AAE	1970 census	Same as HADE	Self-selection	Limited to 400-900 households per site
Section 8 Existing	Annual Housing Survey	Same as HADE, except household income limited to 80% of area median income	Self-selection	Limited by funding

housing that meets minimum quality standards and do not pay an exorbitantly high amount of their income in rent. Nonetheless, eligibility as measured in research projects is generally the standard that is used to identify the population in need of the allowance programs.

Participation rates can be affected by numerous factors at each step of the participation process—eligibility, certification, enrollment, and the receipt of payment. Knowledge about the differences in the participation process across programs may help explain the differences in participation rates discussed later in this chapter. Hypotheses about how these factors affect rates are presented as they relate to our findings. (Information on the relationship between housing standards and participation rates is presented in chapter 3.)

Housing Allowance Demand Experiment

Determining who should participate in HADE involved several different stages: selecting a random sample of eligible households by the research contractors, making an offer of program enrollment to eligible households, accepting or rejecting the enrollment offer, complying with requirements for housing quality, allocating payments, and adhering to program regulations. For the eligible households, accepting the opportunity they were given to participate was the first step; the second step involved their ability to find housing that would meet the required housing standards.

Eligibility was limited to a random sample of households in Phoenix and Pittsburgh that met income and composition requirements. The upper income limit was set at roughly four times the estimated monthly cost of standard housing, and composition was restricted to households of two or more related persons and to one-person households of the elderly, disabled, or handicapped. The sample that was selected represented approximately 10 percent of the total renter population that would have been eligible to participate had enrollment been open.

Housing Assistance Supply Experiment

HASE was designed with open enrollment to offer housing allowances to all qualified low-income renters and homeowners in Brown County (Green Bay), Wisconsin, and St. Joseph County (South Bend), Indiana. The intention was to saturate two medium-sized markets with housing allowances and then measure the market effects. The eligibility criteria included income and household composition limits that closely resembled those in HADE. In HASE, enrollment was solicited in various outreach efforts, and households enrolled by self-selection. This stage of participation differed significantly from the same stage in HADE, in which program officials offered participation to a sample of households at random. The size and composition of the eligible population was estimated from household survey data that were collected as part of HASE and included only households that were not served by other low-income housing programs: approximately 20 percent of the renter and owner households in the two counties were eligible and, thus, could participate.

Administrative Agency Experiment

The purpose of AAE was to assess how state and local housing agencies would implement a housing allowance program when they were given only minimal federal guidelines. Eligibility requirements were similar to those in the other parts of EHAP in terms of household income and composition, and they were imposed uniformly in order to maintain consistency across the 8 program sites, which were spread out from Florida to Oregon. The agencies, however, were given discretion to develop their own operating procedures for making outreach efforts, providing supportive services, certifying applicants, selecting households to enroll, and inspecting housing quality. As a result, the participation process differed from site to site according to the local variation in program implementation.

The eligible population was estimated from 1970 census data, but many eligible households were restricted from participating because an upper

limit of 400 to 900 households was set for each site. All eligible households were free to apply for assistance, but those that were enrolled were selected by the individual agencies, which attempted to select a group of applicants that resembled local profiles of the eligible population.

Section 8 Existing Housing Program

Section 8 Existing is a national program. Enrollment is open to applicants who meet eligibility requirements as low-income renters, but program assistance is restricted to a limited number of certified households. The number of units approved for assistance and, thus, the size of the participating population depend on the funding authorized by the Congress. Depending on the availability of funding, qualified applicants are either awarded housing certificates or added to a waiting list.

Eligibility is based on criteria similar to those of EHAP. Household incomes, however, are limited to 80 percent or less of local median incomes (adjusted for family size), which is slightly more stringent than EHAP. During the period covered by the research studies we reviewed, public housing agencies were required to allocate at least 30 percent of their certificates to households with very low incomes (defined as less than 50 percent of the local median income) and the remaining certificates to low-income households (between 50 and 80 percent of the local median income). Legislation in 1981 changed targeting from at least 30 percent of assistance commitments to very low income households to 100 percent to these households.

The population eligible for assistance in Section 8 Existing has been estimated as being many times larger than the number of households that receive assistance. Completely accurate counts of the eligible population are not available, but estimates based on the Annual Housing Survey indicate that less than 5 percent of the eligible households receive assistance.

What Have the Overall Participation Rates Been?

Of the federal housing programs, EHAP and Section 8 Existing are the two major allowance experiences to date. The information available on participation rates allowed us to examine the total eligible compared to the number enrolled, the total enrolled compared to the number who received payments, and the total eligible compared to the number who received payments. See table 2.2.

Table 2.2: Overall Participation Rates

Program and study	Enrolled[a]	Enrolled and receiving assistance[b]	Eligible and receiving assistance
EHAP			
HADE[c]			
Phoenix, Ariz.	66%	59%	39%
Pittsburgh, Pa.	55	56	30
HASE[d]			
Brown County, Wis.	58	84	48
St. Joseph County, Ind.	54	73	39
AAE			
Bismarck, N.D.	23	86	20
Durham, N.C.	13	71	9
Jacksonville, Fla.	6	33	2
Peoria, Ill.	28	65	18
Salem, Oreg.	21	86	18
San Bernardino, Calif.	5	82	4
Springfield, Mass.	7	70	5
Tulsa, Okla.	12	86	10
Section 8 Existing			
Abt 1983	4	45	2
Appalachian State Univ.	7	49	4

[a]Households that applied for assistance, met program eligibility criteria, and were certified eligible to participate.

[b]Enrollees who met program requirements and actually received a program payment.

[c]Housing-gap treatment groups only.

[d]Excludes owner households.

An "enrollee" was defined in EHAP as a program applicant who was certified eligible, according to income and household composition criteria, and selected to participate; enrollees were equivalent to certificate-holders in Section 8 Existing. A "recipient" was defined as a program participant who met all program requirements, particularly housing standards, and actually received at least one payment. However, it should be kept in mind that many factors can affect participation rates, including the funding caps on programs, the strictness of the housing quality standards, the local housing stock, the quality of enrollees' housing units, the willingness of both landlords and enrollees to upgrade housing, and the enrollees' willingness to move, if necessary. Furthermore, participants in other federal housing programs might show different patterns of participation even though they may be in the same eligible group of low-income renters.

As is evident in table 2.2, there is a great deal of variation in the programs and program sites. HASE is the only program that can show what may happen relevant to enrollment if funds were available to serve all who are eligible. Its funding was virtually unlimited, yet less than half of the eligible households received allowance payments at any one program site. In effect, the participation rates reported in the HASE study may reflect what could be expected under open enrollment: slightly more than half of all the eligible households enrolled in HASE (58 and 54 percent at the two sites) and less than half of all eligible households (48 and 39 percent) enrolled and subsequently became program recipients.

In table 2.2, the proportion of households that enrolled and received assistance is one measure of the ability of enrollees to comply with a program's housing-quality requirements. The rates are similar from program to program. Excluding Jacksonville (whose participants experienced exceptional problems in finding adequate housing), the lowest rates of success (45 to 59 percent) are evident in Section 8 Existing and HADE; the highest rates (65 to 86 percent) are in HASE and AAE. Additional differences can be noted in the proportion of households that were eligible and enrolled. In HASE, the open program, 54 to 58 percent of the eligible households applied for housing allowances and were enrolled.

Have Eligible Groups Been Served in Proportion to Their Representation in the Eligible Population?

The populations that participated in EHAP and have been participating in Section 8 Existing were and are limited by program-defined income levels. Other federal housing programs not covered by this study might show different patterns of participation even though participants were drawn from the same eligible group. As a group, participants can be characterized as low-income households that rent their housing. Within this group, however, the households vary according to a number of important demographic characteristics, including age, household size, minority composition, the sex of the head of household, and poverty level and welfare status.[1]

Households in EHAP and Section 8 Existing were offered equal opportunity to enroll, but this did not necessarily mean that they had equal access to program benefits. Becoming aware of program opportunities

[1]These groups are not mutually exclusive, but further differentiation was not possible because of limited availability of data. In addition, we present participation data for the AAE study only in the aggregate and not by individual study site. We chose to do this because of the relatively small number of participants at some study sites and the potential bias of applicant selection by each agency.

and finding housing that met program requirements may have been more difficult for some groups than others.

We looked at the demographic groups we present here because they have been identified in the research literature as having housing-related problems. By definition, all who are eligible are likely to have housing problems because they are poor, and affordable and adequate housing is believed to be scarce. However, some groups have special needs or problems. The elderly, for example, may be at a disadvantage in terms of mobility. Minority households face possible discrimination and may therefore be limited in choosing a neighborhood, and large households can be limited by the number of residences big enough for them. In addition, the very poor, large households, and minorities appear to have difficulty finding other than substandard housing.

For each of these groups, we compared those who were eligible, those who enrolled, and those who received program payments. In the Urban Institute study, for example, it was shown that 37 percent of all eligible households were elderly, 18 percent of all enrolled households were elderly, and 33 percent of all households that received payments were elderly. Tests were conducted on these proportions to determine whether the differences were statistically significant. Those that were found significant are highlighted in our discussion of participation rates.

In order to get an even better sense of the extent to which each group is represented in each stage of the participation process, we created an index of representation from the ratios of the proportion of enrollees to those who were eligible, recipients to enrollees, and recipients to those who were eligible. An index of 1.0 indicates equivalent proportions; above 1.0, overrepresentation; and below 1.0, underrepresentation. In the Urban Institute study, the ratios would indicate underrepresentation for the elderly in enrollment and in receipt of benefits. They would also indicate considerable success among the elderly who enrolled in locating acceptable housing, since underrepresentation in enrollment was greater than underrepresentation in receiving program payments.

The Elderly

For this report, we defined "elderly" as older than age 62. The majority of the EHAP and Section 8 Existing studies indicate that in terms of enrollment, the elderly were underrepresented relative to their eligibility. That is, the proportion of elderly enrollees was smaller than the proportion of elderly households eligible for the same program. Compared

to their enrollment rates, the elderly were overrepresented among recipients, but comparing the elderly who were recipients to those who were eligible showed no consistent pattern across studies.

In most studies, the elderly appear to have been less likely to enroll in EHAP and Section 8 Existing than others, but the elderly who did enroll tended to have greater success at becoming program recipients. The result is a level of overall participation that varies by study from underrepresentation to overrepresentation (index values range from 0.66 to 1.36). Underrepresentation is evident in the HADE, AAE, and Urban Institute studies, overrepresentation in the HASE and Appalachian State University studies. Two other comparisons of eligible and recipient rates (Abt 1983 for Section 8 and the study of HADE in Phoenix) were not significantly different but showed trends toward underrepresentation. (See table 2.3.)

Table 2.3: The Participation Rates of Elderly Households[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	21	21	19	1.00	0.90	0.90
Pittsburgh	30	26	23	0.87*	0.88	0.77**
HASE						
Brown County	28	33	38	1.18**	1.15**	1.36**
St. Joseph County	33	28	36	0.85**	1.29**	1.09*
AAE	32	19	21	0.59**	1.11**	0.66**
Section 8 Existing						
Abt 1983	28	18	25	0.64**	1.39**	0.89
Appalachian State Univ.	30	26	36	0.87**	1.38**	1.20**
Urban Institute	37[c]	18	33	0.49**	1.83**	0.89**

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher-quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

[c]The actual sample size of those who were eligible in this study was not available but was estimated from the Annual Housing Survey, the source of data for the study.

Among the explanations provided in the literature for low enrollment rates among the elderly were that they are the result of less awareness of program opportunities, less ability to make the effort needed to apply for assistance, and less willingness to become involved in complicated government programs. It may also be that the elderly were underenrolled in these programs because they were overenrolled in other low-income housing programs. These are, however, hypotheses for which there is no direct evidence.

With regard to explanations of the greater success of the elderly in becoming participants, the simplest is that they were more likely to have met program requirements at enrollment. According to the EHAP studies, a key factor associated with successful program participation was the condition of the housing of the enrollees at the outset. The initial status of a household's living unit was important in that the unit had to have passed specific standards before the household could receive a payment. Households that failed the inspection could either repair housing or move to housing that did pass inspection, but either alternative involved some effort and cost. Therefore, households already living in standard housing were more likely to qualify for program assistance than those in substandard housing. In a number of studies, the initial housing conditions of the elderly were classified adequate more frequently than the housing of others. For example, in the 1981 Abt study, a comparison of the housing characteristics of the eligible population indicated that only 14 percent of the elderly were living in deficient housing compared to 22 percent of the nonelderly.

Large Households

Large households are defined in our study as households having five members or more. They made up less than one fifth of the eligible population in most of the studies we reviewed. The studies show that large eligible households enrolled at rates not statistically different from their eligibility rates in the total population, except for the AAE study, which indicated overenrollment. Those that did enroll, however, tended to qualify for program payments at rates lower than their enrollment rates (index values range from 0.65 to 0.90).

Information available on program recipients indicates a modest underrepresentation for this population as well, relative to its eligibility rate (index values range from 0.73 to 0.79). This pattern appears in the three studies in which comparisons of proportions were found to be statistically significant and in two studies with nonsignificant trends in this direction. See table 2.4.

Table 2.4: The Participation Rates of Large Households[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	21	22	16	1.05	0.73*	0.76*
Pittsburgh	19	20	17	1.05	0.83	0.89
HASE						
Brown County	•	•	•	•	•	•
St. Joseph County	•	•	•	•	•	•
AAE	18	21	19	1.17**	0.90**	1.06
Section 8 Existing						
Abt 1983	12	13	10	1.08	0.77	0.83
Appalachian State Univ.	14	13	11	0.93	0.85*	0.79**
Urban Institute	15[c]	17	11	1.13	0.65**	0.73**

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

[c]The actual sample size of those who were eligible in this study was not available but was estimated from the Annual Housing Survey, the source of data for the study.

The explanations of relatively low success in participation had to do with initial housing quality and the suitability of alternative housing. Large households were less likely to qualify for program payments, partly because of initial problems with housing quality. Several studies indicated that the large, low-income households were more likely to live in substandard housing. Crowding, or more than two persons per bedroom, one measure of substandard housing, was prevalent in large households. A study of housing deprivation conducted as part of the HADE study found that 68 percent of households with five members or more were crowded. In order to meet program requirements, large households frequently had to search for suitable new housing. In some areas, apartments with enough bedrooms for every two persons were scarce. In AAE, a number of enrolled households left the program because they could not find suitable housing within the program's time constraints.

Minorities

We defined minority households as "nonwhite." Eligible minority households tended to enroll in notably greater numbers relative to their rate in the total eligible population (index values range from 1.10 to 1.46) and then to qualify as recipients in lower numbers relative to their enrollment rates (index values range from 0.73 to 0.86). Data from all studies exhibit this pattern, although three of the comparisons between enrollment and eligibility rates did not reach levels of statistical significance. The overall pattern of proportions of program recipients, however, was not statistically different from the proportion of eligible households in most studies. The one exception was found in the Abt 1983 study on Section 8 (with an index of 1.18), which focuses on large urban areas where minority populations are large. In that study, minority recipients (52 percent) were overrepresented compared to their eligibility (44 percent), probably because of very high enrollment (64 percent). See table 2.5.

Table 2.5: The Participation Rates of Minority Households[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	30	34	26	1.13*	0.76	0.87
Pittsburgh	20	24	20	1.20*	0.83	1.00
HASE						
Brown County	•	•	•	•	•	•
St. Joseph County	31	35	30	1.13**	0.86**	0.97
AAE	25	32	26	1.28**	0.81**	1.04
Section 8 Existing						
Abt 1983	44	64	52	1.45**	0.81**	1.18**
Appalachian State Univ.	20	22	21	1.10*	0.95	1.05
Urban Institute	35[c]	51	37	1.46**	0.73**	1.06

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher-quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

[c]The actual sample size of those who were eligible in this study was not available but was estimated from the Annual Housing Survey, the source of data for the study.

In explaining the relatively low success rate of enrolled minorities in becoming recipients, a number of studies indicated that minority households are more likely than nonminority households to live in substandard housing. For example, the President's Commission on Housing (1982) found that the incidence of inadequate housing was 19 percent among black households but only 7.5 percent among all households.[2] Additional evidence from the HADE study shows that the incidence of either inadequate or crowded housing for enrollees (based on a different measure of housing adequacy than that in the President's Commission report) also tended to be higher for black and Spanish-American households (67 percent and 79 percent, respectively), compared to nonminority households (44 percent).

In part because of their housing deficiencies, minorities may have had considerable difficulty qualifying for program assistance. Evidence is given in the study of the AAE Jacksonville site, which had severe initial enrollment problems. A special survey showed that residential segregation partly accounted for the low rate at which black households that enrolled and elected to move actually received payments. These households tended to search for housing in minority neighborhoods, where housing quality was more likely to be substandard than in nonminority neighborhoods. In HADE in Pittsburgh, minority households that moved also generally searched for housing in neighborhoods with a high concentration of minorities.

Households Headed by Women

Households headed by women made up about half of all eligible households, except in HADE in Phoenix, where about one third were in this category. Compared to all that were eligible, households headed by women were enrolled at higher levels (index values range from 1.18 to 1.65). This pattern of overrepresentation occurred consistently in all studies, although the comparison in one site did not reach significance. There was little difference, though, between the proportions of enrollees and recipients, suggesting that as a group, households headed by women were not affected adversely by the programs' requirements. Overall, recipient households headed by women were overrepresented (with a range in index values of 1.18 to 1.74) compared to their representation among eligible households. See table 2.6.

[2]Bibliographic citations are spelled out in full in appendix III.

Table 2.6: The Participation Rates of Households Headed by Women[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	34	37	40	1.09	1.08	1.18*
Pittsburgh	47	61	64	1.30**	1.05	1.36**
HASE						
Brown County	•	•	•	•	•	•
St. Joseph County	•	•	•	•	•	•
AAE	55	65	65	1.18**	1.00	1.18**
Section 8 Existing						
Abt 1983	51	81	79	1.59**	0.98	1.55**
Appalachian State Univ.	42	69	73	1.64**	1.06**	1.74**
Urban Institute	46[c]	76	78	1.65**	1.03	1.70**

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher-quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

[c]The actual sample size of those who were eligible in this study was not available but was estimated from the Annual Housing Survey, the source of data for the study.

One possible reason for their overrepresentation was that program outreach efforts may have been particularly vigorous in trying to make contact with eligible women. Outreach efforts were directed toward numerous sources of potentially eligible households, one of the important ones having been social service agencies, whose clients tend to be women heads of household, minorities, and welfare recipients. The studies indicate that referrals made through social service agencies increased the enrollment of these groups.

Very Poor and Welfare Recipient Households

Households classified "very poor" (defined in this report as households having annual income less than or equal to $4,000) and households receiving welfare assistance showed similar patterns of participation. Both groups had high rates of enrollment in comparison to their eligibility rates. This overrepresentation was evident in all the studies except one site, where the numbers did not reach significance.

Table 2.7: The Participation Rates of Very Poor Households[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	35	38	32	1.09	0.84*	0.91
Pittsburgh	42	57	54	1.36**	0.95	1.29**
HASE						
Brown County	•	•	•	•	•	•
St. Joseph County	•	•	•	•	•	•
AAE	71	77	80	1.08**	1.04**	1.13**
Section 8 Existing						
Abt 1983	34	45	49	1.32**	1.09	1.44**
Appalachian State Univ.	•	•	66	•	•	•
Urban Institute	•	73	82	•	1.12**	

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher-quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

The very poor and welfare groups, though, exhibited a mixed pattern of representation in the comparison of enrollees to recipients. Data from a few studies showed a modest level of underrepresentation but other studies showed overrepresentation. The proportion of program recipients relative to eligible households exhibited a pattern of overrepresentation for both groups, although in one site the comparison was not significant, with the rates nearly equivalent (index values range from 1.13 to 1.44 for the very poor and from 1.45 to 3.70 for welfare households). See tables 2.7 and 2.8 (on the next page).

Numerous possible reasons are mentioned in the research literature to explain why these households tended to be overrepresented in terms of enrollment and participation. The very poor and welfare households may have been entitled to larger allowance payments than other low-income households. Welfare households may have been relatively well informed about program opportunities through social service networks. Program assistance may have been targeted to some degree toward very low income households (especially in the Section 8 program).

Table 2.8: The Participation Rates of Welfare Households[a]

Program and study	Eligible as % of total eligible	Enrollees as % of total enrolled	Recipients as % of total recipients	Index[b]		
	(1)	(2)	(3)	(2/1)	(3/2)	(3/1)
EHAP						
HADE						
Phoenix	21	26	20	1.24**	0.77*	0.95
Pittsburgh	40	59	58	1.48**	0.98	1.45**
HASE						
Brown County	•	•	•	•	•	•
St. Joseph County	•	•	•	•	•	•
AAE	14	48	48	3.43**	1.00	3.43**
Section 8 Existing						
Abt 1983	15	39	36	2.60**	0.92	2.40**
Appalachian State Univ.	10	32	37	3.20**	1.16**	3.70**
Urban Institute	•	42	34	•	0.81**	•

[a]Studies were not weighted by sample size because there was no direct relationship between research quality and sample size. We conducted weighted analyses but found that studies characterized by large sample sizes and lower research quality tended to dominate studies with small sample sizes and higher-quality research. Therefore, unweighted data are reported.

[b]A Z test for the difference of two proportions was calculated for each pair of proportions. Significance levels are * $p < .05$ and ** $p < .01$.

In summary, the research we reviewed shows what appear to be different rates of participation among demographic groups. It should be noted, though, that the demographic groups are likely to be interrelated rather than mutually exclusive. Although the number of studies with adequate data is limited, patterns are evident for some groups. Our comparison of enrollment rates with eligibility rates indicates overrepresentation among all demographic groups with the exception of the elderly. For some groups such as welfare households, enrollment rates were much higher than (or more than double) comparable eligibility rates. From a comparison of recipient rates with enrollee rates, it appears that the elderly were overrepresented, large households and minority households were slightly underrepresented, households headed by women were generally equally represented, and very poor and welfare households were mixed in representation.

Overall participation rates were determined by rates of enrollment and subsequent success in receiving assistance payments. A comparison of recipient rates with eligibility rates indicates that households headed by

women and very poor and welfare households had much higher participation rates than overall eligibility would suggest. Large households had moderately lower participation rates. The elderly, however, showed no consistent pattern of participation. Differences in the participation of minorities relative to their eligibility are not apparent.

The information that is available on participation by demographic group seems to indicate that the households that were in the best situations economically did not overparticipate. Households whose residences initially qualified did. This seems to indicate that higher ability to pay is not linked to better quality of initial housing. However, more information on the interaction of groups is needed for an accurate identification of participation differences. When household characteristics are combined, differences in participation may become evident. For example, a household that is simultaneously large, made up of minorities, and headed by a woman may experience greater difficulties than other eligible households.

What Have the Constraints on Participation Been?

In the previous sections, it was shown that overall program participation rates were at best about half the possible maximum and that the participation of the various target groups differed considerably. Participation rates were a function of two major stages, enrolling and becoming a payment recipient. Before receiving payments, eligible households had to apply for housing assistance and then comply with program requirements. At both stages, several factors identified in the research on EHAP and Section 8 were associated with outcomes. They fall in three broad categories: individual household characteristics, institutional efforts, and market conditions. In the rest of this section, we discuss them briefly, emphasizing that causal relationships cannot be established from the available information.

Household Characteristics

As we discussed previously, overall rates of participation differed by household characteristics. There is only indirect, nonempirical evidence of the reasons for these differences. Households in some groups may be disadvantaged in terms of program awareness and ability to qualify as program recipients. For example, the elderly were less aware than others of housing programs, according to the HASE and AAE studies, and because of their restricted mobility, they were less able to complete the participation process when their homes did not initially meet a program's standards. In contrast, welfare recipients and women heads of households may have been more knowledgeable about government

assistance programs and may have had greater familiarity in dealing with them. Some evidence of this comes from the AAE study, for example, where high program application rates among welfare households were associated with greater levels of interest in program assistance.

To a certain degree, program awareness seems to have influenced enrollment. In the HASE study, for example, it was estimated that 85 percent of the eligible households were at least aware of the program and, of this group, about 75 percent actually enrolled.

Although it is difficult to measure the extent to which program awareness can change overall participation rates, the HASE study estimated that if all eligible households had been aware of the program, participation would have increased, modestly, by about 6 percent. Some number of households could be expected not to participate in any program. In the HADE and HASE studies, a survey of selected nonparticipants indicated that several different factors were involved in household decisions to participate. The reasons given for choosing not to participate included negative attitudes toward government assistance, program reporting requirements, size of payment, and personal preferences.

For individual households, the level of program benefits that were expected and the length of time that benefits would be available were associated with participation decisions. As it might have been assumed, higher payments offered over an extended period of time encouraged participation. The costs of participation—particularly the expectation of being required to move, with its extra and unreimbursed costs—inhibited participation. Generally, the cost and effort of making major repairs to a residence or moving to a new one, among households not already disposed to do so, reduced participation. As we mentioned earlier, households that met all program requirements at enrollment (thereby not incurring additional costs nor being required to move) were more likely to participate than those that did not. Among the households that failed to meet housing requirements, though, having a history of moving and being willing to move in order to qualify were important factors in participation.

Institutional Factors

The most important institutional factors associated with participation were the availability of funding and the presence of minimum housing standards. As we discussed previously, a greater number of households were eligible to participate than received payments. Estimates of the population eligible for assistance nationwide in the studies of Section 8

Existing suggest that only a small fraction of the households that were eligible were served. Participation might have increased if program funding limits had been raised, but it is likely that the increase would have been only to the level of participation reflected in the HASE and HADE results, which ranged from 30 to 48 percent of the eligible populations.

Evidence of the effect of housing-quality standards is consistent across all the program studies. In the HADE study, participation rates were significantly higher for the groups that did not have a minimum standards requirement. The proportion of participating eligible households from the "housing-gap" group, which had required standards, was much lower than the proportions from other major groups that did not have required standards. A program's housing standards tended to limit participation to households that already resided in adequate housing, were willing to move, or were able to complete repairs. In the HADE study, participation rates were higher in Phoenix than Pittsburgh because of better housing conditions, more households willing to move, and higher program payments, among other factors. See table 2.9.

Table 2.9: Eligible Households That Participated in HADE

Group	Phoenix	Pittsburgh
Housing gap[a]	39%	30%
Percent rent[b]	70	59
Unconstrained[c]	79	61
Control[d]	69	50

[a]Households whose payments were based on a housing-gap formula and that were required to meet housing-quality standards.

[b]Households whose payments were based on a percentage of rent allocation but that did not have to meet housing-quality standards.

[c]Households that received a housing-gap payment but did not have to meet housing-quality standards.

[d]Households that did not receive payments and did not have to meet housing-quality standards; received small payments (approximately $10) for completing study interviews.

Program outreach was important in enrolling eligible households and in assisting households to meet program requirements. In AAE, for instance, agencies whose outreach was low in intensity produced fewer applicants than agencies whose efforts were more intense. Generally, the agencies that provided more information and assistance tended to produce higher rates of participation.

Additional institutional effects on participation were related to the offer of supportive services to program enrollees. In several instances, participation rates improved when the enrollees were helped to locate adequate housing and meet program requirements. In AAE, supportive services were effective with enrollees who experienced problems locating housing in areas where the supply of adequate housing was limited. Section 8 also had some success with supportive services, but it was difficult to measure because of the variations in how the public housing authorities implemented the program.

Market Conditions

The available information on housing-market conditions indicates only a modest effect on the participation of eligible households. The most important influence on household participation was the initial condition of housing. Enrollees were more likely to meet required housing quality standards, and subsequently receive payment, in market areas where housing quality was generally good prior to the program than in areas where housing conditions were poor. In HASE, for example, participation rates were about 10 percent higher for Brown than St. Joseph county. This difference, assessed independently, was partly attributable to better housing quality in Brown County. When controlling for factors associated with participation other than housing quality, it was estimated in HASE that comparable eligible households were 8 percent more likely to qualify for payments in Brown County than in St. Joseph County.

We found some indications that a lack of adequate low-income housing impeded participation, but direct evidence is limited. In the Jacksonville site of AAE, for example, households experienced difficulty qualifying for assistance partly because of tight housing-market conditions and housing stock of relatively poor quality. In other studies, participation was not seen as a problem and so no systematic data were collected on the lack of housing as an impediment to participation.

Summary

Overall, the studies we reviewed indicate that participation was generally low in EHAP and Section 8 Existing relative to their eligible populations. The information suggests that with open enrollment, no more than approximately 50 percent of those who were eligible were likely to participate. Different eligible demographic groups exhibited different rates of enrollment. Comparisons of the various groups of those who were eligible, enrollees, and recipients indicate that large households were moderately underrepresented and that households headed by women and very poor and welfare households were overrepresented relative to

their eligibility. The pattern of participation for minorities shows that they were represented in fairly equal proportion to their representation in the eligible population. There was no clear pattern in the participation of the elderly.

Several factors have been identified in the research literature as being associated with participation. In particular, housing-quality standards were associated with lower participation rates. It is not clear, though, how these factors interacted and influenced overall enrollment and participation by various groups. The reasons for participation, and particularly for nonparticipation, have not been systematically studied throughout the literature and, therefore, gaps in knowledge remain.

Program Effects

In this chapter, we discuss the effects of the programs on individual households and on housing markets as reported in the studies we reviewed. We focus first on the effects of the programs on individual participants in terms of the quality of their housing and their rent burden. Housing quality is an important issue for these allowance programs (at least for Section 8 Existing and the relevant minimum standards aspects of EHAP) because the enrollees were required to pass minimum housing standards before receiving payments. In EHAP, however, they were not required to spend their allowances on housing. Payments could be used to supplement the family budget wherever needed, whether for food, clothing, or transportation.

The advocates of allowances have expected housing quality to improve or be maintained while the critics of allowances have thought that allowances effect little change. Here, we define housing quality, describe how it has been measured and enforced, and present the data on housing improvement. We also define the rent burden of the participants, describe the way rent burden has been measured, and discuss the information available on changes in rent burden.

Regarding the programs' effects on housing markets, the information we provide here addresses the issues of whether assistance payments caused rent inflation and whether they increased or decreased the supply of low-income housing. The evaluation literature is especially sparse on these topics. Therefore, we discuss not only how the programs' effects have been measured and the findings but also the limits of the research.

Individual Households

Our review indicates that for most recipients housing quality was ensured, at least initially, because they had to meet minimum housing standards in order to receive payments. HUD has indicated that ensuring minimum housing standards this way meets the objectives of the programs. However, there is no evidence that the programs substantially improved the quality of housing for the majority of the recipients. Some level of improvement was evident in the housing of recipients who moved or notably upgraded their living units, but about 40 percent of the participants were enrollees who qualified without notably changing the quality of their housing. The studies do indicate that, given the nature of the subsidy, housing program payments reduced the recipients' rent burdens.

Did the Programs Change Housing Quality?

Housing quality is commonly defined in the research literature in terms of minimum housing standards. Housing and public health associations have developed minimum guidelines for safe, decent housing; housing assistance programs have drawn on them for their minimum standards. The minimum standards have been intended to ensure basic housing quality for recipients of payments and to encourage the improvement of low-income housing. The standards have also been intended to help focus the programs on housing assistance, distinguishing them from income-maintenance programs.

Housing quality is also commonly measured in terms of housing consumption. Consumption, or change in gross rent, is used as a proxy for quality, on the assumption that higher rent means higher housing quality. A third, less widespread, and less direct measure is a hedonic index, an aggregate of many factors related to quality.

EHAP helped and Section 8 Existing helps ensure minimum housing quality by requiring enrollees (or certificate holders) to reside in housing that passes fixed standards before the enrollees receive allowances and by enforcing the standards by means of annual inspections. Minimum housing quality is defined in terms of housing occupancy (or crowding) and its physical condition. The programs set an occupancy limit of no more than two persons per bedroom. The physical housing standards differ but are basically compatible. HADE's standards were based on the ordinance on recommended housing maintenance and occupancy of the American Public Health Association and the Urban Institute's modifications of it. The code of the Building Officials of America, in conjunction with local housing codes, was used in HASE. HUD standards implemented by the public housing authorities were used in AAE and Section 8 Existing.

Some of the requirements for physical housing standards in HADE and Section 8 are complete kitchen facilities; a safe, workable heating system; operable electrical service; complete, functional plumbing; and adequate light and ventilation. The complete set of standards varied from one program to the other; what stayed the same was that the participants had to be residing in acceptable housing before receiving an allowance. The physical requirements are summarized in table 3.1.

Table 3.1: The Physical Components of Housing Requirements in HADE and Section 8

HADE	Section 8 Existing
Basic services	
Core rooms	
Living room, bathroom, and kitchen; maximum of 2 persons per "adequate" bedroom	Living room, bathroom, kitchen area, and at least 1 sleeping or living and sleeping room of appropriate size for every 2 persons
Complete plumbing	
Private toilet facilities and a washbasin and shower or tub with hot and cold running water, all in working condition	A flush toilet in a separate, private room and a fixed basin and shower or tub with hot and cold running water, all in proper operating condition and using an approved public or private disposal system
Complete kitchen facilities	
A cooking stove or range, refrigerator, and sink with hot and cold running water, all in working condition	A cooking stove or range, refrigerator of appropriate size (supplied by owner or family), and sink with hot and cold running water, all in proper operating condition
Light fixtures	
A working ceiling or wall fixture in the bathroom and kitchen	A working ceiling or wall fixture in the bathroom and kitchen area
Electrical service	
At least 1 operable electric outlet in the living room and kitchen; working wall switch, pull-chain light switch, or additional electric outlet in the living room	At least 2 operable electric outlets, 1 of which may be an overhead light, in the living room, kitchen area, and each bedroom
Safety	
Adequate fire exits	
In multifamily buildings, at least 2 exits from each dwelling unit to safe and open space at ground level	An alternative means of egress from the building, such as fire stairs or windows; each dwelling unit maintainable without unauthorized use of other private property
Acceptable heating equipment	
Dwelling units that have no heating equipment and are heated with unvented room heaters burning gas, oil, or kerosene or mainly with portable electric room heaters are unacceptable	In each dwelling unit, safe heating and cooling facilities in proper operating condition that provide adequate heat and cooling to each room, appropriate for the climate, to ensure a healthy living environment; unvented room heaters burning gas, oil, or kerosene are unacceptable
Structures and surfaces	
Room structure and surface	
Ceilings and walls for all rooms must not have severe bulging, leaning, loose material, large holes, or severe damage requiring replacement	Ceilings and walls must not have serious defects such as severe bulging, leaning, or buckling, large holes, loose materials, missing parts, or other serious damage; the dwelling unit must comply with HUD lead-based paint regulations
Floor structure and surface	
Floor structure and surface for all rooms must not require replacement	Floors must not have serious defects, severe buckling, or noticeable movement under walking stress
Roof structure	
Visible roof structure must be firm	Roof must be firm and weather tight

HADE	Section 8 Existing
Exterior structure and surface	
Exterior walls must not require replacement	Exterior walls must not have serious leaning, buckling, sagging, cracks, holes, or loose siding or other serious damage; condition and equipment of exterior and interior stairways, halls, porches, and walkways must not present a danger of falling or tripping; elevators must be maintained, safe, and operable; for mobile homes, the device that distributes and transfers the load to appropriate ground anchors must resist sliding and overturning in wind
Other	
Ceiling height	
For living room, bathroom, and kitchen, 7 feet or higher in at least half the room area	
Light and ventilation	
The dwelling unit must have a 10% dwelling ratio of window to floor area and at least 1 openable window in living room, bathroom, and kitchen or adequate working mechanical ventilation in kitchen and bathroom	The dwelling unit must have adequate circulation throughout and be free from dangerous levels of carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants; bathroom must have at least openable window or other adequate exhaust ventilation

Source: Adapted from H. E. Bakeman, C. A. Dalton, and C. S. White, Jr., Minimum Standards Requirements in the Housing Allowance Demand Experiment (Cambridge, Mass.: Abt Associates, 1980); 24 C.F.R. 882.109, as reported in J. E. Wallace et al., Participation and Benefits in the Urban Section 8 Program: New Construction and Existing Housing (Cambridge, Mass.: Abt Associates, 1980).

We pointed out in chapter 2 that minimum housing standards are associated with the participation rates of the eligible populations. (The higher the quality standards, the lower participation was likely to be.) In most of the studies, the majority of the enrollees failed the housing inspection initially and then had to upgrade their living units or move to suitable housing if they were to receive payments. Therefore, what is of interest is not whether or not they met housing quality standards, since all were required to, but whether housing quality was improved or allowances were received with no changes in housing quality.

Enrollees Who Initially Met Housing Standards

The proportion of enrollees who were initially able to pass the housing standards is not necessarily the same as the proportion who received payments, since some enrollees may have passed the standards and then withdrawn from a program and others may have passed later, after upgrading their housing or moving.

The literature we reviewed reports that differences in the implementation and the strictness of housing standards can affect a program's participation rates. For example, in HASE, 41 and 55 percent of the enrollees (in St. Joseph and Brown counties, respectively) passed the program's

housing standards at the outset, without having to upgrade their housing or move; in HADE, the figures are 27 and 35 percent (in Phoenix and Pittsburgh). Evidence of the effect of a difference in standards is seen in a test conducted by the Urban Institute (as part of an integrative study of EHAP) in which inspectors applied the HADE and HASE standards to the same units. Twenty-five percent passed the HADE standards, while 40 percent passed the HASE standards. The relatively higher rate in Brown County seemed partly attributable also to the relatively higher quality of the housing stock in that area. In addition, other local factors such as vacancy rates, mobility rates, and residential segregation could have influenced the rates at which enrollees passed standards.

The aggregate data for AAE show that 31 percent of the enrollees initially passed the housing standards. These data are difficult to interpret because of the variations in the 8 sites. Each one developed its own standards, and the sites changed their standards during the period of the AAE study. The sites differed also in the training of their inspectors, thus perhaps changing the application of the standards.

On the Section 8 program, the Abt and Appalachian State University studies reported lower proportions initially passing, at 28 to 37 percent, than the Urban Institute study, at 75 to 80 percent. The differences may have to do with the time when the data were collected. The Urban Institute data were collected in 1976, nearer the beginning of the Section 8 Existing program, when inspection procedures may have been more lenient, because of the newness of operation and the interest of the public housing authorities in encouraging program participation, than later, in 1979 and 1980, when the Abt and Appalachian study data were collected.

Our comparison of the Section 8 Existing and EHAP data shows that the proportion of enrollees who passed the standards initially was relatively low, except in the Urban Institute study. The studies on Section 8 Existing other than this one were similar to the HADE and AAE studies, in which close to a third of the enrollees were able to pass the standards without upgrading their housing or moving. Generally, the public housing authorities in Section 8 were free to customize their standards if

they satisfied the federal minimum; as a result, it is difficult to determine how stringent these standards were in comparison to those of EHAP.

Recipients Who Moved

To shed more light on the dynamics of the housing standards, we looked at the proportions of recipients who moved in order to pass them. In most cases, a greater proportion stayed, and passed the standards in their original housing, than moved. That is, most of the recipients did not notably upgrade their housing. In HASE, with its less stringent standards and better housing, enrollees needed to make only minor repairs (at an average cost of $100 per recipient) in order to meet the program's requirements without moving. As a result, only about 40 percent of the recipients moved in order to receive payments (although some probably only moved from standard housing to other standard housing). The percentage who moved ranged in the studies from 27 to 49. Differences may stem from local housing markets, the strictness of the housing quality standards, the needs of individual participants, and the like. The figures are 46 and 27 percent in Phoenix and Pittsburgh, 42 and 38 percent in Brown and St. Joseph counties, an aggregate of 45 percent in the 8 AAE sites, and, in the Section 8 program, 49 percent according to Abt 1981, 35 percent according to Appalachian State University, and 47 percent according to the Urban Institute.

With regard to the allowance as an incentive to move, the HADE study compared a control group (persons who did not participate in the program), an unconstrained group (enrollees who received an allowance without having to meet housing standards), and an experimental group (enrollees who received an allowance contingent on housing standards). The estimated effect of the contingency of the allowance payment on meeting minimum housing standards was to increase the probability of moving by about 10 percentage points over the control group.

It can be concluded from the information on both moving and initially passing the standards that the relationship of the housing standards to changes in housing quality was the most powerful for those who moved from inadequate to acceptable housing (a subgroup of the approximately 40 percent of recipients who moved). Since the studies point out that most of the upgrading of original units was minimal, it might be said that the standards had little influence on the approximately 20 percent who made minimal changes. The standards had no effect in terms of a change in housing quality on those who qualified immediately (ranging from 27 to 80 percent of enrollees across the programs). It is

possible that the annual reinspection requirement for continuing allowance payments encouraged the maintenance of units that might otherwise have been allowed to deteriorate to minimum quality.

Change in Housing Quality Measured in Terms of the Proportion of Participants Who Failed to Pass Housing Standards

Another way of representing the change in housing quality is to compare the eventual housing quality of program recipients with either the housing quality of the participants before the program or the housing quality of a representative sample of nonparticipants. This comparative information on housing standards from the two studies on HADE and HASE and two studies on Section 8 Existing, the 1981 Abt study and the Appalachian State University study, is shown in table 3.2.[1]

[1]Depending on the research study design, some comparisons used enrollees before they received payments (preprogram) and others used households that did not receive payments (without program).

Table 3.2: Change in Housing Quality Ratings: Substandard Housing

Program and study	Before payment[a]	After payment[b]	Absolute change	Percent change
EHAP				
HADE[c]				
Phoenix				
Experimental	28%	4%	−24%[d]	−86%
Unconstrained	56	31	−25	−45
Control	46	41	−5	−11
Pittsburgh				
Experimental	24	10	−14[d]	−58
Unconstrained	48	34	−14	−29
Control	38	35	−3	−8
HASE				
Brown County	50	13	−37	−74
St. Joseph County	53	30	−23	−43
Section 8 Existing				
Abt 1981				
HUD acceptability criteria	66	55	−11	−17
Buddings measure	42	30	−12	−29
CBO measure	19	6	−13	−68
Appalachian State Univ.				
HUD acceptability criteria	61	52	−9	−15
CBO measure	25	11	−14	−56

[a]Participants enrolled in the program who had not yet received a payment.

[b]Payment-recipients occupying dwelling units unacceptable according to housing standards. This would be possible if housing deteriorated after initial payment and the "after" assessment was conducted before the annual reinspection or if a more stringent research method than the program inspection was used. The data are consistent also with the possibility that the inspection system is not as effective as claimed.

[c]The experimental group represents households that met minimum-standards requirements at 2 years; therefore, all had received allowances. The unconstrained and control groups include households active in these categories at 2 years.

[d]Change significant at $p < .01$ for tests of HADE data only.

The direction of change is the same in every case. Although from 6 to 55 percent of recipients were still living in substandard housing even after receiving payments, a smaller proportion of participants' housing units failed to pass housing standards after they entered the program than before. In other words, quality improved. The magnitude of this improvement in quality depended, of course, on factors such as the particular housing standards, which differ from program to program. Nevertheless, the direction of change is consistent and strong. The 1981 Abt study even used three different measures of quality: (1) a measure

developed specifically for HADE, (2) a measure developed by the Congressional Budget Office, and (3) the Section 8 Existing program criteria.[2] The results were similar for all.

Of particular interest in these four studies is the study on HADE, because at each site it included three randomly assigned groups for comparison: (1) a control group, which received no payments and did not have to meet housing requirements, (2) an "unconstrained" group, which received payments but did not have to meet housing requirements, and (3) the main experimental group, which received payments and had to meet housing requirements. If the program brought about a change in housing quality, it should be evident in a change in the rating of the experimental group in Phoenix and the one in Pittsburgh. The change should be most evident in a comparison in each city of the experimental group and the control group, the members of the latter having had neither the money nor requirements to induce them to change their housing situation and, thus, having been unlikely to change (or likely to change very little). The change in the experimental groups should also have been greater than any change in the unconstrained groups, which may have changed only because of their payment.

As shown in table 3.2, the results were fairly similar in the two sites. There was a change in the proportion of the experimental groups whose housing was unacceptable in quality at each site, with 24 percent less unacceptable in Phoenix and 14 in Pittsburgh. The unconstrained groups showed a change of 25 and 14 percent in the two sites. However, analyses of the changes reveal that only the experimental groups improved significantly. In terms of percentage of improvement, the experimental groups showed 86 percent in Phoenix and 45 percent in Pittsburgh, compared to 58 percent and 29 percent for the unconstrained group and about 10 percent for the control groups. We conclude that the combination of a payment and a housing-quality requirement might have had a greater effect on housing quality than the payment alone.

Comparisons of the groups in the HADE study must be viewed with caution because of design considerations: the groups were inconsistent in size, the preprogram groups were apparently dissimilar, and attrition during the study differed. In particular, the unconstrained group at each

[2]The measure developed for HADE was of clearly unacceptable housing and more stringent than program standards. It was developed by David W. Budding, in Housing Deprivation Among Enrollees in the Housing Allowance Demand Experiment (Cambridge, Mass.: Abt Associates, 1980). The Congressional Budget Office measure is in that agency's report entitled Federal Housing Policy: Current Programs and Recurring Issues (Washington, D.C.: U.S. Government Printing Office, 1978).

site was smaller than the experimental and control groups. Also, one would have expected the groups' ratings of housing quality to be similar in all sites before the program, because all the participants were randomly assigned. However, the ratings differed significantly between the experimental group and both the unconstrained and the control groups, even before program payments began. Although the study's authors sought the best possible statistical adjustments to test for bias, they could not conclusively rule out the possibility that different rates of attrition from the groups at the outset (households were randomly assigned but could decline to participate) and during the study's 2 years introduced bias relative to the housing condition of those who chose to be in the program and those who left during the course of the study.

That is, some other factor external to the program might have led to the observed change. The Abt and Appalachian studies show a larger percentage of failure in Section 8 than in HADE and HASE, both before and during the program, although all studies show some improvements in housing quality. (If the only way to receive a payment is to live in housing of minimum quality, as assessed by program inspectors, then we can be assured that those who received payments, at least immediately after the first program inspection, were living in housing of minimum quality.) However, the researchers may also have made their inspection for the research project at a point in time different from when the program officials inspected the housing, and they might have had different inspectors and standards. Nevertheless, it is remarkable that one measure shows 55 percent unacceptable housing among the recipients in Section 8. That is, more than half the recipients failed to meet this measure of minimum housing standards.

When we combine the information gained from examining the proportion of enrollees who met the quality standards, the proportion of recipients who moved, and the change in the proportions of those who failed housing inspections, it appears that providing a payment in conjunction with enforcing housing standards may have more of an influence in increasing housing quality than simply a payment alone. But not all recipients were affected uniformly. About 40 percent of the eventual recipients passed the standards initially, in their original units, and about 60 percent did not. Of the eventual recipients who did not pass originally, about one third upgraded their units with minor repairs and two thirds moved to new housing. Thus, about 40 percent of all the eventual recipients were affected substantially by the requirements of the program, by having to move to housing that would pass inspection

(although a smaller percentage may have moved regardless of program standards).

Change in Housing Consumption

Another, less direct measure of change in these studies involved change in the participants' housing consumption. "Housing consumption" is defined in terms of gross rent, or rent plus utilities, and is viewed as a proxy for quality. That is, higher rents are taken to be an indicator of higher quality in housing than lower rents. However, we believe that rent is relatively less precise as a measure of housing quality than actual assessments, because many factors not related to housing quality, such as a tenant's length of residence and relationship with the landlord, can influence rent levels. Nevertheless, it is a useful indicator of quality, especially when combined with the results from the other measures of quality. It is useful to look at the percentage change in gross rent from before a program to gross rent that all recipients paid during the program and at the change in gross rent paid by the subset of recipients who moved and those who did not. See table 3.3.

Table 3.3: Change in Housing Consumption, or Gross Rent, as a Measure of Housing Quality

		Moved	
Program and study	**Total**	**Yes**	**No**
EHAP			
HADE[a]			
Phoenix			
Experimental	16%	•	•
Unconstrained	16	•	•
Pittsburgh			
Experimental	4	•	•
Unconstrained	3	•	•
HASE[b]	8	17%	1%
AAE[c]	21	45	2
Section 8 Existing			
Abt 1981[b]	30	31	29
Appalachian State Univ.[b]	27	22	43
Urban Institute[c]	38	52	28

[a]Median percentage increase above a normal, estimated rent for minimum standards and unconstrained households 2 years after enrollment.

[b]Mean percentage increase above a normal, estimated rent without program benefits.

[c]Mean percentage increase in gross rent between not receiving and receiving program benefits. Section 8 Existing increases were paid by voucher to landlords; EHAP programs gave payments to the participants.

Looking first at the changes for all recipients, it is evident that the rent increases shown by the Section 8 Existing studies were high, at 38, 30, and 27 percent. They were also generally higher than the figures from the EHAP studies, which show 21, 16, 8, and 4 percent. The difference could stem from differences in the regulations on how payments were calculated or from differences in how the various measures of consumption change were calculated. We could not determine this from the published data.

To interpret these data, we have to rule out rent inflation as an explanation for increased consumption. In Section 8 Existing, a fair market rent was established for local areas, and landlords who had been charging lower rents could have taken advantage of this ceiling by raising rents to meet it. Evidence from interviews with landlords for the Urban Institute study seems to indicate that Section 8 landlords did this. However, the effect of general market increases in rent was ruled out in the Section 8 Existing studies by statistical adjustments based on estimates of "normal" rent increases: after adjustment, increases remained and were not reliably different for movers and nonmovers among eventual recipients.

The HADE study supports this. It includes data on rent increases for the unconstrained group we discussed previously, which was given a cash payment but had no housing requirements. The data show for this group a 16-percent increase in Phoenix and a 3-percent increase in Pittsburgh. Similarly, the experimental groups, with both a payment and requirements, experienced a 16-percent increase in Phoenix and a 4-percent increase in Pittsburgh. Thus, although the HASE and AAE studies indicate that allowances increased housing consumption, the HADE and Section 8 studies indicate that market inflation increased it instead.

According to the HASE study, the recipients did not spend much of their allowance payment on additional housing consumption. When provided with the extra cash income, they preferred to use it for other parts of the household budget, using only an estimated 16 percent for housing consumption. Similarly, in the HADE study, the proportion of the allowance used for housing expenditures was 9 percent in Pittsburgh and 27 percent in Phoenix.

The information available on those who elected to move in order to qualify for payments and those able to meet the housing requirements at the outset or by upgrading shows that the rent of those who moved increased more than the rent of those who stayed. This difference

between the two groups was substantial and consistent in all but one study. It could be interpreted as a greater increase in quality for the movers. It could also be related, in Section 8 Existing, to the fair market rent or, in all the studies, to a so-called "tenure" savings, in which landlords reward "good" tenants by limiting the rent increases of those who do not move.

Change on a Hedonic Index

Housing quality has been measured in terms of a change on a hedonic index as in the Section 8 Existing studies by Appalachian State University and Abt 1981. The hedonic index is the weighted sum of a multitude of attributes related to a housing unit and its neighborhood. Housing standards and rent increases are single measures of quality for an individual unit; the hedonic index can be seen as a single measure of the "shopping bag" of items that make up a housing unit. It is an aggregate measure of the many factors that enter into an assessment of housing; treated as a single index of multiple factors, it is also an attempt to arrive at a common scale of housing needs and the adequacy with which they are met rather than the pass-fail approach that housing standards, for example, represent.

The findings of the Abt study reveal a slight, 4-percent increase in the level of housing services for program housing units over the level for preprogram housing services for all eventual recipients. A data breakout for those who moved and those who stayed reveals noticeably different estimates of change on the hedonic index: the increase for those who moved was about 14 percent, but those who stayed and made repairs showed a 3-percent increase, and those who stayed and did not have to make repairs showed essentially no change. The results of the Appalachian State University study provide little evidence from the hedonic index of an improvement in housing quality. The study's authors pointed out, though, that movers showed an increase in quality, but it was about equivalent to the increase in their rent. They pointed out also that the stayers experienced little change, since repairs were usually minor.

In sum, the information available on the effects of the programs on the recipients' housing quality reveals that whether the programs significantly increased the quality of housing for program participants depended on whether they moved, upgraded their units, or made no change.

Did the Programs Reduce the Rent Burden for Individual Participants?

"Rent burden" is defined in the evaluation literature as the ratio of the cost of rent, with utilities, to gross income. A 25-percent rent burden, for example, means that a household is paying one quarter of its gross income for rent. The President's Commission on Housing defined the main housing problem of the poor as affordability rather than availability. In other words, the poor were said to bear a heavy rent burden, which a housing allowance was thought to reduce. In the programs we studied, enrollees carried heavy rent burdens, frequently greater than 40 percent. The programs lowered the rent burden, on the average, the studies on EHAP showing greater variability in the results than the studies on Section 8 Existing. (See table 3.4.)

Table 3.4: Change in Rent Burden, or the Ratio of Rent to Gross Income

	Total mean rent burden		
Program and study	**Before payment**	**After payment**	**Change**
EHAP			
HADE			
Phoenix			
Experimental	41%	20%	−21%
Unconstrained	40	24	−16
Control	39	34	−5
Pittsburgh			
Experimental	39	19	−20
Unconstrained	39	23	−16
Control	39	32	−7
HASE			
Brown County	45	27	−18
St. Joseph County	54	29	−25
AAE	42	21	−21
Section 8 Existing			
Abt 1981	54	26	−28
Appalachian State Univ.	45	24	−21
Urban Institute	41	22	−19

The HADE study again provides relevant data on the three study groups: the control with no payments and no requirements, the unconstrained with payments but no requirements, and the main experimental with payments and requirements. Bearing in mind the reservations we expressed above regarding the possible comparisons, it can be seen that the rent burden was reduced in the two sites by about 6 percentage points for the control group, 16 for the unconstrained group, and 20 for the experimental group. Since the rent burden in all groups began at

around 40 percent, the greatest reduction was for the group for which payments were at least partially earmarked for housing—the experimental group. The reduction for the unconstrained group was less, but its members did not spend as much on housing as those in the experimental group spent. The members of the control group, with no extra income to offset their housing costs, reduced their rent burden by a minimal amount in the same time period (that is, the time from enrollment to receipt of payment, for the groups that received money).

From this evidence, it is clear that reductions in rent burden occurred when payments were provided. What is not clear is whether or not additional improvement occurred when minimum housing standards were attached to the payments. The modest difference in rent-burden reduction between the experimental and unconstrained groups suggests that the imposition of housing standards did not lead to a less notable decrease in burden reduction than simply providing additional housing payments without the standards. The decrease, in fact, was slightly larger (−20 percent) for the experimental group than for the unconstrained group (−16 percent).

Summary

From an examination of the available research information regarding the effects of the housing programs on individual households, it is evident that the programs ensured a minimum quality for all allowance recipients but did not notably improve the quality of housing for all households. Rather, the data reveal a complex picture of change, of which some is an effect of a program and some is not. Changes attributable to the program represent the differential effect of program requirements on various households. Some enrollees who became participants met the minimum housing standards immediately and were able to receive a subsidy with minimum effort. Most recipients had been initially living in substandard housing, however, and to receive payment had either to upgrade or move. The housing upgrading, which 20 percent of all eventual recipients did, was minimal, but those who moved (about 40 percent of all eventual recipients) plausibly improved the quality of their units. They also experienced the greatest rent increases. However, the rent burden of most recipients was reduced to 25 percent of income.

Looking back at the debate issues and study questions we presented in chapter 1, we can see that actual, unambiguous improvement in the quality of all the housing of all the allowance recipients has not been shown. Rather, the programs ensured a minimum quality for recipients,

both immediately and later, as a consequence of annual inspections. Some recipients upgraded their housing, and some moved, which resulted in upgrading, but others remained in their preprogram housing without a change in quality. It is clear, however, that the rent burden of all decreased.

The Low-Income Housing Market

In this section, we discuss the degree to which the allocation of housing allowances in a defined market area may cause an increase in overall housing costs. In other words, Can the demand induced by housing allowances lead to price inflation and, subsequently, to changes in the supply of available or affordable housing? Theoretically, if demand for housing is strong enough, prices should rise, and over time the quantity of housing supplied should increase to accommodate the demand.

Did the Programs Influence Rent in the Low-Income Market?

The market effects of demand-oriented housing programs have been of concern to policymakers and housing researchers for at least the last two decades. Prior to HASE, which was designed to examine market behavior, many leading housing experts were of the opinion that the cost of housing would increase significantly in a market in which full-scale housing allowances were introduced. In the early 1970's, housing market models predicted, on the average, a 10-percent increase in the cost of housing. Evidence from HASE indicates, however, that price inflation did not occur. Detailed analyses of the two HASE market areas (one of which was a newer, expanding market; the other older with slow growth) led to the finding that any observed price increases were the result of normal economic inflation, not the allowance program.

Information on housing-allowance market effects is limited to the results provided by HASE. In HASE, price increases were measured by estimating average rentals in a marketwide panel survey of housing units. During the first 3 years of the allowance program, it was found that rent increased 26 percent in Brown County and 19 percent in St. Joseph County. The proportion of the increase that was attributed to the program was estimated with a number of procedures, including a comparison of local price changes with regional and national indicators of change in the price of housing services and the use of a more detailed model of market demand and supply.

The results of these analyses indicate that program-induced price changes were not evident throughout the market. Rather, increases were attributable to background price inflation in the local economy. When

the program sites were divided into submarkets, though, a small, 2-percent price increase was evident in areas where housing was affordable for the program recipients. If this was induced by the program, one would expect rates of change to be higher in Brown and St. Joseph counties than in comparable regions of the nation, but they were not. Housing price changes at both sites actually increased at a rate that was less than regional and national rates.

The lack of market effects in HASE is not surprising for three reasons. First, the 38-percent and 48-percent program participation rates were relatively low. They resulted in only a small increase in the marketwide demand for housing. Second, since program participation did not reach a peak for almost 3 years, the increase in housing demand was gradual. Third, the households that received a program allowance tended to use only a small proportion of it for housing-related purposes. Although HASE assistance was intended for housing consumption, the majority of the recipients qualified for assistance where they resided, some by completing minor repairs in order to meet program requirements. On this point, HADE provides further evidence of only small increases in housing consumption. In HADE, housing consumption tended to increase only for the participants who were not already in acceptable housing.

Did the Programs Influence the Supply of Low-Income Housing?

The combination of relatively low participation among eligible households and relatively small increases in housing consumption by the programs' allowance recipients contributed to minimal change in market demand. Given the small increase in demand, there was virtually no increase in the quantity of low-income housing supplied. Changes in Brown and St. Joseph counties were limited to housing repairs for individual recipients. In HASE, substandard housing for individual recipients only was upgraded to comply with the program standards, which were less stringent than those of other programs. At both sites, the average cost of repairing a housing unit that failed to pass the standard was approximately $100 per recipient. Other market changes that might have occurred in response to increased demand, such as changes in occupancy rates and new construction of rental units, were not evident in HASE. The differences in the two markets could perhaps have shown such differences in market response. However, additions to the low-income housing supply would not be expected during the study's relatively short term.

This evidence that a housing allowance program caused only negligible market effects comes from one study conducted in two metropolitan

areas. Although statistical generalization is not possible from the limited sample used in the HASE study, its authors argued that their findings apply to other market areas. Generalization, they asserted, is possible because HASE successfully saturated a housing market with allowances, which a national program could not have done, and because the program's sites were diverse enough to represent housing markets across the nation.

HASE had a potentially stronger effect on housing markets than data for the national program would show, because HASE offered open enrollment to all eligible households; national housing programs have traditionally limited enrollment because of funding constraints. The relatively low participation rates in HASE were higher, though, than rates in comparable national programs. As a result, the housing demand that HASE created was greater than would have been expected had national programs been used for comparison. There is, however, no empirical basis on which to judge whether or not alternative program conditions would have different effects.

The issue of generalization in HASE depends largely on how well market conditions in Brown and St. Joseph counties compared to conditions in other markets. Using a sample of standard metropolitan statistical areas, the authors of HASE compared selected market indicators, such as rental vacancy rates and the population of eligible households, to determine how representative the program sites were. They concluded from this rough comparison that program effects would be similar in virtually all sample locations.

We have previously criticized the HASE assessment, arguing that housing market conditions across the nation were much too diverse and could not be realistically represented by two sites.[3] We note, however, that generalization is possible, given the careful sampling frame, to communities with market indicators and other circumstances similar to those on which site selection was based.

Summary

The information on market effects is limited to that provided by HASE. HASE was an adequate test of market effects, under the conditions of that program in that market. To understand market effects for a national program, additional information on market processes is needed.

[3] An Assessment of the Department of Housing and Urban Development's Experimental Housing Allowance Program, CED-78-29 (Washington, D.C.: March 8, 1978).

The HASE study supports the stand of the proponents of allowances that rent does not increase as a result of allowances. The data that are available indicate that market supply is unresponsive to allowances. HUD indicates that few experts now expect allowance programs to affect market supply.

Summary Observations on Program Participation and Program Effects

In this chapter, we summarize our findings on the Experimental Housing Allowance Program and the Section 8 Existing Housing program. We present the key results from our main study questions, highlight debate issues, and identify gaps in knowledge. See table 4.1.

Table 4.1: Summary of Synthesis Information

Study question	Synthesis information
1. What were the participation rates and demographic profiles?	
a. Overall participation rates?	With open enrollment, less than 50% of those who where eligible became recipients, although nonparticipants may have been served by other programs; HASE was the only study on open enrollment
b. Were all eligible groups served proportionately?	Recipient rates similar to eligible rates for minorities, higher for households headed by women and very poor and welfare households (indicating they were well represented), slightly lower for large households; no consistent pattern evident for the elderly
2. What were the effects of the programs on participants?	
a. Change in housing quality?	The program did not lead to significant improvement for all; those already in better housing were more likely to participate; upgrading was minimal; for the minority who moved, improvement in quality was likely
b. Did the programs decrease the rent burden?	Rent burden decreased, on the average,from slightly more than 40 percent of income to nearly 25 percent of income, the results being less variable in Section 8 Existing than in EHAP
3. What were the effects of the programs on the low-income housing market?	
a. Influence on supply?	Evidence from one study (HASE) showed weak market response, consisting of only minor repairs for individual recipients
b. Influence on low-income rents?	Evidence from one study (HASE) showed no rent inflation

Program Participation

Overall Rates

The evidence from the HASE study indicates that in an open enrollment program, unconstrained by lack of funds, less than 50 percent of the eligible households qualified for and received allowance payments. This means that a significant proportion, or more than half, of all eligible households either chose not to enroll, for one reason or another, or did enroll but were unable to meet program requirements. Eligible nonparticipants may have been served by other federally supported housing programs, but the HASE results may indicate the upper limit of program attractiveness or feasibility, at least under conditions existing at the time the data were collected.

Demographic Representation

In EHAP and Section 8 Existing, the participation rates of various demographic groups differed in terms of enrollment and recipient rates. Some groups were underserved and others were overserved relative to estimates of the number of households eligible to participate. The elderly were the only group that were underenrolled relative to proportional eligibility. Those who did enroll, though, tended to be successful, compared to other groups, in becoming recipients. In terms of the overall participation of the elderly, however, no clear pattern was evident relative to their eligibility. The evidence on large households indicates that recipients in this group were slightly underrepresented compared to their eligibility. Minority households had a high enrollment rate and a low rate of success in becoming recipients and ended up with about the same proportion of overall participation as eligibility. The patterns were different for households headed by women and very poor and welfare households. Overrepresentation was evident for these groups in terms of both enrollment and receipt of allowances. The proportions of recipients in these groups were higher than the proportions of households eligible to participate.

Further work is needed to explore the effects of the interaction of these groups. Very poor households may be well represented in terms of participation, for example, but households that are simultaneously poor, large, and minority may not be.

Influence on Participation

Explanations for the differences in the rates of participation of eligible households are difficult to construct from available information. Numerous household, institutional, and market factors have been identified as being associated with program participation, but it is not clear how these factors interact and influence overall enrollment and participation.

Although the evidence is indirect and limited, the participation of individual households has been associated with awareness of a program, household preferences, and the expected costs and benefits of participation. The reasons given by households that chose not to participate in the programs whose studies we reviewed included negative attitudes toward government programs and the burden of program reporting requirements. Institutional factors identified as impediments to participation included the restrictions on program funding and the imposition of housing quality standards. Housing quality standards constituted a very important constraint on participation, particularly in HADE, where participation rates were considerably higher for treatment groups that

did not have housing standard requirements. Finally, market factors such as the condition of existing housing and, to a lesser extent, the availability of adequate housing have been associated with different rates of participation.

Program Effects

Housing Quality

The requirements that participants' housing meet minimum standards seems to have ensured a minimum level of housing quality for participants. However, there is no evidence that the allowance programs significantly changed the quality of housing for all who eventually received payments. How the recipients were affected depended on the original condition of their housing and on other factors such as their willingness to move. For those who qualified immediately, there was little or no change in housing quality. Those who failed the original housing inspection and subsequently made repairs experienced generally minimal improvements in quality, since the studies showed that repairs were generally minor. The greatest improvement in quality was achieved by the 40 percent who moved, probably in order to obtain adequate housing, although some may have moved from standard housing into other standard housing.

Many who enrolled did not participate further because of various individual, institutional, and market constraints, such as the considerable cost of a move, individual preferences for various neighborhoods, the strictness of the housing standards, and a lack of low-income housing that would meet program standards. It can be said that recipients were ensured a minimum level of housing quality immediately before receiving their payments, because they would then have passed the housing standards. Annual reinspection requirements should in theory prevent subsequent deterioration in housing quality for recipients.

Relative limitations in the research designs of some of the studies render some of the findings less powerful. Only the HADE study compared several random groups, in a true experimental design, for understanding the effect of payments and minimum standards under various conditions. The rest used quasiexperimental designs, and some included statistical adjustments for noncomparability between groups, although the most appropriate adjustments were sought and some of the technical details were reported. Some studies collected cross-sectional data. In

these studies, information on separate groups of enrollees and recipients was compared, and inferences were made as if they had been one group progressing through a program.

It can be concluded, however, that although housing quality improved for some recipients, was maintained for others, and remained unchanged for the rest, the programs' housing standards also restricted the overall number of clients the programs could reach and influenced the types of household served. Thus, from a policy perspective, there appears to be a trade-off between raising the quality of low-income housing and serving the maximum number of households. If rigorous quality standards or improvements in quality are expected, it seems likely from the studies' findings that participation will be low and that those who are without the means or inclination to upgrade or move are less likely to become payment recipients. If standards were too low, however, almost all enrollees might qualify initially but might choose not to spend their allowances on improvements, leaving reduction in rent burden as the most tangible program outcome.

Rent Burden

Providing payments to participants reduced their rent burden, or rent as a proportion of gross income. In most of the studies, the rent burden decreased from about 40 percent before the program to about 25 percent. This pattern was evident in the study that included comparison groups, from which it was also clear that linking payment to housing standards did not prevent the reduction in the rent burden for those who qualified.

The EHAP recipients generally spent little of their new cash income on further housing consumption, giving other items in the household budget higher priority. In addition, the allotment of 25 or 30 percent of a low-income household budget to rent could still be viewed by some as a burden, when other, competing needs are substantial.

The Cost and Supply of Low-Income Housing

The evidence from the HASE study indicates negligible price inflation in the market. Rents did not rise, as some critics feared. Any measurable price change was the result of background inflation in the local economy. Low program participation and relatively small increases in housing consumption may have diluted any potential program effects, leaving only background influence measurable. With regard to supply,

HASE created only a small increase in demand for housing and, not surprisingly, the change in housing supply was weak, consisting of only minor repairs to existing housing.

The authors of the HASE study argued that their findings apply to other market locations because the sites they used represented market conditions elsewhere. We believe that housing markets in the nation as a whole are too diverse to be realistically represented by two locations. HASE was, however, an adequate test of a housing program's effect on the housing market within the context of the HASE program and its two sites. As a result, it may be possible to generalize the findings to other sites carefully chosen for their similarity to those of the HASE program.

Conclusion

The data on participation distributions were mixed, although all but the elderly and large households were equally represented or overrepresented, compared to their representation among those who were eligible. There were mixed rates of participation among the elderly, while large households were slightly underrepresented. The programs' requirements that participants' housing meet minimum standards ensured housing for recipients at the required level of quality. To the extent that an improvement in housing quality was intended, a minority of participants experienced actual amelioration. Most lived in standard housing to begin with or needed to make only minor repairs to meet standards. A decrease in the rent burden was, however, clear. The little detailed information available on rent inflation and supply shows no inflation and little response from market supply. However, the data come from only two sites: more would be needed to generalize nationally.

Request Letter

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225-7054

July 12, 1984

Honorable Charles Bowsher
Comptroller General
of the United States
General Accounting Office
441 G Street, N. W.
Washington, D. C. 20548

Dear Mr. Bowsher:

The Subcommittee on Housing and Community Development anticipates conducting hearings on low income housing legislation in the Spring of 1985. Information on the existing knowledge regarding low income housing assistance payment programs, particularly the Section 8 existing program would be useful to the Subcommittee during its deliberations. Discussion between my Counsel, Diane Dorius, and staff from your Program Evaluation Methodology Division indicated that the collection of this information was feasible.

The Subcommittee is particularly interested in obtaining an assessment of existing evaluation information on: (1) targeting and actual participation in these programs in terms of demographic, socioeconomic, and geographic patterns, and (1) the effects of the programs in terms of the availability and affordability of low income housing.

It would be most helpful if a written report would be available to me in the Spring, 1985.

Sincerely,

Henry B. Gonzalez
Chairman

Study Summaries

This appendix contains our summaries of the studies we reviewed (listed in table 1.4). The checklist below gives examples of items we considered in assessing the quality of the evaluation studies. Our overall assessments of their quality are shown in table II.1 on the next page.

- Purpose

  1. Are the study's objectives stated?

  2. Is the study's purpose appropriate to the developmental stages of the program?

- Design

  1. Is the study clear? Is it appropriate, given the objectives?

  2. Was the indicated design in fact executed?

  3. What are its strengths and weaknesses? Are the comparison groups adequate and appropriate?

- Measurement

  1. Do the variables relate to and adequately translate the objectives?

  2. Are the sampling procedures and sample sufficiently described? Are they adequate for the type of sample and its size?

  3. Are the sampling procedures such that policymakers can generalize to other persons, settings, and times?

  4. Is there a description of how the instruments were developed and tested? Were the procedures adequate?

  5. Are the measures that were used reliable and valid?

  6. Is there a description of how the data collectors were selected and trained? Was the selection appropriate and the training adequate?

  7. Are procedures presented that were used to ensure the reliability of the data collected?

  8. Are there any inadequacies in the data collection procedures?

- Analysis

  1. Is an analysis plan presented and is it appropriate?

  2. Are the statistical procedures well specified and appropriate to the task?

  3. Is a sufficient amount of detail reported for understanding and interpreting the data?

- Conclusions

  1. Are the conclusions supported by the data and the analysis? Are there competing alternative conclusions?

  2. Are the study's limitations identified? What is likely to affect the interpretation of the findings?

Table II.1: Overall Quality Assessment[a]

Study	Purpose	Design	Measurement	Analysis	Conclusions
EHAP					
HADE	H	H	H	H	H
HASE	H	M	H	H	M
AAE	H	M	M	M	M
Section 8 Existing					
Abt 1981	H	M	M	H	M
Abt 1983	H	M	M	M	M
Appalachian State Univ.	H	M	M	H	M
Urban Institute	H	M	M	M	M

[a]H = higher quality; M = moderate quality. Studies were assessed in relation to evaluation-research quality standards indicated in chapter 1 and were arrived at through a process of several independent reviews by appropriately trained social scientists. Since time and resource constraints, as well as project goals, can have major effects on the quality of research, these assessments should not be construed as reflecting negatively on the persons responsible for individual studies.

HADE

Housing Allowance Demand Experiment, conducted in 1973-76 by Abt Associates, Cambridge, Mass., in Phoenix, Ariz., and Pittsburgh, Pa.

Purpose

The overall goal of the Experimental Housing Allowance Program, of which HADE was one part, was to provide empirical data useful to policymakers in determining the feasibility of providing direct housing assistance in the form of allowance payments. The primary purpose of

HADE was to provide estimates of participant responses to a range of program elements such as the amount of the payment, the way in which it was determined, and whether housing standards were to be met before payment.

Design

HADE employed a true field experiment design, with random assignment of participants to alternative treatment groups and control groups. Included in the treatment groups were various ways of allocating payments: a housing-gap formula, in which a beneficiary received an amount covering the gap between 15 and 35 percent of the household's income and the estimated cost of standard housing, if the household's unit passed minimum housing standards; a percent-of-rent formula, in which a household received a payment equal to a certain percentage of its rent; an unconstrained payment, similar to the housing-gap payment but with no housing standard required; and a control group, which received no payment (except for small interview-completion payments).

Of main interest to us were the housing-gap element, because it was similar to the current Section 8 formula, and the control and unconstrained comparisons.

Measurement

Sample Selection

The sample was drawn in several steps and resulted in 3,400 households participating at the two sites. In the first step, a sample of housing units was drawn from census records, excluding census tracts that had median 1970 incomes of more than $12,000, blocks with fewer than 10 percent rental units, blocks with public housing, and housing scheduled for demolition. Next, the households were interviewed to see if they were likely to be eligible and then interviewed again to obtain information on their preexperiment situation, if they appeared to be eligible in the first interview. Households that completed both interviews were then randomly assigned to the various groups and offered enrollment. Interested households then gave detailed information on income, rent, and household size and composition. Eligible households were then enrolled, but not all became recipients of payments. Aside from those in

the control group, which received no payment, others were unable to meet minimum housing standards or dropped out of the program.

Data Collection

Data were collected on participation, housing change, and location choice by participants' periodically completing interview forms on housing conditions, by reviews of program records, and by evaluator assessments of housing conditions. HADE ran for 3 years, and data were collected on the households for 2 years after enrollment.

Analysis

Responses by households in the various program groups were analyzed only for the first 2 years after enrollment. The various groups were compared by performing analysis of variance and chi-square tests and t tests. Also, various models of housing-related activities were created and compared to the findings from the collected data.

GAO Comments

HADE offered a more extensive outreach than most regular housing programs would. Households were approached and offered enrollment rather than being self-selected, perhaps biasing the results. Attrition, especially in the early stages, when some groups lost many more participants than others (or some types of households dropped out more than others), may also have biased the results. The researchers discussed these problems and concluded that any such errors were small and inconsequential. They used serial correlation of behavior with regard to housing in order to estimate differences between households that dropped out and those that remained, and they concluded that different attrition rates did not materially affect the estimates.

Some important comparisons were made, such as the comparison of the unconstrained group, which received allowances but was not required to meet housing standards, with the housing-gap, or experimental, group, but the results were relatively not robust because of the small sample sizes in these groups.

HASE

Housing Assistance Supply Experiment, conducted in 1973-83 (data collected 1975-79) by Rand Corporation, Santa Monica, Calif., in Brown County, Wisc., and St. Joseph County, Ind.

Purpose

The purpose of HASE, one part of the Experimental Housing Allowance Program, was to determine the effects of housing allowances on the condition of housing markets. HASE was designed to address the following areas of concern: supply responsiveness, the behavior of market intermediaries and indirect suppliers, residential mobility and neighborhood change, and effects on nonparticipants. In order to address these concerns, Rand developed, administered, and implemented a full-scale housing allowance program in Green Bay (Brown County), Wisconsin, and South Bend (St. Joseph County), Indiana.

Design

Although HASE was called an experiment, it was technically a quasiexperiment or demonstration. Rand and HUD judged the use of formal control groups to be too expensive or institutionally infeasible, since the subject of treatment was a housing market, not individual persons. Reliance was placed on before-and-after comparisons and the direct measurement of background conditions and market events. Administrative records were used to track participation, and longitudinal market surveys at each site were used to measure patterns of housing consumption and price change. Statistical and other analytical methods were then used to develop model-based projections of how much change would result from the effects of housing allowances.

Measurement

Sample Selection

Mainly because of cost considerations, HUD decided to limit HASE to a sample of two small metropolitan sites. Site selection was based not only on scale but also on the structure and current condition of housing markets. The intention was to select two sites with different market characteristics. In order to develop a sample of two, Rand classified all standard metropolitan statistical areas according to 1960-70 population growth and the percentage of blacks in the central city (these variables were judged important for the effects of an allowance program). After this classification, the areas were divided into quadrants, and one site was selected from the fast-growth-low-minority quadrant and one site was selected from the slow-growth-high-minority quadrant. These were then screened to exclude those whose populations exceeded 250,000 or were less than 100,000, recent annexations, overlapping state boundaries, and large military and college populations.

Visits were made to the sites to determine both the suitability of the program to them and local willingness to accept the program. Brown County was selected as the first choice in the fast-growth-low-minority category and was accepted into the program without much delay. Saginaw, Michigan, was the first choice in the slow-growth-high-minority group, but local officials in the suburban areas surrounding Saginaw refused to accept the program. St. Joseph County was eventually selected as the compromise site in April 1974.

Data Collection

Two main data sources were used: program administrative records and annual market surveys. The administrative records included all applications for enrollment as well as data on income, housing characteristics, and housing evaluations of all enrollees. These records were used mainly to track recipients.

The annual surveys, a marketwide probability sample of approximately 2,000 residential properties per site, were developed in order to monitor the local housing market and housing population. Four annual surveys were completed, yielding data on the use and physical condition of individual properties, neighborhood characteristics, rental rates and maintenance costs, household composition, housing turnover, and other relevant information. In choosing residential properties for the surveys, the researchers devised a sampling plan that included 18 different market-sector criteria related to tenure, type of property, residential density, and market value. Sample sizes within the strata differed relative to certain market sectors where housing allowances were expected to have important effects (urban, multifamily, low-rent housing units, for example).

Analysis

In order to measure market responsiveness to housing allowances, a model of market processes was developed. Since no control groups were used in the HASE study, statistical and analytical controls were implemented for estimating program effects. Several analyses were conducted to estimate these effects and to estimate participation rates.

GAO Comments

Technically, HASE was not a true experiment. Comparison groups were used for some aspects of the study, but no control groups were included. Market effects were measured by extrapolating program effects from existing economic conditions. Measurement and analysis in HASE appear generally sound. The inclusion of only two study sites, however, limits

the ability to generalize the findings. The sites were not only few in number but also unrepresentative of market conditions nationwide, particularly of large urban areas.

AAE

Administrative Agency Experiment, conducted in 1973-76 (data collected 1974-75) by Abt Associates, Cambridge, Mass., in Bismarck, N. Dak.; Durham, N.C.; Jacksonville, Fla.; Peoria, Ill.; Salem, Oreg.; San Bernardino, Calif.; Springfield, Mass.; and Tulsa, Okla.

Purpose

The purposes of AAE, one part of the Experimental Housing Allowance Program, were to learn how state and local housing agencies would administer a housing allowance program and to measure administrative costs and effectiveness. Interest was focused on testing the administrative feasibility of implementing an allowance program in terms of the following administrative functions: outreach, supportive services for program participants, the implementation of housing-quality requirements, and the certification of participant eligibility and income.

Design

AAE was a demonstration of different ways of administering a housing allowance program and not technically a research experiment. Administrative procedures were not systematically varied; instead, a "naturalistic design" was chosen to allow participating agencies flexibility in selecting methods for program implementation. Program findings were identified largely by inference rather than by direct measurement, so that the conclusions were not precisely quantifiable. A key reason for not developing a more classical experimental design was the lack of a strong theoretical basis (at the time the demonstration began) for selecting appropriate treatment groups.

Measurement

Sample Selection

Site selection was conducted by HUD and was not the result of any formal sampling process. Since HUD was interested in using agencies that had a likelihood of operating an allowance program successfully, it asked its regional offices to nominate agencies with a record of management competence. A diverse group of sites was sought that would show differences in administrative and population characteristics and housing

market conditions. Four types of agencies were included in the experiment: state agencies responsible for housing programs, welfare agencies, county and metropolitan governments, and local housing authorities. The 8 sites that were selected represented two agencies from each of these groups, covering 6 of 9 census regions and including rural and urban areas.

HUD limited participation in AAE to 900 households per site, except for Bismarck, which was limited to 400, and Durham, which was limited to 500. The agencies used various outreach methods to attract potential household participants, but because of the cap on overall participation, they had control over the selection of applicants.

Data Collection

Various data collection instruments were used at each program site, including operating forms, participant surveys, and housing evaluations. In addition, 7-year on-site observations were conducted by trained anthropologists, who provided narrative descriptions and detailed logbooks of program operations.

Data Analysis

Site comparisons were provided for various program effects and costs. Crosstabulations were used to present program results by subgroup and site location. More detailed analyses of the participation process and estimated administrative costs were also included. Logit models were developed in order to estimate the probability that enrollees would hear about the program, apply to the program, and qualify for payments. Analyses were also made of how eligibility and program success were related to program outreach, recipients' characteristics, and agency administrative characteristics.

GAO Comments

The agencies' selection of potential participants could have biased the participation rates for different population subgroups, because the agencies were given considerable discretion in the selection process. Although the agencies were supposed to target the truly needy, it is not clear that the mixture of participants was actually what would occur under self-selection. In addition, problems with the estimates of program eligibility based on the 1970 census include the difference in the time period of the collection of census data (1969) and AAE data (1974), different definitions of population variables (such as "being on welfare"), and the inability to accurately calculate eligibility by income from the census data.

In terms of program effects, the reliability of the findings from the AAE study is not as strong as the reliability of the findings from the HADE and HASE studies, because of AAE's lack of controlled variation, which weakened the measurement of program effects, particularly the separation of administrative effects from existing housing-market effects.

Section 8 Abt 1981

Participation and Benefits in the Urban Section 8 Program: New Construction and Existing Housing, volumes 1 and 2, conducted in 1981 (data collected 1979), by Abt Associates, Cambridge, Mass., in 15 sites: Atlanta, Ga.; Baltimore, Md.; Chicago, Ill.; Cleveland, Ohio; Houston, Tex.; Los Angeles-Long Beach, Calif.; Milwaukee, Minn.; New York, N.Y.; Philadelphia, Pa.; Providence-Pawtucket-Warwick, R.I.; Raleigh, N.C.; Rochester, N.Y.; St. Louis, Mo.; San Diego, Calif.; and Seattle-Everett, Wash.

Purpose

This report covered two of the components of the Section 8 program—new construction and existing housing. We were concerned only with the latter. Descriptive data were to focus on how participants compared with the eligible population, changes in housing costs and conditions, mobility, and changes in economic and racial concentration.

Design

The design of the study was basically a cross-sectional survey of information. No control groups were used, and the comparisons that were made involved differences between groups (such as the elderly versus the nonelderly). In many instances, the condition of the housing of the participants during the program was contrasted with the participants' preprogram housing. Some comparisons relied on respondents' judgments, and others used administrative records. Measurements of actual housing conditions were made from a subset of units. Thus, while the design was cross-sectional, retrospective accounts, administrative records, and census data facilitated rough comparisons of current program conditions with preprogram conditions.

Measurement

Sample Selection

The sampling plan resulted in the selection of the 15 standard metropolitan statistical areas from a list of 261; the probability of their being selected was proportionate to the number of Section 8 housing units newly constructed and in place by the end of 1978. The sample included 83 public housing authorities and approximately 1,500 recent certificate holders. A small group of certificate holders was also followed up in order to see who became recipients at the end of a 60-day search period.

Data Collection

A variety of data collection methods were used, including an interview with the certificate holders and recipients; agency staff questionnaires; examination of administrative records, census data, and Annual Housing Survey data; and housing measurement surveys.

Analysis

The principal method of analysis was crosstabulation and point estimation, with statistical tests (such as simple t tests) for information on topics such as location, minority concentration, poverty concentration, rent burden, and housing costs and benefits. Measurements of housing quality and housing expenditures entailed the use of regression estimates for predicting housing costs.

GAO Comments

There is little basis for making a generalization of the results because of the relative weakness of the sample selection process, and the study's authors were properly cautious regarding any such attempts. The interview data were basically retrospective and potentially biased by the motivations of the respondents (especially in regard to remembering the quality of their housing before the program). In addition, the administrative data are likely to be insensitive or only partially valid, given that they may have been originally collected for other purposes, such as single tracking of participants. Certain attrition problems in this study's data (such as the underrepresentation of people who moved and afterward could not be reached for later measures) may have decreased the usefulness of the Annual Housing Survey data, which were used for comparisons. In regard to attrition, there is little evidence from the information in this report on the overall effect of the loss of participant data on the data values.

Section 8 Abt 1983

An Evaluation of Success Rates in Housing Assistance Programs Using the Existing Housing Stock: Implications for the Housing Payment Certificate Program from the Section 8 Existing Housing Program, conducted in 1983 (1979 data from the 1981 Abt study), by Abt Associates, Cambridge, Mass., in the same sites as in Abt 1981.

Purpose

The main purpose of the study was to examine the success rates (the ability of certificate holders to obtain adequate housing or upgrade their current housing in order to become recipients of housing allowances) in the Section 8 Existing Housing Program. Variations in success rates were examined in terms of demographic group characteristics, local housing market conditions, and the influence of agency actions.

Design

This study basically used a cross-sectional design like that of Abt 1981. It included a preprogram-versus-program comparison that relied on interviews, administrative records, and a housing measurement.

Measurement

Sample Selection

A total of 2,383 certificate holders were sampled in the 83 public housing agencies included in the 15 standard metropolitan statistical areas that made up the sites. This group represents a cross-section of participants in a short time period in 1979.

Data Collection

Data were collected on the participants from various sources (interviews, administrative records, and measurements of housing quality and rent burden), the housing market (Annual Housing Survey and census data), and agency management and services data (on outreach, standard and special services, follow-up procedures, moving assistance, contract negotiations, and discrimination complaints).

Analysis

Major demographic classifications were crosstabulated with items such as success rates, the numbers of those who were eligible, and certificate holders. Descriptive data were also analyzed by using simple t statistics.

Logistic regression models were used to estimate the relationship of various factors such as program administration and demographic data with success rates.

GAO Comments

The analytic aspects of this study appear to be strong, although we were not able to examine the logistic regressions in detail. As in Abt 1981, the cross-sectional design was relatively weak for our purposes, and measurements using interviews for retrospective information and administrative data are subject to possible bias and weakness.

Section 8 Appalachian State University

Evaluation of the Section 8 Existing Housing Program in Rural Areas, conducted in 1982 (data collected 1980) by Appalachian State University, Boone, N.C., in 108 public housing agencies in 72 rural counties.

Purpose

The purpose of this study was to evaluate aspects of the Section 8 Existing program in rural areas, including the effect of administrative procedures on program participation and benefits, the patterns of program participation by households and landlords, and household benefits in the form of improved housing, reduced rent burden, and discretion with respect to housing location.

Design

The design was basically a cross-sectional survey of preprogram participants (defined as active applicants, nonactive applicants, certificate holders, and expired-certificate holders) and program participants, or recipients. A small group of participants was followed up to provide longitudinal data for one analysis.

Measurement

Sample Selection

The sample of 108 public housing agencies in 72 counties was drawn from 607 public housing agencies in 1,305 rural counties. File data and household interview data were then collected on a cross-sectional sample of approximately 6,500 households in the sample.

Data Collection

First, demographic, economic, and program information was obtained on all sampled participants. Second, interviews were conducted with samples of active applicants and recipients as well as some landlords and agency staff. A third data collection effort involved an evaluation of the housing unit and neighborhood conditions in which applicants and recipients lived. In addition to these primary data, secondary data were collected from the Bureau of the Census, the Annual Housing Survey, and HUD.

Analysis

Comparisons were made among groups of participants at various stages of participation and between participating and eligible households in rural areas. Simple descriptive statistics, such as crosstabulations and t tests of differences between groups, were used. A hedonic index, an aggregate of housing attributes combined to create one measure, was created and used to assess housing quality.

GAO Comments

The ability to generalize the results is restricted because of potential biases inherent in cross-sectional data. The study's authors were aware of this and used longitudinal data for evaluating housing quality changes.

Section 8 Urban Institute

Lower Income Housing Assistance Program (Section 8): Nationwide Evaluation of the Existing Housing Program, conducted in 1978 (data collected 1976), by The Urban Institute, Washington, D.C., in locations indicated below.

Purpose

The purpose of this study was to evaluate early experience in the Section 8 program. The report summarized data collected by three research contractors, each responsible for one of three U.S. geographic sectors.

The questions that were raised were related to patterns of program participation, the effect of requirements and program features on program delivery, household and landlord response, recipient benefits, effects on housing stock, and program management.

Design

This study is best characterized as a cross-sectional survey. Three different groups were examined: agency staff, participating and eligible households, and landlords. Questionnaires served as the primary data collection method for agency personnel, and interviews were employed for gathering household and landlord data.

Measurement

Sampling Selection

A two-stage sampling plan was employed. Within each geographic sector, 30 public housing agencies were selected. Within each agency, three separate household samples were drawn: recipients, nonrecipients, and active certificate holders. Each contractor drew independent random samples of recipients and nonrecipients for household interviews. At each site, the number of nonrecipients was approximately half the number of recipients. Contractors differed in how they executed the two-stage sampling, and in each sector, the selection of landlords was linked to recipients. In one sector, the landlords for half the recipients were randomly selected; in the second, the contractor attempted to interview all landlords; in the third, a quota sampling plan was used.

The universe of public housing agencies totaled 444 on June 1, 1976. Only agencies with at least one Section 8 unit were included. They were stratified by whether they were or were not standard metropolitan statistical areas and by the number of units under contract with HUD according to five classes—70 units or fewer, 71-130, 131-399, 400-99, and 1,000 or more units. The representation of nonstandard metropolitan statistical areas was proportionate to their legislative share of program allocation, or 25 percent. Within each stratum, approximately equal numbers of agencies were selected; their probabilities of being included ranged from 0.15 to 1.00 in the first two sectors and 0.02 to 0.67 in the third.

In selecting household samples, the contractor for the third geographic sector sampled respondents inversely with the agency's selection

probability and directly with the number of households, producing approximately equal household probabilities. The two other sectors entailed differential selection probabilities within an agency that were more uniform in size across agencies.

Data Collection

Each contractor collected specific information and all collected data on a uniform set of "core" questions. Data from the core questions were weighted and aggregated from each sector to devise national estimates. Data included participant characteristics (minority status, age, income, and so on), household responses (mobility and search behavior), landlord characteristics (number of holdings and source of recruitment), landlord responses (rent changes and repairs), and program administration.

Analysis

After substantial data screening, to assess the comparability of the sector, national aggregates were built up from the primary unit of observation (the household, landlord, or agency) to agency, stratum (adjusted), sector, and nation. Each case was weighted by the reciprocal of its probability of inclusion (except for landlords, for whom the probability of inclusion was approximated from conditional probabilities of household inclusion). Comparisons of recipients and nonrecipients were provided for several data variables but were not subjected to statistical assessment. Standard errors of estimates were not provided.

GAO Comments

The authors of the study noted inconsistencies across the sectors regarding sampling and interview procedures. In some instances, interview questions were asked differently, by contractor, or omitted. Efforts were made, however, to assess the influence of these differences. They appear to be small, but caution should be used in interpreting the results.

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