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EVALUATION OF THE SECTION 8
EXISTING HOUSING PROGRAM IN RURAL AREAS

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JUNE 1982

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# EXECUTIVE SUMMARY

The Section 8 Housing Assistance program is designed to deliver housing assistance to lower income households through either the Existing Housing, New Construction or Substantial Rehabilitation components of the program. This study is concerned with the Existing Housing and New Construction program mechanisms. The Section 8 program, generally, subsidizes lower-income households for the difference between 25% of the household's adjusted income and the rent being charged for the housing unit in which the household chooses to reside. A household is eligible for the program if its income does not exceed 80% of the area median, its housing meets minimum quality standards and rents for an amount that is within program guidelines.

The findings presented here are based on a study designed to evaluate various aspects of the Section 8 program in rural areas of the continental U.S. This report focuses on the findings pertinent to the Existing Housing component of the program. The broad purpose of the Existing Housing program is to make more effective use of the existing stock of housing in the private community. Under this program eligible households may remain in their current housing if it meets program standards or move to housing that conforms to standards and receive rental assistance. The study was designed to address several policy questions including the impact of alternative administrative procedures on program participation and benefits; an analysis of patterns of program participation by households and landlords; and an examination

of the extent to which participating households benefit from Section 8 assistance in the form of improved housing, reduced rent burdens and discretion with respect to housing location.

The analysis of these research questions was based on data gathered from several sources. First, demographic, economic and program information was obtained on all sampled participants (applicants, certificate holders - both active and expired, recipients and terminees of the program) from the records of the public housing authorities. Secondly, extensive interviews were taken from households sampled from the administrative agency's files. These surveys yielded detailed information on households considered to be active applicants to the program as well as households currently receiving assistance. A smaller sample of landlords participating in the program were also interviewed. A third important source of primary data involved a comprehensive evaluation of the housing unit and neighborhood conditions in which applicant and recipient households reside. Finally, information on the administration of the Section 8 Existing Housing program was gathered from public housing authorities by means of interviews with administrative staff. File data and/or household interview data were obtained on approximately 6500 households in a nationwide sample of 108 PHAs. In addition to these sources of primary data, secondary data has also been employed in this research effort. This includes U.S. Census Data (1970), HUD Management Information Systems (MIS) data and eligible population estimates from both the 1977 Annual Housing Survey and those provided by the EMAD division of HUD's Office of Policy Development and Research.

Major Findings

In response to the unique problems associated with the administration of Section 8 assistance to dispersed populations, administrative organizations with county and multi-county jurisdictions have begun to characterize the rural program with increasing frequency. The typical household served by these diverse types of Public Housing Authorities (PHAs) is either a female-headed family with children or a single, elderly adult. Both of these types of households constitute a greater proportion of the population receiving Section 8 assistance than the general, rural population eligible for assistance. This is also true to a lesser extent of minority households.

Private landlords incur both costs and benefits from their participation in the program. The costs appear to be primarily in the form of necessary repairs while the benefits are reflected in somewhat higher rents and reduced vacancy rates. The rural households who participate in the program benefit in a variety of ways. In addition to realizing lower rent burdens, these households experience less crowding in their housing units. It may also be said that the quantity and quality of housing consumed by participating households is greater than for comparable households not participating in the program. Finally, it should be noted that the program, generally, allows participating households to realize their preferences with respect to moving to different housing or staying in their current housing and receiving assistance with their rent. The discussion below elaborates in greater detail on these principal findings.

Program Administration

The delivery of rent assistance under the Section 8 Existing Housing program in the rural U.S. is accomplished through a variety of administrative organizations. The administrative agencies of Public Housing Authorities (PHAs), serve jurisdictions that range from the political boundaries of a city or town (local PHA) to those of an entire state (Statewide PHA). Over half of the rural PHAs have local jurisdictions and many of these were established prior to the Section 8 program. Many of the county and multi-county PHAs, on the other hand, represent an organizational response to the Section 8 program. In order to extend assistance across large geographical areas with widely dispersed populations the rural Section 8 program has given rise to county, regional and statewide administrative units. Relative to the local agencies these county or multi-county PHAs tend to serve the more sparsely populated and lower income areas.

Household Participation

The participation of rural households in the Section 8 Existing Housing program is examined in this study by, first, developing a profile of those households currently receiving assistance in the program. Once the characteristics of recipient households are described they are then compared with the characteristics of the population of eligible households in rural areas which is drawn from the Annual Housing Survey. Finally the patterns of participation by different household groups at the key stages of program participation including application, certification, recipient status and eventual termination is examined.

The most predominant types of households served by the Existing Housing program in rural areas are female-headed families with children and elderly, single-person households. These two household types account for 46% and 31% of the recipient population, respectively. Although minority families comprise 26% of the recipient population their representation among the elderly (13%) is considerably less than among the non-elderly (24%). Most recipient households are one or two-person families with large or very large families constituting only 1.5% of all recipient households. The majority of recipient families fall into the very low income category and depend primarily on transfer payments or welfare as the main source of their income.

Relative to the population of eligible households the elderly tend to be overrepresented in the program in which they constitute 36% of recipient households as compared with 30% of eligible households. Among non-elderly or family households there is overrepresentation in the program among households with children who are headed by single adults. This household type comprises 61% of the recipient population in contrast to only 35% of the eligible population. A similar but less pronounced pattern is observed for minority families which constitute 21% of non-elderly eligible households but represent 26% of the non-elderly recipient population. The proportion of non-elderly households in the program with a female head (71%) is almost twice the proportion in the non-elderly eligible population (36%).

The manner in which households move from the applicant to certi-

ficate holder or recipient stage of program participation is crucial to understanding why certain groups are overrepresented and others are underrepresented. The disproportionally high number of elderly in the recipient population, for example, appears to be the result of how PHAs select from the applicant pool for the purpose of issuing certificates. The elderly constitute only 17% of the applicant population in contrast to 36% of the recipient population. The probability that an elderly household will apply for the program is lower than the probablity that they will be selected as a recipient if they do apply. Just the reverse appears to be true for large families. They represent 2% of the eligible population, 3% of the applicant population and 2.5% of the recipient population. Thus, it would appear that their chance of being selected for assistance is lower than the rate at which they apply for assistance. This is most probably due to the difficulties large families have in finding housing that meets program standards.

Housing Quality

Various measures have been employed in this study to assess the housing conditions and quality of those households who have applied but are not yet receiving assistance (pre-program) and those households currently receiving assistance (program). The measures employed are the HUD Section 8 Acceptability Criteria and Congressional Budget Office (CBO) definition of housing deficiency; measures of overcrowding; rent burden and a measure of the market value of housing based on the construction of hedonic price indices.

The incidence of substandard housing is found to be consistently lower for program households than for pre-program using either the HUD Acceptability or the CBO standards of housing deficiency. In applying the CBO standard 25% of the pre-program households were found to be living in deficient housing as compared to 11% of the program households. In contrast, use of the HUD Acceptability standard revealed that 63% of pre-program households had deficient housing while 52% of the housing units in the program could be characterized as substandard.

This study found that 81% of pre-program households experienced rent burdens in excess of 25% of their income as compared with 40% of the program households. With respect to a rent burden in excess of 35% of income it was found that 62% of pre-program households fell into this category in contrast to 17% of the program households.

There is no standard or universal criterion for what constitutes overcrowded housing conditions and, consequently, more than one measure of overcrowding was employed in this study. When overcrowding is defined as more than one person per room, the results indicate that approximately 15% of the pre-program households were overcrowded in contrast to 5% of the program households. The results were virtually identical for both groups when crowding was defined, alternatively, as more than two persons per bedroom.

A housing unit may be viewed as a collection or bundle of dwelling and neighborhood characteristics and the rent charged for the unit can be interpreted as a summary measure of the value placed on these characteristics by the market. The hedonic index approach to estimating a

market-oriented measure of housing quality involves isolating the implicit price of each characteristic in the housing commodity bundle and, thus, its individual contribution to the total rent of the unit. Once the appropriate prices for the individual attributes are obtained it then becomes possible to apply this set of implicit prices to a given set of characteristics to obtain a single index measure of housing quality. This, in turn, makes it possible to compare the quantity and quality of housing consumed with household expenditures on housing services. It also makes it possible to make a cross-sectional comparison of the housing consumption levels of pre-program and program households.

Based on the hedonic index approach it was found that the quantity and quality of housing consumed by program households is greater than the "normal" amount of housing consumed by a control group of comparable households not participating in the Section 8 program. When the housing quality of program households is compared with that of the pre-program households, however, it is not possible to conclude that the former is greater than the latter.

In addition to this housing consumption effect, the Section 8 program could be expected to provide a form of real income supplement to households. This potential income benefit results from the fact that the rent subsidy makes some portion of a household's income previously spent on housing available for the consumption of other goods and services. When both the housing consumption and income benefits are estimated it becomes clear that program households realize a positive total benefit from the Section 8 program. Depending on how its measured, the total benefit to

program households, generally, ranges from approximately $60 to $100 per month.

Locational Choice

The Section 8 Existing Housing program affords participating households the opportunity to determine for themselves where they will live as long as the housing they choose meets program quality and rental cost standards. An interesting research issue that is implied by this feature of the program involves the mobility preferences and patterns of participating households. This study examined the mobility preferences of pre-program households (i.e., applicants and certificate holders) as well as the preferences, moving patterns and perceived levels of satisfaction of program (i.e., recipient) households.

Approximately one-third of the recipient households moved to a new dwelling upon entry into the program. These households report a significant improvement in the quality of their dwellings and neighborhoods relative to their previous situation and also relative to the ratings of housing and neighborhood conditions made by pre-program households.

For the most part, households who either prefer to move or desire to stay in their present dwelling unit are able to realize their preferences as they enter the program. Among those who preferred to move the most important reasons for this preference were the motivation for a unit separate from relatives or friends and a desire for either larger or better quality housing. For those households who expressed a preference for staying in their present location the more important reasons in-

cluded a desire to remain close to friends and relatives and satisfaction with their current dwelling and neighborhood. These reasons for either wanting to move or stay were the most commonly expressed by all participant groups (i.e., applicants, certificate holders and recipients).

Landlord Participation

The housing occupied by rural households in the Existing Housing program is held predominantly by non-minority landlords. These landlords are typically individual proprietors with three or less properties who manage their own rental property and whose purpose in holding such property is to realize current or future income. About one-half of the participating landlords have only one rental unit in the Section 8 program and approximately 90% have had no previous experience with housing assistance programs.

The economic nature of a private landlord's decision to participate in the Existing Housing program would, conceptually, involve the weighing of the costs and benefits of participation. The most significant cost to landlords appears to be in the form of required repairs. In the case of repairs necessary to meet standards before entering the program it was observed that 40% of the landlords were required to make such repairs to their housing units. The average expenditure made by landlords on unit repairs was observed to be $234. It is estimated that for every $100 spent on repairs landlords will increase the monthly rent on a unit by approximately $2.

Benefits to landlords from participating in the program would most

probably take the form of higher rents or lower vacancy rates for landlord units. It was found that 30% of the participating landlords raised rent upon entry into the program while 44% and 16%, respectively, left the rent unchanged and lowered it. The average monthly rent increase for units as they move into the program is approximately $8. Similarly, 54% of the landlords indicated that they charged the same rent for Section 8 units as for non-Section 8 units while 20% charged less and only 5% charged more.

The benefit accruing to participating landlords in the form of reduced vacancy rates for their units after entry into the program appears to be significant. The length of time a unit is vacant, on average, subsequent to entry into the program is lower than the average length of vacancy over a similar time period prior to entry into the program. Thus, it would appear that landlords do benefit from their participation in the Section 8 program in the form of slightly higher rent for their units as well as lower vacancy rates.

# CHAPTER 1

# INTRODUCTION

This report is a presentation of findings from research designed to evaluate the Section 8 Existing Housing and New Construction programs in the rural United States. More specifically, its purpose is to describe and analyze program administration and the patterns of program participation by households and landlords as well as the manner and extent to which participating households benefit from Section 8 assistance.

The Section 8 Housing Assistance Payments Program was created with the enactment of the Housing and Community Development Act of 1974. It replaced the Section 23 leased housing program in order to extend the benefits of federal housing assistance to low-income households while encouraging greater program participation by owners, developers, and public housing authorities. Essentially, Section 8 is a rent subsidy program which compensates low-income households for the difference between an appropriate housing expenditure, defined as 25 percent of the household's adjusted income, and the standard cost of housing in the area in which the household resides. For a household to be eligible for the program, its income must not exceed 80 percent of the median income of the area.

There are two primary delivery mechanisms for supplying housing to low income families in the Section 8 program--Existing Housing and New Construction. The Existing Housing Program component, which is the subject of this report, incorporates three innovative policy features which should be noted. First, it allows participating households freedom of choice in selecting housing units in the market place. Secondly, the program can be implemented at the local level by any kind of administrative unit. Finally, it allows localities

considerable discretion in shaping program objectives and in deciding how administrative functions are to be conducted. The underlying rationale of the Existing Housing Program component is to make more effective use of the existing housing stock in the private sector. In contrast, the New Construction component of the program is designed to increase the supply of housing available to low income families.

In order to provide a comprehensive evaluation of the Section 8 program in the rural U.S., data was collected on participants and administrative agencies in both the Existing Housing and New Construction programs. The rural character of the study was achieved by limiting the population to the 2,418 counties in the contiguous United States which are either (1) a part of a SMSA but whose largest population center is less than 10,000; or (2) not in a SMSA and with a largest town not exceeding 20,000. The number of counties was further limited to those in which either one or both Section 8 programs are operating.

From a population of 1,305 counties with 607 PHAs, a sample of 108 PHAs in 72 counties was selected for data collection on the Existing Housing Program as shown in Table I-1. In selection of the sample, a stratification design was employed which was based on four primary considerations. First, counties were classified into regional strata on the basis of socio-economic similarities. Secondly, stratification was used to increase the number of observations by maximizing the number of counties in which both the Existing Housing and New Construction programs were represented. Finally, the stratification was designed to generate subsamples of observations for the study of specific questions concerning the participants of Hispanics and the special case of statewide administration of the Section 8 Existing Housing Program.

TABLE I-1: SAMPLE OF COUNTIES AND PHAs

| | Existing Housing Program Population | | | Sample Sizes in Counties with Existing Housing Program Only | | Sample Sizes in Counties with Both Programs | | Total Sample Sizes | |
|---|---|---|---|---|---|---|---|---|---|
| | Counties | PHAs | Units | Counties | PHAs | Counties | PHAs | Counties | PHAs |
| South East | 251 | 152 | 23743 | 9 | 13 | 7 | 9 | 16 | 22 |
| Kentucky/Missouri | 124 | 60 | 7272 | 3 | 4 | 4 | 5 | 7 | 9 |
| North East/Great Lakes | 151 | 165 | 14833 | 3 | 4 | 16 | 30 | 19 | 34 |
| East Coast Suburbs | 22 | 16 | 5348 | 1 | 2 | 2 | 4 | 3 | 6 |
| Midwest | 40 | 25 | 2199 | 1 | 2 | 2 | 2 | 3 | 4 |
| Mountain | 4 | 4 | 270 | 1 | 1 | 1 | 1 | 2 | 2 |
| South West | 101 | 60 | 6749 | 3 | 6 | 1 | 3 | 4 | 9 |
| West Coast | 41 | 26 | 5017 | 1 | 1 | 3 | 3 | 4 | 4 |
| Hispanics | 69 | 64 | 4284 | 3 | 3 | 2 | 6 | 5 | 9 |
| Statewide | 503 | 35 | 18544 | 5 | 5 | 4 | 4 | 9 | 9 |
| TOTAL | 1305 | 607 | 88259 | 30 | 41 | 42 | 67 | 72 | 108 |

During the summer and fall of 1980, random samples of participants in the Existing Housing Program were taken from the files of PHAs and data was then collected on a variety of participant groups. Four groups constitute the sample of "pre-program" households. Active applicants are households who have applied for assistance and whom the PHA considers interested in the program while non-active applicants are households who have applied but have been judged by the PHA to either be no longer interested or ineligible for assistance.

A certificate holder is a household having received a "certificate of family participation." The certificate commits the PHA to subsidize an established portion of the rent if the housing unit in which the family resides (stayers) or a unit into which they move (movers) meets a set of criteria relating to quality, size, and rent level (the Fair Market Rents for the area). Certificates expire after two months and may or may not be renewed. Families having had certificates in the past who have not succeeded in receiving assistance are termed "non-recipients" or households with expired certificates.

In contrast to the pre-program households, "program" households are those who were receiving Section 8 assistance at the time of the survey, or recipients. Landlords of recipient households were also selected for the purpose of data collection as were "terminee" households who had at one time received assistance and subsequently terminated the program.

There were three primary sources for the data collected on the participant groups. First, information was obtained from the files of PHAs. A search of the agencies records yielded data on program participants including demographics, income, Section 8 assistance, rent, history of program participation, etc. This type of information was collected on all sampled participants except landlords.

A second major source of primary data was collected on sampled participants by means of in-depth personal interviews. Interviews were conducted with all active applicants and program recipients who were sampled from the agencies' files. In addition to these groups, both certificate holders and landlords were sampled and interviewed. A third and very important source of primary data was collected by means of comprehensive evaluations of the nature and condition of the housing units in which program participants resided. This also included an evaluation of the household's immediate neighborhood. These housing evaluations were performed for a subsample of recipients, certificate holders, and active applicants designated as having a high probability of becoming recipients within the near future. The sample sizes for each of these participant groups and the types of data collected on them are shown in Table I-2.

In addition to the primary data sources mentioned, information concerning program administration was collected during site visits from PHA administrators by means of interviews with key administrative staff. Also, information on program size, history, and administrative procedures was taken from the files and records of the administrative agencies. Finally, it should be noted that secondary data sources have also been employed in this research effort. These include U.S. Census Data, HUD Management Information Systems (MIS) data, eligible population estimates provided by HUD's Office of Policy Development and Research and the 1977 Annual Housing Survey.

The analysis and evaluation of the Section 8 Existing Housing Program which this research represents will be based, for the most part, on the cross-section data which has been collected in the manner described above. The

TABLE I–2

CROSS-SECTION RESPONDENT SAMPLE SIZES
IN EXISTING HOUSING PROGRAM

| | File Data | Interviews | Housing Evaluations |
|---|---|---|---|
| Active Applicants | 1675 | 931 | 740 |
| Non-active Ineligible applicants | 537 | --- | --- |
| Current Certificate Holders | 398 | 235 | 214 |
| Non-recipient (households whose certificate has expired) | 417 | --- | --- |
| Recipients | 2071 | 931 | 740 |
| Terminees | 707 | --- | --- |
| Landlords | 607 | 607 | --- |
| PHAs | 108 | 108 | --- |
| TOTALS | 6520 | 2812 | 1694 |

cross-section analysis will be concerned with an examination and comparison of the status and characterisitics of program participants at various stages in the program measured at a point in time. A part of the study, however, will also be based on a longitudinal panel of households whose status and characteristics are examined at different points in the history of their participation in the program. This longitudinal component of the study will compare the housing conditions of the panel households prior to their becoming recipients of Section 8 assistance with their housing conditions as observed after their entry into the program. The primary purpose of this longitudinal component of the research is to provide a more valid method of assessing changes in the quality of the housing conditions of households who participate in the Section 8 Existing Housing Program. Because of potential biases which may exist in cross-section comparisons of the pre-program and program housing of participants it is

felt that the longitudinal analysis will allow more definitive conclusions to be drawn regarding changes in housing quality than would be possible from the cross-section analysis alone. Data on the status and housing conditions of the panel households was collected by means of a call-back procedure whereby applicants and certificate holders in the cross-section sample who became recipients within an approximate period of three months after the initial survey were identified and recontacted in order to evaluate their status and housing conditions.

The findings of this research with respect to participation and benefits derived from the Section 8 program in the rural U.S. will be presented in three reports.[1] This report will involve a cross-section analysis of the Section 8 Existing Housing Program with respect to the administrative arrangements within which the program operates, who participates in the program and the benefits derived by program participants.

Other HUD sponsored studies have focused on the operation of the Section 8 Existing Housing Program.[2] However, none of the earlier studies looked in detail at the operation of the program in rural areas. Differences in the social and economic environment, in the quality and availability of the housing stock, and the geographic dispersion of the population may cause administrative structure and regulations developed for urban areas to be less efficient when applied in a rural setting. The combination of a disproportionate share of the nation's poor as well as a disproportionate share of substandard housing

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[1] In addition to this report are "HUD Section 8 Evaluation in Rural Areas: New Construction" and "HUD Section 8 Evaluation in Rural Areas: Program Comparisons."

[2] For example see Participation and Benefits in the Urban Section 8 Program: New Construction and Existing Housing, ABT., Assoc. Cambridge, Mass., 1981.

and relatively fewer rental units than in urban areas may result in different program outcomes in rural areas compared to those experienced in urban areas. In light of these special characteristics of rural areas, this study focuses on several questions related to who participates in the program and the benefits derived from participation.

A primary objective of the study is to assess the program goal of insuring that lower income households are provided an opportunity for assistance by determining the types of households applying to and becoming recipients of assistance in the program. Four major objectives of the analysis of participation in the program are identified below.

-A demographic profile of households participating in the program is developed and compared to the demographic characteristics of the eligible population. In addition, the demographic characteristics of current recipient households are compared to that of households at other stages in the program, i.e., applicants, certificate holders, and non-recipients. Also, the impact of type of administering agency and area in which the program operates is assessed.

-PHAs sources of applicants and methods of soliciting applicants are analyzed to determine their impact on participation by various subgroups of the eligible population. The selection criteria used by PHAs to select applicants to become certificate holders is analyzed to determine the impact of these criteria on the participation of various subgroups of the eligible population. Since the program cannot serve all households who apply, a considerable amount of selection takes place at this stage. We estimate that more than 283,000 households have applied for assistance in rural areas since the program began in 1975 and only 171,000 have been issued certificates.

-The study also addresses the characteristics of the landlords who are participating in the program with emphasis on the outreach program that PHAs

have for landlords. The impact on landlord participation of PHA policies and HUD regulations, such as Fair Market Rent levels, are assessed.

-The final participation question studied is the impact of PHA services on participation in the program. Examples of the services considered are outreach to landlords, assistance in housing search, assistance provided in cases of discrimination, negotiating leases, and inspections.

The second primary objective of the study is to evaluate the program relative to the program goals of enabling lower income households to live in decent, safe, and sanitary housing and to choose the location of that housing. This area of analysis is a detailed look at the difference in housing quality and housing consumption of program recipients relative to that of households who have applied to the program but are not yet receiving assistance. Other important considerations are differences in rent burden and the extent to which recipients are able to choose their location. It is important to note that this is a cross-section comparison of current recipients' housing with that of current applicants and certificate holders. A separate report produced by this research effort will include a longitudinal comparison of current recipients' housing with their pre-program housing.[3]

The major analytical areas relative to benefits of participation in the program are identified briefly below.

-The study includes a comparison of housing quality, housing consumption, rent level, and rent burden of current program recipients with that of current applicants and certificate holders. These program outcomes are compared across demographic groups.

-The study assesses the extent of upgrading and maintenance of units in the program. The extent and types of repairs is measured along with an

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[3]See "HUD Section 8 Evaluation in Rural Areas: Program Comparisons."

assessment of costs and determination of whether the landlord or the tenant makes the repair. The impact of PHA policy on repairs is assessed.

-The study provides a detailed analysis of the program impacts on rents participants are paying. Program rents are compared with rents of comparable non-subsidized units. Reasons for rent changes and the impact of PHA policies such as requesting 10% discretionary increases to FMRs are analyzed.

-Finally, a detailed assessment of the locational choices of recipient households and the reasons for them is presented. The extent to which participating households desire to move and their reasons for preferring to move or stay in place are assessed. The success rate of movers and stayers is compared and the impacts of demographic differences are evaluated.

Chapter II of this report will examine the administration of the Section 8 program by Public Housing Agencies. In addition to describing the organizational characteristics of the variety of agencies administering Section 8 in rural areas, this chapter will also describe the eligible population characteristics of the locales in which the PHAs operate as well as examine how PHAs carry out the key administrative functions of the program.

Chapter III will describe the characteristics of the households who are participating in the rural Existing Housing Program. A comparison of the profiles of pre-program and program households will be made as well as a comparison of these two groups with the eligible population. In addition, an analysis of factors influencing the participation of households, including the impact of PHA policies, will be presented.

An assessment of the housing conditions of Section 8 program participant is presented in Chapter IV which examines the condition and quality of both the pre-program and program housing of households. Housing quality is analyzed in terms of standard adequacy criteria, measures of crowding, levels of rent burden and both non-market and market (hedonic index) measures of quality.

As indicated earlier in the discussion, a unique feature of the Section 8 Existing Housing Program is that it was designed to provide a great degree of freedom to participating households in choosing where they live. Chapter V will describe how Section 8 influences the locational choices of households and the extent of the housing search and mobility of these households.

Finally, Chapter VI will examine a series of issues related to the participation of landlords in the Existing Housing Program. In addition to describing the characteristics of participating landlords, this chapter will focus on factors affecting landlord participation including PHA administrative policies as well as certain costs and benefits to landlords participating in the Section 8 program.

## CHAPTER II

## Program Administration

### II.1 Introduction

The vehicle for administering the Section 8 Existing Housing Program is the public housing authority (PHA). A PHA is defined as a state, county, municipality, or other government entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operations of housing for low-income families. Given this rather broad definition of a PHA it is apparent that HUD has allowed for a great deal of flexibility in the type of agency responsible for administering Section 8 assistance. As a consequence, in rural areas of the U.S. the nature of Section 8 administration ranges from the small, local PHA which exists solely for the purpose of administering Section 8 assistance to the large state agency which operates Section 8 on a statewide basis by subcontracting the administration to private firms or individuals. In between these extremes a great variety of organizations can be observed undertaking the delivery of Section 8 rent assistance.

The initial task of this Chapter will be to describe the organizational characteristics of PHAs in the rural U.S. As will be seen, rural PHAs vary significantly in terms of size, jurisdictional boundaries, administration of non-Section 8 housing programs, etc. This, of course, makes it difficult to describe the administration of Section 8 in terms of the "typical" PHA. At the same time, however, this rich variety in administrative agencies may afford some insight into the type of organization which may be most effective in administering Section 8 in rural areas.

Any attempt to evaluate the Section 8 program in order to determine

who is being served and what are the benefits of participation must take into account the environment in which the program operates. Program outcomes are influenced both by administrative processes and local, economic and social conditions.

Section II.3 of this chapter will attempt to describe some of the environmental characteristics in which rural PHAs function. Section II.4 of this chapter will focus on the question of how rural PHAs perform the necessary administrative functions associated with the delivery of Section 8 rent assistance to low-income households. A major determinant of the success of the Section 8 Existing Housing Program is the effectiveness with which each PHA performs the functions of attracting applicants and landlords to the program, determining eligibility and benefit levels, providing direct services to clients, inspecting housing units to ensure compliance with standards, etc. Each PHA has a certain degree of latitude with which it carries out these functions and some approaches may be more effective than others.

Finally, some of the more salient findings of the chapter will be presented in Section II.5.

## II.2 Organizational Characteristics of PHAs

The administration of the Section 8 Existing Housing program in rural areas is performed by a heterogenous group of agencies. PHAs differ in terms of jurisdictional characteristics, program size, linkage to other housing programs, length of experience in Section 8 administration and other attributes. One of the more fundamental qualities that distinguish rural PHAs is found in the nature of the jurisdictional areas over which they administer the program. The jurisdiction of local PHAs is typically confined to the political boundaries of a city or town while a county PHA administers within the boundaries of a county. A given county may have both a county and one or more local PHAs whose jurisdic-

tions can be either mutually exclusive or overlapping, although the latter is rare. Regional PHAs have multi-county jurisdictions that typically cover areas ranging between two and ten counties.[1] In some parts of the country Section 8 is centrally administered across a statewide jurisdiction covering all or most of the rural counties withing a given state.

Table II-1 presents national estimates of the number of local, county, regional and statewide PHAs in the rural U.S. The classification of PHAs according to jurisdictional organization will be employed throughout this chapter to distinguish PHAs for descriptive purposes. In addition, the number of Section 8 recipients within the PHAs jurisdiction will be used to classify PHAs according to program size.

Program Size Distribution of PHAs

The measure of program size employed here needs clarification before proceeding. In the case of local or county PHAs, program size is simply the number of Section 8 households receiving assistance within the PHAs jurisdiction. For

Table II-1
ESTIMATED NUMBER OF PHAs
BY JURISDICTIONAL TYPE IN RURAL U.S.

| | Number of PHAs | Percent of Total | Sample Size |
|---|---|---|---|
| Local | 354 | 55% | 49 |
| County | 206 | 32 | 22 |
| Regional | 58 | 9 | 16 |
| Statewide | 31 | 5 | 21 |
| Total | 649 | 100% | 108 |

Data Source: PHA personnel and records

[1]These multi-county regions will often coincide with existing government planning or development regions within a state.

PHAs with a multi-county jurisdiction, however, program size is measured as the number of Section 8 recipients residing in the single county sampled from the counties within the PHAs jurisdiction. In the case of local and county PHAs, therefore, the number of Section 8 recipients is a measure of the PHA's program size but in the case of regional and statewide PHAs the number of recipients is a measure of the size of the PHAs program within a representative county of the PHAs multi-county jurisdiction.[2] This distinction becomes important for the proper interpretation of the size distribution of PHAs such as the one presented in Table II-2.

As seen in Table II-2 the median program size for all PHAs is 43.5 recipients with 56.7% of all PHAs having 60 or fewer households receiving assistance. In the case of local and county PHAs, where number of recipients may be interpreted as a measure of the program size of the PHA, the median size of county PHAs is considerably larger than that of local PHAs. This would be expected, of course, since county PHAs typically administer the program within jurisdictions that are larger both geographically and in terms of population. In the case of regional and statewide PHAs, where number of recipients is an indicator of program size in a representative county within the PHAs jurisdiction, the size measure is much less evenly distributed than is the case for local and county PHAs. The multi-county PHAs tend to concentrate to a relatively greater degree at the two extremes of the size distribution. The largest concentrations of regional PHAs, for example, are in the "30 or less" and

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[2]This same distinction between "PHA program size" and "representative county program size" applies to the measurement of all variables related to program size such as number of applicants, certificate holders, Annual Contributions Contract (ACC), etc.

and the "101-200" size classes while the largest concentration of statewide PHAs in the smallest size class is reflected in their relatively smaller median program sizes of 23.4 and 38.0, respectively. Although these smaller program sizes for multi-county PHAs may result from having to "spread" an Annual Contributions Contract (ACC) over relatively large jurisdictions, it appears that regional and statewide PHAs tend to serve the smaller and more rural counties.

Table II-2
DISTRIBUTION OF PHAs BY PROGRAM SIZE

| | PHA Jurisdictional Type | | | | |
|---|---|---|---|---|---|
| | Local | County | Regional | Statewide | All PHAs |
| Program Size (Recipients) | | | | | |
| 30 or less | 35.3% | 34.0% | 52.4% | 47.3% | 37.0% |
| 31 - 60 | 24.9 | 13.3 | 14.3 | 12.4 | 19.7 |
| 61 - 100 | 19.8 | 24.0 | 6.1 | 8.4 | 19.4 |
| 101 - 200 | 17.1 | 24.9 | 24.0 | 5.8 | 19.7 |
| 201 or more | 2.9% | 3.8% | 3.1% | 26.0% | 4.3% |
| Mean | 62.4 | 82.7 | 55.2 | 139.3 | 71.8 |
| Median | 41.1 | 73.1 | 23.4 | 38.0 | 43.5 |
| Sample Size | 49 | 22 | 16 | 21[1] | 108 |

Data Sources: PHA records and PHA Staff Interview

[1]Sample size in the case of statewide PHAs refers to the number of counties selected from the multi-county jurisdictions of statewide PHAs rather than a count of PHAs.

PHA Administration of Other Housing Programs

Many of the PHAs participating in Section 8 had been involved in the delivery of housing assistance before the advent of the Section 8 program. As shown in Table II-3, over half or 54.4% of all rural PHAs administered one or more housing programs other than Section 8. The likelihood that a PHA will administer only the Section 8 program varies depending on the jurisdictional type of the PHA. The proportion of PHAs administering only Section 8 housing assistance increases consistently as the jurisdiction of the PHA varies from local to county to multi-county. A larger proportion of local and county PHAs administer one or more other housing programs than is the case among regional and statewide PHAs. It would seem that many of the local PHAs were created to administer pre-Section 8 housing assistance while the county, regional and statewide forms of organizations were the result of the Section 8 program. This conclusion finds support in an examination of the distribution of PHAs of different organizational type according to the number of public housing units administered. Table II-3 reveals that 51.4% of all local PHAs administered some public housing units in contrast to 27.3%, 30.9% and 16.0% for county, regional and statewide PHAs, respectively.

Although most Section 8 New Construction projects have been developed and leased by private, for-profit organizations, there are not-for-profit agencies including PHAs involved in the new construction program. As can be seen in the lower part of Table II-3, approximately 13% of all rural PHAs administered at least one new construction project. This proportion is higher, however, among county and statewide PHAs than it is among local and regional PHAs. Regional PHAs are least involved in the new construction program with only slightly more than 2% having a role in the administration of a new construction project. This may be at least partially explained by the fact that regional PHAs are a relatively more recent organizational form as will be seen in the next section.

Table II-3
DISTRIBUTION OF PHAs BY
ADMINISTRATION OF OTHER HOUSING PROGRAMS

| | PHA Jurisdictional Type | | | | |
|---|---|---|---|---|---|
| | Local | County | Regional | Statewide | All PHAs |
| Other Housing Programs | | | | | |
| 0 | 40.0% | 47.1% | 61.0% | 71.3% | 45.6% |
| 1 | 27.3 | 33.1 | 5.9 | 0.0 | 25.9 |
| 2 | 22.3 | 3.0 | 13.7 | 11.9 | 14.9 |
| 3 or more | 10.5% | 16.8% | 19.4% | 16.8% | 13.6% |
| Mean | 1.1 | 1.0 | 0.9 | 0.8 | 1.0 |
| Public Housing Units | | | | | |
| 0 | 48.6% | 72.9% | 69.0% | 84.0% | 59.8% |
| 1-100 | 16.6 | 0.5 | 4.2 | 0.0 | 9.6 |
| 101-200 | 13.4 | 12.3 | 8.4 | 0.0 | 12.0 |
| 200 or more | 21.4% | 14.3% | 18.3% | 16.0% | 18.6% |
| Mean | 114.6 | 67.9 | 66.7 | 124.5 | 95.9 |
| New Construction Projects[1] | | | | | |
| 0 | 92.2% | 76.0% | 97.6% | 77.0% | 86.8% |
| 1-2 | 7.1 | 24.0 | 0.0 | 0.0 | 11.5 |
| 3 or more | 0.7% | 0.0% | 2.4% | 23.0% | 1.7% |
| Sample Size | 49 | 22 | 16 | 21 | 108 |

Data Source: PHA Staff Interviews

[1]Mean and median values are typically less than one and so small as to have little meaning.

Administrative Tenure of Section 8 PHAs.

Funding for the Existing Housing component of the Section 8 program was approved by Congress with the passage of the Housing and the Community Development Act of 1974. As can be seen from Table II-4, only 9% of all rural PHAs began delivery of Section 8 assistance with their first ACC in 1975. Well over one-half (56.1%) of the PHAs administering Section 8 as of June, 1980, had begun extending assistance upon receipt of their first ACC in either 1976 or 1977. In contrast, 53.2% of the regional PHAs received their first ACC and began administering Section 8 assistance in a single year, 1978, and none had been initiated in the period between 1978 and the time of the survey (Summer, 1980).

Table II-4
DISTRIBUTION OF PHAs BY YEAR
OF FIRST SECTION 8 ACC

| | PHA Jurisdictional Type | | | | |
|---|---|---|---|---|---|
| | Local | County | Regional | Statewide | All PHAs |
| Year of First Section 8 ACC | | | | | |
| 1975 | 11.6% | 5.4% | 3.8% | 13.5% | 9.0% |
| 1976 | 34.1 | 23.4 | 30.4 | 10.5 | 29.3 |
| 1977 | 28.9 | 24.4 | 12.7 | 46.7 | 26.8 |
| 1978 | 14.3 | 16.9 | 53.2 | 9.2 | 18.4 |
| 1979 | 11.1 | 22.2 | 0.0 | 20.1 | 14.1 |
| 1980 | 0.0 | 7.6 | 0.0 | 0.0 | 2.4 |
| Sample Size: | 49 | 22 | 16 | 20 | 107 |

Data Source: PHA Staff Interview

The fact that a much larger proportion of local PHAs (45.7%) had begun administering Section 8 prior to 1977 than is the case for county, regional or statewide PHAs would appear to support the observation made earlier that the county and multi-county PHAs were created for the purpose of administering the Section 8 program in rural areas. As shown in Table II-4, a greater proportion of local PHAs have ties to other housing programs most of which were initiated prior to Section 8. Since they were in place prior to Section 8 and possessed both the experience and administrative apparatus for providing housing assistance it would follow that they would be the first type of agency to begin delivery of Section 8 assistance in rural areas. The descriptive profile of PHAs administering the rural existing housing program that has been developed here will prove useful in the next section where factors influencing program administration will be considered.

## II.3 Environmental Characteristics of PHAs

Any attempt to evaluate the Section 8 Existing Housing program in rural areas must consider how the environment in which the program operates influences program administration. The administration of the program by PHAs is affected by economic and demographic factors in the areas in which they operate as well as by their own organizational structure. Indeed, the manner in which PHAs are structured organizationally as well as the program outcomes they generate may both be significantly influenced by environmental factors. Population density, the proportion of the population in a PHAs jurisdiction that is eligible and the quantity and quality of the rental housing stock in a locale are illustrative of environmental factors which may influence the organization, administration and outcomes of the Section 8 program. The purpose of this section of the Chapter is to describe in a limited way the environment in which the rural Section 8 program functions.

Population Characteristics in PHA Jurisdictions

The distribution of PHAs of different jurisdictional type and program size across the total and eligible population of households for the counties in which PHAs administer Section 8 are presented in Table II-5. These population figures are 1980 estimates made by the EMAD Division of HUD's Office of Policy Development and Research for the purpose of approximating the size of the income eligible population of households in all counties throughout the U.S.[3] The universe of income eligible households is obtained by estimating the number of households whose 1980 income is at or below 80% of the median income for the region.[4]

The manner in which PHAs of different jurisdictional types are distributed over the total population of households in Table II-5 reveals a pattern. Approximately one-half (49.8%) of all rural PHAs administer Section 8 in counties in which the total population of households is 10,000 or less. This proportion, however, can be seen to be higher for county and multi-county PHAs where the percentages are 53.3% and 59.3%, respectively. Correspondingly, the median total household levels for county and multi-county PHAs can be seen to be lower than for all PHAs. In contrast, only 45.4% of the local PHAs are found in counties with a population of 10,000 or less and their median number of households exceeds those levels observed for county and multi-county PHAs. Essentially the same pattern emerges in the lower part of Table II-5 for the distribution of PHA

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[3]These 1980 estimates are derived from updates of special cross-tabulations for the 1970 census. Adjustments are made to the census data with respect to tenure (owner/renter), housing conditions, household size and shifts within the income distribution based on regional changes reflected in the 1977 National Ann Housing Survey (AHS).

[4]The eligible population estimates presented here may differ from those employed in Chapter III because of differences in the data and methodology empl to obtain the estimates.

Table II-5
DISTRIBUTION OF PHAs BY
TOTAL AND ELIGIBLE POPULATION

| | Jurisdictional Type | | | Program Size[1] | | ALL PHAs |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | |
| Total Households[2] | | | | | | |
| 5000 or less | 13.6% | 15.9% | 33.8% | 31.9% | 0.0% | 17.1% |
| 5001 - 10000 | 31.8 | 37.4 | 25.5 | 31.9 | 33.6 | 32.7 |
| 10001 - 15000 | 26.9 | 18.9 | 14.4 | 19.4 | 26.4 | 22.6 |
| 15001 - 20000 | 8.1 | 17.0 | 6.4 | 7.9 | 14.0 | 10.7 |
| 20001 - 25000 | 10.5 | 4.8 | 7.2 | 5.3 | 11.7 | 8.3 |
| 25001 and above | 9.1 | 5.9 | 12.7 | 3.7 | 14.3 | 8.6 |
| Median | 11174 | 8982 | 7950 | 7267 | 13652 | 10237 |
| Eligible Households[2] | | | | | | |
| 2500 or less | 11.0% | 8.1% | 33.8% | 24.6% | 0.0% | 13.2% |
| 2501 - 4500 | 16.1 | 32.5 | 23.4 | 25.5 | 18.7 | 22.3 |
| 4501 - 6500 | 31.2 | 25.5 | 5.0 | 20.4 | 32.1 | 25.8 |
| 6501 - 8500 | 22.1 | 10.4 | 15.3 | 20.0 | 14.6 | 17.5 |
| 8501 and above | 19.6 | 23.5 | 22.5 | 9.6 | 34.7 | 21.2 |
| Median | 5596 | 5783 | 4419 | 4388 | 6501 | 5597 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

[1]Measured as total program recipients

[2]1980 estimates for either the county in which the PHA is located or the county sampled from a multi-county PHA's jurisdiction.

Data Source: Estimates derived from Census updates made by the EMAD Division of HUD's Office of Policy Development and Research.

across the population of eligible households. This is particularly true in the comparison between local and multi-county PHAs.

The pattern observed for both the total and eligible populations does suggest that PHAs organized on the basis of a county or multi-county jurisdiction serve the more rural and sparsely populated counties. This would be expected, however, since the more populated counties with relatively larger towns or cities and, thus, more active rental housing markets would be more likely to hav a local PHA that serves only that community. Also, as pointed out earlier in th chapter, county and multi-county PHAs are a more recent organizational phenomenon in the Section 8 program. This would further suggest, therefore, that the least populated and more rural counties have been the last to be served by agencies providing Section 8 assistance.

Further examination of Table II-5 reveals a potential bias in the eligible population estimates for rural counties. The median percent of total households eligible for Section 8 in rural U.S. counties is 56%.[5] This population is greater than would be expected. Assuming the regional median income employed to make the estimates is a good approximation of the median income of any given county in the region; then approximately 40% of the population could be expected to be identified as part of the eligible population.[6] The upward bias in the eligible population estimates may result, therefore, from a situation in which the median income of a region used to make the estimates is typically higher tha the median income of the rural counties within the region. It would not be surprising if this were the case since income levels in rural areas are often lowe

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[5]See the mean and median values reported for "All PHAs" in Table II-6.

[6]This estimate of the expected median percent is derived by taking 80% of the 50th percentile which represents the median value.

than those found in more populated areas.

The distribution of PHAs across the fraction of households eligible and the proportion of eligible households with deficient housing is presented in Table II-6. As shown in the upper part of the table, over 73% of all PHAs serve counties in which the eligible population as a fraction of the total population is 60% or less. Those counties in which the eligible population is 71% or more of the total population, however, are served by 21% of the multi-county PHAs which is almost double the proportion of all PHAs (10.7%) that serve these counties.

Furthermore, the median percent of total households that are eligible is higher for multi-county PHAs than for all PHAs. Even if the potential bias in deriving eligible population estimates discussed above is taken into account, a relatively high proportion of the poorer rural counties are served by multi-county (regional and statewide) PHAs. This is consistent with the earlier observation that a higher proportion of multi-county PHAs tend to serve the more sparsely populated rural counties.

Table II-6 further reveals that while median proportion of the eligible population living in deficient housing,[7] generally, is 30.2%, the median percent deficient in those counties served by multi-county PHAs is 33.5%. It can also be seen that the proportion of multi-county PHAs serving counties in which 31% or more of the eligible households who live in deficient housing is 57.3%, while the same proportion for county and local PHAs is 45.9% and 44.8%, respectively. If low population levels and low income levels are positively

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[7]It should be noted that "deficient housing" as used here is based on the Census definition of substandard housing rather than HUD's quality standards.

Table II-6

DISTRIBUTION OF PHAs BY
ELIGIBLE POPULATION CHARACTERISTICS

| | Jurisdictional Type | | | Program Size[1] | | All PH |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | |
| **Eligible Households as a Percent of Total Households[2]** | | | | | | |
| 40% or less | 1.3% | 3.2% | 8.9% | 3.4% | 2.4% | 2 |
| 41 - 50 | 33.4 | 24.7 | 28.9 | 20.4 | 41.1 | 30 |
| 51 - 60 | 36.6 | 53.5 | 24.8 | 42.5 | 37.9 | 40 |
| 61 - 70 | 19.0 | 10.6 | 16.5 | 16.7 | 15.3 | 16 |
| 71 and above | 9.7 | 8.0 | 21.0 | 17.1 | 3.3 | 10 |
| Median | 54.9 | 56.0 | 57.5 | 56.3 | 52.4 | 56 |
| **Percent of Eligible Households with Deficient Housing[2,3]** | | | | | | |
| 20% or less | 2.9% | 3.8% | 18.6% | 6.0% | 4.5% | 5 |
| 21 - 30 | 52.3 | 50.3 | 24.1 | 44.5 | 51.6 | 47 |
| 31 - 40 | 31.2 | 34.1 | 25.6 | 31.9 | 30.8 | 31 |
| 41 - 50 | 11.2 | 7.6 | 31.7 | 15.1 | 10.3 | 12 |
| 51 and above | 2.4 | 4.2 | 0.0 | 2.5 | 2.8 | 2 |
| Median | 30.2 | 29.5 | 33.5 | 30.4 | 29.4 | 30 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 10 |

[1] Measured as total program recipients

[2] 1980 estimates for either the county in which the PHA is located or the co sampled from a multi-county PHA's jurisdiction.

[3] Based on the Census definition of substandard housing.

Data Source: Estimates derived from Census updates made by the EMAD Division of HUD's Office of Policy Development and Research.

correlated with a high incidence of deficient housing, then it would follow that those counties with an above average stock of deficient housing would tend to be served by a higher proportion of multi-county PHAs than county or local PHAs.

## II.4 Characteristics of Program Administration

If the Section 8 program is to effectively confer the intended benefits of rental housing assistance on low-income households in rural areas of the U.S., the agencies administering the program will need to efficiently execute certain key administrative processes inherent in the program. The purpose of this section of the chapter is to describe how PHAs are administering the existing housing program in the rural U.S. The discussion will center on those administrative policies of PHAs such as outreach; certification and support services; administration of FMRs and housing quality standards; and approaches to continued occupancy and termination that are considered integral to the successful delivery of Section 8 assistance.

### Outreach

In order to develop and maintain an adequate pool of applicants from which to draw in order to insure continued use of available ACC units resulting both from new ACCs and recipient terminations, PHAs must develop effective methods of informing eligible households and landlords in their jurisdictions of the availability of Section 8 assistance. Once informed, the eligible households may then submit applications for Section 8 assistance with the aid and assistance of PHA staff and in a manner reasonably convenient to the households.

Based on the responses solicited from PHA administrators, Table II-7 reveals that the most effective methods of informing and contacting potential applicants were newspaper ads and telephone or in-person contacts. Telephone or

Table II-7
DISTRIBUTION OF PHAs BY
MOST EFFECTIVE OUTREACH METHOD

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAS |
| Most Effective Method of Outreach to Applicants | | | | | | |
| No outreach after last unit allocation | 21.2% | 21.7% | 31.7% | 24.3% | 21.0% | 22.8% |
| Radio, TV, Brochures-posters, mailings-flyers | 10.9 | 9.8 | 13.7 | 11.7 | 10.1 | 10.9 |
| Newspaper ads | 20.5 | 33.6 | 25.8 | 29.2 | 21.0 | 25.4 |
| Telephone or in-person contact | 30.8 | 23.1 | 16.8 | 28.7 | 23.8 | 26.4 |
| Other | 16.5 | 11.9 | 12.0 | 6.1 | 24.1 | 14.4 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA staff

in-person contact tended to predominate as the most effective outreach methods among local PHAs while county PHAs had the highest proportion reporting newspaper ads as the most successful form of outreach.

PHAs will often target particular groups within the eligible population of their jurisdiction as objects of special and more intensive outreach efforts.

In the case of particular groups such as the elderly, large families, black households, etc., Table II-8 indicates that for each of these groups the majority of rural PHAs made no special attempts at outreach. Among those PHAs that

did direct special outreach efforts, however, the elderly was the group most frequently targeted with 44.3% of the PHAs concentrating special outreach efforts on this group. There appears to be a tendency for the PHAs with a smaller program size (50 recipients or less) to undertake special outreach efforts to a greater extent than the larger PHAs. In the case of special outreach to the elderly, for example, 54.2% of the smaller PHAs undertook such efforts while 33.0% of the larger PHAs did so. This relationship tends to hold, generally, for the other groups as well.

Table II-8
DISTRIBUTION OF PHAs BY
SPECIAL OUTREACH TO PARTICULAR GROUPS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAS |
| Special Outreach to Selected Groups[1] | | | | | | |
| Elderly | 38.6% | 45.7% | 40.7% | 54.2% | 33.0% | 44.3% |
| Large Families | 30.1 | 21.2 | 14.1 | 26.2 | 23.7 | 25.1 |
| Black Households | 19.6 | 15.2 | 8.6 | 24.2 | 8.0 | 16.7 |
| Hispanic Households | 4.0 | 8.3 | 5.9 | 5.1 | 6.2 | 5.6 |
| Handicapped/ Disabled | 33.9 | 39.9 | 23.5 | 43.4 | 23.9 | 34.4 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA staff

[1]Special outreach to any particular group is not mutually exclusive of the others.

In addition to outreach to households, attempts to inform and contact potential Section 8 landlords were undertaken by approximately two-thirds of the rural PHAs. The outreach methods which proved most effective in the case of landlords, as shown in Table II-9, were telephone or in-person contact and contact by prospective tenants. A significantly larger proportion of local PHAs and PHAs with a program size of 50 or less recipients relied on telephone or in-person contact by prospective tenants. On the other hand, PHAs with a county-wid jurisdiction and those with a program size of 50 or more recipients relied more heavily on contact by prospective tenants to a significantly greater degree than others.

Table II-9
DISTRIBUTION OF PHAs BY MOST
EFFECTIVE OUTREACH METHOD TO LANDLORDS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAS |
| No Special Outreach to Landlords | 29.0% | 28.6% | 63.1% | 41.6% | 24.2% | 33.5% |
| Radio, TV, Brochures-Posters, Mailings-Flyers | 4.4 | 0.0 | 0.0 | 0.0 | 5.1 | 2.4 |
| Newspaper Ads | 5.4 | 19.8 | 10.7 | 5.2 | 17.0 | 10.7 |
| Telephone or In-person Contact | 41.6 | 8.4 | 12.8 | 32.4 | 21.0 | 27.1 |
| Contact by Prospective Tenant | 19.0 | 31.9 | 7.0 | 15.6 | 28.2 | 21.4 |
| Other | 0.7 | 11.3 | 6.3 | 5.2 | 4.4 | 4.8 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA Staff

Certification

The applicant pool generated by outreach efforts of PHAs represent potential recipients of Section 8 assistance. The process by which a PHA is able to extend rent assistance to an applicant household involves the issuance of a Certificate of Family Participation which allows the household to search for housing which will potentially satisfy minimum housing standards within established Fair Market Rents. The policies employed by PHAs in selecting certificate holders from the applicant pool and the extent to which the PHA aids these households in their search for acceptable housing are key determinants of the effectiveness with which a PHA delivers Section 8 assistance.

As can be seen from Table II-10 approximately ninety percent (89.9%) of all rural PHAs selected certificate holders from their applicant pool on the basis of first-come, first-served according to unit size. With respect to the use of

Table II-10
DISTRIBUTION OF PHAs BY
CERTIFICATE HOLDER SELECTION CRITERIA

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAS |
| First-Come, First-Served According to Unit Size[1] | 93.2% | 87.4% | 82.7% | 91.5% | 87.9% | 89.9% |
| Jurisdiction Residents First | 41.0 | 37.7 | 24.4 | 41.5 | 33.0 | 37.6 |
| Displaced Households First | 60.4 | 55.7 | 50.6 | 63.8 | 50.0 | 57.5 |
| Lowest Income First | 15.6 | 14.2 | 8.5 | 17.1 | 10.7 | 14.1 |
| Some Other Criteria | 32.0 | 57.7 | 35.6 | 32.8 | 50.6 | 40.8 |
| Sample Size | 46 | 22 | 36 | 61 | 43 | 104 |

Data Source: Interviews with PHA Staff

[1]These selection criteria are not mutually exclusive.

other selection criteria, 62.4% of all PHAs did not give preference to households residing within their jurisdiction while 57.5% did give first priority to displaced households. Households with the lowest income were generally not given first priority as indicated by 85.9% of all PHAs. No notable differences are discernible among PHAs when they are distinguished by either jurisdictional type or program size.

The policy of rural PHAs with respect to the number of certificates outstanding at any one time appears to be rather conservative. Among all PHAs, 41.2% indicated they followed a policy of issuing a certificate to a household only when an acceptable housing unit was available (Table II-11). The proportion of PHAs following this policy varied little when they are distinguished either by size or by jurisdiction.

An interesting contrast appears among types of PHAs that follow a policy of certifying a large number of households and then providing support services to only those households who request them. While only 3.6% of all PHAs followed such a policy, the percentage was much higher, 15.1%, among PHAs with a multi-county jurisdiction which is in sharp contrast to local PHAs, none of which followed such a policy.

Among the 41.2% of all PHAs who certify households only when an acceptable unit is available, 25.2% of all the PHAs ask applicants to search prior to certification. Again, however, PHAs with a multi-county jurisdiction depart from the general population of PHAs in that only 11.5% of this type request that households search prior to certification.

The policy followed by PHAs with respect to households who have been issued a certificate and have failed to identify acceptable housing within the 60-day term of the certificate appears to fall between the two extremes of automatically extending the certificate, on the one hand, and automatically terminating it on the other hand. Only 4.5% of all PHAs indicated that they auto-

Table II-11
DISTRIBUTION OF PHAs
BY CERTIFICATION POLICIES

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Certify as Many as Possible | 29.0% | 38.0% | 18.1% | 30.0% | 30.8% | 30.4% |
| Certify Large Number and provide support services only upon request | 0.0 | 5.1 | 15.1 | 2.4 | 5.1 | 3.6 |
| Certify small number and provide full range of support services | 17.6 | 14.6 | 20.9 | 16.8 | 17.3 | 17.1 |
| Certify only when acceptable unit is available and ask applicant to search prior to certification | 27.5 | 27.3 | 11.5 | 20.2 | 31.1 | 25.2 |
| Certify only when acceptable unit is available but do not ask applicant to search prior to certification | 15.7 | 11.6 | 27.5 | 21.1 | 10.1 | 16.0 |
| Other | 9.6 | 3.5 | 8.8 | 9.3 | 5.6 | 7.6 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA Staff

matically terminated such certificates. Automatic extension of expired certificates was a policy among 16.5% of all PHAs but this varied markedly among PHAs when distinguished by jurisdictional type. Such a policy was pursued by 22.8% of local PHAs, 11.9% of county PHAs and only 1.9% of the multi-county PHAs. The majority of all PHAs, 60.8%, extended expired certificates only under special circumstances.

Table II-12
DISTRIBUTION OF PHAs BY POLICY
WITH RESPECT TO EXPIRED CERTIFICATES

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Automatically Extend | 22.8% | 11.9% | 1.9% | 19.0% | 13.6% | 16.5% |
| Automatically Terminate | 6.4 | 0.0 | 7.7 | 5.3 | 3.7 | 4.5 |
| Extend only under special circumstances | 53.8 | 65.9 | 76.7 | 52.6 | 70.1 | 60.8 |
| Other | 17.1 | 22.2 | 13.6 | 23.2 | 12.6 | 18.2 |
| Sample Size | 48 | 22 | 36 | 61 | 45 | 106 |

Data Source: Interviews with PHA Staff

Information relevant to the success which certificate holders have in actual becoming recipients is summarized in Table II-13. The percent of certificate holders who become recipients as reported by PHAs may be viewed as a subjective measure of the success rate of certificate holders. The median success rate of certificate holders among all rural PHAs is 84.7%. The proportion of PHAs

Table II-13
DISTRIBUTION OF PHAs IN TERMS
OF CERTIFICATE HOLDER SUCCESS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Percent Certificate Holders Who Become Recipients | | | | | | |
| 0 - 20% | 4.9% | 0.0% | 8.7% | 7.3% | 0.0% | 3.9% |
| 21 - 40 | 21.0 | 3.3 | 2.8 | 13.6 | 12.4 | 13.1 |
| 41 - 60 | 12.8 | 12.4 | 0.0 | 10.7 | 11.2 | 10.9 |
| 61 - 80 | 22.4 | 10.5 | 45.5 | 16.7 | 27.9 | 21.9 |
| 81 - 100 | 39.0 | 73.8 | 42.9 | 51.6 | 48.4 | 50.1 |
| Median | 75.4% | 94.1% | 80.2% | 89.5% | 80.7% | 84.7% |
| Sample Size | 48 | 20 | 34 | 60 | 42 | 102 |
| Certificate Holder Groups Having Greatest Difficulty | | | | | | |
| Large Families | 58.3% | 58.8% | 67.9% | 60.3% | 59.3% | 59.8% |
| Black Households | 7.9 | 21.9 | 2.2 | 13.4 | 9.5 | 11.5 |
| Elderly | 0.0 | 18.5 | 0.0 | 5.6 | 5.8 | 5.7 |
| All other | 33.8 | 0.8 | 29.9 | 20.7 | 25.4 | 23.0 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA Staff

of different jurisdictional types that fall in intervals in which the median lies varies significantly. The percent of county PHAs reporting a success rate of between 81 and 100% is 73.8% while the percent of local and multi-county PHAs in this interval are considerably smaller at 39.0% and 42.9%, respectively. Multi-county PHAs tend to cluster in the success rate interval of between 61 and 80%.

Also as shown in Table II-13 the certificate holder group having the greatest difficulty becoming recipients appears to be large families. Among all PHAs, 59.8% indicated that this group has the most difficulty becoming recipients with the percent of multi-county PHAs being somewhat higher at 67.9%.

Fair Market Rents

Fair Market Rents (FMRS) as established by HUD and administered by PHAs represent a key element in the Section 8 program. The adequacy of FMRs relative to the market rents which actually prevail in a PHA's jurisdiction may represent a critical determinant of a PHA's ability to attract Section 8 landlords and maintain assisted households in housing of adequate quality. The intent of this section is to describe the FMR levels actually being administered by PHAs, their relative adequacy as perceived by PHAs and the policies they employ in the administration of the FMRs.

The mean levels of FMRs effective June, 1980, are reported in Table II-14. When PHAs are categorized by jurisdictional type a distinct pattern is observable in the average FMR (non-elevator) regardless of unit size. Mean FMR's for multi-county PHAs are generally lower than for county PHAs which are typically lower than those for local PHAs. This relationship supports the observation made earlier that multi-county and county PHAs are more likely to serve the more rural and least populated counties. These are

the counties in which the rental housing market could be expected to be least active and, therefore, characterized by consistently lower market rents. The validity of this observation, however, rests on the assumption that prevailing FMRs adequately reflect market conditions in a particular locale.

Table II-14
FAIR MARKET RENTS (NON-ELEVATOR)
BY PHA JURISDICTIONAL TYPE AND SIZE

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Mean FMR By Unit Size[1] | | | | | | |
| 0 Bdrm. | $165 | $162 | $158 | $155 | $172 | $163 |
| 1 Bdrm. | 200 | 196 | 193 | 189 | 207 | 198 |
| 2 Bdrm. | 237 | 232 | 230 | 224 | 246 | 234 |
| 3 Bdrm. | 274 | 269 | 267 | 260 | 285 | 271 |
| 4 + Bdrm. | 309 | 304 | 303 | | 322 | 307 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: PHA records and Federal Register, Vol. 45, No. 60, March 26, 1980.

[1]Effective June, 1980.

The data reported in Table II-15 indicate that 58.5% of all rural PHAs reported that between 61 and 100% of the rental housing stock rented within existing FMRs. When PHAs are distinguished by jurisdictional type, however, this proportion is significantly higher among multi-county (73.1%) and county (72.3%) PHAs than among local PHAs (47.5%). It would appear that FMR levels may be least adequate in reflecting housing market conditions and market rent levels among PHAs with a local jurisdiction.

Table II-15
DISTRIBUTION OF PHAs BY PERCENT
OF HOUSING STOCK RENTING WITHIN FAIR MARKET RENTS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHA |
| Percent of Housing Stock Renting Within FMR | | | | | | |
| 0 - 20% | 11.8% | 1.2% | 5.7% | 11.1% | 4.1% | 7.6 |
| 21 - 40 | 12.8 | 17.2 | 10.3 | 14.0 | 13.5 | 13.6 |
| 41 - 60 | 27.9 | 9.3 | 10.9 | 22.7 | 16.8 | 19.5 |
| 61 - 80 | 21.0 | 35.9 | 35.4 | 20.9 | 35.0 | 27.5 |
| 81 - 100 | 26.5 | 36.4 | 37.7 | 31.4 | 30.6 | 31.0 |
| Mean | 61.0% | 71.1% | 73.2% | 62.9% | 69.0% | 65.6 |
| Sample Size | 48 | 21 | 36 | 61 | 44 | 105 |

Data Source: Interviews with PHA Staff

Table II-16

DISTRIBUTION OF PHAs
BY FMR POLICIES

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| FMR POLICY | | | | | | |
| Not allow increase | 16.6% | 26.4% | 41.3% | 30.6% | 13.7% | 23.0% |
| Allow increase up to 10% | 5.5 | 7.6 | 23.5 | 6.6 | 11.2 | 8.7 |
| Allow increase up to FMR | 50.2 | 32.9 | 13.3 | 39.0 | 40.9 | 39.9 |
| Allow increase up to FMR +10% | 1.3 | 0.0 | 2.4 | 1.0 | 1.1 | 1.1 |
| No General Policy-Depends on situation | 19.1 | 25.6 | 13.4 | 15.3 | 26.3 | 20.2 |
| Allow increase if rents on comparable units justify | 4.4 | 7.4 | 2.8 | 7.0 | 2.7 | 5.1 |
| Increases haven't been necessary | 0.0 | 0.0 | 3.4 | 0.5 | 0.5 | 0.5 |
| Rent changes not applicable | 2.9 | 0.0 | 0.0 | 0.0 | 3.6 | 1.6 |
| Sample Size | 49 | 21 | 36 | 62 | 44 | 106 |

Data Source: Interviews with PHA Staff

The observation that FMRs seem to impose a relatively greater constraint on PHAs with local jurisdictions seems to also be supported by the policies pursued by PHAs with respect to the rents allowed on Section 8 units relative to pre-Section 8 rents. As reported in Table II-16 only 16.6% of local PHAs did not allow an increase in pre-Section 8 rents as compared with 26.4% and 41.3% for

county and multi-county PHAs. On the other hand, 50.2% of local PHAs allowed increases up to the Fair Market Rents while only 32.9% and 13.3% of county and multi-county PHAs, respectively, allowed such increases.

In evaluating rents allowed for Section 8 units, 91.2% of all PHAs employed the "rent reasonableness" test as shown in Table II-17. This percent varied, however, among PHAs of different jurisdictional types with 15.4% of all local PHAs reporting they did not use the test while 0% and 2.9% of county and multi-county PHAs, respectively, indicated they did not use it.

Table II-17
DISTRIBUTION OF PHAs BY
USE OF RENT REASONABLENESS TEST

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| PHA Uses Test | 84.6% | 100.0% | 97.1% | 85.8% | 97.4% | 91.2% |
| PHA Doesn't Use Test | 15.4 | 0.0 | 2.9 | 14.2 | 2.6 | 8.8 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |

Data Source: Interviews with PHA Staff

Housing Quality Standards

An important objective of the Section 8 program is to improve the quality of the housing occupied by low-income households. The administrative component of the program which is designed to facilitate the achievement of this objective is the enforcement of minimum housing quality standards by the PHA through a system of housing inspections and reinspections. The intended outcome of this program element is assistance to low-income households with rents that re-

flect FMRs and housing that is of an acceptable quality. Table II-18 summarizes some of the more pertinent information related to the administrative policies of PHAs with repsect to the maintenance of minimum standards of housing quality.

The minimum standard of housing quality employed most predominantly by rural PHAs is HUD's Section 8 Acceptability Criteria. It is not surprising that the largest proportion of PHAs who employed local building codes in Section 8 inspections were local PHAs (10.9%) with that proportion declining significantly to 0.7% for county PHAs and zero percent for multi-county PHAs. Approximately 85% of all PHAs employed agency personnel to perform Section 8 inspections. Local code inspectors were used by 11.7% of the PHAs and less than 1% of the PHAs used professional inspectors on a contract basis. The highest proportion of PHAs to employ local code inspectors was found among local and county PHAs while multi-county PHAs did not use them at all. On the other hand, no local or county PHAs contracted for the services of professional inspectors while 5% of the multi-county PHAs used these services for Section 8 inspections.

Based on estimates made by PHA personnel, Table II-19 shows that for all PHAs the mean percent of units requiring repairs following the initial Section 8 inspection was 29.5%. The pattern of initial inspection failure among multi-county PHAs seemed concentrated at the two extremes of the distribution. While 52.6% of all PHAs reported initial inspection failures on 20% or fewer of the Section 8 units, this proportion among multi-county PHAs was considerably higher at 64.5%. At the other extreme, 10.0% of all PHAs indicated that between 81 and 100% of all units failed the initial Section 8 inspection while this proportion was 17.2% among multi-county PHAs. Although an average of 29.5% of inspected units require repairs following their initial inspection, Table II-19 indicates that an average of 80.9% of the units eventually pass after failing the initial inspection according to PHA staff estimates.

Table II-18
DISTRIBUTION OF PHAs BY
HOUSING STANDARD POLICIES

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Standards Employed For Section 8 Inspections | | | | | | |
| Local Code | 10.9% | 0.7% | 0.0% | 8.9% | 3.1% | 6.2% |
| HUD Section 8 Acceptability Criteria | 84.9 | 95.5 | 91.2 | 89.9 | 88.3 | 89.1 |
| Other | 4.2 | 3.8 | 8.8 | 1.2 | 8.6 | 4.7 |
| Sample Size | 49 | 22 | 37 | 63 | 45 | 108 |
| Personnel Used in Section 8 Inspections | | | | | | |
| Agency Staff | 89.2% | 84.1% | 95.0% | 85.9% | 83.8% | 84.9% |
| Local Code Inspectors | 14.0 | 12.8 | 0.0 | 11.1 | 12.5 | 11.7 |
| Professional Inspectors on Contract Basis | 0.0 | 0.0 | 5.0 | 1.3 | 0.0 | 0.7 |
| Other | 3.1 | 3.0 | 0.0 | 1.8 | 3.7 | 2.7 |
| Sample Size | 48 | 22 | 36 | 62 | 44 | 106 |

Data Source: Interviews with PHA Staff

Table .II-19
DISTRIBUTION OF PHAs BY
SUCCESS OR FAILURE OF SECTION 8 INSPECTIONS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Percent Units Requiring Repairs Following Initial Inspection | | | | | | |
| 0 - 20% | 50.4% | 51.7% | 64.5% | 50.4% | 55.3% | 52.6% |
| 21 - 40 | 28.5 | 26.4 | 9.2 | 24.1 | 26.6 | 25.3 |
| 41 - 60 | 7.3 | 11.3 | 7.5 | 9.7 | 7.4 | 8.6 |
| 61 - 80 | 6.0 | 0.0 | 1.7 | 1.9 | 5.4 | 3.5 |
| 81 - 100 | 7.9% | 10.6% | 17.2% | 14.0% | 5.3% | 10.0% |
| Mean | 28.7% | 29.8% | 32.3% | 31.1% | 27.5% | 29.5% |
| Sample Size | 49 | 22 | 35 | 63 | 43 | 106 |
| Mean Percent Units That Eventually Pass After Failing Initial Inspection | 81.8% | 83.0% | 71.9% | 77.9% | 84.0% | 80.9% |
| Sample Size | 26 | 21 | 34 | 57 | 44 | 101 |

Data Source: Interviews with PHA Staff

Table II-20
DISTRIBUTION OF PHAs BY
REASONS FOR INSPECTION FAILURE

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Most Frequent Reason Units Fail Initial Section 8 Inspection | | | | | | |
| Inadequate Sanitary Facilities | 8.5% | 3.5% | 4.7% | 9.8% | 3.4% | 6.4% |
| Inadequate Space & Security | 15.1 | 4.2 | 27.4 | 17.5 | 8.7 | 12.8 |
| Inadequate Heating and/or Cooling Facilities | 3.6 | 8.4 | 9.4 | 9.3 | 2.7 | 5.8 |
| Inadequate Illumination and/or Electricity | 7.3 | 12.3 | 7.7 | 2.9 | 14.5 | 9.0 |
| Unit Not Structurally Sound | 13.2 | 23.2 | 28.7 | 16.6 | 19.6 | 18.2 |
| Unacceptable Interior Air Quality | 6.9 | 3.4 | 2.7 | 9.0 | 2.0 | 5.3 |
| Inadequate Means of Access | 0.8 | 8.6 | 5.9 | 1.0 | 6.6 | 3.9 |
| Unsanitary Unit | 13.9 | 18.8 | 4.1 | 11.9 | 16.8 | 14.5 |
| Failure To Meet Congregate Housing Unit Standards | 4.6 | 5.6 | 0.0 | 5.5 | 3.5 | 4.5 |
| Other | 26.1 | 12.0 | 9.5 | 16.7 | 22.3 | 19.6 |
| Sample Size | 43 | 20 | 30 | 50 | 43 | 93 |

Data Source: Interviews with PHA Staff.

From Table II-21 it is apparent that no single reason why units fail the initial Section 8 inspection stands out from the rest. Instead, the reasons for inspection failure tend to cluster around the three problems of inadequate space and security, lack of structural soundness and unsanitary conditions. Although reasons for the noticeable differences in the proportions of local, county, and multi-county PHAs reporting these three problems are not immediately discernible, they may simply be the result of differing interpretations placed on the standards by inspectors.

Table II-21
DISTRIBUTION OF PHAs BY
CONTINUED OCCUPANCY POLICIES

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| PHA Policy With Respect to Overcrowded Households | | | | | | |
| Continue to Subsidize in Same Unit | 11.7% | 0.0% | 1.8% | 5.2% | 8.6% | 6.8% |
| Continue to Subsidize but encourage move to a larger unit | 52.3 | 52.3 | 43.0 | 56.5 | 39.5 | 48.4 |
| Require Move to Larger Unit as Condition for Continuation of Assistance | 25.7 | 39.1 | 53.3 | 25.6 | 42.4 | 33.6 |
| Other | 10.3 | 17.2 | 1.9 | 12.7 | 9.5 | 11.2 |
| Sample Size | 49 | 21 | 36 | 61 | 45 | 106 |

Data Sources: Interviews with PHA Staff

Continued Occupancy and Termination

An important function of those agencies responsible for administering the Section 8 program is the periodic monitoring of program eligibility and provision of support services to those households currently receiving Section 8 assistance. This is accomplished through a process of twelve-month recertification of household eligibility and reinspection of the housing occupied by Section 8 tenants in order to insure that the program objectives of providing decent housing for low-income households are being met.[8]

Some of the more difficult problems associated with administering Section 8 assistance are encountered at this stage of the program. Table II-21, for example, summarizes the policies employed by PHAs when Section 8 recipients, as a result of the reinspection process, are observed to be living in overcrowded housing. It can be seen that the most predominant policy among rural PHAs is one in which they continue to subsidize the overcrowded household but encourage them to find a larger housing unit. Among all PHAs 48.4% followed this policy but this fraction can be seen to be higher among local PHAs than it is among county and multi-county PHAs. Also, a greater proportion of "smaller" PHAs (56.5%) pursue this policy than is the case for the "larger" PHAs (39.5%). A smaller percent of all PHAs, 33.6%, have adopted the less flexible policy of requiring overcrowded households to move to a larger unit before they can continue to be eligible for Section 8 assistance. Again, however, the incidence of this policy among PHAs of different jurisdictional types as well as the smaller and larger PHAs is quite different. The proportion of PHAs that have followed this policy is higher for county PHAs than local PHAs and higher for multi-county PHAs than for county PHAs. The proportion of "larger" PHAs pursuing this policy is greater than the proportion of "smaller" PHAs with the same policy.

[8] In the case of elderly households, recertification is done every 24 months instead of every 12 months.

Table II-22 reports the experience of rural PHAs with households whose participation in the Section 8 program has terminated. The turnover rate measured by the mean number of terminations per month among rural PHAs is approximately two households per month. It can be seen that county and multi-county PHAs experience a higher turnover rate than local PHAs and "larger" PHAs have a greater turnover rate than "smaller" PHAs. In examining the reasons why households terminate the Section 8 program, as reported by PHA personnel, it would appear that the highest mean percent of terminations have occurred as a result of households moving out of the PHAs jurisdiction or the household voluntarily dropping out of the program. Involuntary separation from the program because the household's income is too high, it's housing unit no longer meets standards or landlord withdrew from the program occur, on the average, 6.7%, 2.4% and 5.3% of the time, respectively.

Table II-22
DISTRIBUTION OF PHAs WITH
RESPECT TO PROGRAM TERMINATIONS

| | Jurisdictional Type | | | Program Size | | All |
|---|---|---|---|---|---|---|
| | Local | County | Multi-County | 50 or less | 51 or more | PHAs |
| Mean Number of Terminations Per Month | 1.7 | 2.9 | 2.4 | 1.2 | 3.2 | 2.2 |
| Sample Size | 49 | 21 | 35 | 61 | 44 | 105 |
| Mean Percent of Past Year Terminations Occuring for the Following Reasons | | | | | | |
| Income Ineligible | 7.3% | 6.2% | 4.6% | 6.2% | 7.2% | 6.7 |
| Sample Size | 48 | 19 | 33 | 56 | 44 | 100 |
| Unit Failed Inspection | 1.6% | 4.5 % | 2.0% | 1.8% | 3.0% | 2.4% |
| Sample Size | 48 | 18 | 33 | 56 | 43 | 99 |
| Recipient Moved | 22.3% | 38.2% | 27.9% | 31.0% | 24.3% | 27.5% |
| Sample Size | 47 | 18 | 33 | 54 | 44 | 98 |
| Voluntarily Dropped Out | 20.2% | 27.1% | 28.3% | 23.1% | 23.1% | 23.1 |
| Sample Size | 48 | 19 | 33 | 56 | 44 | 100 |
| Landlord Withdrew Unit | 4.3% | 8.8% | 1.9% | 4.4% | 6.1% | 5.3 |
| Sample Size | 48 | 19 | 33 | 56 | 44 | 100 |
| Other | 8.2% | 7.0% | 14.3% | 8.0% | 9.3% | 8.6 |
| Sample Size | 46 | 18 | 33 | 54 | 43 | 97 |

Data Sources: Interviews with PHA Staff

## II.5 Summary

The purpose of this chapter has been to present in a descriptive manner information relative to the organizational and administrative characteristics of PHAs as well as the socioeconomic environment in which they deliver Section 8 assistance to eligible households. The relationships implied by the data presented here suggest the following conclusions.

- Rural PHAs with a county or multi-county jurisdiction, vis-a-vis local PHAs, tend to serve the more sparsely populated areas as well as the lower income counties. The county and multi-county PHAs are a more recent (post-Section 8) organizational form than are local PHAs, many of which were in place prior to Section 8. These relationships suggest that the least populated and poorer rural counties have been among the most recent to be served by the Section 8 Existing Housing program.

- Outreach to potential Section 8 households is most effectively conducted by rural PHAs in the form of newspaper ads and telephone or personal contact. Most PHAs do not target particular groups for special outreach efforts. Contact by prospective Section 8 tenants is an important form of outreach to prospective landlords for rural PHAs.

- Certification of applicant households is done largely on a first-come, first-served basis. Many PHAs issue Certificates of Family Participation only when an acceptable housing unit is available and often will ask households to search prior to certification. Rural PHAs report that large families are the group of certificate holders which have the most difficulty advancing to the recipient stage of program participation.

- PHAs that serve a local jurisdiction appear to have the greatest difficulty in securing adequate housing for households that will rent within the designated Fair Market Rents (FMRs).

- Most rural PHAs use HUD's Section 8 Acceptability Criteria as their minimum housing standard and employ personnel from their own staff to perform Section 8 inspections.

- Based on the estimates of PHA personnel, approximately one-fifth of the housing units that undergo Section 8 inspections require repairs after the first inspection. Among those that initially fail the inspection, however, about four-fifths eventually pass a subsequent inspection.

- Most rural PHAs are flexible in dealing with the problem of overcrowded households. Only about one-third of the PHAs require the household to either move to a larger unit or lose their Section 8 assistance.

- Based on the perceptions of PHA administrators, most households who have terminated their participation in the Section 8 program have done so voluntarily. County and multi-county PHAs have a higher turnover rate among program households than do local PHAs.

## CHAPTER III
## HOUSEHOLD PARTICIPATION

There is a wide diversity of households who receive assistance under the Section 8 Existing Housing Program in rural areas. While program participation is determined by strict eligibility rules tending to reduce the range of possible differences in recipient characteristics, varying local environment and policies contribute to the diversity in households. This chapter describes the characteristics of recipients in the existing housing program and then explains the patterns of participation by different household groups at each stage of the program, from program entry to recipient status and eventual termination.

In rural areas, an estimated 282,700 households have been in one way or another involved in the Section 8 program (Table III - 1). Some have never progressed beyond the point of submitting an application: they may have been found ineligible or lost interest or again may still be active applicants on the waiting lists maintained by public housing authorities. Others were holding a certificate of family participation at the time of the survey. An estimated 6,800 fall in this group. An additional 19,000 households have been awarded a certificate in the past but have failed to move into a suitable unit or to obtain agreement from their landlord to participate and their certificate has expired. Finally, 143,500 households are currently receiving assistance (86,900) or have received assistance under the program and have since terminated (56,600). This chapter is concerned with all of these households.

Table III - 1
NATIONAL ESTIMATES OF PARTICIPATING HOUSEHOLDS

| | Number of Households |
|---|---|
| Active Applicants | 64,600 |
| Inactive/ineligible applicants | 48,800 |
| Active certificate holders | 6,800 |
| Holders of expired certificates (non-recipients) | 19,000 |
| Recipients | 86,900 |
| Terminees | 56,600 |
| All participating households | 282,700 |
| All Active participants | 158,300 |

Source: Weighted estimates of 5827 file records at 108 PHAs.

The chapter is divided into eight sections. Section 1 is a detailed review of the specific issues to be addressed in the analysis of household participation. In Section 2, we present a profile of the families currently receiving assistance under the program. This is followed by four sections in which we compare households at various stages in the participation process. Included is a comparison of participants with the rural population of eligible households. A final section presents our conclusions.

## III. 1 Specific Issues in the Analysis of Program Participation

A broad objective of this study is to assess the Section 8 program goal of insuring that lower-income households are provided equitable access to assistance under the program. This question is addressed by determining the characteristics of households applying for, and becoming recipients of, housing subsidies. Comparisons are made between groups of households at various stages of participation and between participating households and the eligible population in rural areas of the United States.

Because of the complexity of the participation process in the existing housing program, we begin with a review of this process.

The success or failure of a housing assistance program is frequently determined by its selection process. In its broadest sense, the selection process includes 1) all rules and regulations governing who is eligible to apply; 2) the solicitation of applications; 3) the decisions by families about whether or not to submit an application; 4) the procedures used by public housing authorities for choosing candidates for certification; 5) the acceptability of the housing units in which potential participants reside and, for those households who move to a new unit when they become recipients, their success or lack of success in the quest for suitable housing; and finally, 6) the process by which a certain proportion of recipient households terminate from the program each year. All of these factors interact to determine who, at any given time, is actually receiving assistance under the program.

The Participation Process

To some extent, participation is pre-determined by the agreement between HUD and the local housing authority which governs the jurisdiction of the program and the mix of households that must be served. But we find in rural areas that the pool of eligible households is frequently very large relative to the small number of assisted units available. The population eligible for assistance in the areas covered in this study, estimated at more than 7.2 million households is 80 times larger than the number of slots available. This large population base implies that HUD regulations are not overly restrictive and that PHAs retain wide latitude in the selection of participants.

A thorough analysis of the participation process must be based on a conceptual model which will reveal the progression of households through the various stages of program participation. The model aims at finding the stage in the selection process at which disproportionate representation or exclusion of a particular group may occur and the factors which bring about this result.

One first approximation of the participation process is shown in Figure III-1. In this model the "stages" represent the successive administrative steps that the PHAs must fulfill in order to solicit program applications, select households to become recipients and eventually terminate households no longer eligible or needing assistance. The model provides a basis for the type of analysis that follows. Each stage of progression is defined by a decision point in which the household, the landlord, the PHA and a host of programmatic and environmental factors are involved. The outcome of each decision is to split households into two groups whose characteristics can be compared.

If we understand the forces at work at each stage and the outcomes observed, conclusions can be derived about the factors which account for patterns of participation by various household groups.

In Stage I, for example, is the decision of households to submit an application for the program. The incidence of poverty and of sub-standard housing in program areas will combine with program processes such as PHA outreach and assistance to applicants to determine the probability that households of various types will apply to the program. In Stage II, PHAs are expected by HUD to grant a "certificate of family participation" to eligible applicants selected by the PHA to become recipients. In this stage, PHA policies and practices have a great deal to do with the determination of who the successful families are to be. The certificate of family participation invites households to start searching for a housing unit renting within the FMR and appropriate in size and quality and/or to initiate negotiations with their landlord in order to have their current unit approved. The certificate is issued for a period of 60 days and may be renewed by the PHA. What steps the "certificate holder" will take to find housing is crucial at this stage. For some households, there may not be any decision to make because the assumption has been made all along that they would rent "in place." The whole process may have hardly involved them, for example, in cases where the landlord initiated their application for assistance. But for a majority of households, decisions must be made--and steps taken--as to whether to relocate or attempt to have their current unit approved and their current landlord agree to participate. PHA policies and environmental factors such as the availability of suitable housing and the willingness of landlords to participate are involved in influencing

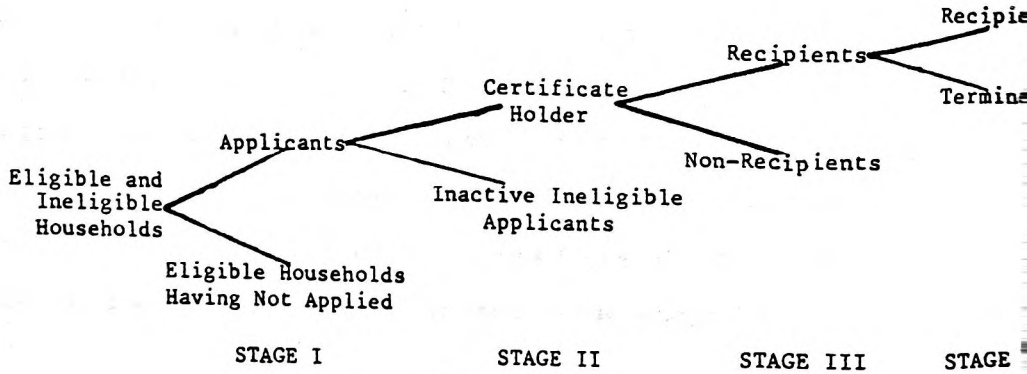
the household decision and its outcome. Again in this important stage, the outcome determines two more groups of households: program recipients and "non-recipients." For the latter, the certificate has expired before the family has found a suitable unit. Finally, in Stage IV, a selected group of recipients terminate each year from the program. To the extent that the incidence of terminations is particularly high or low among certain groups, the profile of recipients and the representation of these groups will be modified by the termination process.

Is this model operational? Does it represent the progression of households as it actually takes place? In other words, can we clearly isolate the various groups of households and, at one point in time (Summer, 1980), measure, describe, and compare their demographic characteristics? In the discussion that follows, we review the participation process as it actually takes place and modify the framework of household groups whenever necessary.

Soliciting and processing applications Most PHAs invite applications by advertising in the various media and soliciting referrals from other social service agencies. But there are variations in the specific

FIGURE III.1

REPRESENTATION OF THE HOUSEHOLD PARTICIPATION PROCESS



techniques employed. Certain approaches may encourage applications by some households while discouraging others. The incidence of poverty and of substandard housing in a program area will combine with program procedures such as PHA outreach and assistance to applicants to determine the probability that households of various types will apply to the program.

Conceptual Problems In The Definition Of An Applicant. To a great extent, the definition of a household as an applicant is determined by local practices in the management and processing of applications. In this study, we identified all households who had submitted a pre-application or application for the program, but we also attempted to separate the applicant group into two subgroups: the waiting list of "active" applicants and the group of households who have been determined to be ineligible, no longer interested or otherwise "inactive." For this purpose, the PHA staff determination of who the active household applicants are was accepted. It was found frequently that the separation is done on a routine basis by the PHAs. Procedures vary, but in most cases, the staff maintains an active waiting list. Typically, the PHAs contact persons on the active list only when a unit becomes available. If an applicant can no longer be located or when it is established that the family is not eligible or no longer interested, the application is moved to an inactive file. A few PHAs have established a schedule to cull their files through periodic contacts by mail or telephone. A very small number require applicants to initiate these contacts and express their continued interest by visiting the office or calling on the telephone at regular intervals.

The consequence of these variations in PHA procedures is a certain degree of arbitrariness in the definition of active applicants. Those PHAs which do not regularly cull their files have applicants who may no longer be interested or may be ineligible for the program.

Fortunately, this problem was corrected in the second phase of the survey in which we contacted and interviewed all applicants from the "active" files. The first question in the interview was a screening question designed to establish that the applicant was still interested in the program. All households not meeting this criterion were not interviewed and are considered inactive for the purpose of this study.

Thus, an active applicant is a person who has submitted an application or a pre-application for housing assistance under the Section 8 program and who has not yet been certified for participation. An inactive or ineligible applicant is one who has submitted an application in the past but who has since been determined to be either ineligible for or no longer interested in the program. The latter group would not be considered by the PHA staff if a certificate of family participation becomes available.

Eligibility Determination. HUD regulations define eligibility in terms of family income, family composition and family size. Four-person households are eligible for assistance if their annual income (including an imputed return on assets above $5,000) does not exceed 80% of the regional median income. This percentage is adjusted upward for larger families and downward for smaller families according to a sliding scale as shown in Table III-2. Single-person households are eligible only if they are income-eligible and if they are elderly, handicapped,

disabled, displaced by a government program or if they conform to one or another exception approved by HUD.

Table III-2
SLIDING SCALE OF ELIGIBILITY INCOME FOR THE SECTION 8 PROGRAM

| Household Size | Percentage of Area Median Income |
|---|---|
| 1 | 50 |
| 2 | 64 |
| 3 | 72 |
| 4 | 80 |
| 5 | 85 |
| 6 | 90 |
| 7 | 95 |
| 8 or more | 100 |

Source: Federal Register, 24 CFR 880.

Most PHA's accept applications without screening ineligible households. Frequently, verification of income levels and eligibility determination are not performed until the PHA is ready to issue a certificate of family participation. As a result, our study includes a number of applicants who are not eligible for the program. But this number is extremely small. As shown in Table III-3, only 0.1% of applicants are ineligible because of excessively high income; 2.9% are ineligible because they are single-person households and are neither handicapped nor elderly: assuming that some of these persons could have been found eligible on the basis of another HUD-approved exception, the number of ineligible applicants in our sample is statistically negligible.

Table III-3
PROPORTION OF INELIGIBLE HOUSEHOLDS AMONG ACTIVE APPLICANTS

| Sample size = 1675 | Percent of active applicants |
|---|---|
| Over-income | 0.1 |
| Non-elderly non-handicapped unrelated persons | 2.9 |
| Eligible | 97.0 |
| | 100.0 |

Source: HUD Application Forms on file at 108 PHAs

Notes: Eligibility is determined by comparing annual family income plus imputed income on assets above $5,000 with eligibility income limits as shown in Table III-2.

This finding seems to clash with our earlier statement that many PHAs do not verify eligibility until late in the participation process, leaving open the possibility that many applicants on the waiting list are ineligible. The implication, however, is simply that most applicants in rural areas are eligible for assistance.

Certification. Under the existing housing program, public housing authorities are assigned a certain number of units and amount of money under an Annual Contributions Contract (ACC). The PHA then issues certificates of family participation to eligible applicants in a number consistent with their ACC allocation. The certificate is a commitment by the PHA to subsidize a portion of the rent of the certificate holder as

long as the family finds a unit of suitable size and quality renting for less than the pre-established fair market rent.

In theory then, we should expect certification to constitute a second well-defined stage in the participation process. Actually, this is often not the case. In order to make most efficient use of scarce certificates they have available, many PHAs in rural areas encourage applicants to search for housing even before they have been certified. The certificate is then issued when the family has found housing or, for families renting in place, when the unit has passed inspection and the landlord agreed to participate; frequently, therefore, the certificate is granted at the time the Section 8 lease is signed or about to be signed.

That this practice in the management of certificates is common is shown by the small number of current certificate holders, i.e., households who hold a current certificate and who are in the process of searching for a unit. We estimate that there were only 6,800 outstanding certificates in rural areas (see Table III-1). Most certificate holders are concentrated in a few areas, where PHAs have just received an increased allocation of units and/or where PHAs do issue certificates prior to housing search. Only 54 % of all PHAs surveyed had outstanding certificates at the time of the survey.

The obvious conclusion is that in many PHAs certification does not constitute a separate operational stage in the participation process.

This hypothesis was formulated early in the design of this study and led to an attempt to define a new operational stage in the participation process. Each PHA administrator was asked to identify among his applicants those most likely to become recipients in the near future.

This group, designated "high-probability applicants," proved to be even larger than had been expected. Among all applicants, approximately 12% are high probability applicants for an estimated national total of 7,900, larger than the number of certificate holders.

The existence of a large group of high probability applicants reduces the significance of the certification stage. Comparisons between certificate holders and other groups are meaningful only for those PHAs that do issue certificates before they are ready to become recipients. Elsewhere, it will be necessary to study high probability applicants in order to shed some light on PHA selection procedures. The concept of a "non-recipient," a household whose certificate has expired, is also relevant only in certain PHAs.

Recipients and Terminees The final two stages in the participation process are fully operational. Recipients and terminees are well-defined household groups whose composition can be described and compared without difficulty. Households having found a unit and/or convinced their landlord to participate become Section 8 recipients. A lease is signed and a portion of their rent is paid directly to their landlord by the PHA.

A final determinant of the make-up of the recipient population is the varying incidence of terminations among participants with different characteristics. Terminations occur more frequently in some groups of recipients, less frequently in others, and terminees are not always replaced by households with the same characteristics. The profile of the recipient population is thereby altered. We estimate that more than 56,600 households terminated from the existing housing program since its inception. The termination rate implied by this number is 16.7% per year. A section of this report is devoted to an analysis of the characteristics of terminees and of the circumstances leading to their leaving the program.

Participation Issues

The preceding section has shown the complexity of the participation process and the numerous influences that combine to produce the patterns of household participation in the existing housing program. A primary objective of this chapter is to describe in detail this process and its outcomes. Specific questions to be addressed in the following sections are:

- Who are the current Section 8 recipients in the nation's rural existing housing program?
- How do current recipients compare with the eligible population, particularly the population of eligible households living in deficient housing?
- Who applies for assistance under the Section 8 program? What are their reasons for applying? Why are certain eligible households not as likely to apply as others? To what extent does exclusion of some groups occur at the application stage?
- Who among the applicants is selected by PHAs to receive assistance? Are there significant differences between the selected group and the rest of the applicant pool?
- Among those who have been selected by the PHAs, why are some households unlikely to find a unit or convince their landlord to agree to participate? How do non-recipients differ from recipients?
- Who terminates from the Section 8 existing housing program and why do they do so? How does the profile of terminees affect that of recipients who continue to receive assistance?

The end-results of these descriptions and analyses of participation patterns are: (1) a set of conclusions about the operation of the program as it is actually implemented in rural areas, and (2) a set of policy prescriptions which could, if desired, modify household participation outcomes.

## III.2 A Profile of Participating Households

This section describes the households that were receiving Section 8 assistance during the summer of 1980. The demographic and socio-economic profile of recipients is based on information from individual records that are on file at 108 PHAs in rural areas. The major souce is the HUD application form (HUD - 52659, Application for Tenant Eligibility), also used by PHAs for periodic recertification of recipient eligibility. In developing a profile of participants, we focus particularly on five major sets of characteristics:

- household composition, including age and sex of the head of household, marital status and the presence of minors;
- household size;
- minority status;
- income level and income source;
- housing condition and rent burden in pre-program unit.

### Household Composition

Elderly households (age of head is 62 years or over) constitute a substantial proportion of the recipients of existing housing assistance. 35.7% of recipients are elderly and 64.4% are non-elderly households. (See Table III-4) Single persons, whether with children or without, whether elderly or younger, make up the overwhelming majority of the households receiving assist

Only 21.6% of recipients are couples; nearly four times more (78.4%) are single parent families or unrelated individuals. The percentage of households with children less than 18 years of age is estimated to be 53.2%.

Table III-4
HOUSEHOLD COMPOSITION - RECIPIENT HOUSEHOLDS

| | | |
|---|---|---|
| Age of head | | (1976) |
| Elderly | 35.7 | |
| Non-elderly | 64.4 | |
| Presence of spouse | | (1971) |
| Single parent or unrelated person | 78.4 | |
| Couples | 21.6 | |
| Presence of minors | | (1971) |
| With minors | 53.2 | |
| Without minors | 46.8 | |

Source: File records on sample of 1986 recipients at 108 PHAs.

Sample sizes are in parentheses.

Although these individual characteristics are important, they are more interesting in combination as shown in Table III-5. The three household composition variables are used to define eight separate household groups. The most striking result shown by Table III-5 is the large concentration of households in two major groups: single elderly persons and single head families with minors. We note also the presence of a significant proportion of non-elderly unrelated individuals (9.0%). We shall see later that most are handicapped persons.

Table III-5
COMPOSITION OF RECIPIENT HOUSEHOLDS

| | Percentage of Recipients | |
|---|---|---|
| Elderly | | 35.7 |
| Couple, no minor | 4.7 | |
| Couple, with minors | 0.7 | |
| Single, no minor | 29.8 | |
| Single, with minors | 0.5 | |
| Non-elderly | | 64.4 |
| Couple, no minor | 2.7 | |
| Couple, with minors | 13.6 | |
| Single, no minor | 9.0 | |
| Single, with minors | 39.1 | |
| Sample size: 1971 | | |

Source: File records on sample of 1986 recipients at 108 PHAs.

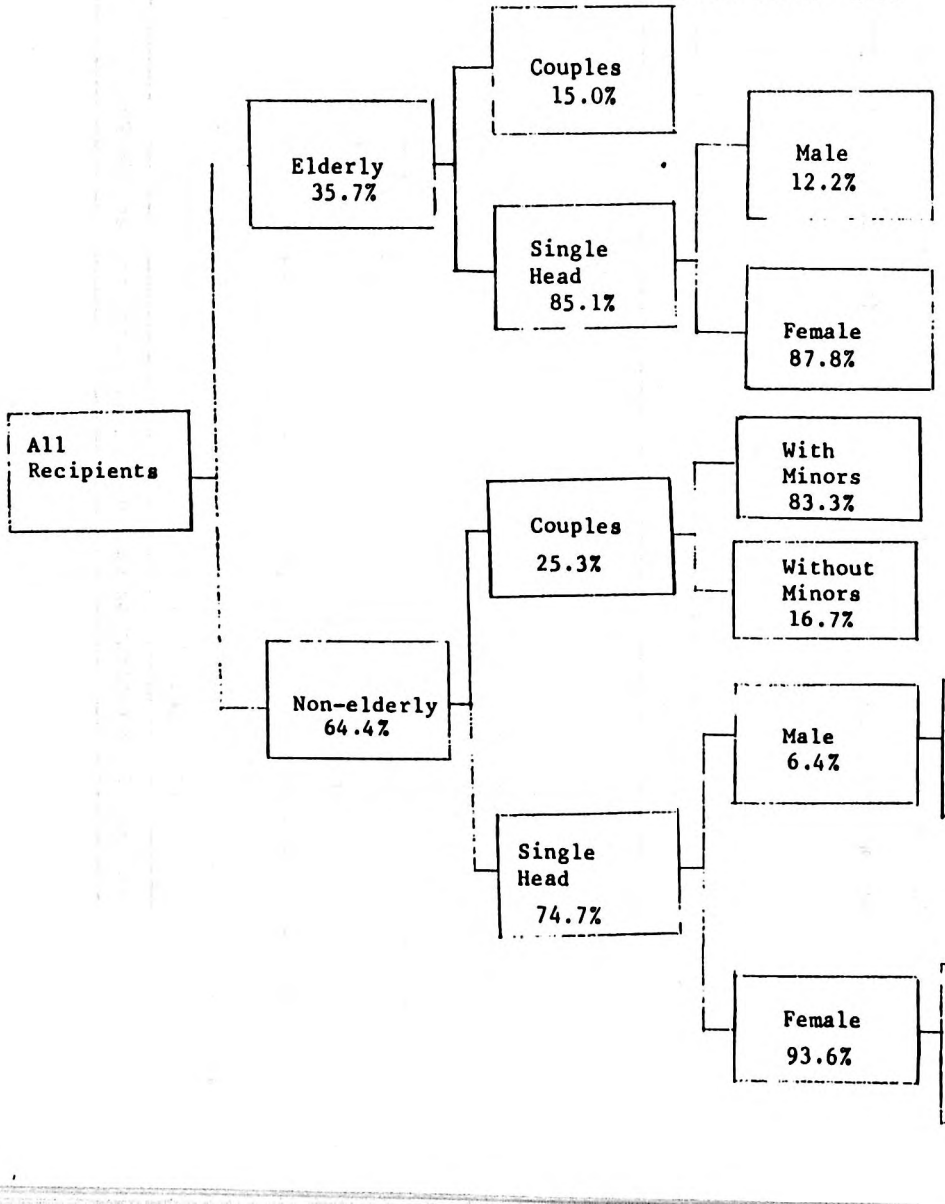
The final dimension of family composition for households with a single adult person is the sex of the head of household. With this characteristic we divide each of the largest two groups in our classification into two smaller subgroups. Obviously, both among elderly and non-elderly, the program is serving primarily single adult households with a female head.

Figure III-2 provides a summary of the major household types in the recipient population. After collapsing the smallest cells, we have reduced the number of household groupings to nine major types:

FIGURE III-2

HOUSEHOLD COMPOSITION OF RECIPIENT POPULATION

SAMPLE SIZE: 1971




HOUSEHOLD GROUP

I. Elderly Couples . . . 5.4%

II. Single elderly men. . 3.7%

III. Single elderly women.26.7%

IV. Non-elderly Couples with Minors. . . .13.6%

V. Non-elderly Couples without Minors . . 2.7%

VI. Non-elderly Single male with Minors . 1.3%

VII. Non-elderly single male without Minor 1.8%

VIII. Non-elderly single female with minor 37.8%

IX. Non-elderly single female without Minors . . . . . 7.2%

TYPE I: Elderly couples
TYPE II: Single elderly men
TYPE III: Single elderly women
TYPE IV: Non-elderly couples with minors
TYPE V: Non-elderly couples without minors
TYPE VI: Single male parent families with children
TYPE VII: Single male unrelated person
TYPE VIII: Single female parent families with minors
TYPE IX: Single female unrelated person

Family Size

The mean family size for all recipients is 2.5. This relatively low average denotes a large incidence of single persons. Despite the recent Section 8 program emphasis on the need to serve large families (families with six or more minors) and very large families (eight or more minors), only 1.6% and 0.1% respectively fall in these two groups.

Table III-6
FAMILY SIZE

| Family Size | Percentage of Recipients |
|---|---|
| 1 | 34.4 |
| 2 | 27.7 |
| 3 - 4 | 27.2 |
| 5 - 6 | 8.2 |
| 7 or more | 2.5 |
| Large families | 1.6 |
| Very large families | 0.1 |
| Mean = 2.5 | |
| Sample size: 1979 | |

Source: File records on sample of 1986 recipients at 108 PHAs.

Minority Status

That the Section 8 Existing Housing Program differs in rural areas is clearly shown by the minority status of recipients. The Phase I study[1] which covered both urban and rural areas had found that 38% of recipients were minority households in 1976. This proportion is only 20.8% in rural areas in 1980. 79.2% of recipients are White, 16.3% are Black, 3.7% are Hispanic and less than 1% are American Indian or Oriental. In later sections of this chapter we determine whether the relatively low incidence of minority households is the result of factors which may exclude these households or, as is more likely, if it reflects the minority population of rural areas.

TABLE III-7
MINORITY STATUS OF RECIPIENT HOUSEHOLDS

| | Percentage of Recipients |
|---|---|
| White | 79.2 |
| Black | 16.3 |
| Hispanic | 3.7 |
| Other Minority | 0.1 |
| Sample size: 1971 | |

Source: File records of 1986 recipients at 108 PHAs.

[1] Household Participation: Research and Evaluation Regarding the Section 8 Housing Assistance Program in Sector B: Contract Research Corporation, Belmont, Massachusetts, 1977.

Handicapped Status

The file search of the 108 sampled PHAs revealed that the handicapped or disabled status of elderly applicants was rarely entered in the application form. HUD Form 52659 provides only one question to indicate both elderly status and handicapped status and although the instructions allow the staff to "check as many codes as apply," only elderly is noted when several codes apply. The obvious reason for this practice is that the elderly and handicapped status are redundant from the viewpoint of program policy, the two groups being covered by identical rules and regulations. However, the implication is that there is no accurate method to determine from the file search alone the proportion of elderly recipients who are also handicapped or disabled.

For non-elderly households, the proportion of handicapped is available and probably accurate. Twenty-two percent of the non-elderly recipients are handicapped and this group makes up 14.2% of all existing housing recipients.

But for exceptional circumstances, single-person non-elderly households are not eligible for the Section 8 program. As shown in Table III-8, an explanation for the surprisingly large number of

TABLE III-8

HANDICAPPED STATUS OF NON-ELDERLY HOUSEHOLDS AND SINGLE PERSON NON-ELDERLY HOUSEHOLDS

| | Handicapped | Not Handicapped |
|---|---|---|
| Non-elderly Households | 22.0% | 78.0% |
| Single-person Non-elderly | 79.8% | 20.2% |
| Sample size: 1971 | | |

Source: File Records of 1,986 recipients at 108 PHAs.

unrelated individuals who apply and receive assistance is that the majority of them are handicapped or disabled. This makes them eligible if their income is 50% of median regional income. We estimate that 78.9% of non-elderly single person recipients are handicapped. Since single persons constitute only 9% of total recipients, there remains less than 2% of all recipients who are single persons and neither elderly nor handicapped and whose eligibility must rest on one of the exceptions allowed by HUD.

Income Level and Income Source

PHAs maintain a record of household income at the time of application then, later, at recertification. HUD regulations require recertification every year for non-elderly households and every two years for elderly households. Many PHAs also complete a recertification form whenever the composition of the family changes. Income levels and source of income are obtained from the family declaration then later verified by mail or telephone contacts with employers, social security offices, welfare agencies or other organizations involved.

The Existing Housing Program is serving households with extremely low incomes. The average annual income of recipient families was $3,696 at the time of application. Their latest recorded income (either application or recertification, depending on how long the household has been receiving assistance) averages $4,129. These low levels of family income demonstrate that housing assistance is attracting and serving only the neediest families. The implication is that the portion of the rent paid by HUD for each recipient is larger and that less households can be served than might have been the case otherwise.

Table III-9
ANNUAL INCOME

| Application income level | Percentage of households |
|---|---|
| Less than $1,000 | 1.4 |
| $1,001 - $2,000 | 13.1 |
| $2,001 - $4,000 | 51.8 |
| $4,001 - $6,000 | 18.6 |
| $6,001 - $8,000 | 12.1 |
| $8,001 - $10,000 | 2.5 |
| $10,001 and above | 0.7 |
| Average application income (sample size = 1,859) | $3,696 |
| Average latest recorded income (sample size = 1,949) | $4,129 |

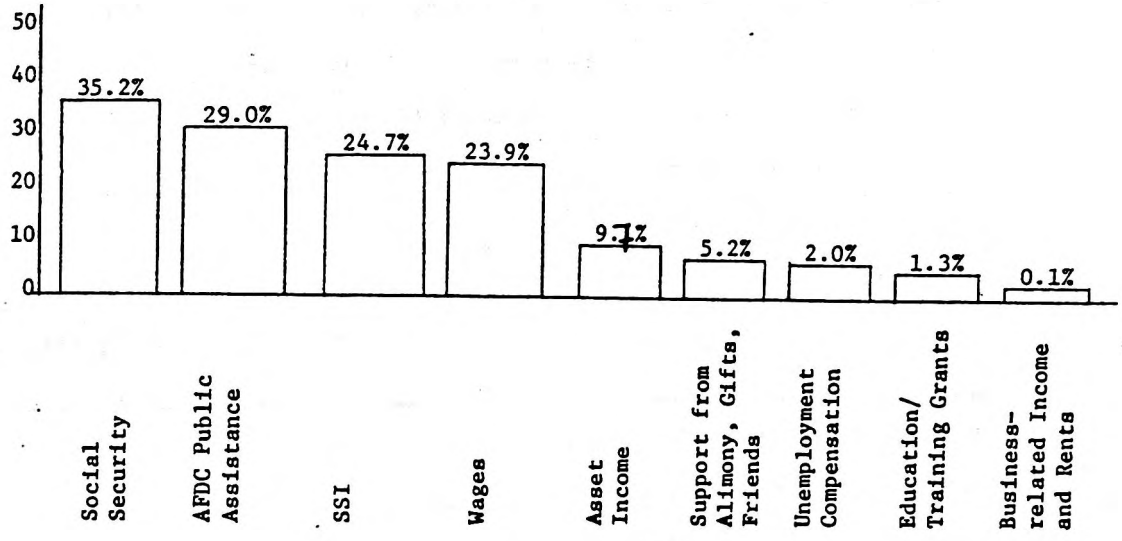
Source: File records of 1997 recipients at 108 PHAs.

Note: Sample sizes are in parentheses.

The sources of income reported by Section 8 tenants are shown in Figure III-3. The percentages displayed sum to more than 100% because the various income categories are not mutually exclusive. Households frequently report more than one income source and the average number of income sources per household is 1.4.

As expected in view of the large number of elderly and disabled recipients, social security is the major source of income. All other forms of transfer and assistance payments are also important. In contrast, only 23.9% of households are at least partly dependent on wages. Asset income (interest, dividends, etc.) is a source of income - albeit generally small - for 9.7% of households. Seven point five percent receive pensions or retirement income. Very few households receive

Figure III-3
INCOME SOURCES OF RECIPIENTS AT TIME OF APPLICATION



unemployment compensation, education, and training grants or other income types.

Similar patterns emerge when looking at recipients' largest income source (Table III-10). Thirty-seven point two percent of recipients depend primarily on "transfers", including social security, private and public pensions, VA benefits, unemployment compensation; 35.9% depend primarily on some form of public assistance payment such as welfare, SSI, AFDC, and other public assistance; only 20.8% report wages and salaries as their main source of livelihood; and 6.1% have another source as the primary source of income.

TABLE III-10
MAJOR SOURCE OF INCOME

| | Percentage of Recipients |
|---|---|
| Earned Income (Wages and salaries) | 20.8% |
| Welfare, SSI, AFDC and other public assistance | 35.9% |
| Transfers, Social Security, pensions unemployment benefits | 37.2% |
| Other | 6.1% |
| Sample size: 1,601 | |

Source: File records of recipients at 108 PHAs

Pre-program Housing Status and Cost

The Section 8 existing program appears to be serving a number of households who were living in substandard housing or who were without housing or about to be without housing. But almost three-fourths of all reci-

pients were reported to have lived in standard housing prior to program entry.

This observation is important, of course, because it reduces the potential for program impact on participants' housing quality. There is some question about the validity of the data presented here, since it is drawn from the application form. Although PHA regulations provide a detailed definition of substandard housing, the code they enter on the form is rarely based on a visit to the applicant dwelling. Instead, the PHA staff member relies on the description by the applicant or his/her own knowledge of the housing unit. While these objections are serious, the figures in Table III-II indicate an undeniable tendency for the program to serve households residing in a housing unit which meets the HUD minimum standards. Prior to program entry, 73.8% of recipients lived in a unit qualified as standard by the PHA staff. Undoubtedly,

TABLE III-11

PRE-PROGRAM HOUSING STATUS

| | Percentage of Recipient |
|---|---|
| Without or About to be without Housing | 7.8 |
| Displaced | 0.9 |
| Standard Housing | 73.8 |
| Substandard Housing | 17.4 |
| Sample Size: 1634 | |

Source: File records of 1986 recipients at 108 PHAs.

Note: The large number of missing observations results from the presence on the application form of a code for "unknown housing quality."

many of them stayed and are receiving assistance "in place." For these recipients, the only possibility for housing improvement was the alteration or repair of the unit that may have been required by the PHA. It remains for later sections of this report to study in greater detail the results of objective measurements of housing quality improvement as households become recipients.

In contrast with the unlikelihood of a large impact on housing quality, the potential for reducing rent burden is enormous. Pre-program rents are high. Despite a large proportion of families who did not pay rent because they lived with a relative or friend, the average pre-program rent is $122. This amount absorbs 39.6% of the average household's income at the time of application.

TABLE III-12

PRE-PROGRAM HOUSING COST

| Housing Cost | Percentage of Recipients |
|---|---|
| 0 | 5.4 |
| $1 - 100 | 40.9 |
| $101 - 200 | 41.0 |
| $201 - and above | 12.8 |
| Mean Housing Cost - $122 | |
| Sample Size: 1680 | |

Source: File records of 1986 recipients at 108 PHAs.

TABLE III-13
ELDERLY AND NON-ELDERLY RECIPIENTS

| Demographic and Socio-economic Characteristics | Current Elderly Recipients | Current Non-elderly Recipients |
|---|---|---|
| RACE-ETHNICITY OF HEAD | (754) | (1,223) |
| White | 88.4 | 74.0 |
| Black | 8.6 | 20.5 |
| Hispanic | 2.4 | 4.3 |
| All Minorities | 11.6 | 26.0 |
| SEX OF HEAD | (755) | (1,229) |
| Male | 24.0 | 28.9 |
| Female | 76.0 | 71.1 |
| AGE OF HEAD | (754) | (1,223) |
| Percent Elderly | | |
| Mean | 72 | 35 |
| HOUSEHOLD SIZE | (756) | (1,230) |
| Mean | 1.3 | 3.1 |
| 5 or More Persons | 0.5 | 16.3 |
| Large Families | 0.0 | 2.6 |
| HANDICAPPED/DISABLED | (601) | (1,224) |
| Percent Handicapped or Disabled | 31.9 | 19.4 |
| HOUSEHOLD COMPOSITION | (754) | (1,224) |
| Couple, No Minor | 13.3 | 4.3 |
| Couple, With Minors | 1.8 | 21.1 |
| Single, No Minors | 83.4 | 14.0 |
| Single, With Minors | 1.4 | 60.7 |
| INCOME LEVEL | (717) | (1,139) |
| Mean Family Income | $3,153 | $4,003 |
| MAJOR INCOME SOURCE | (715) | (1,139) |
| Earnings | 3.4 | 30.7 |
| Transfers - Pension, Social Security | 74.2 | 14.2 |
| Welfare or SSI | 21.0 | 46.5 |
| ASSET INCOME | (703) | (1,115) |
| Families With Assets or Interest Income | 18.3 | 4.8 |
| PRE-PROGRAM HOUSING STATUS | (650) | (1,037) |
| Mean Housing Cost | $104 | $132 |
| Substandard | 16.7 | 17.8 |
| Without Housing | 7.3 | 9.3 |

SOURCE: File records of 756 elderly recipients and 1,230 non-elderly recipients at 108 PHAs.

NOTES:
1. Numbers of valid responses are in parentheses.
2. The percent handicapped is based not on file records but on interview responses.

Summary of Household Recipient Profile

The following findings emerge:

- The majority of households served by the Section 8 Existing Housing Program in rural areas are either non-elderly female-headed families with minors (45.5%) or elderly single person households (31.2%).
- Minority families constitute 21% of the recipient population. 13.4% of elderly recipients are minority households as compared to 24.4% of non-elderly recipients.
- only 1.5% of all households receiving assistance are large or very large families. A majority (62.1%) of all households are one or two-person families.
- The Section 8 program is serving primarily very low income households who depend on transfers or welfare for their main source of income.
- Despite a large incidence of households who live with relatives or friends and pay no rent, the average pre-program rent burden of households who have now become recipients is very high (39% of income). Approximately 24% of all recipients lived in a substandard unit or were about to be without housing when they applied.
- A comparison between elderly and non-elderly recipients demonstrates the existence of considerable differences between the two groups. The most interesting conclusions in this respect are:
  - a larger proportion of white households among the elderly.

- a lower average rent and lower rent burden for elderly in their pre-program unit.
- better quality housing for elderly in their pre-program unit.

An increase in the proportion of non-elderly households, particularly large families, would significanly increase program cost; but it would also raise the probability that the program improves housing quality and reduces rent burden.

## III.3 The Eligible Population

This section describes the characteristics of the population eligible for Section 8 assistance in rural areas and determines the extent to which current recipients are representative of the eligible population. Based on HUD data,[2] we estimate that almost 15 million households reside in rural areas and that more then 7.2 million are eligible for Section 8 assistance. The proportion of eligible households is 49.5%. Even if we eliminate homeowners from the number of eligible households and consider only renters, the number of eligible households is high (2.5 million). The percentage of eligible households among rural renters is 68.4% (Table III-14).

Only an insignificant proportion of applicants for Section 8 assistance are homeowners. Accordingly, the study compares participants with

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[2]The above estimates of the size of the eligible population in rural areas are from statistics of the HUD Economic and Market Division (EMAD) for the counties in the study sample. The EMAD estimates are based on special tabulations of the Bureau of the Census. EMAD updates 1970 Census results for all U.S. counties using current Social Security, Medicare, and other data.

TABLE III-14

SIZE OF ELIGIBLE POPULATION
IN RURAL COUNTIES COVERED BY THE SURVEY

| | |
|---|---|
| Number of counties with an existing housing program | 1,515 |
| Total number of households | 14,677,630 |
| Renters | 3,592,654 |
| Owners | 11,084,976 |
| Number of eligible households | 7,261,219 |
| Renters | 2,458,733 |
| Owners | 4,802,486 |
| Percent eligible in total population - 49.5% | |
| Percent eligible in renter population 68.4% | |
| Percent eligible in owner population - 43.3% | |

Source: All figures are sample estimates based on 72 existing housing counties covered in the study. County estimates are prepared by HUD Economic and Market Analysis Division (see footnote in text).

eligible renters only. The comparisons are used to answer a major policy question about the Existing Housing Program: Is there evidence of over-representation or exclusion of any particular demographic group?

Source of Data on the Eligible Population

Data on the characteristics of the Section 8 eligible population in rural areas are derived from the 1977 Annual Housing Survey. The Annual Housing Survey is a weighted sample of 77,000 households in the entire nation. It was not possible to duplicate exactly the selection procedures for the population in rural counties because the Annual Housing Survey provides no geographic codes except Census regions and, for metropolitan households, codes for the largest SMSAs. We selected, instead, all households residing in rural areas and all households in cities and

towns with a population smaller than 20,000 and not located in an SMSA.

This selection scheme generates a sample which is representative of more households than are covered in this study since they include rural and small town residents in counties which do not meet our rural criterion. We estimate that the Annual Housing Survey rural sample includes 1.5 times as many households as the county sample used in this study.

The second step in the selection of households from the Annual Housing Survey sample was to determine household eligibility. Households were included in the eligible population on the basis of tenure, family size, and income. All renters whose income falls below the eligibility limits for their family size were selected. This is consistent with HUD regulations, except for single non-elderly households who are not eligible unless they are handicapped or displaced. But the Annual Housing Survey does not provide enough information to test for the applicability of this exception.

Eligibility income levels in 1977 were obtained from HUD for the four major Census regions available from the Annual Housing Survey (AHS). Because the AHS reports income actually received by households during the previous year while eligibility is determined on the basis of income expected in the 12 months following program application, we adjusted incomes using the change in the consumer price index during the period 1976-77.

The end result is a sample of 3,368 rural households from the Annual Housing Survey. Once the eligible population is thus determined, Annual Housing Survey data offers the possibility of comparing the characteristics of eligible households with those of Section 8 participants as collected from PHA files.

TABLE III-15

ELIGIBLE POPULATION AND CURRENT RECIPIENTS

| Demographic and Socio-economic Characteristics | Eligible Population | Section 8 Recipients |
|---|---|---|
| RACE-ETHNICITY OF HEAD | (3,368) | (1,971) |
| White | 80.5 | 79.2 |
| Black | 14.4 | 16.3 |
| Hispanic | 4.1 | 3.7 |
| All Minorities | 19.5 | 20.8 |
| SEX OF HEAD | (3.368) | (1,977) |
| Male | 58.1 | 27.1*** |
| Female | 41.9 | 72.9*** |
| AGE OF HEAD | (3,368) | (1,976) |
| Percent Elderly | 29.7 | 35.7** |
| Mean | 46 | 48 |
| HOUSEHOLD SIZE | (3,368) | (1,979) |
| Mean | 2.6 | 2.5 |
| 5 or More Persons | 14.1 | 10.7*** |
| Large Families | 1.4 | 1.7 |
| HANDICAPPED/DISABLED | | (1,976) |
| Percent Handicapped or Disabled | NA | 14.2[2] |
| HOUSEHOLD COMPOSITION | (3,368) | (1,971) |
| Couple, No Minor | 43.8 | 7.4*** |
| Couple, With Minors | 15.1 | 14.3 |
| Single, No Minors | 15.8 | 38.8*** |
| Single, With Minors | 25.4 | 39.6*** |
| INCOME LEVEL | (3,368) | (1,859) |
| Mean Family Income | $4,537 | $3,696*** |
| MAJOR INCOME SOURCE | (3,368) | (1,849) |
| Earnings | 49.5 | 20.8*** |
| Transfers - Pension, Social Security | 33.1 | 35.9 |
| Welfare or SSI | 10.1 | 37.2*** |
| ASSET INCOME | (3,368) | (1,813) |
| Families With Assets or Interest Income | 16.8 | 9.7*** |
| PRE-PROGRAM HOUSING STATUS | (3,368) | (1.634) |
| Mean Housing Cost | $112 | $122 |
| Substandard | 22.2[3] | 17.4** |
| Without Housing or displaced | NA | 8.7 |

SOURCE: Annual Housing Survey, 1977. File Records of 1986 recipients at 108 PHAs.

NOTES:
1. Sample sizes are in parentheses
2. The proportion of handicapped includes only non-elderly. This information is not available from the Annual Housing Survey.

NOTES CONTINUED: TABLE III-15

3. The measure of substandardness developed from AHS interviews was derived by applying the set of instructions provided to PHA staff completing the HUD application form (see text). The CBO measure provides an estimated proportion of 23.1 substandard units among the eligible population.

4. The annual housing survey does not provide an estimate of the percentage of households without housing, about to be without housing or displaced.

5. *Statistically significant at a 90% level of confidence
**Statistically significant at a 95% level of confidence
***Statistically significant at a 99% level of confidence

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Comparisons Between Recipients and the Eligible Population

Recipients of housing assistance payments under the Section 8 program are not representative of the eligible population in the rural United States. Recipients and eligible households differ significantly in almost every major characteristic shown in Table III-15. Female-headed, single-person, elderly, low-income households, especially public assistance recipients, are represented in greater proportion in the recipient population than in the eligible population. Families with more than five members and couples without children are underserved and so too are the "working poor."

A particularly important difference between the recipients and the eligible population is that the recipient population appears to have been better housed in their pre-program housing than the eligible population. The incidence of substandardness among pre-program units of current recipients is 17.4%, almost 5 percentage points below the proportion among eligible households.

This statistic is derived from the Annual Housing Survey through a step-by-step replication of the instructions provided PHA staff to complete the application. A unit is considered to be substandard if it is "deficient" in any one or more of the following respects:

(1) Dwelling structually unsafe.

(2) No potable running water in dwelling unit.

(3) No usable flush toilet in dwelling unit.

(4) No installed usable tub or shower in dwelling unit.

(5) No operating sink or proper stove connections in kitchen.

(6) Inadequate or no electric wiring system in dwelling unit.

(7) Inadequate or unsafe heating facilities for dwelling unit.

(8) Overcrowded: More than 2 persons per bedroom.

(9) Single family unit occupied by 2 or more families. [3]

All of these deficiencies can be ascertained, at least approximately, from the Annual Housing Survey questionnaire responses. Note that there exists a close correspondence between the Congressional Budget Office (CBO) measure of substandardness (discussed in a later chapter) and our measure. Using the CBO measure, the proportion of substandard units in the eligible population is 23.1%.[4]

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[3] HUD Form Preparation Handbook.

[4] The HUD Economic and Market Analysis data base also supports this conclusion. According to EMAD data, 30.1% of rural eligible households live in housing with deficiencies. Deficiencies are defined conservatively by the Census measure of inadequate plumbing or overcrowding.

One further caveat must be noted regarding the comparison: in the case of the Annual Housing Survey, the estimate is based on the household respondent item-by-item description of the unit. In contrast, the application form reports a unique code, which is entered by the applicant or by the PHA at the time of application. Nevertheless, the difference between the two groups appears to be large enough to justify the conclusion that the households who eventually become recipients are less likely to live in substandard housing.

It is not possible from the Annual Housing Survey to ascertain the proportion of households without or about to be without housing. This observation, available in the PHA application file, will be used to compare applicants and recipients in the next section.

Variables in terms of which recipients and the eligible population exhibit no significant difference are minority status, average age, average family size and proportion of large families (6 or more minors). Average rent is also equal for both groups: this rent measure is pre-program gross rent for recipients and current (1977) rent for the eligible population. Note that the average date of application for all applicants is 1978,[5] a difference of one year. If we apply a rate of inflation of 10% for rents over the period 1977-1978, the average pre-program rent is even closer to being equal.

Many of the variables in Table III-15 are interrelated. As a result, some differences between the two groups are exaggerated and others hidden by the heterogeneity of the two populations. In the following discussion we explore whether the observed differences persist and additional differences appear when the elderly and non-elderly are studied separately.

[5]Mean, median and year of application of recipients are all 1978.

Elderly recipients appear to have been selected from among the poorest of the eligible households. About three times more are public assistance recipients and earnings, transfers and interest are less important sources of income for them than for the eligible elderly in the rural population. Other significant differences relate to household composition. There are far more single-person elderly households, especially single elderly women, in the recipient population than in the eligible population. By implication, the number of elderly couples is far smaller.

Surprisingly, certain characteristics which did not prove to differ when comparing all recipients with the eligible population now emerge as significant differences in the elderly subpopulations. The Existing Housing Program appears to favor white elderly households and minority elderly, particularly blacks, are underserved. Also, there now appears a significant difference in pre-program rents of elderly recipients ($104) as compared to current rent of eligible households ($81). This large difference remains even when correcting for inflation for the one-year average difference in the date of the rent.

In many ways, the distribution of non-elderly recipients exhibits similar differences as the elderly when compared with the distribution of the eligible population. Thus, the Section 8 recipients have lower income and are more likely to depend on public assistance rather than any other source of income. As many as 46.5% are welfare or SSI recipients. Similarly, the non-elderly recipient is far more likely to be a single-head household, particularly a female-headed family with minors. Sixty point seven percent fall in this group as compared with 35.2% in the eligible population.

But the similarities stop here. Among the non-elderly, blacks appear to be slightly overrepresented (the difference is barely significant at the 90% level of confidence). The rent is not significantly

TABLE III- 16

ELDERLY ELIGIBLE AND RECIPIENT HOUSEHOLDS

| Demographic and Socio-economic Characteristics | Eligible Elderly | Elderly Recipients |
|---|---|---|
| RACE-ETHNICITY OF HEAD | (999) | (754) |
| White | 83.7 | 88.4* |
| Black | 14.5 | 8.6** |
| Hispanic | 1.3 | 2.4 |
| All Minorities | 16.3 | 11.6* |
| SEX OF HEAD | (999) | (755) |
| Male | 44.1 | 24.0*** |
| Female | 55.9 | 76.0*** |
| AGE OF HEAD | (999) | (754) |
| Percent Elderly | 100.0 | 100.0 |
| Mean | 73 | 72 |
| HOUSEHOLD SIZE | (999) | (756) |
| Mean | 1.6 | 1.3 |
| 5 or More Persons | 2.2 | 0.5** |
| Large Families | 0.2 | 0.0 |
| HANDICAPPED/DISABLED | | |
| Percent Handicapped or Disabled | NA | NA |
| HOUSEHOLD COMPOSITION | (999) | (754) |
| Couple, No Minor | 74.6 | 13.3*** |
| Couple, With Minors | 0.3 | 1.8 |
| Single, No Minors | 22.9 | 83.4*** |
| Single, With Minors | 2.2 | 1.4 |
| INCOME LEVEL | (999) | (717) |
| Mean Family Income | $3,650 | $3,153** |
| MAJOR INCOME SOURCE | (999) | (715) |
| Earnings | 7.7 | 3.4*** |
| Transfers - Pension, Social Security | 80.6 | 74.2** |
| Welfare or SSI | 7.4 | 21.0** |
| ASSET INCOME | (999) | (703) |
| Families With Assets or Interest Income | 25.9 | 18.3* |
| PRE-PROGRAM HOUSING STATUS | (999) | (650) |
| Mean Housing Cost | $81 | $104** |
| Substandard | 16.8 | 16.7 |
| Without Housing | NA | 7.3 |

SOURCE: Annual Housing Survey, 1977. File Records of 1986 recipients of 108 PHAs.

NOTES: 1. Sample sizes are in parentheses

2.* Statistically significant at the 90% level of confidence.
** Statistically significant at the 95% level of confidence.
*** Statistically significant at the 99% level of confidence.

TABLE III-17

NON-ELDERLY ELIGIBLE AND RECIPIENT HOUSEHOLDS

| Demographic and Socio-economic Characteristics | Non-elderly eligible households | Non-elderly Recipients |
|---|---|---|
| RACE-ETHNICITY OF HEAD | (2,368) | (1,223) |
| White | 78.8 | 74.0 |
| Black | 14.4 | 20.5* |
| Hispanic | 5.3 | 4.3 |
| All Minorities | 21.2 | 26.0 |
| SEX OF HEAD | (2,368) | (1,229) |
| Male | 64.1 | 28.9*** |
| Female | 35.9 | 71.1*** |
| AGE OF HEAD | (2,368) | (1,223) |
| Percent Elderly | 0.0 | 0.0 |
| Mean | 34 | 35 |
| HOUSEHOLD SIZE | (2,368) | (1,230) |
| Mean | 3.0 | 3.1 |
| 5 or More Persons | 19.1 | 16.3 |
| Large Families | 2.0 | 2.6 |
| HANDICAPPED/DISABLED | | (1,227) |
| Percent Handicapped or Disabled | NA | 22.0 |
| HOUSEHOLD COMPOSITION | (2,368) | (1,224) |
| Couple, No Minor | 30.7 | 4.3*** |
| Couple, With Minors | 21.3 | 21.1 |
| Single, No Minors | 12.8 | 14.0 |
| Single, With Minors | 35.2 | 60.7*** |
| INCOME LEVEL | (2,368) | (1,206) |
| Mean Family Income | $4,912 | $4,003*** |
| MAJOR INCOME SOURCE | (2,368) | (1,139) |
| Earnings | 67.3 | 30.7*** |
| Transfers - Pension, Social Security | 12.9 | 14.2 |
| Welfare or SSI | 11.3 | 46.5*** |
| ASSET INCOME | (2,368) | (1,115) |
| Families With Assets or Interest Income | 12.9 | 4.8*** |
| PRE-PROGRAM HOUSING STATUS | (2,368) | (989) |
| Mean Housing Cost | $125 | $132 |
| Substandard | 24.5 | 17.8 |
| Without Housing | NA | 9.3 |

SOURCE: Annual Housing Survey, 1977. File records of 1,230 family recipients at 108 PHAs.

NOTES: 1. Sample sizes are in parentheses.

2.* Statistically significant at the 90% level of confidence
** Statistically significant at the 95% level of confidence.
*** Statistically significant at the 99% level of confidence.

different, resulting, when combined with lower incomes, a larger rent burden for housing assistance recipients (39.6% as compared to 30.5%). The program appears to favor the better housed: only 17.8% of non-elderly households were living in substandard housing as compared to 24.5% of the eligible population.

## Conclusions

The recipients in the existing housing program are significantly different from the population eligible for assistance in rural areas. The program serves the lowest income households. And it also tends to give precedence to elderly persons rather than families and younger persons; to single person, female, white households among the elderly; and to female-headed households with minors among the non-elderly; and to non-elderly persons who are residing in a housing unit without deficiency. Minority representation is higher among family recipients than elderly recipients and there is a higher proportion of blacks in the non-elderly recipients than are found in the eligible population. Increased representation of families would also probably increase the proportion of minorities in the rural program. Even more striking is the apparent program failure of serving persons who live in substandard housing. This is particularly true of families indicating, as we shall see in later sections, the obstacles they face in finding adequate housing. This low proportion of recipients who lived in substandard housing, even lower than it is in the eligible population, even though the program should probably serve those with most serious need, is probably in part a reflection of the large number of stayers in the recipient population.

III. 4 Applicants in the Existing Housing Program

It has been shown in previous sections that the profile of existing housing recipients differs from that of the population eligible for assistance in rural areas. This section looks at applicants to determine if some of these participation patterns can be explained by the types of households that apply for assistance. In addition to describing the characteristics of all households that have ever applied to the program and comparing them with the eligible population we shall look at the reasons given by respondents when asked to explain why they apply.

Reasons for Applying

This component of the study has the purpose of explaining which of the opportunities provided by Section 8 assistance are most attractive to applicants and how the different potential benefits offered attract various respondent groups.

We start with the group of households that have applied for assistance in the past, whatever their current status. Some are still applicants on the PHA waiting lists, others are now receiving assistance, still others were recipients in the past but have now terminated from the program.

Of all the applicants for Section 8 assistance, 22.3% are elderly and 77.7% are family. These proportions are just as unrepresentative of the eligible population (where the ratios are 29.7% and 70.3%) as the corresponding proportions among the recipients. But the imbalance goes in the opposite direction indicating that elderly are particularly favored by the program at stages beyond the application stage. Although less elderly persons apply for assistance, the PHA selection procedures and/or the processes involved in program entry tend to favor elderly

households. Many other patterns of household participation follow as corollary to this fact.

As shown in Table III-18, many of the differences which have been observed between recipients and the eligible population occur at the application stage. This is particularly true of non-elderly applicants that prove to be significantly different from eligible households in as many as ten important characteristics. Already at the application stage, the proportion of non-elderly couples has fallen drastically in favor of the female-headed family. Probably in consequence, a selection of the lowest income households has already taken place. There are slightly more black applicants than would warrant their representation in the eligible population. Far more welfare recipients are attracted by the program.

Elderly applicants appear to be more representative of the eligible elderly population except in family composition: the overwhelming proportion of applicants (80.1%) are single women. Note also that the higher rents paid by elderly applicants as compared to eligible persons who have not applied are clearly shown by the data. It is clear that it is a heavier rent burden which prompts certain elderly persons to submit an application.

The objectives of the existing housing program include reducing the rent burden for low-income households; providing these households an opportunity to improve the quality of their housing; increasing mobility to better neighborhoods and reducing low-income concentrations; and facilitating transition following eviction or displacement. The following section examines each of these objectives in terms of a household's decision to apply.

TABLE III-18

APPLICANTS AND THE ELIGLBLE POPULATION

| | ELDERLY | | NON-ELDERLY | |
|---|---|---|---|---|
| | Applicants | Eligible Population | Applicants | Eligible Population |
| RACE-ETHNICITY OF HEAD | (1,352) | (999) | (3,778) | (2,368) |
| White | 88.8 | 83.7 | 73.6 | 78.8 |
| Black | 7.1 | 14.5** | 19.5 | 14.4* |
| Hispanic | 3.5 | 1.3 | 5.2 | 5.3 |
| All Minorities | 11.4 | 16.3 | 26.4 | 21.2 |
| SEX OF HEAD | (1,431) | (999) | (4,101) | (2,638) |
| Male | 30.4 | 44.1** | 31.6 | 64.1*** |
| Female | 69.6 | 55.9*** | 68.4 | 35.9*** |
| AGE OF HEAD | (1,420) | (999) | (4,036) | (2,368) |
| Percent Elderly | 100.0 | 100.0 | 100.0 | 100.0 |
| Mean | 72 | 73 | 33 | 34 |
| HOUSEHOLD SIZE | (1,430) | (999) | (4,036) | (2,368) |
| Mean | 1.4 | 1.6 | 3.2 | 3.0 |
| 5 or More Persons | 0.9 | 2.2 | 17.9 | 19.1 |
| Large Families | 0.0 | 0.2 | 2.4 | 2.0 |
| HANDICAPPED/DISABLED | | | (3,827) | |
| Percent Handicapped or Disabled | NA | NA | 15.4 | NA |
| HOUSEHOLD COMPOSITION | (1,376) | (999) | (3,764) | (2,368) |
| Couple, No Minor | 16.1 | 74.6*** | 5.9 | 30.7*** |
| Couple, With Minors | 2.0 | 0.3 | 24.0 | 21.3 |
| Single, No Minors | 80.4 | 22.9*** | 10.4 | 12.8 |
| Single, With Minors | 1.5 | 2.2 | 59.6 | 35.2*** |
| INCOME LEVEL | (1,302) | (999) | (3,452) | (2,368) |
| Mean Family Income | $3,499 | $3,650) | $4,320 | $4,912** |
| MAJOR INCOME SOURCE | (1,358) | (999) | (3,603) | (2,368) |
| Earnings | 4.4 | 7.7* | 39.8 | 67.3*** |
| Transfers - Pension, Social Security | 75.9 | 80.6** | 12.6 | 12.9 |
| Welfare or SSI | 15.9 | 7.4** | 37.8 | 11.3*** |
| ASSET INCOME | (1,206) | (999) | (2,980) | (2,368) |
| Families With Assets or Interest Income | 19.7 | 25.9* | 6.9 | 12.9** |
| PRE-PROGRAM HOUSING STATUS | (1,081) | (999) | (2,762) | (2,368) |
| Mean Housing Cost | $107 | $81** | $127 | $125 |
| Substandard | 17.9 | 16.8 | 21.0 | 24.5 |
| Without Housing | 9.5 | NA | 19.3 | NA |

SOURCE: Annual Housing Survey, 1977. File Records of applicants at 108 PHAs.

NOTES: 1. Sample sizes are in parentheses
2.*Statistically significant at the 90% level of confidence.
**Statistically significant at the 95% level of confidence.
***Statistically significant at the 99% level of confidence.

Comparisons between household groupings in terms of reasons for applying yield a number of interesting conclusions. (See Tables III-18A-IlI-18E).

Elderly persons are more interested in reducing their rent burden in comparison with younger persons who exhibit a greater variety of concern: the young are four times more frequently prompted by a desire to separate from a family or friends and twice more likely to wish to escape a deficient housing situation.

Minority households, more frequently than white, seek to improve their housing situation. They apply because they are living in a unit in poor condition (15.5% as compared to 6.8% for white households); and because they are living with family or friends and want a separate house or apartment (20.6% as compared to 11.6%). Less than half of minority households state that they wish to reduce their rent burden.

Handicapped are also more likely to live in a unit in poor condition and desire to improve this situation. But fewer than the average number of households are using the program to leave a family situation and form their own household.

It is obviously female-headed households who are most likely to constitute a sub-family in a larger household and to be looking for their own housing unit. This is the only significant difference between male and female-headed households in terms of their decision to apply for Section 8 assistance.

TABLE III-18A

REASONS MOTIVATING HOUSEHOLDS TO APPLY

| | Reason for Applying | Strongest Influence |
|---|---|---|
| To reduce rent burden | 73.6 | 55.8 |
| To improve housing | | |
| Unit in poor condition | 23.5 | 9.4 |
| Desire for a unit separate from family or friends | 18.3 | 12.8 |
| To facilitate moving to another city/town | 5.6 | 1.2 |
| To find a unit following displacement or eviction | 9.2 | 3.3 |
| Other reasons | 22.8 | 17.4 |
| Sample Size: 2,701 | | |

Source: Interviews with applicant households

TABLE III-18B

STRONGEST REASON FOR APPLYING:
COMPARISONS BETWEEN ELDERLY AND NON-ELDERLY

| | Elderly | Non-elderly |
|---|---|---|
| To reduce rent burden | 64.2 | 52.9 |
| To improve heating | | |
| Unit in poor condition | 5.8 | 10.4 |
| Desire for a unit separate from family or friends | 3.8 | 16.6 |
| To facilitate moving to another city/town | 1.1 | 1.3 |
| To find a unit following displacement or eviction | 3.4 | 3.4 |
| Other reasons | 21.6 | 15.3 |
| Sample Sizes: | 551 | 1327 |

Source: Interviews with applicant households

TABLE III-18C

STRONGEST REASON FOR APPLYING:
COMPARISONS BETWEEN WHITE AND MINORITY

| | White | Minority |
|---|---|---|
| To reduce rent burden | 56.7 | 48.6 |
| To improve housing | | |
| Unit in poor condition | 6.8 | 15.5 |
| Desire for a unit separate from family or friends | 11.6 | 20.6 |
| To facilitate moving to another city/town | 1.4 | 0.3 |
| To find a unit following displacement or eviction | 3.6 | 1.9 |
| Other reasons | 19.7 | 13.1 |
| Sample Sizes: | 1238 | 394 |

Source: Interviews with applicant households

TABLE III-18D

STRONGEST REASON FOR APPLYING:
COMPARISONS BETWEEN HANDICAPPED AND OTHER FAMILIES

| | Handicapped | Other Families |
|---|---|---|
| To reduce rent burden | 50.1 | 54.0 |
| To improve housing | | |
| Unit in poor condition | 20.7 | 8.0 |
| Desire for a unit separate from family or friends | 7.7 | 18.5 |
| To facilitate moving to another city/town | 1.3 | 0.8 |
| To find a unit following displacement or eviction | 3.1 | 3.7 |
| Other reasons | 17.1 | 14.8 |
| Sample Sizes: | 252 | 990 |

Source: Interviews with applicant households

TABLE III-18E

STRONGEST REASON FOR APPLYING:
COMPARISONS BETWEEN MALE AND FEMALE-HEADED HOUSEHOLDS

| | Female-Headed | Male-Headed |
|---|---|---|
| To reduce rent burden | 56.6 | 55.2 |
| To improve housing | | |
| Unit in poor condition | 7.8 | 12.2 |
| Desire for a unit separate from family or friends | 15.9 | 4.1 |
| To facilitate moving to another city/town | 1.1 | 1.7 |
| To find a unit following displacement or eviction | 2.5 | 5.6 |
| Other reasons | 16.0 | 21.2 |
| Sample Sizes: | 1359 | 523 |

Source: Interviews with applicant households

Referral Sources and Prior Experience

Like many other government programs which are popular among recipients, the main source of information about the Section 8 existing housing program in rural areas is through word of mouth. Some 60.8% of all households have heard about the program from friends or relatives (56.2% stated that this was the most important influence in their decision to apply). Table III-19A conveys the relative importance of the various possible referral sources. One surprising result is the apparent inefficiency of media-type (radio, TV, newspaper, mailing, bulletin boards) methods to inform potential applicants about the program. Direct contact of clients, particularly through a welfare or social service agency, is far more effective. Table III-19B shows that only 5% of all applicants had previously participated in other housing programs, and 17% had previously applied for one or another form of housing assistance.

An attempt is made in Table III-19C through F to determine whether any information source is particularly effective for various groups of households.

The results indicate that the elderly rely less on "word of mouth" than families. It is clear that the PHAs have made particular efforts to directly contact the elderly, since about 3 times as many elderly applicants have heard about the program from the PHA than families. The elderly rely more than families on church or community organizations, but this remains a minor referral source for all groups. Families have more prior experience with housing assistance than elderly.

There is very little difference between white and minority households in the patterns of sources of information about the program. Minority households rely slightly more on welfare and social service agencies and have had slightly more prior experience with housing assistance programs.

In contrast with other groups, far fewer handicapped have learned about the program via word of mouth. A proportionately large number has received information from social service agencies.

No statistically significant difference can be observed between male and female-headed households in the sources of information used.

TABLE III-19A

HOW DID YOU LEARN ABOUT THE SECTION 8 PROGRAM?

| | Source Mentioned | Most Important Source |
|---|---|---|
| Friends or relatives | 60.8% | 51.7% |
| Real estate agent | 0.9 | 0.3 |
| Your landlord or building superintendent at that time | 14.4 | 10.8 |
| A church or community organization | 2.4 | 1.2 |
| A senior citizen's group | 2.4 | 1.4 |
| A public housing agency | 14.7 | 7.6 |
| Welfare department or agency | 14.1 | 10.5 |
| Another social service agency | 9.8 | 8.0 |
| Radio | 1.5 | 0.2 |
| TV | 2.7 | 0.3 |
| Newspapers | 11.0 | 4.7 |
| Mailings or flyers | 1.9 | 0.2 |
| Posters of bulletin boards | 1.6 | 0.4 |
| Another source | 4.0 | 2.8 |
| Sample Sizes: 2695 | | |

Source: Interviews with applicant households

TABLE III-19B

PROGRAM EXPERIENCE

| Question Asked | Positive Responses Adjusted Frequency (percent) |
|---|---|
| At time of application, were you living in government assisted housing? | 5.0 |
| Sample Size: 2,644 | |
| Did you ever apply for government assisted housing before applying for this Section 8 housing? | 17.0 |
| Sample Size: 2,621 | |

Source: Interviews with applicant households.

TABLE III-19C

PROGRAM EXPERIENCE BY RESPONDENT TYPE
ELDERLY VS. NON-ELDERLY

| | Elderly | Non-elderly |
|---|---|---|
| Most important source which influenced application | | |
| Friends, relatives, contact in Real Estate | 40.1 | 59.6 |
| Landlord or building superintendent | 15.2 | 10.3 |
| Church, community, senior citizen group | 4.5 | 1.7 |
| Public housing agency | 14.2 | 5.4 |
| Welfare or social service agency | 18.5 | 18.5 |
| Media | 7.5 | 4.4 |
| At time of application, were living in government assisted housing | 4.1 | 5.3 |
| Had previously applied for government assisted housing | 12.7 | 19.0 |
| Sample Sizes: | 673 | 1,644 |

Source: Interviews with applicant households

TABLE III-19D

PROGRAM EXPERIENCE BY RESPONDENT TYPE
WHITE AND MINORITY

| | White | Minority |
|---|---|---|
| Most important source which influenced application | | |
| Friends, relatives, contact in Real Estate | 54.1 | 56.7 |
| Landlord or building superintendent | 13.1 | 9.0 |
| Church, community, senior citizen group | 2.5 | 3.6 |
| Public housing agency | 9.2 | 7.9 |
| Welfare or social service agency | 14.8 | 19.8 |
| Media | 6.3 | 3.0 |
| At time of application, were living in government assisted housing | 4.4 | 7.4 |
| Had previously applied for government assisted housing | 15.6 | 20.4 |
| Sample Sizes: | 1541 | 501 |

Source: Interviews with applicant households

TABLE III-19E

PROGRAM EXPERIENCE BY RESPONDENT TYPE
HANDICAPPED AND NON-HANDICAPPED FAMILIES

| | Handicapped | Other Families |
|---|---|---|
| Most important source which influenced application | | |
| Friends, relative, contact in Real Estate | 49.2 | 61.2 |
| Landlord or building superintendent | 10.8 | 10.1 |
| Church, community, senior citizen group | 3.0 | 1.3 |
| Public housing agency | 5.4 | 4.8 |
| Welfare or social service agency | 27.4 | 18.4 |
| Media | 4.2 | 4.2 |
| At time of application, were living in government assisted housing | 4.8 | 5.6 |
| Had previously applied for government assisted housing | 13.9 | 19.6 |
| Sample Sizes: | 302 | 1,263 |

Source: Interviews with applicant households.

TABLE III-19F

PROGRAM EXPERIENCE BY RESPONDENT TYPE
FEMALE-HEADED AND MALE-HEADED HOUSEHOLDS

| | Female Headed | Male Headed |
|---|---|---|
| Most important source which influenced application | | |
| Friends, relatives, contact in Real Estate | 55.0 | 49.2 |
| Landlord or building superintendent | 10.0 | 15.6 |
| Church, community, senior citizen group | 2.6 | 2.7 |
| Public housing agency | 8.0 | 8.2 |
| Welfare or social service agency | 20.0 | 16.7 |
| Media | 4.5 | 7.7 |
| At time of application, were living in government assited housing | 5.1 | 4.4 |
| Had previously applied for government assisted housing | 17.9 | 13.8 |
| Sample Sizes: | 1,702 | 656 |

Source: Interviews with applicant households.

## Conclusions

The application stage is clearly an important step in the ultimate determination of the types of households that will be served by the program. At this stage elderly households demonstrate their reluctance to apply for government assistance: they are underrepresented in the total pool of applicants relative to their proportion in the eligible population and apply only when they really need help to reduce an inordinately high rent burden. It is the single elderly person who is by far the most likely to apply. All patterns of exclusion and overrepresentation of the non-elderly recipients are already present to some degree in the applicant group from which they are drawn indicating that many of these patterns originate at the application stage.

III. 5 Selection of Applicant Households for Certification

No other stage in the participation process more closely indicates the impact of PHA policies than the selection of households among the applicant pool. The PHA's major intervention point is the certification of households or, in those PHAs which rarely issue certificates in advance, the decision by the staff to serve a particular household. PHAs have indeed a significant decision to make; the pool of applicants is frequently much larger than the number of certificates to be awarded. Of the estimated 282,700 households that have ever applied to the program, 177,200 (62.7%) have received certificates or are expected to do so (high-probability applicants); the remaining 37.3% have not been selected by the PHAs and have not progressed beyond the application stage.

The purpose of this section is to describe the characteristics of households that have been selected and the characteristics of unsuccessful applicants. Significant differences between the two groups can indicate that eligibility determination and/or priorities established by program admininstrators exclude or favor certain groups of applicants.

The analysis addresses directly the policy question: What groups are excluded by PHA selection practices? Following the pattern established in earlier sections, the discussion continues to separate elderly and non-elderly households. As shown in Table III-20, however, the most striking event at this stage of program participation is the exclusion of non-elderly households. Eighty-six point two percent of unsuccessful applicants are in the younger age groups while their proportion in the households selected for certification is 72.4%. There are twice as large

TABLE III-20

AGE OF UNSUCCESSFUL APPLICANTS

| | Selected Households | Unsuccessful Applicants |
|---|---|---|
| Elderly | 27.6% | 13.8% |
| Non-elderly | 72.4 | 86.2 |
| Sample Size (4000) | | |

Source: File records of 5,827 households at 108 PHAs.

a proportion of elderly in the selected group as compared to the unsuccessful. This favorable treatment of the elderly by PHA staffs is undoubtedly the result of an informal policy of targeting assistance toward this group. Only recently has HUD policy shifted toward more equitable access for families, particularly large families.

Elderly Households

As can be seen in Table III-21, elderly households selected for certification differ in several respects from those that have not progressed beyond the application stage (unsuccessful applicants).

-Single-person households are more likely to receive a certificate than elderly couples. The corollary is that the incidence of elderly women is higher among households with certificates.

-The process of selection excludes numerous households with income above $4,000. Priority appears to be given to households in the $2,000-$3,000 ($3,000-$4,000 for households having applied in 1979 or later).

-Elderly households receiving SSI are more numerous in the group of households with certificates than in the group of applicant households. This result may be due to the fact that applications are not always complete until all income sources have been verified in the process of eligibility determination and certification: until then, the applicant may combine social security and SSI on the application form and may fail to list household assets.

-Hispanic households appear to confront a higher failure rate than other groups at this stage of the selection process.

-The groups of elderly households deemed at application to be without housing, about to be without housing, or in substandard housing, are underrepresented among the successful households.

TABLE III-21

CHARACTERISTICS OF ELDERLY AND
NON-ELDERLY UNSUCCESSFUL APPLICANTS

| Demographic and Socio-economic Characteristics | Elderly | | Non-Elderly | |
|---|---|---|---|---|
| | All selected Households | Unsuccessful Applicants | All selected Households | Unsuccessful Applicants |
| RACE-ETHNICITY OF HEAD | (1140) | (208) | (2742) | (1023) |
| White | 88.7 | 87.5 | 75.9 | 66.3** |
| Black | 8.0 | 3.9 | 18.9 | 19.5 |
| Hispanic | 2.6 | 7.1** | 3.6 | 7.3* |
| All Minorities | 11.3 | 12.5 | 24.1 | 33.7** |
| SEX OF HEAD | (1165) | (266) | (2811) | (1252) |
| Male | 29.0 | 34.9* | 29.7 | 34.1 |
| Female | 71.0 | 65.1* | 70.3 | 65.9 |
| AGE OF HEAD | (1162) | (258) | (2796) | (1240) |
| Percent Elderly | 100.0 | 100.0 | 0.0 | 0.0 |
| Mean | 72 | 71 | 33 | 32 |
| HOUSEHOLD SIZE | (1168) | (262) | (2818) | (1262) |
| Mean | 1.4 | 1.5 | 3.1 | 3.3 |
| 5 or More Persons | 0.9 | 1.1 | 16.8 | 19.3 |
| Large Families | 0.0 | 0.0 | 2.1 | 2.7 |
| HANDICAPPED/DISABLED | | | (2740) | (1079) |
| Percent Handicapped or Disabled | NA | NA | 18.5 | 10.8** |
| HOUSEHOLD COMPOSITION | (1142) | (234) | (2714) | (1050) |
| Couple, No Minor | 13.8 | 23.8** | 5.2 | 6.9 |
| Couple, With Minors | 2.0 | 2.3 | 23.4 | 30.0 |
| Single, No Minors | 82.6 | 72.6** | 11.2 | 9.1 |
| Single, With Minors | 1.6 | 1.4 | 60.2 | 59.0 |
| INCOME LEVEL | (1103) | (199) | (2549) | (903) |
| Mean Family Income | $3,340 | $4,042*** | $4,088 | $4,695*** |
| MAJOR INCOME SOURCE | (1114) | (244) | (2604) | (999) |
| Earnings | 4.0 | 5.5 | 33.0 | 50.4*** |
| Transfers - Pension, Social Security | 76.1 | 75.4 | 15.0 | 8.7** |
| Welfare or SSI | 18.6 | 6.9** | 42.3 | 30.8** |
| ASSET INCOME | (1043) | (163) | (2362) | (618) |
| Families With Assets or Interest Income | 20.0 | 18.5 | 7.8 | 4.9 |
| PRE-PROGRAM HOUSING STATUS | (945) | (132) | (2123) | (638) |
| Mean Housing Cost | $104 | $117* | $132 | $117* |
| Substandard | 16.8 | 24.2** | 20.5 | 22.0 |
| Without Housing | 8.6 | 15.3** | 14.2 | 28.8** |

SOURCE: File records of 5,827 households at 108 PHAs.

NOTE: 1. Sample sizes are in parentheses.
2.* Statistically significant at the 90% level of confidence.
** Statistically significant at the 95% level of confidence.
*** Statistically significant at the 99% level of confidence.

Non-elderly Households

Different patterns emerge in a comparison of successful and unsuccessful non-elderly households.

-Household composition does not appear to differ significantly between the two groups.

-Large families are not excluded by the certification process.

-The difference in income level is statistically significant. In contrast with elderly households where a sharp decrease in the proportion of households occurred starting with income $4,000 and above, this exclusion does not occur until income level $8,000 for non-elderly households.

-The income sources of certificate households differ from those of applicant households. Welfare and transfer recipients are favored at the expense of wage earners.

-Households selected for certification are more likely to pay a higher rent in their pre-program unit. While the quality of their housing unit does not appear to be significantly different from that of the unsuccessful group, they are far less likely to come from a situation in which they were without housing or about to be without housing.

Conclusions

Similar patterns are found to occur in the selection of elderly and non-elderly participants for certification. Possibly the most important is the significantly lower income of the selected group. Three explanations are possible for this lower income:

(1) While the number of ineligible applicants is very small, all of them have higher than average income and all fall in the unsuccessful group;

(2) PHAs tend to exclude households at the higher end of the distribution and serve those most in need; and

(3) Households with higher incomes are more likely to decline the PHA offer when they find out that they will pay most of the rent anyway.

## III.6 SUCCESS OR FAILURE OF HOUSEHOLDS WITH CERTIFICATES

A number of certificate holders whose certificate expires before they find an approved housing unit do not become recipients of Section 8 housing assistance. While significant, this phenomenon has a relatively minor incidence in rural areas. We estimate that only approximately 19,000 certificates have expired out of a total of more than 162,000 certificates issued, constituting an attrition rate of 11.7%.

The proportion of certificates which expire varies considerably from PHA to PHA, in part a result of differences in policy. The ratios range to a high of 78% from a low of 0% attrition rate, all certificates issued have resulted in successful entry into the program. These PHAs include a small group whose ACC was so small or so recent that there has been little or no time for any certificate to expire and a second, much larger group, whose policy is to issue a formal certificate only after the family has found a house, been approved and is about to sign the lease. In these PHAs all program forms, including sometimes the application, bear the same date.

Who are the unsuccessful certificate holders? What factors account for their failure to find a housing unit and become recipients in the Section 8 program? While the role of the program administrator is still important at this stage of participation in the program, other important variables come into play: households must persuade their landlords to participate in the program and (if necessary) repair the units as required by the PHA or search and move into an approved unit. The structure and situation in the housing market environment may thus be a factor in their success.

To investigate this process, this section presents and compares the characteristics of successful and unsuccessful certificate holders.

The most obvious result that emerges is that non-elderly households are far more likely to become non-recipients (unsuccessful certificate holders) than elderly households (See Table III-22). The proportion of family households among non-recipients is 85.9% and this proportion falls to 64.3% among recipients. In contrast, the proportion of elderly households is 14.1% and 35.7%, respectively, in the two groups.

TABLE III-22

PROPORTION OF ELDERLY AND NON-ELDERLY IN NON-RECIPIENT AND RECIPIENT GROUPS.

| | Non-Recipients (Expired Certificate) | Recipients |
|---|---|---|
| Elderly | 14.1% | 35.7% |
| Non-Elderly | 85.9% | 64.3% |
| Sample Sizes | 452 | 1977 |

Source: File records of PHAs.

ELDERLY HOUSEHOLDS

There are so few elderly households in the sample of non-recipients that it is difficult to demonstrate exclusion or overrepresentation of any particular group (See Table III-22). One result that emerges is that couples are less likely to become recipients than single-person households, particularly if this person is a woman. It appears that the existing housing market provides ample approved housing for elderly single women. Non-recipient elderly have a higher income than elderly recipients. The only possible explanation and one that was previously invoked is that some households allow their certificates to expire when they realize that the program will not pay a large portion of their rent. A marked difference is evident in the previous housing status of non-recipients that are more likely to be without housing or in substandard housing. These households are excluded in greater number because they all have to move or improve their unit: this reduces the probability that they will become recipients.

NON-ELDERLY HOUSEHOLDS

Large families are far more likely to fail to find a unit and become recipients as shown in Table III-23. Their exclusion from the program at this stage occurs after they have received their certificate. Market forces, i.e. the unavailability of large housing units, are apparently responsible for the relative underrepresentation of large families.

White households are proportionately more numerous among recipients and experience a smaller failure rate than minority households. Among the latter, blacks, in particular, are overrepresented among non-recipients.

Households without housing or about to be without housing are more than twice as numerous among the non-recipient population than among the recipients. Several hypotheses may explain this phenomenon:

1) Plans to find housing away from a relative may be dropped when families start looking for their own unit;
2) The family in a temporary housing situation is more likely to be transient and to move out of the area;
3) Families without housing or about to be without housing are all "would-be" movers: demonstrating that movers are far less likely to make it into the program.

TABLE III-23

SUCCESSFUL AND UNSUCCESSFUL

CERTIFICATE HOLDERS

| | ELDERLY | | NON-ELDERLY | |
|---|---|---|---|---|
| | NON-RECIPIENTS | RECIPIENTS | NON-RECIPIENTS | RECIPIENTS |
| RACE-ETHNICITY OF HEAD | (87) | (754) | (337) | (1223) |
| White | 79.4 | 88.4 | 67.5 | 74.0 |
| Black | 16.3 | 8.6 | 28.7 | 20.5 |
| Hispanic | 4.3 | 2.4 | 1.8 | 4.3 |
| All Minorities | 20.6 | 11.6 | 32.5 | 26.0 |
| SEX OF HEAD | (91) | (755) | (358) | (1229) |
| Male | 47.2 | 24.0** | 31.9 | 28.9 |
| Female | 52.8 | 76.0** | 68.1 | 71.1 |
| AGE OF HEAD | (89) | (754) | (356) | (1223) |
| Percent Elderly | 100.0 | 100.0 | 0.0 | 0.0 |
| Mean | 71 | 72 | 32 | 35 |
| HOUSEHOLD SIZE | (92) | (756) | (360) | (1230) |
| Mean | 1.8 | 1.3 | 3.5 | 3.1 |
| 5 or More Persons | 4.9 | 0.5* | 25.4 | 16.3*** |
| Large Families | 0.0 | 0.0 | 4.1 | 2.6 |
| HANDICAPPED/DISABLED | | | (338) | (1227) |
| Percent handicapped or Disabled | NA | NA | 15.6 | 22.0 |
| HOUSEHOLD COMPOSITION | (83) | (754) | (326) | (1224) |
| Couple, No Minor | 18.0 | 13.3 | 3.9 | 4.3 |
| Couple, With Minors | 9.7 | 1.8 | 28.3 | 21.1 |
| Single, No Minor | 69.2 | 83.4* | 8.3 | 14.0** |
| Single, With Minors | 3.0 | 1.4 | 59.5 | 60.7 |
| INCOME LEVEL | (91) | (717) | (333) | (1206) |
| Mean Family Income | $4,296 | $3,153* | $4,272 | $4,003 |
| MAJOR INCOME SOURCE | (92) | (735) | (339) | (1139) |
| Earnings | 3.6 | 3.4 | 32.2 | 30.7 |
| Transfers - Pension Social Security | 71.1 | 74.2 | 14.5 | 14.2 |
| Welfare or SSI | 25.3 | 21.0 | 46.1 | 46.5 |
| ASSET INCOME | (92) | (703) | (305) | (1115) |
| Families With Assets or Interest Income | 38.5 | 18.3*** | 11.7 | 4.8 |
| PRE-PROGRAM HOUSING STATUS | (74) | (650) | (280) | (989) |
| Mean Housing Cost | $88 | $104 | $119 | $132 |
| Substandard | 33.3 | 16.7** | 25.3 | 17.8** |
| Without Housing | 21.4 | 7.3 * | 26.9 | 9.3*** |

SOURCE: File records on 652 Non-Recipients and 1986 Recipients in 108 PHAs.

NOTES: 1. Sample sizes are in parenthesis
2.*Statistically significant at the 90% level of confidence.
**Statistically significant at the 95% level of confidence.
***Statistically significant at the 99% level of confidence.

TERMINATIONS

An estimated 57,000 households, at one time or another recipients of Section 8 Housing Assistance, have now terminated from the program in the rural areas covered in this survey. This number constitutes approximately 40% of all households having received assistance since the start of the program. Terminations are occuring at an annual rate of about 19,000 households per year (this estimate is based on terminations in 1979, the latest full year for which the number of terminations is available.) The annual turnover rate of ACC units is about 22%.

In view of all the factors that may contribute to bringing about the termination of a household, the frequency of terminations should not be surprising. Housing assistance payments may be ended by the PHA following reverification of income and family size and/or reinspection of the unit; or, as a result of the eviction of the family by the landlord; or again, because the family chooses to move out of the area; finally as a result of death or institutionalization of the head of household. These various factors are studied in this section.

Table III-24 lists the various reasons why households terminate from the program. These reasons were obtained from PHA files. Household-initiated terminations were about twice as frequent as terminations by PHA action. Many of the household terminations for which a reason is known were prompted by a decision to move out of the unit. The household moved to a different unit in the same town or out of town. Death and institutionalization are frequent, and so too are changes in the household's living arrangements. Other relatively infrequent reasons for the household's decision to leave the program are a new job or job transfer, the purchase

of a new house and health related problems (need for a first floor apartment, need for some form of congregate living or personal care, etc.). A substantial number of terminees moved to subsidized new construction projects in the same area.

TABLE III-24

REASONS FOR TERMINATION

| Management Terminations | Percent of Terminees* |
|---|---|
| Over-income | 12.9% |
| Behavior/excessive damages/lease violation | 5.8 |
| Landlord refused to renew or repair unit | 3.8 |
| Change in family size/overcrowded | 3.2 |
| Non-payment | 2.8 |
| Property changed status: sold, demolished, etc. | 2.3 |
| Management terminations: unknown reasons | 4.9 |
| TOTAL MANAGEMENT TERMINATIONS: | 35.7% |
| Household Terminations | |
| Left without notifying management | 17.9% |
| Moved to different unit | 9.5 |
| Moved out of town | 8.1 |
| Death/Institutionalization | 6.3 |
| Change in family situation: marriage, moved with relatives or friends | 6.1 |
| Health reasons | 2.9 |
| Moved to Section 8 New Construction Project | 2.9 |
| Job transfer or new job | 2.3 |
| Purchased home | 1.5 |
| Household terminations: unknown reasons | 12.3 |
| TOTAL HOUSEHOLD TERMINATIONS: | 69.8% |
| Sample Size: 991 | |

Source: PHA File Records.
*Percentages add to more than 100% because more than one reason was indicated.

Management-related terminations occur most frequently following recertification as a result of the household's income increasing above the eligibility limit and/or a change in the family situation. Lease violations, behavioral problems and/or non-payment of the rent by households constitute a second set of common termination reasons. Less frequent, but nonetheless significant, are terminations resulting from lack of cooperation from a landlord in the form of refusal to renew a lease or repair the unit. In a few cases, households were forced to leave because of a change in the status of the property such as the landlord's family moving back into unit or the property being sold or demolished.

Termination reasons vary according to household characteristics as shown in Tables III-25A to III-25D. Elderly households terminate from the program as a result of management action less frequently than family households. Death, institutionalization or a move to a new construction project are the primary reasons for the termination of elderly households. Minority households terminate more frequently because of management actions. For instance, the proportion of minority households forced to leave the program following a landlord's refusal to renew the lease is seven times as high as the proportion for white households.

For handicapped households, the primary termination reason is the determination that they are over-income following recertification. Like elderly households, handicapped persons are less likely to move. Many are institutionalized or placed in a new construction project.

Male-headed households may be expected to terminate as a result of an increase in income or a violation of the lease more frequently than female-headed households. For the latter, a relatively frequent cause of termination is a change in the family composition, probably a result of marriage.

TABLE III-25 A

TERMINATION REASONS, ELDERLY VS. FAMILIES

| | Elderly | Non-elderly | |
|---|---|---|---|
| Management Terminations | 23.8% | 36.9% | * |
| Over-income | 6.9 | 14.5 | * |
| Behavior/lease violations/non-payment | 4.5 | 8.1 | |
| Change in family situation | 3.4 | 3.7 | |
| Landlord refusal to renew | 3.5 | 3.9 | |
| Property changed status or owner | 1.7 | 2.8 | |
| Management Terminations, unknown | 11.5 | 16.9 | |
| Household Terminations | 78.5% | 63.8% | * |
| Move out of town | 4.0 | 12.0 | * |
| Death or institutionalization | 24.2 | 2.6 | * |
| Change in family situation | 2.7 | 7.3 | |
| Health | 5.6 | 0.9 | * |
| Move to new construction program | 11.0 | 1.0 | * |
| Job transfer or new job | 0.7 | 3.7 | |
| Purchase of new home | 0.1 | 1.9 | |
| Household terminations, unknown | 32.1 | 36.5 | |
| Sample Sizes | 116 | 600 | |

Source: PHA File Records

Totals add to more than 100% because multiple reasons were reported in some cases.

Although multiple reasons have been excluded from the subtotals, a few file forms indicated both a management and a household termination reason for the same person. As a result the subtotals add to slightly more than 100%.

*Statistically significant at the 90% level of confidence.

TABLE III-25 B

TERMINATION REASONS, WHITE AND MINORITY HOUSEHOLDS

| | | White | | Minority | |
|---|---|---|---|---|---|
| Management Terminations | 30.3% | | 51.6% | | * |
| Over-income | | 12.0 | | 14.8 | |
| Behavior/lease violations/non-payment | | 6.4 | | 12.6 | * |
| Change in family situation | | 3.9 | | 0.3 | |
| Landlord refusal to renew | | 2.0 | | 14.3 | * |
| Property changed status or owner | | 2.5 | | 3.3 | |
| Management terminations, unknown | | 14.1 | | 25.0 | * |
| Household Terminations | 69.9% | | 54.3% | | * |
| Move out of town | | 8.8 | | 19.3 | * |
| Death or institutionalization | | 7.6 | | 5.1 | |
| Change in family situation | | 7.0 | | 1.7 | |
| Health | | 2.2 | | 0.1 | |
| Move to new construction program | | 3.2 | | 2.7 | |
| Job transfer or new job | | 2.9 | | 3.9 | |
| Purchase of new home | | 1.8 | | 1.7 | |
| Household terminations, unknown | | 38.4 | | 20.6 | * |
| Sample Sizes | | 656 | | 107 | |

Source: PHA File Records

Totals add to more than 100% because multiple reasons were reported in some cases.

Although multiple reasons have been excluded from the subtotals, a few file forms indicated both a management and a household termination reason for the same person. As a result the subtotals add to slightly more than 100%.

*Statistically significant at the 90% level of confidence.

TABLE III-25 C

TERMINATION REASONS, HANDICAPPED VS. NON-HANDICAPPED FAMILIES

| | | Handicapped Family | | Non-handicapped Family | |
|---|---|---|---|---|---|
| Management Terminations | 59.1% | | 31.8% | | * |
| Over-income | | 39.3 | | 9.4 | * |
| Behavior/lease violations/non-payment | | 11.0 | | 6.9 | |
| Change in family situation | | 5.8 | | 3.4 | |
| Landlord refusal to renew | | 2.3 | | 4.2 | |
| Property changed status or owner | | 0.0 | | 3.4 | |
| Management terminations, unknown | | 15.4 | | 17.3 | |
| Household Terminations | 40.9% | | 69.0% | | * |
| Move out of town | | 11.1 | | 12.0 | |
| Death or instutitionalization | | 8.1 | | 1.6 | * |
| Change in family situation | | 1.9 | | 8.5 | * |
| Health | | 0.1 | | 1.1 | |
| Move to new construction program | | 3.8 | | 0.4 | * |
| Job transfer or new job | | 1.0 | | 4.3 | |
| Purchase of new home | | 0.3 | | 2.2 | |
| Household terminations, unknown | | 15.1 | | 41.2 | * |
| Sample Sizes | | 99 | | 489 | |

Source: PHA File Records

Totals add to more than 100% because multiple reasons were reported in some cases.

Although multiple reasons have been excluded from the subtotals, a few file forms indicated both a management and a household termination reason for the same person. As a result the subtotals add to slightly more than 100%.

*Statistically significant at the 90% level of confidence.

TABLE III-25 D

TERMINATION REASONS, FEMALE-HEADED VS. MALE-HEADED HOUSEHOLDS

| | Female-headed households | Male-headed households | |
|---|---|---|---|
| Management Terminations | 28.8% | 41.2% | * |
| Over-income | 7.2 | 15.9 | * |
| Behavior/lease violations/non-payment | 5.6 | 12.9 | * |
| Change in family situation | 3.0 | 6.0 | |
| Landlord refusal to renew | 5.2 | 1.8 | |
| Property changed status or owner | 3.7 | 0.8 | |
| Management terminations, unknown | 16.8 | 16.3 | |
| Household Terminations | 72.0% | 60.6% | * |
| Move out of town | 11.6 | 10.1 | |
| Death or institutionalization | 9.0 | 5.8 | |
| Change in family situation | 8.3 | 2.8 | * |
| Health | 2.5 | 0.5 | |
| Move to new construction program | 4.5 | 1.1 | |
| Job transfer or new job | 3.7 | 2.3 | |
| Purchase of new home | 1.0 | 3.1 | |
| Household terminations, unknown | 34.2 | 35.8 | |
| Sample Sizes | 483 | 221 | |

Source: PHA File Records

Totals add to more than 100% because multiple reasons were reported in some cases.

Although multiple reasons have been excluded from the subtotals, a few file forms indicated both a management and a household termination reason for the same person. As a result the subtotals add to slightly more than 100%.

*Statistically significant at the 90% level of confidence.

The varying probability of termination for households with different characteristics influences the charteristics of the recipients that remain on the program. As shown in Table III-26 the proportion of elderly is significantly lower among terminees than among recipients. The figures denote higher termination rate for families than for elderly households.

TABLE III-26

CHARACTERISTICS OF TERMINEES AND RECIPIENTS

| | Terminees | Recipients |
|---|---|---|
| Elderly households | 21.6% | 35.7% |
| Family households | 78.4 | 64.3 |
| Sample Sizes | 767 | 1725 |

Source: PHA File Records.

Other characteristics which may impact on the probability of termination are noted in Table 27. The most significant results are presented below.

Elderly Households

- As expected, terminees are likely to be older than recipients.
- Male-headed elderly households constitute a far higher proportion of the terminees than the recipients.
- White households are more likely to terminate than minority households. Among minority households, black elderly households are far more likely to remain on the program.
- SSI recipients have a lower termination rate than the average elderly household.

Non-elderly households

Families that terminate from the program differ from recipients in family composition and size, minority status and income sources.

- Large families are more likely to remain on the program than smaller families; single-headed families also have a lower termination rate than couples;
- Handicapped or disabled households have a lower termination rate than other households;
- Welfare recipients are more likely to be long term recipients.
- White households have higher termination rates than minority households.

TABLE III-27

COMPARISONS BETWEEN RECIPIENTS AND TERMINEES:

ELDERLY AND NON-ELDERLY

| | Elderly | | Non-Elderly | |
|---|---|---|---|---|
| | Termi-nees | Recip-ients | Termi-nees | Recip-ients |
| RACE OF HEAD | | | | |
| White | 92.8 | 88.5* | 82.2 | 73.7* |
| Black | 2.9 | 8.6* | 12.4 | 20.7* |
| Hispanic | 2.4 | 2.4 | 3.5 | 4.4 |
| All minorities | 7.2 | 11.5 | 17.8 | 26.3* |
| Sample sizes | 190 | 616 | 720 | 1099 |
| SEX OF HEAD | | | | |
| Male | 39.2 | 24.3* | 29.1 | 28.6 |
| Female | 60.8 | 75.7* | 70.9 | 71.4 |
| Sample Sizes | 189 | 585 | 660 | 1107 |
| AGE OF HEAD | | | | |
| Mean | 74 | 72* | 31.0 | 34.7* |
| Sample Sizes | 186 | 585 | 711 | 1038 |
| HOUSEHOLD SIZES | | | | |
| Mean | 1.4 | 1.3 | 2.9 | 3.1 |
| 5 or above | 1.3 | 0.5 | 14.6 | 13.5 |
| Large families | 0.0 | 0.0 | 1.2 | 2.5* |
| Sample Sizes | 190 | 583 | 726 | 1027 |
| HANDICAPPED/DISABLED | | | 17.1 | 21.7* |
| Sample Sizes | N/A | N/A | 714 | 1100 |
| HOUSEHOLD COMPOSITION | | | | |
| Couple, no minors | 14.6 | 12.1 | 7.6 | 4.0* |
| Couple, with minors | 0.6 | 2.0 | 25.5 | 20.0* |
| Single, no minors | 83.7 | 84.3 | 8.8 | 13.0* |
| Single, with minors | 1.1 | 1.6 | 58.1 | 63.1* |
| Sample Sizes | 183 | 567 | 704 | 995 |
| INCOME LEVEL | | | | |
| Mean | $3,462 | $3,159 | $4,106 | $4,036 |
| Sample Sizes | 190 | 584 | 711 | 1016 |
| MAJOR INCOME SOURCE | | | | |
| Earnings | 4.8 | 3.6 | 35.9 | 31.6 |
| Welfare or SSI | 12.2 | 20.7 | 33.9 | 46.5* |
| Transfers: retirement, SS | 82.4 | 74.3 | 17.4 | 13.7 |
| Asset Income | 17.3 | 17.0 | 9.6 | 4.3* |
| Sample Sizes | 187 | 581 | 698 | 1005 |
| HOUSING STATUS AND COST | | | | |
| Mean housing cost | $102 | $105 | $136 | $132 |
| Substandard | 11.6 | 15.6 | 17.3 | 16.8 |
| Without housing | 5.4 | 6.8 | 11.8 | 8.2 |
| Sample Sizes | 180 | 539 | 699 | 939 |

Source: PHA File Records
*Statistically significant at the 90% level of confidence.

III.7 Participation and PHA Policy

Earlier sections of this chapter indicate that there is some significant variation in the rate of successful participation of various types of households in the program. In this section we report the results of our effort to determine the impact of PHA policy differences on participation.

Among the most obvious differences in participation is a slight over-representation of elderly among recipients (36%) compared to the eligible population (30%) despite a much lower percentage (17%) of elderly among applicants. Among family households, single adults with minors are over-represented. Minority households are slightly over-represented among family recipients but under-represented among the elderly. Households in substandard housing or without housing are also underserved.

There are several market related explanations for these differences in participation. For example, the over-representation of elderly may be related to the availability of one and two bedroom housing units and to landlords' preference to rent to adult households without minors. The relative scarcity of low-income rental housing in rural areas, reflected in the large proportion of stayers (64%) in the program is a major determinant of who participates in the Existing Housing Program. Unfortunately, the scope of this study does not provide adequate data to analyze the interaction of market differences with PHA policy variables.

In order to consider the impact of policy variables on participation, on needs to observe some significant differences in PHA policy. Although there are some differences as indicated in Chapter II, our basic conclusion is that most PHAs are operating according to HUD regulations and, therefore differences in policy affecting participation are relatively minor. A notable exception is certification policy because many PHAs adapt to market conditions

by issuing certificates of household participation only after eligible households demonstrate a high probability of finding an approved housing unit.

Using the technique of multiple regression we looked at the impact on participation of PHA certification policy and outreach and targeting of specific groups. The relationships between participation and PHA policy are relatively weak, probably due to the influence of housing market conditions as well as to the lack of variation in PHA outreach and certification policy. However, there are some interesting policy influences.

Single head of households with minors are more likely to become recipients if the PHA maintains a pool of certificate holders and although the relationship is not strong their chances are increased by special outreach to black households.

Whites are favored by a policy of maintaining a certificate-holder pool and by certifying applicants on a first-come first-served basis. However, the major determinant of white participation is the proportion of whites in the eligible population.

We found no significant relationship between PHA outreach and certification policy and the proportion of elderly among recipients. Despite the low proportion of elderly among applicants, this is the major determinant of the proportion of elderly in the recipient group. Although not statistically significant, the relationship between proportion elderly among recipients and maintaining a certificate-holder pool is negative, implying that family households have a better chance of becoming recipients when the PHA maintains a pool of certificate holders.

The major implication of these relationships is that maintaining a certificate-holder pool puts most applicant groups on a relatively equal

footing. A PHA which wishes to increase the participation of particular subgroups of the eligible population is more likely to be able to do so if it does not maintain a certificate-holder pool.

## III.8 Conclusions

The results presented in this chapter permit the following conclusions to be drawn regarding the participation of households in the rural Section 8 Existing Housing Program.

- The program slightly favors elderly households rather than families: 36% of recipients are elderly while elderly households constitute only 30% of the eligible population. However, the disproportionate selection of elderly occurs not at the application stage (only 17% of applicants are elderly) but at certification or program entry.
- Among family households, the most obvious overrepresentation is that of single adults with minors at the expense of couples without children. Most single-head households are headed by females. Minority households are slightly overrepresented (26% of recipients as compared to 21% of the eligible population). One possible weakness is that the program underserves households in substandard housing or households without housing: this is a reflection of the large proportion of stayers. One strength of the Existing Housing program is that it favors handicapped persons: 22% of non-elderly recipients are handicapped. Another is that it selects the lowest income households among the eligibles: the mean income of non-elderly recipients is almost $1,000 lower than non-elderly applicants.

- Large families constitute 2.5 percent of the recipient population and 2 percent of the eligible population. They are therefore adequately represented. However, they apply for assistance in a greater number than smaller households and constitute 2.8 percent of the applicant population. They face greater obstacles when confronted with the need to find an appropriate unit.
- Among elderly households couples are less likely to become recipients and single elderly women constitute a great majority of the elderly recipients. Among elderly households, however, minorities are underrepresented (12 percent as compared to 16 percent of eligible population). Elderly without housing are also underrepresented (7 percent as compared to 12 percent of the eligible population).

# CHAPTER IV

# HOUSING CONDITIONS AND QUALITY

## IV.1 Introduction

The major focus of this chapter is on the extent to which the Section 8 Existing Housing (EH) program, as administered in rural areas, is meeting the housing goals envisaged by the legislation. Specifically, benefits derived from participation in the program in the following areas will be examined: 1) housing standardness, 2) reduction in the incidence of crowding, 3) reduction of household rent burden, 4) changes in housing quality, and 5) changes in housing consumption made by program recipients upon entry into the EH Program. Questions of whether and how changes in housing quality, housing consumption, rent levels, and rent burdens vary among the several demographic profiles served by the program will be considered.

The demographic classifications of the population participating in the program (program population) are based upon the following set of social, economic and demographic characteristics: age and sex of the head of household, income levels, family size, and race. Households headed by persons under 62 (non-elderly) and those households headed by a person 62 or over (elderly) are distinguished. Benefits of participation stemming from the Section 8 program will also be categorized for low income and for very low income households. Four income classes are used, namely annual incomes under $3,000, $3,001 to $5,000, $5,001 to $7,000 and over $7,000. The benefits are cross tabulated with the sex of the head of the household, whether the household was headed by a minority or non-minority member, and whether the family included one or two, three or four, five or six, or seven or more members. The possible impacts of the households' decision to relocate or stay in place upon the several aspects of housing

is finally analyzed.

The preliminary results of the research presented here are necessarily descriptive in nature. The results are based on the cross-section responses from the pre-program and program population. The data are drawn from the applicant, certificate holder, and recipient populations of the program. The cross-section represents 108 Public Housing Authorities operating in rural areas (as defined) in the continental United States. The analysis based on the sample is weighted to reflect the national aspects of the Section 8 program. The analysis with respect to housing quality is extended to an examination of the housing situation of the general eligible population as derived from the national sample of the 1977 Annual Housing Survey (AHS). At the initial stage of the analysis, for each of the housing standard variables, a test to determine whether applicants, certificate holders and recipients, were different or could be considered as similar groups, was computed.[1] Analysis indicated that the similarity was so great that comparisons between pre-program and program (recipient) groups was appropriate.

## IV.2 Key Issues in the Analysis of Housing Conditions and Quality

The major objective of the Section 8 Existing Program is to provide decent, safe, and sanitary housing for low income families. The program would achieve this objective by serving those groups in the general population that experience the greatest degree of housing deprivation. Housing deprivation generally includes the following attributes of a residence: 1) physical inadequacy, 2) excess rent levels as some proportion of income, and 3) overly crowded living conditions. In turn, each of the three attri-

[1] A Chi-square test was applied and it was found that the applicants and the certificate holders could be pooled, forming what is called a pre-program group.

butes has its own history as to the definition of physical inadequacy, excessive rent burden and crowded living conditions.

There is a long and well-established literature on the evolution of the definition and measurement of housing deprivation. Budding (1980) presents an excellent and concise review of the literature. This literature suggests a strong general trend away from physically inadequate housing and overcrowding, and toward and increase in the incidence of excessive rent burden.

Adequacy and Minimum Program Standards

Housing analysts now accept the notion that the problem of physically inadequate housing has, for all intents and purposes, been largely solved, (Weicher, 1976). However, the historical data concerning the measurement of housing adequacy, published as part of the decennial census, does generate doubt on this score. Since the initiation of the Annual Housing Survey (AHS) program in 1973, more comprehensive measures of housing adequacy are possible. Levine's (1978) research, based upon the AHS, has tended to be supportive of the estimates of physical deprivation derived from decennial census data. In our view, the nature and extent of physical housing deprivation will become clear as consistent data, based upon the AHS, are developed over time. The measures of physical housing deprivation developed in this study for rural housing are generally consistent with AHS data.

Physical housing deprivation will be measured in two ways. The first measure of physcial adequacy is based upon the Congressional Budget Office (CBO) study which, in turn, relied on the 1976 AHS data. The second measure, the HUD Acceptability Criteria, will be used to determine whether a housing unit meets the HUD measure of housing standards.

Under the CBO definition of inadequacy, developed by Levine (the first measure we use), the following conditions result in a unit classification of inadequate:

> if at least one of the following conditions is present: 1) the absence of complete plumbing facilities; or 2) the absence of complete kitchen facilities; and/or if the unit has two or more of the following conditions: 1) three or more breakdowns of six or more hours each time in the heating system during the last winter; 2) three or more times completely without water for six or more hours each time during the prior 90 days with the problem inside the unit; 3) leaking roof; 4) holes in interior floors; 5) open cracks or holes in interior walls or ceilings; 6) broken plaster or peeling paint over greater than one square foot of interior walls or ceilings; 7) unconcealed wiring; 8) the absence of any working light in public hallways for multi-unit structures; 9) loose or no handrails in public hallways in multi-unit structures; 10) loose, broken, or missing steps in public hallways in multi-unit structures (p. 1578)

The Section 8 Acceptability Criteria provides another way of identifying physically inadequate housing. The Section 8 regulations (124 CFR 882.109) specify program standards for housing quality required of each unit in order to qualify for a subsidy. The Acceptability Criteria and our operationalization of the criteria are presented in Table IV-1. Housing units were classified for these characteristics by the housing measurement specialists of the Survey Teams. The existence of a prohibited condition, or a combination of conditions, was sufficient evidence to fail a unit. Lack of information on characteristics was not sufficient to fail a unit. The definitions of the characteristics concerning the presence of electrical hazards were extended in order to maintain compatibility with the Urban Study of the Section 8 program, and therefore may have led to failure of some units deemed adequate under less restrictive local standards.

Table IV-1

SECTION 8 ACCEPTABILITY CRITERIA

| CATEGORY | ACCEPTABILITY CRITERIA | DATA ITEM SUFFICIENT FOR FAILURE |
|---|---|---|
| Sanitary facilities | A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a shower or tub with hot and cold running water shall be present in the dwelling unit, all in proper operating condition. These facilities shall utilize an approved public or private disposal system. | Non-private or not working toilet facilities; tub or shower both not working or neither present;[a] wash basin not present or not working.[a] |
| Food preparation and refuse disposal | The unit shall contain the following equipment in proper operating condition: cooking stove or range and a refrigerator of appropriate size for the unit, supplied by either the owner or the Family, and a kitchen sink with hot and cold running water. The sink shall drain into an approved public or private system. Adequate space for the storage, preparation and serving of food shall be provided. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans). | Refrigerator not present or not working; stove not present or not working;[a] kitchen sink not present or not working (either no hot or no cold running water);[a] no shelves, cabinets or pantry.[a] |

SECTION 8 ACCEPTABILITY CRITERIA (cont'd).

| CATEGORY | ACCEPTABILITY CRITERIA | DATA ITEM SUFFICIENT FOR FAILURE |
|---|---|---|
| Space and security | A living room, kitchen area, and bathroom shall be present; and the dwelling unit shall contain at least one sleeping or living/ sleeping room of appropriate size for each two persons. Exterior doors and windows accessible from outside the unit shall be lockable | Absence of living room, kitchen area, or bathroom; insufficient sleeping rooms; exterior window or door accessible from outside the unit not lockable. |
| Thermal environment | The dwelling unit shall contain safe heating and/or cooling facilities which are in proper operating condition and can provide adequate heat and/or cooling to each room in the dwelling unit appropriate for the climate to assure a healthy living environment. Unvented room heaters which burn gas, oil or kerosene are unacceptable. | Primary heating unvented space heaters, fireplace, stove, or portable electric heaters; any unvented space heaters; furnace not working or unsound. |
| Illumination and electricity | Living and sleeping rooms shall include at least one window. A ceiling or wall type light fixture shall be present and working in the bathroom and kitchen area. At least two electric outlets, one of which may be an overhead light, shall be present and operable in the living area, kitchen area, and each bedroom area. | Living room absent or without window; inadequate fixtures or outlets; evidence of electrical hazards. Evidence of electrical hazards included: exposed wiring, permanent installations of extension cords or "octopus plugs" as outlets, surface mounted cloth or rubber covered wire in living (continued on next page) |

SECTION 8 ACCEPTABILITY CRITERIA (cont'd).

| CATEGORY | ACCEPTABILITY CRITERIA | DATA ITEM SUFFICIENT FOR FAILURE |
|---|---|---|
| Illumination and electricity (continued) | | area, kitchen area, bath or bedroom area; and any electrical system lacking protection by a main disconnector fuse, or having a missing/broken/disconnected grounding strap, bare or seriously frayed wires, dangerous/improper connections or junction boxes, dangerously hanging wiring, broken insulators in antiquated wiring, fuse or circuit breaker boxes not protected by fuse panel. |
| Structure and materials | Ceilings, walls and floors shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts or other serious damage. The roof structure shall be firm and the roof shall be weathertight. The exterior wall structure and exterior wall surface shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose sliding, or other serious damage. The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., shall be such as not to present a danger of tripping or falling. Elevators shall (continued on next page) | Hazardous or potentially dangerous interior or exterior structure or surface conditions; unsafe roof structure or condition; health or safety hazards in public areas, loose, broken or missing steps or railings (interior or exterior); improper mobile home tiedown device. |

SECTION 8 ACCEPTABILITY CRITERIA (cont'd).

| CATEGORY | ACCEPTABILITY CRITERION | DATA ITEM SUFFICIENT FOR FAILURE |
|---|---|---|
| Structure and materials (continued) | be maintained in safe and operating condition. In the case of a mobile home, the device which distributes and transfers the loads imposed by the unit to appropriate ground anchors so as to resist wind overturning and sliding. | |
| Interior air quality | The dwelling unit shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants. Air circulation shall be adequate throughout the unit. Bathroom areas shall have at least one openable window or other adequate exhaust ventilation. | No operable windows if designed to be opened; inadequate bathroom ventilation. |
| Water supply | The unit shall be served by an appropriate public or private sanitary water supply. | Omitted. |
| Lead based paint | The dwelling unit shall be in compliance with HUD Lead Based Paint regulations, 24 CFR, Part 35, issued pursuant to the Lead Based Paint Poisoning Prevention Act, 42 U.S.C. 4801, and the Owner shall provide a certification that the dwelling is in accordance with such HUD regulations. If the property was constructed prior to 1950, the Family upon occupancy shall have been furnished the notice required by HUD Lead Based Paint regulations and procedures regarding the hazards of lead based paint poisoning, the symptoms and treatment of lead poisoning and the precautions to be taken against lead poisoning. | Omitted. |

SECTION 8 ACCEPTABILITY CRITERIA (cont'd).

| CATEGORY | ACCEPTABILITY CRITERIA | DATA ITEM SUFFICIENT FOR FAILURE |
|---|---|---|
| Access | The dwelling unit shall be useable and capable of being maintained without unauthorized use of other private properties. The building shall provide an alternate means of egress in case of fire (such as fire stairs or egress through the windows). | Access through another unit; inadequate fire exits. |
| Site and neighborhood | The site and neighborhood shall not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mud-slides; abnormal air pollution, smoke or dust; excessive accumulations of trash; vermin or rodent infestation; or fire hazards. | Hazardous siting; walkways deteriorated severely; improper storage of flammables; evidence of sewer or septic tank back-up; major accumulations of trash. |
| Sanitary conditions | The unit and its equipment shall be free of vermin and rodent infestation. | Evidence of rats. |

SOURCE: 24 CFR 882.109.
NOTE: [a]. Does not apply to congregate housing.

## Crowding

The definitions of crowding are straightforward and are based on the numbers of household members per room and per bedroom. Three definitions of crowding are employed: 1) more than 1.0 persons per room, 2) more than 2.0 persons per room , 3) more than 2.0 persons per sleeping quarter. The analysis of the crowding issue is not an attempt to identify or generate some definitive, absolute, measure of crowding. Instead, the focus of the analysis seeks to determine to what extent the incidence of crowding, as defined, differs among the several demographic profiles.

Crowding has several attributes. At a minimum both space and privacy are relevant. In addition there may be obvious physical and mental health hazards when many persons share very limited space. The chances, however, of finding physical crowding in rural areas on a scale that approaches tenement conditions in urban America at the turn of the century, are extremely remote.

The issue of crowding stems from a concern with the amount of space and privacy necessary for the normal development of children, and for the provision of decent living conditions for adults. There are no universally accepted standard definitions of the adequate space and privacy. Over time, however, the use of measures based on persons per room have become the most commonly used measures. The range of the "norm" of persons per room may vary from one to as high as three persons per room. Budding (1980) presents a brief review of the historical development of the crowding definitions employed in the Section 8 rural study.

## Rent Burden

The key feature of the Section 8 program is the rent subsidy provided

to the recipient household. In effect, the subsidy reduces the rent burden of the household to a maximum of 25 percent of income, and in some instances the burden falls as low as 15 percent of adjusted gross income.

The inclusion of rent burden as an aspect of housing deprivation has a much shorter history than either physical deprivation, as measured in terms of acceptability standard or inadequacy, or crowding. Although providing decent housing at reasonable cost has long been a goal of Federal housing policy, only since 1973 has rent burden been included in measures of housing deprivation.

Rent burden is computed as the ratio of family housing expenditures to household income, adjusted for minors and extraordinary medical expense. The use of a rent burden measure is subject to controversy. It may be argued that spending more than 25 percent of household income reflects an inadequate family income level, rather than a high rental level. Then the problem may be directly addressed through an incomes policy. Nor is a subsidy that reduces the rent payment to 25 percent of income an unambiguous benefit. The subsidy might bid up the general rent level without inducing an increase in the stock of reasonably priced rental housing.

There are many possible measures of income that could be used as the denominator in a rent burden index. The measure employed here is based upon the Section 8 income definition, which includes income adjustments that reflect the presence of minors in the family and that reflect extraordinary medical expenses. Each minor under 16 is weighted at $300, while medical expenses in excess of 10 percent of income are deducted to determine eligibility income. The study employs the standard threshold of a 25 percent rent to income ratio as the definition of appropriate rents. Budding (1980)

provides a brief review of the history of this traditional rule of thumb concerning housing's share of a family budget. A 35 percent rent-income is used as a measure of excessively high rent burden. The purpose is to provide a comparison with the incidence of severe rent burdens as measured in the Urban Study.

In a rental housing program "rent" is measured as gross rent, which is defined as the monthly charge for the unfurnished unit plus utilities other than telephone. Income levels must also be considered if an appropriate rent burden is to be defined. The measurement of rent burden in terms of the rent to income ratio more properly requires 1) a definition of housing costs (the numerator), 2) a definition of income (the denominator) and 3) a schedule of thresholds of rent-income levels that define an excessive burden on households.

## IV.3 Adequacy Measures of Housing Quality

A reduction in the incidence of deficient housing is a goal of the Existing Housing Program (Sec. 8). Some of the measures of housing deficiency have been discussed in Section IV.2.

The measure discussed here is that of the Congressional Budget Office. This measure was developed by CBO and is based on Annual Housing Survey data (Levine, 1980). The incidence of housing deficiency based on the CBO measure will be used to compare the pre-program sample with the rate of incidence of housing deficiency experienced by recipients within the Section 8 program. The reasons units have been classified as deficient will be examined. The analysis will be carried out for several demographic profiles of pre-program and program households.

The CBO definition of housing deficiency attempts to capture the

inability of a housing unit to provide 1) basic housing services 2) an adequate physical environment in terms of both structure and surface of floors, walls and ceilings, and 3) a healthy and safe environment.

The CBO standards used in the survey interviews and the data collected by housing measurement specialists are, in our opinion, more stringent than the Section 8 program criteria (See Table IV-1). While the two sets of criteria are not entirely different, the broader CBO measure covers conditions the detailed HUD Acceptability Criteria do not specifically embrace. It is, therefore, possible to meet HUD Section 8 Acceptability Criteria yet fail the CBO measure.

An example is in the "breakdown" measures. There is no overtly expressed measure of continuity of service for heating or water in the HUD Criteria. The CBO criteria limit acceptability if water or heat have been discontinued during previous periods. Hence, CBO criteria were used to provide a means of comparison with previous research on housing adequacy.

For analytic purposes we constructed two sub-samples to compare housing in general with the housing that fell under the jurisdiction of the Section 8 program. The first sample, the pre-program sample, was drawn from the entire housing inventory, which included both those applying to get into the program and those holding certificates of eligibility. This sample numbered 1,598. Thus the first sample was drawn from housing whose renters sought, successfully or unsuccessfully, to get into the program. The second sample, the program sample, represented those households actually receiving some measure of rent subsidy through the Section 8 existing program. This sample numbered 1,997 families. Together, the pre-program and program samples constitute a data base on 3,595 households, 63 per-

cent of which are included in the program sample.

Program and Pre-program Households

As seen in Table IV-2 one in five households in the total sample lived in a unit that was substandard at the time of the survey. Thus 20 percent of all the housing units were inadequate. The incidence of substandard housing, however, was much greater among the pre-program sample, 25 percent, than it was among the recipient population, 11 percent. Thus it appears that participation in the Section 8 program is associated with substantially lower incidences of substandard housing among recipient households.

The difference in the incidence of substandard housing between pre-program and program households varies across several demographic characteristics of the population. While the overall incidence of substandard housing among the pre-program households was 25 percent, among the non-elderly pre-program households the incidence was 28 percent. Thus about three in ten families of the pre-program group live in substandard housing. The incidence of substandard housing for elderly pre-program households was substantially lower. Yet 16 percent, or one in six pre-program households, headed by a person 62 years of age or older was living in substandard housing at the time of the survey.

Program recipients, whether elderly or non-elderly, experience substantially less substandard housing than do pre-program households. One elderly household in eleven lived in a unit subsidized under the Section 8 Existing Program that was deemed inadequate. One family in eight, of non-elderly recipients within the Section 8 program lived in substandard housing. The disadvantage was toward the non-elderly.

TABLE IV-2

INCIDENCE OF SUBSTANDARD HOUSING

| Household Type | PERCENTAGE DEFICIENT[1] Pre-Program Units | Program Unit | Difference as Percentages of National Total |
|---|---|---|---|
| All | 25 | 11 | 14 |
| AGE | | | |
| Elderly | 16 | 9 | 7 |
| Non-Elderly | 28 | 13 | 15 |
| RACE | | | |
| White | 21 | 9 | 12 |
| Non-White | 44 | 19 | 35 |
| SEX | | | |
| Female | 24 | 13 | 11 |
| Male | 30 | 7 | 23 |
| LOCATION | | | |
| Movers | -- | 10 | -- |
| Stayers | -- | 12 | -- |
| HOUSEHOLD INCOME | | | |
| Less than 3,001 | 38 | 15 | 23 |
| 3,001-5,000 | 16 | 5 | 11 |
| 5,001-7,500 | 29 | 18 | 11 |
| 7,501 or greater | 23 | 12 | 11 |
| FAMILY SIZE | | | |
| 1-2 persons | 21 | 8 | 13 |
| 3-4 persons | 35 | 19 | 16 |
| 5-6 persons | 23 | 9 | 14 |
| 7 or more persons | 19 | 13 | 6 |

[1]Deficiency measure developed by the Congressional Budget Office (Levine=

DATA SOURCE: Interviews with applicant and recipient households and Housing Measurement Survey (HMS).

When the incidence of substandard housing is looked at in the context of the racial identification of the households a similar pattern emerges. Nearly one half (44 percent) of non-white households in the pre-program sample lived in substandard housing. If the same household was participating in the benefits of the Section 8 program there would be one chance in five (19 percent) that the housing unit chosen by the non-white family was substandard. Thus the incidence of substandard housing among non-white families between the pre-program and program participants was more than cut in half. The reduction in the incidence of inadequate housing among program and pre-program households was also large for white families. For this group the incidence of substandard housing fell from 21 percent for pre-program households to 9 percent for recipients of Section 8 assistance.

There was not a substantial difference in the incidence of substandard housing among pre-program households grouped according to the gender of the head of the household. Male-headed households experienced a 30 percent incidence of physical housing deprivation and female-headed households experienced a 24 percent incidence of physical housing deprivation. Participation in the Section 8 program, however, had showed a 13 percent rate of deficiency for female-headed households and 7 percent for male-headed Section 8 recipient families. Compared to the pre-program sample, these differences are significant.

The pattern of the incidence of substandardness across income groups surprisingly indicates that households with incomes above $5,000 are more likely to live in inadequate housing than families with incomes between $3,000 and $5,000. (This anomaly may be due to family sizes.) This observation holds for both pre-program and recipient (program) households. Among pre-program households 29 percent of the families with income between

$5,000 and $7,000 lives in inadequate housing and 23 percent of households with incomes above $7,000 lives in substandard housing. The incidence of substandard housing for these income levels among program households was substantially less than among pre-program families. Among recipient households 18 percent of the families with incomes between $5,000 and $7,000 lived in inadequate housing. This constitutes a reduction of 11 percentage points in the incidence of substandard housing between pre-program and program families. If a family participated in the Section 8 program as a recipient and was in the $3,000-$5,000 income range, only one in twenty lived in an inadequate housing unit.

The incidence of substandard housing is not the same for different family sizes. For example 19 percent of pre-program families with seven or more members lived in substandard housing. The incidence of inadequate housing dropped to 13 percent for program families of this size. The incidence of substandard housing was greatest among familes with three or four members. Among this group 35 percent of the pre-program households and 19 percent of the recipient families lived in inadequate units. The largest reduction (16 percent) in the incidence of substandard housing between pre-program and program households existed for the 3-or 4-family member group. The percentage of small households, those with one or two members, that experienced substandard housing was 21 percent and 8 percent for pre-program and recipient households respectively, a difference of 13 percent. There was also a reduction of 14 percent in the incidence of inadequate housing between program and pre-program units for families with 5 or 6 members.

The difference in housing quality between pre-program and program

dwellings is highlighted by an examination of the reasons that a unit fails to meet the CBO standard of adequate housing (Table IV-3). The absence of a complete bathroom and/or a complete kitchen was sufficient cause to classify a unit as inadequate. Of the pre-program units that didn't meet CBO standards, about a fifth (21.8 percent) did not have complete bathroom facilities in working order. The absence of a complete bath was a significant cause of failure among program units, accounting for one out of six units that failed.

As many as 16.7 percent of the units did not have complete operational kitchen facilities. The absence of a complete kitchen was a rare occurrence; only 3.9 percent of the recipient units failed on this account. The difference between the pre-program sample units and recipient sample units in terms of standards is more obvious when compared to the total number of units in the weighted samples.

Among the pre-program units, 5.1 percent and 3.9 percent of the units lacked complete baths and kitchens in working order, respectively. For units subsidized by the Section 8 Existing program, only 1.7 percent failed to meet standards due to the lack of a complete bath and 0.4 percent failed because of a lack of complete kitchen.

A unit was classified substandard if it failed to meet 2 or more of the several safety, and physcial structure conditions set forth in the CBO measure of standardness. The presence of holes in the units interior walls and/or ceilings was by far the leading cause of failure among both program and pre-program units. More than half (57.3 percent) of the program units failure to meet standards failed for this reason. An even larger percentage of pre-program units (67.6), that failed to meet standards were marred

TABLE IV-3

REASONS FOR FAILURE OF CBO MEASURE OF STANDARD HOUSING

| Reason for Failure | Pre-program Units Number of Units | Pre-program Units Percentage of Failed Units | Program Units Number of Units | Program Units Percentage of Failed Units |
|---|---|---|---|---|
| Absence of complete bath | 1,856 | 21.8 | 1,055 | 15.4 |
| Absence of complete kitchen | 1,420 | 16.7 | 265 | 3.9 |
| Two or more of the following conditions: | | | | |
| Water system breakdown | 835 | 9.8 | 379 | 5.5 |
| Wiring | 2,617 | 30.7 | 1,876 | 27.4 |
| Heating system breakdown | 573 | 6.7 | 472 | 6.9 |
| Leaks in roof | 4,015 | 47.2 | 3,446 | 50.4 |
| Holes in floor | 3,511 | 41.2 | 2,828 | 41.3 |
| Holes in walls or ceilings | 5,759 | 67.6 | 3,920 | 57.3 |
| Broken plaster | 4,066 | 47.8 | 1,475 | 21.6 |
| Poor lighting in public areas | 134 | 1.6 | 350 | 5.1 |
| Loose or missing steps or rails in public areas | 89 | 1.0 | 202 | 3.0 |
| Total failed units | 8,515 | | 6,844 | |

Data Source: Interview with applicant households and HMS.

by holes in walls or ceilings. Holes in floors, roofing leaks, unconcealed wiring, and broken plaster on walls or ceilings were the next most prevalent conditions, that in combination with any other substandard condition, led to failure of the unit. These four considerations were significant causes of failure for both pre-program and program units. In general pre-program units were two to four times as likely to fail to meet standards as were program units because of these health, safety, and physical structure conditions.

IV.4 Measure of Substandard Housing: The HUD Acceptability Criteria

The HUD Section 8 Acceptability Criteria is a multi-faceted measure containing ten general categories as shown in the "component" column of Tables IV-4 and IV-5. Each of these categories contains several different items. In all, over 100 items are used to test the acceptability of a unit ranging from non-lockable windows to potentially dangerous structures. Judgment is necessary to apply the Acceptability Criteria because terms such as approved, adequate, etc., are used without specific definition. In all cases where judgment is used, some units may have been classified as standard by one observer when an equally qualified observer might have classified them as substandard and vice versa.

The results for pre-program and program groups are summarized in Tables IV-4 and IV-5. The Section 8 program significantly reduces the percentage of units found unacceptable, (from 61 to 52 percent). Nevertheless, 52 percent of the program units are still found to fail the criteria. In order to determine the causes of this high failure rate, a detailed analysis of the failure rate for each component of the Acceptability Criteria was completed.

TABLE IV-4

REASONS FOR FAILURE OF SECTION 8 ACCEPTABILITY CRITERIA IN PRE-PROGRAM HOUSEHOLDS

| Number of components failed | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| National Estimate of Number of Households | 14262 | 3981 | 3654 | 3927 | 3581 | 4691 | 1311 | 966 | 153 | 6 |
| Percentage of Total | 39 | 11 | 10 | 11 | 10 | 13 | 4 | 3 | 0 | 0 |

| Component | Percentage of Units Failing Component | Percentage Failing Component Among Units Failing Only One Component[1] |
|---|---|---|
| Sanitary facilities | 6 | 1 |
| Food preparation and refuse disposal | 9 | 0 |
| Space and security | 39 | 34 |
| Thermal environment | 27 | 6 |
| Illumination and electricity | 38 | 12 |
| Structure and materials | 46 | 37 |
| Interior air quality | 23 | 2 |
| Access | 6 | 5 |
| Site and neighborhood | 10 | 4 |
| Sanitary conditions | 7 | 0 |

[1]May add to more than 100% due to rounding.

Data Source: Interviews with applicant households and HMS.

TABLE IV-5

REASONS FOR FAILURE OF SECTION 8 ACCEPTABILITY CRITERIA IN PROGRAM HOUSEHOLDS

| Number of Components failed | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| National Estimate of Number of Households | 29854 | 6384 | 5929 | 7731 | 7646 | 2513 | 1388 | 437 | 93 |
| Percentage of total | 48 | 10 | 10 | 12 | 12 | 4 | 2 | 1 | 0 |

| Component | Percentage of Units Failing Component | Percentage Failing Component Among Units Failing Only One Component |
|---|---|---|
| Sanitary facilities | 2 | 0 |
| Food preparation and refuse disposal | 4 | 2 |
| Space and security | 31 | 25 |
| Thermal environment | 23 | 17 |
| Illumination and electricity | 28 | 9 |
| Structure and materials | 36 | 27 |
| Interior air quality | 16 | 15 |
| Access | 4 | 5 |
| Site and Neighborhood | 8 | 0 |
| Sanitary conditions | 4 | 0 |

Data Source: Interviews with recipient households and HMS.

TABLE IV-6

FAILURE DUE TO SPACE AND SECURITY
(Percentage due to major components)

| Component | Number of Pre-program Units (nationally) | Percentage of All Units | Number of Program Units (nationally) | Percentage of All Units |
|---|---|---|---|---|
| Lockable Windows | | | | |
| Living room | 6257 | 17.1 | 7679 | 12.4 |
| Kitchen | 5901 | 16.2 | 8044 | 13.0 |
| Bathroom | 4294 | 11.8 | 7406 | 11.9 |
| Other rooms[1] | 6083 | 16.7 | 7031 | 11.3 |
| Crowding | 4890 | 13.4 | 3873 | 6.2 |
| All components | 14383 | 39 | 19351 | 31 |

[1]In the survey, data on "up to four" "other rooms" was collected. These were usually bedrooms. The number presented in the above table is for only the first room surveyed.

Data Source: Interviews with applicant and recipient households and HMS.

Of the total number of units, 11 percent of the pre-program households and 10 percent of the program households failed only one of the ten components. The remaining units had multiple failures. For units failing only one component, the major problem areas are the space and security, and structure and materials categories. The components that cause the major amount of multiple failures for both pre-program and program units are space and security, the thermal environment, illumination and electricity, structure and materials, and interior air quality. There was significantly less failure due to the other components.

In the space and security category the major sources of failure for both pre-program and program units were from non-lockable windows and crowding. The incidence of failure from both these sources is shown in Table IV-6. Among pre-program units the largest incidence of non-lockable windows was found to be in kitchens (13.0%). The failure rate due to crowding fell from 13.4% for pre-program units to 6.2% for program units.

Thermal environment failure, for both pre-program and recipient units, was due to either inadequate or unsafe primary heating equipment or to an unsafe heat source usually in a room other than a kitchen, living room, or bathroom ("other rooms"). The failure rate for the primary heating equipment was 12.6 percent for pre-program participants and 11.5 percent for those in the program. The unsafe heating source in "other rooms" was 14.1 percent pre-program and 9.3 percent program.

Evidence of electrical hazards in the kitchen and insufficient electrical outlets or fixtures in bathrooms were the major sources of failure in the illumination and electricity category. The failure rate due to in-

sufficient outlets and fixtures for rooms other than the bathroom was less than 10 percent. Bathrooms failed to meet requirements 16.2 percent of the time for those in the pre-program group and 15.5 percent of those in the program failed, which is not a great difference. For both groups, electrical hazards were found approximately one-third more often in the kitchen than in any other room.

The greatest failure rate was observed in the category of structure and materials. As can be seen from Table IV-7, the major problem in this category was holes in interior floors, walls and ceilings. Although the Section 8 program significantly reduced the incidence of failure in this area, more than 20 percent of the program units needed, at a minimum, repairs of the walls, ceiling and/or floor surface. In addition, there were a significant number of units with loose, broken or missing steps or railings (11 percent pre-program, 6 percent program). Although 9 percent of the pre-program units had unsafe roofs, only 2 percent of the program units did.

The final area in which a major number of failures were found was interior air quality. Most were due to a lack of adequate ventilation or an inoperable window in the bathroom. The failure rate was 11 percent for pre-program and 6 percent for the program group. There were no problems with leaking gas. Inadequate ventilation in the kitchen or inoperable windows in the remaining rooms had a failure rate of between 4.5 and 5.5 percent. As can be seen in Table IV-8, the Section 8 program significantly reduces the failure across demographic categories.

The burden of unacceptable units is borne evenly by both elderly and non-elderly households in both pre-program and program groups. The percent-

TABLE IV-7

STRUCTURE AND MATERIALS
PERCENTAGE FAILURE RATE

| ELEMENT | PRE-PROGRAM | | PROGRAM | |
|---|---|---|---|---|
| | Percentage[1] | Number of Units (nationally) | Percentage | Number of Units (nationally) |
| 1. Holes in interior floors | 27 | 9973 | 21 | 13013 |
| 2. Holes in interior walls | 32 | 11567 | 23 | 14404 |
| 3. Holes in interior ceilings | 32 | 11759 | 20 | 12307 |
| 4. Unsafe roof | 9 | 3218 | 2 | 1217 |
| 5. Health or safety hazards | 0 | 122 | 0 | 192 |
| 6. Unsafe steps or railings | 11 | 3873 | 6 | 3799 |
| 7. Improper mobile home tie-down | 3 | 1260 | 4 | 2422 |
| 8. Hazardous ceiling structure | 3 | 1043 | 1 | 640 |
| 9. Hazardous wall structure | 2 | 820 | 1 | 445 |
| 10. Hazardous floor structure | 4 | 1406 | 3 | 1565 |

[1]Adds to more than 100% due to multiple failures for some units.

Data Source: Interviews with applicant and recipient households and HMS.

TABLE IV-8

SECTION 8 ACCEPTABILITY CRITERION
DEMOGRAPHIC FAILURE RATE COMPARISON
(UNITS UNACCEPTABLE)

| Household Type | Pre-program | | Program | | Reduction |
|---|---|---|---|---|---|
| | Percentage | Number of Units[1] | Percentage | Number of Units[1] | Percentage |
| Total | 63 | 22272 | 52 | 32125 | 9** |
| Non-elderly | 63 | 17624 | 53 | 21302 | 10** |
| Elderly | 62 | 4516 | 50 | 10603 | 12** |
| Non-white | 77 | 5941 | 55 | 7458 | 22** |
| White | 59 | 16152 | 51 | 24507 | 8** |
| Male-headed | 67 | 7997 | 58 | 9271 | 9** |
| Female-headed | 60 | 14009 | 50 | 22727 | 10** |
| Less than $3,000 | 66 | 11861 | 51 | 16345 | 15** |
| $3,001-$5,000 | 58 | 5318 | 53 | 9549 | 5** |
| $5,001-$7,500 | 61 | 3076 | 53 | 4485 | 8** |
| More than $7,500 | 49 | 2016 | 55 | 1746 | -6** |
| 1 member | 46 | 3550 | 45 | 9322 | 1* |
| 2 members | 64 | 4420 | 51 | 7442 | 13** |
| 3-4 members | 66 | 8275 | 56 | 9875 | 10** |
| 5-6 members | 59 | 3155 | 59 | 4042 | 0 |
| 7 or more members | 97 | 2758 | 87 | 1249 | 10** |
| Stayer | -- | ---- | 55 | 21892 | 7**[2] |
| Mover | -- | ---- | 48 | 10230 | |

** - Significant at the 99% level
* - Significant at the 95% level

[1]This value represents weighted national estimates.

[2]Comparison between movers and stayers in program group only.

Data Source: Interviews with applicant and recipient households and HMS.

age reduction due to Section 8 is slightly greater for elderly households (12 percent) than for non-elderly (10 percent). For all practical purposes, however, this difference is insignificant.

There is, however, a significant difference in the impact of the Section 8 program in reducing the failure rate for the Acceptability Criteria if race is considered. While over three quarters (77 percent) of the pre-program units of nonwhites fail, only 59 percent of the units of whites fail -- a difference of 18 percentage points. For program units, the percentage difference is less than 4 percent: 55 percent for non-whites, 51 percent for whites. The difference in the percent of failure is 22 percent for non-whites 8 percent for whites. Thus, although non-white pre-program households fail the HUD Acceptability Criteria significantly more often than white pre-program units, placement in Section 8 units insures non-whites relative equivalence. However, the housing is of less than satisfactory quality, regardless of the race of the recipients.

When the gender of the head of the household is considered, male-headed households, both program and pre-program, fail the Acceptability Criteria more frequently than households with female heads. The program reduces the incidence of failure equally, so male-headed households bear a greater burden in terms of living in unacceptable units even after program participation. This may be due to the fact that male-headed households are larger in size. Other data tend to support this.

The Section 8 program significantly reduces the incidence of housing failure in all income categories, except for the over $7,500 group. For this group the probability of failure increases as a result of program participation, an anomaly for which there is no readily available explanation. The incidence of failure increases monotonically (if only slightly)

for program units, but there is no discernible pattern for pre-program households.

The last demographic break-down considered is family size. The housing failure rate increases as the family size increases for both pre-program and recipient households. The reduction in percentage units failed due to the Section 8 program is extremely small for single member and 5-6 member households. Finally, probably due to crowding, households with 7 or more members have an astounding failure rate of 97 percent for pre-program units and 87 percent for program units. Such large households clearly have major problems securing acceptable housing.

The final analysis in this section is a comparison of differences in the failure rates for those Section 8 program households that moved from the pre-program unit (movers) with those households that remained in their unit (stayers). Program participants who moved exhibited a significantly lower (albeit still a relatively high rate) failure rate (48 percent) than households who remained in their units (55 percent). As can be seen in Table IV-9 for both movers and stayers, the categories of space and security, thermal environment, illumination and electricity, structure and materials, and interior air quality were the areas where the major failure rates occurred. Again, space and security, and structure and materials had the highest percentage of failing units.

In summary, the failure rate for the HUD Acceptability Criteria is extremely high for both pre-program and program units. These high failure rates suggest that Public Housing Authority Directors and/or Inspectors overlook certain unit defects. The defects do not fall into any specific pattern. Five of the ten components of the criteria exhibit double-digit

TABLE IV-9

REASONS FOR FAILURE OF SECTION 8
ACCEPTABILITY IN PROGRAM UNITS

| Component | Percentage of Units Failing Component | |
|---|---|---|
| | Movers | Stayers |
| Sanitary facilities | 1.7 | 2.1 |
| Food preparation and refuse disposal | 5.6 | 3.3 |
| Space and security | 26.2 | 34.2 |
| Thermal environment | 18.5 | 25.7 |
| Illumination and electricity | 21.4 | 31.6 |
| Structure and materials | 25.9 | 41.2 |
| Interior air quality | 19.8 | 13.8 |
| Access | 5.4 | 3.7 |
| Site and neighborhood | 6.6 | 9.3 |
| Sanitary conditions | 3.1 | 4.5 |
| All reasons | 48 | 55 |

Data Source: Interviews with recipient households and HMS.

failure rates. Even for units failing only one component, failures are distributed over seven of the ten areas. Although Section 8 significantly (statistically) reduces the number of units failing the HUD Acceptability Criteria, it far from eliminates the problem of families living in "unacceptable" units.

## IV.5 Measure of Substandard Housing: Crowding

In this section an analysis of the quality of housing as it relates to the levels of crowding, standardness and rent burden, for the two respondent sample groups (pre-program and program) is presented.

### The Incidence of Crowding

Measuring crowding is an attempt to determine the adequacy and appropriateness of the room make-up (i.e., division) within a housing unit. The problem of crowding relates both to privacy and space. The privacy aspect may be measured by determining whether a unit has sufficient bedrooms such that individuals of opposite sex (not including husband and wife or young children) do not have to share a bedroom. The breakdown of a family by sex, marital status and number of bedrooms is not attempted in this section.

Instead, two measures of crowding are used. The first, which is part of the HUD Section 8 criteria, limits crowding to no more than two persons per bedroom (sleeping room). The second is the commonly used measure of no more than 1.0 person per room. The bedroom measure is also a rough proxy of the privacy measure.

### Crowding: No more than two persons Per Sleeping Room (HUD Section 8 Acceptability Criteria).

Although 55 percent fewer Section 8 program households are crowded than pre-program households, 6.3 percent of the program households (as

compared to 14.3 percent of the pre-program households) are still crowded. The greatest reduction in crowding was for elderly households. Of the pre-program elderly households, 6.3 percent were crowded (See Table IV-10). Nationally there were essentially no crowded elderly recipients. This is not an unexpected result as elderly families tend to be small (one or two members) and thus require only a minimal number of rooms to be considered not crowded. Crowding, then, is limited to families containing three or more members. The change for non-elderly was from 15.9 percent crowded to a 9.6 percent non-crowded, a statistically significant reduction. Thus, the Section 8 program eliminates crowding conditions for the elderly and significantly reduces crowding for families.

Of the crowded non-elderly program households, a greater percent are white (55.7 percent) than non-white (44.3 percent). Both racial groups, however, experience a significant reduction in their incidence of crowding. Over a quarter (28.5 percent) of the pre-program non-white households were crowded. About half that figure, 12.5 percent of the non-white recipient households, had more than two persons per bedroom. For white families, the reduction was from 9.9 percent of the pre-program households to 4.5 percent of the recipient households. However, the incidence of non-white crowding is between 2.5 and 3.0 times that of white crowding both for pre-program and recipient households. The burden of crowding even after entering the program still falls more heavily on non-white households.

When crowding is analyzed according to income groupings, two interesting results appear. First, all four income groups have a significant reduction in their incidence of crowding as a result of the Section 8 program. However, in relation to its size, the lowest income group (<$3,001) repre-

TABLE IV-10

INCIDENCE OF CROWDING[1]
Crowding Definition: Greater than 2.0 persons per bedroom

| | Pre-program Percentage | Weighted Number of Family's Crowded[2] | Program Percentage | Weighted Number of Family's Crowded[2] | Change in Percentage | Difference in Weighted Number of Families |
|---|---|---|---|---|---|---|
| AGE | | | | | | |
| Elderly | 6.3 | 466 | 0.1 | 17 | 6.2 | 449 |
| Non-elderly | 15.9 | 4565 | 9.6 | 3856 | 6.3 | 709 |
| RACE | | | | | | |
| Non-white | 28.5 | 2190 | 12.5 | 1715 | 16.0 | 475 |
| White | 9.9 | 2811 | 4.5 | 2158 | 5.4 | 653 |
| INCOME | | | | | | |
| <$3,001 | 13.3 | 1140 | 7.3 | 1816 | 6.0 | 676 |
| $3,001-$5,000 | 8.7 | 801 | 3.6 | 658 | 2.1 | 143 |
| $5,001-$7,500 | 10.6 | 537 | 5.8 | 489 | 4.8 | 48 |
| >$7,500 | 11.2 | 464 | 5.1 | 162 | 6.1 | 302 |
| SEX | | | | | | |
| Male | 21.5 | 2611 | 11.2 | 1801 | 10.3 | 810 |
| Female | 10.1 | 2403 | 4.5 | 2072 | 5.6 | 331 |
| SIZE | | | | | | |
| 1 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| 2 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| 3 or 4 | 6.6 | 855 | 8.7 | 1540 | 2.1 | 685 |
| 5 or 6 | 30.8 | 1701 | 19.3 | 1320 | 11.5 | 381 |
| 7 or more | 87.2 | 2475 | 70.2 | 1013 | 17.2 | 1462 |
| MOVER-STAYER | | | | | | |
| Stayer | | | 7.1 | 2859 | | |
| Mover | | | 4.7 | 1014 | | |

[1]Percentage of group considered crowded, not percentage of all households
[2]This value is for the weighted sample and thus represents national estimates.

Data Source: Interviews with applicant and recipient households and HMS

sents proportionately more of the recipient households (58.1) than of the pre-program households (38.9). Because the highest income group exhibits the sharpest decline, from 11.2 percent of the pre-program households to 5.1 percent of the program households, it might appear that the program shifts the burden towards lower income groups. However, when the incidence of crowding within income groups is considered, all four groups have similar, but insignificantly different, probabilities. Crowding is distributed about equally across income groups. The only pattern that we might draw from the data is that the incidence of crowding is lowest for the $3,000-$5,000 income group.

When the sex of the head of the household is considered, an interesting reversal occurs. For both male-and female-headed households, the incidence of crowding is reduced. However, where male-headed households represented a larger percentage of the crowded recipient households (53.5 to 46.5). The incidence of crowding for all hosueholds also reverses when the sex of heads of households is considered. For pre-program households, 7.7 percent were crowded and male-headed, while 6.6 were crowded and female-headed. For recipients, 2.9 percent were crowded and male-headed while 3.4 percent were female-headed and crowded. However, a greater percentage of male households (11.2 percent) are crowded than female households (4.5 percent). Though male-headed program households still bear the larger burden of crowding, the program appears to better reduce crowding for this group than for female-headed households.

The last comparison between pre-program and recipient groups is based on family size. Crowding is observed only for families with three or more members, which is not unusual.

In this breakdown, an incidence reversal again occurs. As family s increases, the incidence within the crowded households and within all ho holds increases for pre-program households. The exact opposite is observed for recipient households. The incidence of crowding increases wi family size, implying a shifting of the burden to larger households. Th difficulty in finding units with three, and more specifically four or more bedrooms, is well-known.

Finally, for recipients, we tested to see whether crowded housing u appeared more frequently for those recipients who remained in their unit (stayers) or those who moved to new units (movers). Three quarters (73. percent) of all program households who are crowded have remained in thei units. A larger percentage of all stayer households, (7.1 percent) are crowded than are mover households (4.7 percent).

For the HUD Acceptability Criteria for crowding of no more than two persons per sleeping room it appears that:

1) Non-elderly are crowded more often than elderly and that crowdi is virtually ended for the elderly as a result of Section 8.
2) The burden of crowding even after entering the Section 8 progra falls more heavily on non-white households than white.
3) Although the $3-5,000 income groups has the lowest probability, the incidence of crowding is relatively uniform across income groups.
4) Male-headed households exhibit a higher probability of being c ed, than households with a female head. However, female-head households that are crowded are more numerous than male-heade households, and a larger number of them are crowded than is th case for male-headed households.

5) For program households, as family size increases, the percentage of households which are crowded increases.

6) Families which are crowded in their housing, and who do not move, have a greater probability of being crowded than those who moved as a result of participating in the Section 8 program.

Crowding: No more than one person per room

The second crowding measure is defined as follows: a household is considered to be living in a crowded unit if there are more than one person per room. Section 8 program households have a lower incidence of crowding (5.2 percent) than pre-program households (15.3 percent). Although crowding is not completely ended as was the case with the first measure (no more than two persons per sleeping room), the problem of crowding for the elderly essentially disappears. As seen in Table IV-11 the probability of being crowded for non-elderly families changes from 17.2 percent to 7.9 percent. The burden of crowding remains on the non-elderly households, as it did with the previous measure.

Of the recipient non-elderly crowded families, the larger percentage are white (63.5 percent), than non-white (36.5 percent). However, the percentage of white households that are crowded, (4.3 percent), is only one-half that of non-white families, (8.6 percent). The percentage change in crowding from pre-program to program is approximately the same for both groups, 64 percent change for non-white, 59 percent change for white families. Thus, program households exhibit a lower probability of being crowded for all races, with non-white households remaining proportionately more crowded than white households.

For pre-program households, crowding is relatively evenly distributed

TABLE IV-11

INCIDENCE OF CROWDING[1]
Crowding Definition: Greater than 1.0 person per room

| | Weighted Pre-program Percentage | Number of Families Crowded[2] | Weighted Program Percentage | Number of Families Crowded[2] | Difference in Change in Percentage | Weighted Number of Families |
|---|---|---|---|---|---|---|
| AGE | | | | | | |
| Elderly | 5.2 | 386 | 0.1 | 25 | 5.1 | 361 |
| Non-elderly | 17.2 | 5051 | 7.9 | 3183 | 9.7 | 1868 |
| RACE | | | | | | |
| Non-white | 32.5 | 2501 | 8.6 | 1172 | 23.9 | 1329 |
| White | 10.3 | 2908 | 4.3 | 2036 | 6.0 | 872 |
| INCOME | | | | | | |
| <$3,001 | 14.0 | 1199 | 1.8 | 448 | 12.2 | 751 |
| $3,001-$5,000 | 8.8 | 811 | 4.0 | 732 | 4.8 | 79 |
| $5,001-$7,500 | 12.3 | 623 | 7.8 | 659 | 4.5 | -36 |
| >$7,500 | 13.2 | 549 | 14.5 | 460 | -1.3 | 89 |
| SEX | | | | | | |
| Male | 23.5 | 2863 | 11.0 | 1762 | 12.5 | 1101 |
| Female | 10.8 | 2559 | 3.2 | 1446 | 7.6 | 1113 |
| SIZE | | | | | | |
| 1 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| 2 | 0.3 | 21 | 0.0 | 0 | 0.3 | 21 |
| 3 or 4 | 4.1 | 527 | 1.7 | 298 | 2.4 | 229 |
| 5 or 6 | 42.2 | 2326 | 23.3 | 1597 | 18.9 | 729 |
| 7 or more | 90.3 | 2563 | 91.0 | 1313 | -0.7 | 1250 |
| MOVER-STAYER | | | | | | |
| Stayer | | | 4.8 | 1947 | | |
| Mover | | | 5.9 | 1261 | | |

[1]Percentage of group considered crowded, not percentage of all households.
[2]This value is for the weighted sample and thus represents national estimates.

Data Source: Interviews with applicants and recipient households and HMS.

across all income groups. However, for recipients, the incidence (by income group) increases with income level, implying a slight shifting of the burden to higher income groups.

When the incidence of crowding is analyzed in the light of the sex of the head of the household, the relative burden falls only slightly more on male-headed families (54.9 percent) than on female-headed families (45.1 percent). These percentages are exactly the same for pre-program and recipient households. The proportion of all male-headed program households that are crowded (11 percent) is significantly higher than female-headed households (3.2 percent). So male-headed households bear a greater crowding burden. For the person per room greater than 1 measure, it appears the effects of program participation and sex of head of household proved similar to the results reported for the HUD Section 8 Acceptability Criteria.

To summarize, program participants are less likely to be crowded and, in general, households with a male head are less likely to be crowded than households with a female head. The second-order effects, though not significant, again indicate that male-headed pre-program units are less likely to be crowded than female-headed households. This tendency reverses itself for program units in that program households with female heads are less likely to be crowded than male-headed households.

When family size is considered, it is clear that as family size increases crowding increases. This is true for both pre-program and recipient households. Finally, although sixty percent of all crowded recipient households stayed in their unit after entering the Section 8 program, a slightly larger percent of all mover households (5.9 percent) are crowded than stayer households (4.8 percent).

For the criterion that a crowded unit is one where there is more than one person per room, the results are:

1) Non-elderly are more crowded than elderly with crowding being virtually eliminated for the elderly.
2) Non-white households have a proportionately greater incidence of crowding than white households.
3) Crowding incidence increases with income level.
4) Male-headed households have a higher probability of being crowded than female-headed households.
5) Crowding increases with family size.
6) Mover households have a slightly higher probability of being crowded than stayer households.

Crowding: Summary

The HUD Section 8 program significantly reduces but, does not completely eliminate crowding. When the HUD Acceptability criteria of more than 2.0 persons per sleeping room or an alternative definition of more than 1.0 persons per room is used, there are still over 5.0 percent of the households (6.3 percent and 5.2 percent, respectively) crowded. The program does successfully eliminate crowding for the elderly, mainly because of their small family size.

Crowding incidence clearly increases with the size of the family. Non-white households continue to be crowded even after entering the program. Their incidence of crowding, however, is significantly reduced. When income is considered, the results are not as clear. For the HUD Acceptability Criteria, incidence of crowding is relatively evenly distributed across income groups. When considering the definition of more than 1.0 person per room,

the incidence of recipients increases with income level.

A definite statement cannot be made as to the relationship of income to crowding. In terms of head of the household, families with male heads have a significantly higher probability of their households being crowded than those with female heads. Finally, it is unclear whether moving or remaining in the pre-program unit is associated with a higher probability of crowding. For the HUD Acceptability Criteria, families which do not move have a higher probability, while for the greater than 1.0 person per room criterion movers had a higher probability of being crowded.

## IV.6 Rent Burden

Many housing analysts believe the increased incidence of excessive rent burdens, rather than physically inadequate housing, is the major cause of housing deprivation. One goal of the Section 8 Existing Housing Program is to reduce the incidence of excessive rent burdens among program participants.

At the time of the study, the Section 8 regulations required the household to expend 25 percent of household income after adjusting income for extraordinary expenses and for the support of minors as the family's portion of the units' rent. This means that the maximum rent liability, as a condition of the rent subsidy, is 25 percent of the household adjusted income. (Legislation passed subsequent to this study increased the household contribution.) Very low-income families, those with less than 50 percent of the areas' median income for a family of four, and very large families, those with six or more minors, are required to provide 15 percent of income after allowances as the household's contribution to the unit's rent.

The use of the 25 percent rent to income ratio as a measure of a

threshold excessive rent burden has developed from the historical rule of thumb concerning housing expenditures, i.e., a typical family spends approximately 25 percent of the family budget on housing. (Abt, 1977) The 25 percent threshold rent burden ratio is not without controversy. Current revisions to the Section 8 program, made subsequent to the field work of this study, call for the gradual phase in of an additional 5 percent contribution to rent on the part of the household over the next five years. Recent developments in consumer expenditure patterns suggest that the typical family spends more than 25 percent of family income on housing and housing services. (CPI issues)

In this section rent burden has been measured in two ways. Gross rent, the numerator in both measures, is defined as the family's rent payment for the unit plus utility payments not included in the unit's rent. The two rent burden measures differ in the definitions of the denominator.

The first measure of family income was taken directly from the household's file search information. The most recent determination of eligibility income for applicants and certificate holders was used for pre-program households, and the most recent (re)certification of eligibility income for recipients was used for program units. A problem with the use of eligibility income derived from administrative records is that it may be out of date. For instance, the field team may have conducted the file search on a recipient in the month of June and the family was due for recertification in the month of July. The possibility exists that the 11-month-old income statement of the household is no longer accurate.

The second measure of rent burden was based on interviews. To make the income measure current, rent burden was also defined using income deter-

mined at the time of the personal interview as the denominator. To facilitate the analysis interview income data was also adjusted for the support of minors in comparison with eligibility income. The interview did not include questions on extraordinary expenses. The interview based definition, therefore, is not strictly comparable to the file search definition of eligibility income.

Regardless of the rent burden definition used, pre-program households tended to have a much higher mean rent burden than did program households (Table IV-12). The mean rent burden for pre-program households was 44.8 percent of adjusted family income, while for program households the mean rent burden was only 24.3 percent of income. The difference in the rent burden ratio observed for the entire sample holds for all the demographic breakdowns of the population, except for the very large family size group. There is not a significant difference in the rent burden measure among pre-program units based on age division, (pre-program non-elderly families pay 45.8 percent of income and elderly families pay 41.6 percent of income for gross rent). There are, however, significant differences among pre-program and program elderly households, and pre-program and program non-elderly households. The mean rent burden for non-elderly program units was 25.1 percent -- differences of 20.7 percentage points and 18.5 percentage point for non-elderly and elderly households, respectively.

The differences in mean rent burdens between pre-program and program units were not so great, but were still significant for minority families (9.8 percent), for households headed by males (14.6 percent) and for families with less than $3,000 income (16.9 percent). The greatest difference in mean rent burdens between pre-program and program units were ob-

TABLE IV-12

RENT BURDEN[1]

| | Pre-program | | | Program | | | Difference Between Means |
|---|---|---|---|---|---|---|---|
| | Mean | (S.E.) | Sample Size | Mean | (S.E.) | Sample Size | |
| ALL | 44.8 | (0.9) | 601 | 24.3 | (0.5) | 1211 | 20.5 |
| AGE | | | | | | | |
| Elderly | 41.6 | (1.8) | 147 | 23.1 | (0.7) | 449 | 18.5 |
| Non-elderly | 45.8 | (1.1) | 454 | 25.1 | (0.6) | 753 | 20.7 |
| RACE | | | | | | | |
| Minority | 35.3 | (1.7) | 117 | 25.5 | (1.1) | 253 | 9.8 |
| White | 47.3 | (1.1) | 481 | 24.0 | (0.5) | 949 | 23.3 |
| SEX | | | | | | | |
| Female | 47.4 | (1.2) | 403 | 24.2 | (0.5) | 890 | 23.2 |
| Male | 39.4 | (1.5) | 194 | 24.8 | (0.9) | 315 | 14.6 |
| INCOME | | | | | | | |
| $0-$3,000 | 40.4 | (1.5) | 265 | 23.5 | (0.6) | 645 | 16.9 |
| $3,001-$5,000 | 52.6 | (1.6) | 170 | 26.0 | (0.9) | 345 | 26.6 |
| $5,001-$7,500 | 45.5 | (2.1) | 92 | 24.6 | (1.2) | 163 | 20.9 |
| Over $7,500 | 42.2 | (2.6) | 74 | 22.7 | (1.7) | 58 | 19.5 |
| FAMILY SIZE | | | | | | | |
| 1 | 47.9 | (1.7) | 151 | 23.9 | (0.8) | 442 | 24.0 |
| 2 | 46.6 | (2.0) | 126 | 26.5 | (1.0) | 280 | 20.1 |
| 3 or 4 | 44.7 | (1.6) | 188 | 22.8 | (0.8) | 332 | 21.9 |
| 5 or 6 | 48.9 | (2.5) | 94 | 25.8 | (1.4) | 127 | 23.1 |
| 7 or more | 19.7 | (2.6) | 42 | 21.4 | (3.0) | 22 | -1.7** |

[1]Defined using income determined at the time of the personal interview.

**Not significant. All others significant at the .995 level.

Note: Rent burden calculated as the percentage of Section 8 eligibility income spent on rent plus utility payments not included in the unit's rent. Standard error of the mean in parenthesis.

Data Source: Interviews with applicant and recipient households.

TABLE IV-13

THE INCIDENCE OF EXCESSIVE RENT BURDENS[1] BASED UPON ALTERNATIVE INFORMATION SOURCES

| Percentage Paying: | Interview-based | | File Search-based | |
|---|---|---|---|---|
| | Pre-program | Program | Pre-program | Program |
| More than 25% of income | 81 | 40 | 83 | 48 |
| More than 30% of income | 73 | 28 | 69 | 32 |
| More than 35% of income | 62 | 17 | 63 | 23 |
| Median Rent Burden | 41 | 22 | 42 | 24 |
| Sample Size | 601 | 1211 | 355 | 1300 |

[1]Rent burden calculated as the percentage of Section 8 eligibility income spent on rent plus utility payments not included in the units's rent.

Date Source: Interviews with applicant and recipient households and PHA file records.

served for families with income between $3,000 and $5,000 (26.6 percent), single person households (24 percent), households headed by a female (23.2 percent) and families with five or six members (23.1 percent). In all cases, except for very large families, program households paid substantially smaller proportions of income for rent than did pre-program households. Pre-program very large families, those with seven or more members, paid 19.7 percent of adjusted income or gross rent. The same size family who were recipients under the Section 8 existing program paid 21.4 percent of income in gross rent, a difference of 1.7 percent and a statistically insignificant difference.

Another measure of the incidence of excessive rent burdens is that part of the population studied that is paying gross rent in excess of some threshold proportion of income. Table IV-13 presents the proportion of the pre-program and program samples paying gross rent in excess of 25 percent, 30 percent and 35 percent of adjusted income for both the interview-based and file search-based definitions of rent burden. It is clear that at each threshold and across both definitions, the proportion of the program sample that exceeds the threshold is much lower than the proportion that exceeds the threshold among the pre-program sample.

Section 8 guidelines require that a family pay no more than 25 percent of eligibility income for housing and utilites. Yet fully 40 percent of the program households have rent burdens in excess of program guidelines. Several explanations may account for this. Likely explanations are that the households' utility payments exceed Section 8 family utility allowances, or that there were errors in the reporting of income, allowances and the computation of the family's portion of the rent.

In sum, based upon these cross-sectional observations, it appears that participants in the Section 8 EH Program have substantially lower levels of rent burden than non-participants. The pattern of lower levels of rent burden, as well as the lower incidence of excessive rent burden, holds for all demographic breakdowns of the sub-populations, except for very large families.

## IV.7 Measures of Housing Quality - Rent as a Measure of Housing Services

The above analysis has focused on Section 8 program benefits in terms of providing adequate and standard housing for the recipient population. The movement from an inadequate or substandard pre-program housing unit to one that meets HUD Acceptability Criteria, or is deemed adequate based upon the CBO definition, is a clear indication of an increase in housing quality. However, both of these measures of quality are of limited usefulness in measuring overall housing quality. They do not capture all features of the dwelling unit, and they completely ignore characteristics of the neighborhood. While these measures may answer important policy questions relevant to the benefits of the Section 8 Existing Housing program, they are inadequate as an overall measure of housing quality.

One approach to a more comprehensive measure of housing quality is to use a household's rent to index the quantity and quality of housing inherent in that unit. If gross rent is used as a proxy for housing services provided, then the total benefit of participation in the Existing Housing program may be separated into two components. The first component measures the difference between the gross rent associated with program units minus the gross rent associated with pre-program units, and could be considered the increase in consumption of housing associated

with program participation. The second component measures the difference between what pre-program households pay in net rent minus the program household's net family contribution to the program unit's gross rent. This difference could be considered the program benefit that increases disposable income.

Gross rent is defined here by the same means for determining rent burden. That is, gross rent is contract rent plus utilities, if the utilities are not included in the unit's rent and are paid by the household. Net rent is defined as the difference between gross rent for the unit and the amount that the household occupying the unit contributes to gross rent. In the program sample, the net rent is the family's portion of the gross rent, which is the family's share of contract rent plus utility payments above the utility allowance. For the pre-program sample, there may be a difference between gross rent and net rent if the household is being helped with the rent payment by a friend, relative, charity or government agency.

The housing situation of program recipients is affected by participation in the Section 8 Existing Housing Program. The mean gross rent of recipient family housing units is $41 more than that for pre-program households. If the gross rent of a unit were a perfect proxy for housing quality, overall program recipients would consume 22 percent more housing than those in the pre-program sample (Table IV-14). Elderly households, male-headed households and minority households showed the largest change in gross rent -- 51 percent, 37 percent and 36 percent, respectively. Female-headed households and non-minority households experienced the smallest change in mean gross rent -- 17 percent and 19 percent, respectively.

TABLE IV-14

PROGRAM AND PRE-PROGRAM HOUSING EXPENDITURES

| Household Type | MEAN GROSS RENT | | MEAN CHANGE | | MEAN NET RENT | | MEAN CHANGE | |
|---|---|---|---|---|---|---|---|---|
| | Pre-program | Program | Absolute | Percent | Pre-program | Program | Absolute | Percent |
| All | $185 | $226 | $41 | 22% | $166 | $103 | $63 | 40% |
| Elderly | 125 | 189 | 65 | 51 | 119 | 88 | 31 | 26 |
| Non-elderly | 199 | 245 | 46 | 23 | 177 | 110 | 67 | 39 |
| Minority | 165 | 224 | 59 | 36 | 141 | 102 | 39 | 28 |
| Non-minority | 140 | 226 | 36 | 19 | 172 | 103 | 69 | 40 |
| Male | 179 | 246 | 67 | 37 | 176 | 132 | 44 | 25 |
| Female | 187 | 218 | 31 | 17 | 176 | 132 | 44 | 25 |
| Mover | --- | 237 | -- | | --- | 95 | -- | |
| Stayer | --- | 221 | -- | | --- | 106 | -- | |

Data Source: Interviews with applicant and recipient households and PHA file records.

Again, assuming that rent is a perfect proxy for housing, the income effect of participation in the Section 8 program can be measured as the difference in the net rent levels between pre-program and program households. Overall, the program sample paid $63 or 40 percent less for their housing units than the pre-program group. This $63 in net rent is disposable income to the recipient household, i.e., the $63 is not tied to further housing expenditures. The percentage change in net rent between pre-program and program households is largest for female-headed families, non-minority families, and non-elderly households -- 45 percent, 40 percent and 39 percent, respectively. The smallest percent difference in net rent was experienced by male, elderly and minority households -- 25 percent, 26 percent and 28 percent, respectively. This data seems to indicate that, based upon gross rent as a measure of housing quality, program households receive more housing at a lower out-of-pocket cost. Most of the benefits that accrue to program participants result in a net rent reduction (40 percent). The remainder result in increased housing consumption (22 percent).

The changes in housing consumption and the reduction in net rent associated with program households cannot be directly attributed to participation in the Section 8 program because a) the analysis is based upon cross-sectional rather than longitudinal data and the certificate holders and applicants may not be a perfect proxy for all pre-program housing of recipients and b) there was no data collected on a "control" group concerning housing choice, i.e., a population that was eligible to participate in the program but did not apply. In order to estimate the housing preferences of this income eligible but non-participating population, a normal rent

equation, using Annual Housing Survey data, was estimated for the general eligible population in rural areas. The normal housing expenditures of both the pre-program and program households were calculated by multiplying the estimated coefficients from the AHS data by the means of the housing attributes reported for the Section 8 samples. The normal gross rent is used as an indicator of a family's housing expenditure in the absence of subsidized housing programs.

Overall, program households have gross rents that are $48 higher than households would normally pay for rent ($226 as opposed to $178). The difference between program gross rent and normal rent, $48, is a program benefit in increased housing if observed rent is a good measure of housing quality (Table IV-15). Similarly, the difference between normal rent ($178) and program net rent ($103) is $75, and could be interpreted as an income benefit to the subsidized household. The total benefit to the recipient household is $123 per month -- 39 percent of the $123, or $48, is in the form of increased housing consumption and 61 percent, or $75, is in the form of a rent reduction or income. Recipient mover households and recipient non-elderly households get the largest total benefits, $142 and $135, respectively. Elderly and male-headed program households get the smallest total benefits, $101 and $114.

The above analysis has been based upon the assumption that observed rent is a good proxy for housing quality. It is well-known that rent is not a perfect measure of housing quality because several non-housing considerations affect a housing units' rent. These factors that affect rent but are not related to quality include: a) tenure characteristics such as relationship to landlord, race, sex, length of residency b) specific

TABLE IV-15

PROGRAM HOUSING EXPENDITURES: PROGRAM RENT AND NORMAL RENT

| Household Type | Program Mean Gross Rent | Program Mean Net Rent | Normal Rent[1] | Mean Change[2] From Gross Rent | Net R |
|---|---|---|---|---|---|
| All | $226 | $103 | $178 | $48 | $75 |
| Elderly | 189 | 88 | 140 | 49 | 52 |
| Non-elderly | 245 | 110 | 192 | 53 | 82 |
| Minority | 224 | 102 | 128 | 96 | 26 |
| Non-minority | 226 | 103 | 182 | 44 | 79 |
| Male | 246 | 132 | 191 | 55 | 59 |
| Female | 218 | 91 | 164 | 54 | 73 |
| Movers | 237 | 95 | 194 | 43 | 99 |
| Stayers | 221 | 106 | 154 | 67 | 48 |

[1]Normal rent computed based upon AHS hedonic model inflated to July, 1980 rent levels using the rent component of the CPI.

[2]Mean change is the difference between normal rent and program gross rent, net rent, respectively.

Data Source: Interviews with applicant and recipient households and Annual Housing Survey (AHS).

conditions related to local housing markets and c) general inflation rates. For these and other reasons, observed rents may overstate the benefits of participation in Section 8 Existing Housing program. An hedonic index of housing services provides a better measure of housing quality.

## IV.8 MEASURES OF HOUSING QUALITY - THE HEDONIC INDEX APPROACH

Housing quality is an amorphous term in that housing is not a single commodity, but refers to a collection of component attributes. However, it is advantageous to have a single index of housing quality so that differences in housing quality levels can be compared to a family's expenditure on housing services. The approach to measuring housing quality employed in the evaluation of the Section 8 program in rural areas entailed the collection of information on three broad categories of housing attributes: 1) dwelling unit features, 2) site and neighborhood features, and 3) tenure characteristics (e.g., size of households, arrangements with landlords, length of residence).

Hedonic studies of the workings of local housing markets have been done many times in the past. These studies estimate a hedonic regression for one market area: for example, St. Louis (Kain and Quigley), New Haven (King and Mieszkowski). Recently, the hedonic approach has been extended to a large cross-section of SMSAs based on AHS data (Follain and Malpazzi), (Follain, Ozanne, and Alburger). The HUD sponsored evaluation of the Section 8 program as administered in urban areas has estimated hedonic indices for 16 SMSAs (Wallace, Bloom, et.al.). Except for the latter three works, little or no attempt has been made to account for geographic differences in markets, and to make comparisons of market specific studies is difficult (Ball).

The hedonic index approach can be used to address the problems of comprehensiveness that the separate, policy-oriented measures lack. If a housing unit is indeed a package of dwelling unit and neighborhood characteristics, and if the rent of the unit is linked to or reflects the quantity and quality of these characteristics, then there must be some value associated with each individual characteristic. For example, two apartment units on the same floor of a multi-rent building may be exactly alike in every characteristic except the number of bedrooms. A one-bedroom unit may rent for $250 per month, the two-bedroom unit may rent for $290 per month. Therefore, the addition of one bedroom all other factors held constant, adds $40 to the value of the apartment.

The hedonic approach to estimating housing quality is based upon two assumptions: 1) that a housing unit is a bundle of attributes, and 2) that the rent charged for housing services in some way reflects the value of those attributes to the household It is easy to compare two nearly identical units that differ only in the number of bedrooms or in the number of bathrooms included in the unit. In such a case, the difference in the rent is attributable to the presence of the additional bath or bedroom. A problem emerges as soon as the units differ in more than one characteristic. For example, one unit may have two bedrooms and two baths while the other unit has three bedrooms and one bath. In such a case it is difficult to determine which unit provides more housing services. The answer depends, of course, on the relative value of a bedroom versus the value of a bathroom.

For most commodity groups, determining the relative value of the components is not a difficult problem because the components have clearly marked prices. For example, it is easy to determine the better of two wardrobes by summing up the cost of the individual suits, coats, shoes, slacks, etc. for each one. The more expensive wardrobe is presumably the better one. Preference theory confirms this finding because if one could obtain a better wardrobe, i.e., one that provided more attributes for less cost, the consumer would select the lower cost bundle and use the money saved to buy additional goods.

The pricing of attributes of characteristics that compose the bundle we know as housing services is not so easily handled. Thus the necessity of a more complex kind of comparison.

In housing analysis the prices of the individual attributes are unobservable and are only empirically reflected in the aggregated rent payment. The task then becomes to isolate the implicit price of each attribute, all other attributes held constant, within the gross rental payment. A multi-variate regression model is an appropriate tool to estimate the contribution of a single attribute to the rental payment. The result of the regression analysis is a set of weights or implicit prices that relate and sum the value of the individual attributes into the total rent payment.

The hedonic index model takes the following general form:

$$H(R) = X\beta + Z\alpha + e$$

Where $H(R)$ = a vector of unit rent levels

$X$ = a matrix of housing unit characteristics, including site and neighborhood features, which involve quality considerations.

$Z$ = a matrix of other factors likely to offset unit rents, such as tenure characteristics, which do not involve the quality of the unit itself.

$\beta,\alpha$ = unknown coefficients

e = stochastic error term

If the assumptions discussed above hold, and if the model is properly specified, then the estimated regression coefficients are the set of weights or implicit prices for each attribute, weights or prices that are otherwise unobservable.

The estimation of the hedonic model requires the specification of an explicit form of the model. Such a specification centers around three questions: 1) the set of dwelling unit, neighborhood, and tenure variables (tenure variables include race, length of residence and households size) to include in the model, 2) the functional form of the regression model, and 3) the pooling of the samples to estimate the model.

Selection of Variables

The housing quality data collected during the Summer of 1980 generally come from three sources: 1) administrative records, 2) personal interviews with pre-program and program households, and 3) an objective Housing Measurement Survey (HMS) conducted by the Housing Measurement Specialist assigned to each interview team.

The selection of the attribute variables included in the estimation of the hedonic model fall into three groups: 1) physical features of the dwelling unit, 2) site and neighborhood variables, and 3) tenure factors that might offset rent. The first set of variables are straightforward, and have been collected so as to maximize comparability to the AHS data set. These data were collected both from personal interview and objective measurement. In cases where we have data on the same attribute from both sources, we have estimated two separate indices: one using as

many interview responses as possible, the other using as much of the measurement survey as possible. There is little difference in the hedonic service indices generated by the two data sources.

The neighborhood attributes were also collected through interview response and the specialists' observation. The neighborhood attributes include locational characteristics, the physical appearance and land uses within the immediate area, and the racial and economic mix of the neighborhood. It also includes respondent perception about the quality of public services available within the neighborhood, and problems of noise pollution, crime, etc.

The third group of variables presented in Appendix I represent selected tenant characteristics that may impact the observed rent of the unit. The tenure characteristics are length of residence, relation to landlord, race and size of family. The first two variables may reduce observed rent payment, the latter two variables may increase the observed rent.

The initial formulation of the hedonic model included 84 dwelling units, site and neighborhood characteristics, plus four tenure characteristics that were thought to influence rent. The estimation of the original model indicated several problems with the full set of original variables. Many of the estimated coefficients associated with the attributes have unacceptably large standard errors. Several attributes were highly interdependent. Other coefficients were not of the expected sign and no reasonable explanation could be adduced to account for this. Several combinations of independent attributes were estimated until a final model was adopted. The variables included in the final form of the hedonic

index have the following properties:

(1) the standard errors associated with the regression coefficients are no greater than the coefficients themselves

(2) the coefficients are of the expected sign, or in several cases where the coefficients are of the "wrong" sign a reasonable case could be made for the observed sign

(3) the attributes included covered a broad range of housing quantity and quality conditions

(4) the attributes contributed to the explanation of the variance of the observed rent

Selection of Functional Form

The estimation of the hedonic quality index requires the specification of the functional form of the regression equation. There is little theoretical support for one functional form over another. Follain and Malpezzi examined two possible forms: a linear form and a semi-log form. The linear form of the model has an advantage over the semi-log form: as King pointed out, the linear form allows the explicit introduction of interdependence among variables, that is, some variables may be independently related to rent while others are jointly related to rent. The linear form also allows for the direct interpretation of the regression coefficients. The semi-log form has an advantage over the linear form in that the semi-log form allows the contribution of one variable to vary with the overall rent payment. In other words, the semi-log form values the contribution to the overall rent in terms of a percentage of the total rent. The hedonic model was estimated using both functional forms.

Preliminary forms of the hedonic model were estimated using both functional forms, that is, a linear function and a non-linear function. The results reported here are for the linear form of the model. In the

final estimation of the hedonic model the linear form of the model was selected for the following reasons:

- it provided a slightly higher percentage of explained variance, ($R^2$)
- the interpretations of the coefficients are straightforward

The results from the estimation of the linear hedonic model are in Appendix I. A final issue to be addressed in estimating the hedonic index of housing quality concerns the pooling of the pre-program and program samples. Separate hedonic regression equations were estimated for the pre-program and program samples. If the set of coefficients associated with each equation were found to be statistically equal, the two samples could be pooled. The coefficients from the pooled model could then serve as the weights or implicit prices for the attributes in the index for both program and pre-program units. The hedonic service index for each group could then be constructed by multiplying the set of coefficients for the dwelling unit, site and neighborhood characteristics by the means of those attributes from each of the two samples.

It was found that the coefficients (implicit prices) of the pre-program model were significantly different from the coefficients (implicit prices) of the program model.[2] This finding was further supported when

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[2]A Chow test was employed to determine whether the two samples could be pooled. The Chow test postulates the null hypothesis:

$$H_0: \ B_1 = B_2, \text{ and the alternative}$$
$$H_A: \ B_1 \neq B_2$$

If it is legitimate to pool the two samples, the null hypothesis must be supported. The Chow test creates an F-distributed random variable from the chi-square distributed numerator and denominator of the form:

$$F_{(K, T_1 + T_2 - 2K)} = \frac{(Q - Q_1)/K}{Q_1/(T_1 + T_2 - 2K)},$$

the binary variable for program participation was added in a multiplicative form to each of the housing attributes in the hedonic function to form the following model.

$$H(R) = X\beta + XD\delta + Z\alpha + ZD\lambda + e$$

where $H(R)$, $X$, $Z$, $\beta$, $\alpha$, $e$ are the same as before

$D$ = a binary variable that takes the value of 1 for program participation, and the value of 0 for the pre-program group.

$\delta$, $\lambda$ = unknown coefficents

If the coefficients represented by the $\beta$ vector are significantly different from the coefficients represented by the $\delta$ vector the samples can not be pooled for that attribute. A one-to-one comparison of the coefficents in each vector indicated that the two vectors are not equal. Therefore, it is concluded that the implicit prices observed in the pre-program sample are different than those observed in the program sample.

To make comparisons with respect to the housing service index for each sample a single vector of implicit prices must be determined. The indexes reported here are based upon the coefficients estimated for the pre-program sample. The housing service index calculated for the pre-program sample is the summation of a vector of elements generated by the multiplication of the coefficients of the pre-program sample times the mean value of the housing attributes within the pre-program sample. The influence that the tenure characteristics contribued to the observed rent is then subtracted. The housing service index for the program sample is the summation of a vector of elements generated by the multiplication of

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where Q is the residual sum of square for the pooled equation,
$Q_1$ is the residual sum of square from each of the two samples added together.
If the calculated F-value exceeds the critical value of the test, then the coefficients of the two samples are <u>not</u> equal.

the coefficients of the pre-program sample times the mean value of the housing attributes within the program sample, and subtracting the influence of tenure characteristics on observed rents within the program sample.

Program Impact

The impact of the Section 8 program employing the hedonic indices is again divided into two parts. First, the program reduces the rental payments into levels of need by participants. This is a form of income supplement in that part of a family's income previously expended on housing is available for other purposes. Second, there is a change in the quality of housing being consumed, as measured by the hedonic procedure. This change in housing quality is an added benefit that is separate from the income effect. The total program impact is defined as the sum of the income and quality effects.

The housing quality effect is difficult to calculate because panel data is presently unavailable. The difference between pre-program and program housing can be calculated by using hedonic prices and the quantities for pre-program and program groups in two ways. If the value of housing calculated from pre-program or applicant prices ($P_A$) and quantities ($Q_A$) is compared with the value of pre-program prices ($P_A$) and recipient quantities ($Q_R$), then revealed preference states that:

1) $\Sigma P_A Q_A \geq \Sigma P_A Q_R$ - the applicant bundle is larger (i.e., preferred in a general sense)

2) $\Sigma P_A Q_A < \Sigma P_A Q_R$ - the applicant bundle is not larger (i.e., not preferred in a general sense)

The housing values calculated using program prices ($P_R$) and both applicant quantities ($Q_A$) and recipient quantities ($Q_R$) can be compared.

Again, from revealed preference theory if:

3) $\Sigma P_R Q_R \geq \Sigma P_R Q_A$ - recipient bundle is larger (i.e., preferred in a general sense)

4) $\Sigma P_R Q_R < \Sigma P_R Q_A$ - recipient bundle is not larger (i.e., not preferred in a general sense)

These values are summarized in Table IV-16, and from this table the following is observed:

I. Gross Housing Cost

a) $\Sigma P_A Q_A = \$184.96 > \Sigma P_A Q_R = \$178.01$

i.e., applicant bundle is larger (from 1)

b) $\Sigma P_R Q_R = \$225.67 < \Sigma P_R Q_A = \$252.46$

i.e., recipient bundle is not larger (from 4)

II. Net Housing Cost

a) $\Sigma P_A Q_A = \$167.69 > \Sigma P_A Q_R = \$161.66$

i.e., applicant bundle is larger (from 1)

b) $\Sigma P_R Q_R = \$169.03 < \Sigma P_R Q_A = \$172.79$

i.e., recipient bundle is not larger (from 4)

From this analysis it is seen that whether gross housing cost or net housing quality (cost minus tenure factors) is considered, the value of housing observed for pre-program households is larger than the value of housing consumed by Section 8 program households. The results (using only pre-program prices) are consistent across demographic groups, as can be seen in Table IV-17. In order to confirm this result, hedonic measures using and equivalent eligible rural population from the 1977 Annual Housing Survey (AHS) were estimated.[3] These estimates of housing value for

[3]The 1977 figures were inflated to 1980 using the rental component of the CPI.

TABLE IV-16

GROSS AND NET HOUSING VALUES: PROGRAM AND PRE-PROGRAM

| | Gross Housing Value | Net Housing Value[a] |
|---|---|---|
| $\Sigma P_A Q_A$[1] | 185 | 168 |
| $\Sigma P_R Q_R$[2] | 226 | 160 |
| $\Sigma P_A Q_R$[3] | 178 | 162 |
| $\Sigma P_R Q_A$[4] | 252 | 173 |

[a]excludes tenure payments (reductions)

[1]$\Sigma P_A Q_A$ - Applicant (pre-program) value using pre-program prices and quantities
[2]$\Sigma P_R Q_R$ - Recipient (program) value using program prices and quantities
$\Sigma P_A Q_R$ - Recipient quantities valued using pre-program prices
$\Sigma P_R Q_A$ - Applicant quantities valued using program prices

Data Source: Interviews with applicant recipient households and HMS.

TABLE IV-17

GROSS AND NET HOUSING VALUES - HOUSING MEASUREMENTS SURVEY
(PRE-PROGRAM PRICES MULTIPLIED BY SUB-GROUP MEANS)

| | Mean Gross Housing Cost($)[1] | | Net Housing Value($)[2] | |
|---|---|---|---|---|
| | Pre-program | Program | Pre-program | Program |
| Non-elderly | 211 | 202 | 184 | 180 |
| Elderly | 136 | 134 | 135 | 139 |
| White | 204 | 185 | 180 | 166 |
| Non-white | 166 | 157 | 152 | 149 |
| Male family head | 175 | 209 | 161 | 185 |
| Female family head | 202 | 169 | 179 | 154 |
| Mover | --- | 189 | --- | 157 |
| Stayer | --- | 174 | --- | 164 |
| Total Sample | 185 | 178 (226)[3] | 167 | 162 (160)[3] |
| Annual Housing Survey | 178 | | 170 | |

[1]rent including tenure payments (reductions)
[2]rent net of tenure payments (reductions)
[3]Program gross and net housing value using program prices and means
[4]1977 AHS value inflated to 1980 dollars using July 1977 and July 1980 CPI figures for rental costs.

Data Source: Interviews with applicant and recipient households and HMS.

the AHS represent the general eligible population and are thus a valid comparative group. Indeed, this hedonic rental value derived for each demographic group should be considered the "normal" rent.

Whether pre-program or program groups have a larger quantity of housing services is determined by multiplying the AHS coefficients by the pre-program and program means for each variable. These results are contained in Table IV-18.

From Table IV-18 it is seen that the net housing value for program and pre-program groups is approximately the same: $204 for pre-program, $206 for program. The pattern across demographics groups, however, is inconsistent. Given this inconsistency, it cannot be absolutely concluded that pre-program households consume more housing than program households, even though the previous discussion shows this to be the case. However, it can be said that program households do not consume more housing than pre-program households.

In Table IV-19 the differences between pre-program and program housing values using HMS coefficients are shown. In Table IV-20 the difference between pre-program and program housing values and program and AHS housing values is presented.

Finally in Tables IV-19 and IV-20 the housing value differences between programs using the AHS and HMS approaches is shown. Although inconsistencies appear between program and pre-program totals for the two approaches, program housing quality is always larger than the "normal" value of housing measured using the AHS. Table IV-20 shows these differences as ranging from $24 (male-headed families) to $57 for non-white families, significantly large differences.

TABLE IV-18

GROSS AND NET HOUSING VALUES[1]

| Group | Gross Housing Value | | | Net Housing Value | | |
|---|---|---|---|---|---|---|
| | AHS | Pre-program | Program | AHS | Pre-program | Program |
| All | 178 | 223 | 218 | 170 | 204 | 206 |
| Elderly | 140 | 199 | 200 | 143 | 197 | 199 |
| Non-elderly | 192 | 229 | 225 | 179 | 206 | 211 |
| White | 182 | 227 | 225 | 171 | 206 | 211 |
| Non-white | 128 | 206 | 187 | 115 | 195 | 172 |
| Male-headed | 191 | 230 | 224 | 177 | 213 | 201 |
| Female-headed | 164 | 210 | 224 | 161 | 204 | 207 |
| Mover | 194 | --- | 218 | 182 | --- | 120 |
| Stayer | 154 | --- | 218 | 151 | --- | 209 |

[1]Calculated by multiplying Annual Housing Survey (AHS) coefficients by the means for subgroup for the AHS, pre-program and program groupings.

TABLE IV-19

HOUSING VALUE DIFFERENCES - HMS APPROACH (PRICES)
Program Value - Pre-program Values

| | Gross Housing Value | Net Housing Value |
|---|---|---|
| Non-elderly | -9 | -4 |
| Elderly | -2 | 3 |
| White | -19 | -14 |
| Non-white | -9 | -3 |
| Male-headed | 34 | 24 |
| Female-headed | -33 | -25 |
| Total Sample | -7 | -6 |

TABLE IV-20

HOUSING VALUE DIFFERENCES - AHS APPROACH (PRICES)

| | Gross Housing Value | | Net Housing Value | |
|---|---|---|---|---|
| | Program-Pre-program | Program-AHS | Program-Pre-program | Program-AHS |
| Non-elderly | -4 | $33 | 5 | $32 |
| Elderly | 1 | 60 | 2 | 46 |
| White | -2 | 43 | 5 | 40 |
| Non-white | -19 | 59 | -23 | 57 |
| Male-headed | -6 | 33 | -12 | 24 |
| Female-headed | -5 | 40 | 2 | 36 |

In the following sections, AHS coefficients (indicative of normal rent characteristics) will be compared to pre-program (HMS) coefficients.

Housing Value Comparisons

Tables IV-21 and IV-22 show the housing value differences across demographic pairings. Few patterns are apparent. Considering net housing value (i.e., excluding tenure factors), elderly and minority groups have significantly lower levels of housing than non-elderly and white families, in both pre-program and program circumstances and for both AHS and HMS indices. In the AHS approaches, male-headed families have greater housing quality than families headed by a female in the pre-program group.

However, the reverse is true when we look at the program aggregation. If the HMS approach is used, female-headed families exhibit a greater amount of housing in the pre-program but smaller levels in the program. The results are inconsistent. For mover/stayers, the AHS prices give no difference in quality. The HMS prices (Table IV-21) indicate stayers have a higher level of net housing. This contradicts the results found using the AHS prices and recent mover (two previous years) data. In Table IV-22, movers have higher net housing quality than stayers. The program movers and stayers have the same housing value. Again, no clear pattern can be discerned.

Program Impact -- Housing, Income and Total Benefits

In the previous section aggregate changes in hedonic measures of housing quality were considered. In this section the housing, income and total benefits of the program are considered. Housing benefit is defined

TABLE IV-21

HOUSING VALUE DIFFERENCES - HMS APPROACH[1]
(Within Demographic Groups)

| | Gross Housing Value | | Net Housing Value | |
|---|---|---|---|---|
| | Pre-program | Program | Pre-program | Program |
| Non-elderly - Elderly | 75 | 68 | 48 | 41 |
| White - Non-white | 37 | 28 | 28 | 17 |
| Male - Female | -28 | 39 | -18 | 31 |
| Mover - Stayer | -- | 16 | -- | -7 |

[1]Calculated using pre-program coefficients.

TABLE IV-22

HOUSING VALUE DIFFERENCES - AHS APPROACH[1]
(Within Demographic Groups)

| | Gross Housing Value | | | Net Housing Value | | |
|---|---|---|---|---|---|---|
| | AHS | Pre-program | Program | AHS | Pre-program | Program |
| Non-elderly - Elderly | 52 | 30 | 25 | 36 | 9 | 12 |
| White - Non-white | 54 | 21 | 38 | 56 | 11 | 39 |
| Male - Female | 27 | 20 | 0 | 16 | 9 | -6 |
| Mover - Stayer | 40 | -- | 0 | 31 | -- | 1 |

[1]Calculated using AHS coefficients.

as the difference between net housing value of program recipients and normal expenditures (gross housing expenditures) of the pre-program group for the HMS measure of the normal rent (gross housing value) of the AHS sample for the AHS measure. Table IV-23 summarizes the housing benefit effect.

The impact of the program is markedly different between the two measures. HMS measure shows a significantly large negative benefit (a $23 overall reduction) except for elderly and male-headed families. The AHS measure always shows a significantly large positive measure, with elderly, minority, female-headed and stayer households benefiting the most. Overall, there is a $28 increase. Interestingly, male-headed households show the highest benefit (+$10) with the HMS measure but the lowest benefit (again, +$10) with the AHS measure.

The second component of program total benefit is the income benefit, defined as the difference between normal expenditure and net rent or family contribution. The income benefit is summarized in Table IV-24. For both programs the income benefit is large with non-elderly, white, and female-headed families receiving the highest income benefits. Only minority families (using the AHS measure) receive an income benefit of less than 20 percent. The overall HMS income benefit is slightly larger, $82, than the AHS income benefit of $75 although the percentage of normal expenditure is about the same (44% and 42%, respectively).

Given housing and income benefits, the total program impact can be calculated. This is the sum of the housing and income benefits, or, the difference between the value of housing services and program net rent (family contribution). Table IV-25 summarizes these results. Total benefit ranges from $49 to $70 for the HMS approach and from $69 to $116 for

TABLE IV-23

PROGRAM IMPACT - HOUSING BENEFIT[1]

| Group | HMS Value of Housing Services | HMS Normal Expenditure | HMS Housing Benefit | AHS Value of Housing Services | AHS Normal Expenditure | AHS Housi Benef |
|---|---|---|---|---|---|---|
| All | 162 | 185 | -23 | 206 | 178 | 2 |
| Elderly | 139 | 136 | 3 | 199 | 140 | 1 |
| Non-elderly | 180 | 211 | -31 | 211 | 192 | 1 |
| White | 166 | 204 | -38 | 211 | 182 | 2 |
| Non-white | 149 | 166 | -17 | 172 | 128 | 4 |
| Male | 185 | 175 | 10 | 201 | 191 | 1 |
| Female | 154 | 202 | -48 | 207 | 164 | 4 |
| Mover | --- | --- | -- | 210 | 194 | 1 |
| Stayer | --- | --- | -- | 209 | 154 | 5 |

[1]Housing Benefit = Value of Housing Services - Normal Expenditures (net housing value)

TABLE IV-24

PROGRAM IMPACT - INCOME BENEFIT[1]

| Group | Housing Measurement Normal Expenditure | Housing Measurement Net Rent | Housing Measurement Income Benefit | AHS Normal Expenditure | AHS Net Rent | AHS Income Benefit |
|---|---|---|---|---|---|---|
| All | 185 | 103 | 82 | 178 | 103 | 75 |
| Elderly | 134 | 88 | 46 | 140 | 88 | 52 |
| Non-elderly | 211 | 110 | 111 | 192 | 110 | 82 |
| White | 204 | 103 | 101 | 182 | 103 | 79 |
| Non-white | 166 | 102 | 64 | 128 | 102 | 26 |
| Male | 175 | 132 | 43 | 191 | 132 | 59 |
| Female | 202 | 91 | 111 | 164 | 91 | 73 |
| Mover | --- | --- | --- | 194 | 95 | 99 |
| Stayer | --- | --- | --- | 154 | 106 | 48 |

[1]Income Benefit = Normal Expenditure - Family Contribution (net rent)

the AHS approach where the difference is the negative contribution of housing benefit (i.e., lower housing quality) that is found using the HMS approach.

Three final analyses can be done using the hedonic prices. The first analysis considers the excess costs to HUD. Excess cost is the difference between what HUD pays and the predicted market rent (including tenure characteristics) derived from the HMS and AHS prices. Table IV-26 summarizes the results. Overall, $8 or a 3.5 percent overpayment is made using the AHS prices. Using the HMS prices $48 or a 21 percent overpayment is made. Using AHS prices only non-white family's program cost (17 percent) exceed 10 percent, whereas using HMS the range is from 15 to 30 percent. Thus, using the AHS prices, there is only a minimal excess cost possible to the program, whereas using HMS the cost is fairly significant.

A different way of looking at excess costs would be to compare total program benefit with HUD cost. HUD cost is the difference between gross rent and family contributions. Table IV-27 summarizes the net of HUD cost and total benefit. Except for elderly families using AHS prices HUD cost always exceeds total program benefits. This difference is almost always larger than the difference between gross rent and predicted rent shown in Table IV-26. The AHS percent of gross rent ranges from 5 to 23 percent while the HMS percent of gross rent ranges from 22 to 29 percent. Thus, the excess of payments over benefits is larger than the costs calculated as the difference of gross and predicted rent.

Finally, does HUD pay too much for the housing they are buying? That is, do gross rents exceed the hedonic measure of housing value? The results for this are the same as the comparison between benefits and pay-

TABLE IV-25

PROGRAM IMPACT - TOTAL IMPACT[1]

| Group | Housing Measurement | | | AHS | | |
|---|---|---|---|---|---|---|
| | Income Benefit | Housing Benefit | Total Benefit | Income Benefit | Housing Benefit | Total Benefit |
| All | 82 | -23 | 59 | 75 | 28 | 103 |
| Elderly | 46 | 3 | 49 | 52 | 59 | 111 |
| Non-elderly | 101 | -31 | 70 | 82 | 19 | 101 |
| White | 101 | -38 | 63 | 79 | 29 | 108 |
| Non-white | 64 | -17 | 47 | 26 | 44 | 70 |
| Male | 43 | 10 | 53 | 59 | 10 | 69 |
| Female | 111 | -48 | 63 | 73 | 43 | 116 |
| Mover | --- | -- | — | 99 | 16 | 115 |
| Stayer | --- | -- | -- | 48 | 55 | 103 |

[1]Total Benefit = Income Benefit + Housing Benefit

TABLE IV-26

PROGRAM RELATED COST[1]

| Group | Predicted Rent | | | Program Costs | | | |
|---|---|---|---|---|---|---|---|
| | | | | HMS | | AHS | |
| | Gross Rent | HMS | AHS | $ | % Rent | $ | % Rent |
| All | 226 | 178 | 218 | 48 | 21 | 8 | 3.5 |
| Elderly | 189 | 134 | 200 | 55 | 29 | -11 | -6 |
| Non-elderly | 245 | 202 | 225 | 43 | 18 | 20 | 8 |
| White | 226 | 185 | 225 | 41 | 18 | 1 | 0 |
| Non-white | 224 | 157 | 187 | 67 | 30 | 37 | 7 |
| Male | 246 | 209 | 224 | 37 | 15 | 22 | 9 |
| Female | 218 | 169 | 224 | 49 | 22 | -6 | -3 |
| Mover | 237 | 189 | 218 | 48 | 20 | 19 | 8 |
| Stayer | 221 | 174 | 218 | 47 | 21 | 3 | 1 |

[1]Program Costs = Gross Rent - Predicted Rent

TABLE IV-27

COST TO HUD[1] VS. PROGRAM IMPACT

| Group | Total Benefit HMS | Total Benefit AHS | HUD Cost | Net[2] HMS | Net[2] HMS Gross % Rent | Net[2] AHS | Net[2] AHS Gross % Rent |
|---|---|---|---|---|---|---|---|
| All | 59 | 103 | 123 | -64 | 28 | -20 | 9 |
| Elderly | 49 | 111 | 101 | -52 | 28 | 10 | 5 |
| Non-elderly | 70 | 101 | 135 | -65 | 26 | -34 | 14 |
| White | 63 | 108 | 123 | -60 | 27 | -15 | 7 |
| Non-white | 47 | 70 | 122 | -75 | 33 | -52 | 23 |
| Male | 53 | 69 | 114 | -61 | 25 | -45 | 18 |
| Female | 63 | 116 | 127 | -64 | 29 | -11 | 5 |
| Mover | -- | 115 | 142 | -- | -- | -27 | 11 |
| Stayer | -- | 103 | 115 | -- | -- | -12 | 5 |

[1]HUD Cost = Gross Rent - Net Rent

[2]Net = Total Benefit - HUD Cost

TABLE IV-28

PREDICTED RENT VS. VALUE OF HOUSING SERVICES
(Gross Housing Value)

| Group | Value of Housing Services HMS | Value of Housing Services AHS | Gross Rent | Difference HMS | Difference AHS |
|---|---|---|---|---|---|
| All | 162 | 206 | 226 | -64 | -20 |
| Elderly | 139 | 199 | 189 | -50 | +10 |
| Non-elderly | 180 | 211 | 245 | -65 | -34 |
| White | 166 | 211 | 226 | -60 | -15 |
| Non-white | 149 | 172 | 224 | -75 | -52 |
| Male | 185 | 201 | 246 | -61 | -45 |
| Female | 154 | 207 | 218 | -64 | -11 |
| Mover | --- | 210 | 237 | -- | -27 |
| Stayer | --- | 209 | 221 | -- | -12 |

ments (see Table IV-28). The value of housing that HUD is buying is less than the payments HUD is making for the housing. This implies that there are few "bargains" being found in rural areas.

## IV.9 Conclusion

In this chapter, the impact of Section 8 on housing quality as measured by HUD Acceptability Criterion, the Congressional Budget Office (CBO) definition, measures of crowding, levels of rent burden and a market measure using hedonic indices, was analyzed. Using the non-market (not hedonic) measures, the incidence of deficient housing is always lower for program groups than for pre-program households. Using the CBO definition, the pre-program incidence of substandard housing was 25 percent, while the program incidence is 11 percent. Under the HUD Acceptability Criteria 63 percent of the pre-program households live in substandard housing. Using the rent burden criteria of 25 percent and 35 percent of income, the deficiency percentages are 81 and 62 percent for pre-program and 40 and 17 percent for program. Finally, using more than one person per room or more than 2 persons per bedroom as measures of crowding, 15.3 and 15.2 percent of the pre-program households were crowded while 5.2 and 5.3 percent of the program were crowded.

It is seen that there is a significant reduction in the incidence of substandard housing but the levels exhibited by program households are still frequently high. Fifty-two percent of the program households fail the HUD Acceptability Criteria. Forty percent of the program households have a rent burden greater than 25 percent of income. Only in the crowding criteria is the percentage substandard less than 10 percent.

When the market (hedonic) measure of housing quality is considered, the analysis showed that it cannot be stated that program households have higher quality housing than pre-program households. Indeed, there is evidence that program households have lower levels of housing quality than pre-program households. The conclusion may be drawn that although the Section 8 households may exhibit a lower failure rate for certain standards measures, the rate of failure is still high. Second, there is no evidence that Section 8 housing is of higher quality than applicant housing. This conclusion should be qualified, however, in view of the following considerations. First, the data sample employed to estimate the hedonic measure of housing quality reflects housing conditions as they exist in several housing markets each of which is potentially quite distinct with respect to the supply and demand conditions that characterize it. It is not clear what biases may be introduced, if any, when the implicit prices of housing characteristics are estimated in a manner which does not take account of these potential differences across markets. Secondly, it will be recalled that the cross-sectional comparison of housing quality between the pre-program and program groups is based on hedonic measures constructed from the estimated implicit prices of the housing characteristics of pre-program households. This will be an unbiased comparison as long as there are no systematic differences between the relative values placed on housing characteristics by pre-program and program households.

APPENDIX I

EXISTING HOUSING BENEFITS OF PARTICIPATION:
HOUSING QUALITY FACTORS INCLUDED IN RENT EQUATION

| Group Characteristic | Mnemonic | Coefficient | Standard Error |
|---|---|---|---|
| **Dwelling Unit Features** | | | |
| Total Living Space | FLRAR | -0.0076 | 0.0047 |
| Number of Rooms | NUMBR | 13.9889 | 1.3026 |
| Number of Bedrooms | NUMBD | -2.5222 | 1.6420 |
| Presence of Dining Room | IOTR | 39.5088 | 2.3216 |
| Condition of Exterior | CBEXT | -12.2486 | 2.5804 |
| Kitchen Facilities | | | |
| a) counter tops | KTC10 | 3.9125 | 0.2407 |
| b) cabinets | KTC12 | 1.6862 | 0.1351 |
| c) sink (hot & cold water) | KCT3 | 20.8775 | 3.5040 |
| d) structure and surface condition | KTC15 | 14.4998 | 2.2345 |
| Bathroom Facilities | | | |
| a) number of baths | BTHN | 45.2242 | 2.7726 |
| b) tub and shower | BTH2 | -57.3547 | 2.3318 |
| c) structure and surface condition | BTH6 | -14.6066 | 2.6552 |
| Heating System | | | |
| a) fireplace, stove, portable space-heater, free standing/central heater | HEAT2 | 9.0046 | 2.1277 |
| b) breakdowns or need for additional heat/adequate heat | RHEAT | 10.6193 | 2.2153 |
| Air Conditioning (central or room) | ACLS | 31.0591 | 1.9037 |
| Presence of Basement | BASM | 44.2442 | 2.1394 |
| Trash Pickup | QTRASH | 60.4584 | 2.8814 |
| Bedroom Structure & Surface Condition | | | |
| a) in first bedroom inspected | BDR15 | -7.1701 | 2.1944 |
| b) in second bedroom inspected | BDR25 | -19.8591 | 2.0781 |
| Living Structure and Surface Condition | LVR4 | 13.3712 | 3.0088 |
| Adequate Fire Exits | FIRE | 5.2953 | 5.9340 |
| Adequate Fire Protection | FRP | 11.8124 | 2.3592 |
| Reliable Plumbing | PLUMB | -22.6075 | 3.7035 |
| Lot Size of Dwelling Unit | LOTZ | -21.6248 | 1.4337 |
| Presence of Yard | QYRD | 23.8222 | 1.8829 |
| Building Age | | | |
| a) 1920-1945 | BAGE2 | -50.3469 | 1.8785 |
| b) 1945-1980 | BAGE4 | -10.9134 | 2.7207 |
| Type of Building | | | |
| a) mobile home | BLD1 | -39.8751 | 8.2751 |
| b) single unit | BLD3 | -34.8013 | 7.5908 |
| c) multiple family unit or highrise | BLD4 | 2.7286 | 7.7826 |
| Amenities of Any Kind | AMN | 23.3965 | 2.6745 |

| Group Characteristic | Mnemonic | Coefficient | Standard Error |
|---|---|---|---|
| **Site and Neighborhood Features** | | | |
| Odors Within Neighborhood | ODR | -53.2815 | 2.8973 |
| Sidewalks | WLK | -24.3472 | 2.1753 |
| Street Condition | STRT | -9.2062 | 2.2171 |
| Racial Integration | INT | 7.3519 | 1.9427 |
| Land Use Mix | | | |
| a) business parcels within block | BUS | -19.9182 | 1.7349 |
| b) commercial parcels withing surrounding area | COML | -8.6397 | 2.1132 |
| **Tenure Characteristics** | | | |
| Related to Landlord | LL | 34.3015 | 2.8547 |
| Length of Residence | LRES | -0.4174 | 0.0152 |
| Size of Household | HSEH | 2.9119 | 0.4120 |
| Race of Head of Household | RACE | -13.8528 | 2.2696 |

$\bar{R}^2 = 0.6122$
$F = 274.54$

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# CHAPTER V

# LOCATIONAL CHOICE

## V.1 Introduction

One purpose of the legislation that created the Section 8 program is to encourage low and moderate income households to relocate in higher quality neighborhoods. To be sure, the rent-supplement aspect of the program provides an attractive incentive to participate; yet, the possibility of living in better quality housing and neighborhoods should be an additional benefit. If the program is working, we should find that recipients do indeed report greater satisfaction with their housing environment as well as other non-pecuniary benefits. The purpose of this chapter is to explore some of the possible non-income advantages of the Section 8 program. Analysis is presented first for recipients, then for applicants and certificate-holders. Then comparisons among all groups are made and, finally, conclusions are drawn concerning program benefits.

Rent supplements are a strong incentive to participate. Nearly 73 percent of the recipient households said this was a reason for applying. While the rent supplement provision of the program is a major incentive, other motivations for applying also surfaced. Other reasons given were: nearly 24 percent wanted better quality housing, 10 percent said they had been evicted and needed housing, 6 percent wanted to move to another city, 17 percent were living with relatives and wanted separate housing for their family and 26 percent gave a variety of other reasons. Moreover, 47 percent gave more than one reason for applying.

## V.2 Demographic Effects Of Recipient Stayers/Movers

Recipients, in order to participate, frequently must move into different neighborhoods. One aspect of the analysis is to learn more about recipients who stay and those who move and if the move does, indeed, result in greater housing and neighborhood satisfaction.

The literature suggests that movers differ demographically from stayers. For instance, Roistacher (1975) reports that measures of family life cycle stages are good predictors of moving and that a young household head and small-size families are frequent movers. When other factors are controlled, mobility rates for blacks fall below those for whites. The first step in this analysis is to compare the demographic attributes of movers with those of stayers. Variables studied were the effects of age, family size, race/ethnic groups, marital status and sex. The results are in Table V-1.

TABLE V-1

EFFECTS OF DEMOGRAPHIC VARIABLES ON MOBILITY AMONG RECIPIENTS[1]

| | Stayed | Moved, Same Neighborhood | Moved, Different Neighborhood | Total | Sample Size |
|---|---|---|---|---|---|
| Age: | | | | | |
| Less than 18 | 74% | 13% | 13% | 100% | ( 13) |
| 18-24 | 48 | 12 | 40 | 100 | (170) |
| 25-34 | 59 | 11 | 30 | 100 | (315) |
| 35-44 | 63 | 11 | 26 | 100 | (194) |
| 45-54 | 61 | 9 | 30 | 100 | ( 84) |
| 55-64 | 66 | 11 | 23 | 100 | (191) |
| 65 or older | 74 | 9 | 17 | 100 | (477) |

Table V-1. (continued)

| | Stayed | Moved, Same Neighborhood | Moved, Different Neighborhood | Total | Sample Size |
|---|---|---|---|---|---|
| Household size: | | | | | |
| 1 person | 69% | 9% | 22% | 100% | (555) |
| 2 persons | 59 | 11 | 30 | 100 | (353) |
| 3 persons | 57 | 14 | 29 | 100 | (229) |
| 4 persons | 66 | 9 | 25 | 100 | (149) |
| 5 persons | 60 | 8 | 32 | 100 | ( 72) |
| 6 persons or more | 47 | 16 | 37 | 100 | ( 49) |
| Marital status: | | | | | |
| Single | 53 | 14 | 33 | 100 | (189) |
| Married | 66 | 9 | 25 | 100 | (318) |
| Widowed/Divorced | 67 | 10 | 23 | 100 | (771) |
| Separated | 59 | 9 | 32 | 100 | (163) |
| Race/Ethnic group: | | | | | |
| Black | 62 | 14 | 24 | 100 | (198) |
| Hispanic | 31 | 20 | 49 | 100 | (100) |
| White | 67 | 9 | 24 | 100 | (1,116) |
| American Indian | 59 | 17 | 24 | 100 | ( 30) |
| Sex: | | | | | |
| Male | 66 | 8 | 26 | 100 | (382) |
| Female | 64 | 11 | 25 | 100 | (1,064) |

Data Source: Interviews with recipient households.

$X^2$ for age, 47.03, 12df; $p < .001$; $X^2$ for household size, 22.5, 10df; $p < .02$; $X^2$ for marital status, 17.84, 6df; $p < .01$; $X^2$ for race/ethnic group, 57.23, 6df, $p < .001$; $X^2$ for sex, 2.28, 1df, NS.[1]

[1]Because the respondent households did not enter the sample with equal probability, the survey data were weighted to account for unequal probabilities of selection. A table, similar to Table V-1, based on weighted data did not differ appreciably from Table V-1. Therefore, the chi-square tests on the sample data are reported.

Significant effects were found for age, household size, marital status and race/ethnic groups. Younger persons (except those under 18) moved, compared to those in older age groups. Movers also were more prevalent among single and separated persons and among Hispanics. The effects of age are not surprising, since this relationship has been reported and accounted for in previous studies. Younger persons also tend to be single, and the elderly frequently are in one-person households. The finding for Hispanics is a surprise for there is no a priori reason to expect their mobility patterns to be much different from those of other racial/ethnic groups. A more detailed analysis was undertaken to account for this apparent anomaly and is reported in a later section of this chapter.

## V.3 Reasons For Staying/Moving

Recipients who wanted to move or wanted to stay usually achieved their wishes; only a relative few who preferred to move or stay actually did not do so. This is shown in Table V-2.

TABLE V-2

RELATIONSHIP BETWEEN THOSE WHO PREFERRED TO STAY/MOVE AND WHO ACTUALLY STAYED/MOVED

| | Percent Preferred To Stay | Percent Preferred To Move |
|---|---|---|
| Actually stayed | 92 | 15 |
| Actually moved | 8 | 85 |
| Total | 100 | 100 |
| Sample Size | (902) | (567) |

Data Source: Interviews with recipient households.

The relationship is highly significant statistically with a corrected chi-square value of 874 at 1 degree of freedom. The reasons for preferring to stay or move among those who actually stayed or moved are interesting and are reported in Tables V-3, V-4 and V-5. Table V-3 compares the reasons of stayers and movers for those who preferred to move. Table V-4 compares the reasons of stayers and movers who wanted to move to a particular location. Table V-5 compares the reasons of stayers and movers who preferred to stay.

TABLE V-3

REASONS FOR PREFERRING TO MOVE FOR MOVERS AND STAYERS

| Reasons | Moved | Most Important | Sample Size | Stayed | Most Important | Sample Size |
|---|---|---|---|---|---|---|
| Closer to job | 5% | 2% | (491) | 6% | 5% | (78) |
| Closer to friends, relatives | 13 | 3 | (490) | 10 | 2 | (78) |
| Living with friends or relatives, wanted to move | 34 | 22 | (490) | 17 | 12 | (78) |
| Family situation changed | 15 | 5 | (486) | 14 | 7 | (77) |
| Wanted a larger unit | 38 | 7 | (488) | 38 | 17 | (77) |
| Wanted a smaller unit | 6 | 0 | (488) | 16 | 0 | (77) |
| Wanted a less expensive unit | 37 | 12 | (488) | 35 | 9 | (77) |
| Wanted a unit in better condition | 52 | 26 | (491) | 55 | 14 | (77) |
| Needed a unit designed for handicapped | 7 | 1 | (488) | 12 | 5 | (77) |
| Wanted to move to a different school | 24 | 1 | (490) | 26 | 7 | (77) |
| Wanted to move to a different town | 12 | 5 | (490) | 13 | 0 | (76) |
| Needed to move to receive Section 8 assistance | 21 | 12 | (485) | 12 | 2 | (76) |
| Children could attend a better school | 5 | 0 | (487) | 8 | 0 | (77) |
| Other reasons | 23 | 12 | (472) | 26 | 21 | (78) |

Data Source: Interviews with recipient household.

The primary motivations for moving for both groups are wanting to live apart from friends or relatives with whom they were living, wanting a larger unit and one in better condition. Other reasons cited were the need for cheaper housing and wanting to move to a different school for children, although these were not among the most important reasons. Among the least important reasons cited were units closer to jobs and need for a unit designed for the disabled or handicapped.

Nearly 43 percent of those who wanted to move knew where they wanted to go, and Table V-4 compares the reasons given for wanting to move to a particular location.

TABLE V-4

REASONS FOR WANTING TO MOVE TO A PARTICULAR LOCATION FOR MOVERS AND STAYERS

| Reasons | Percent Moved | Percent Most Important | Sample Size | Percent Stayed | Percent Most Important | Sample Size |
|---|---|---|---|---|---|---|
| | (Percent) | | | (Percent) | | |
| Close to job | 11 | 3 | (206) | 17 | 15 | (36) |
| Friends/relatives lived in area | 35 | 16 | (205) | 39 | 7 | (36) |
| Liked people who lived in area | 37 | 3 | (202) | 39 | 4 | (36) |
| Liked the town/area | 59 | 9 | (204) | 56 | 14 | (36) |
| Liked the apartment/house | 69 | 22 | (203) | 58 | 15 | (36) |
| Liked features offered for handicapped | 8 | 2 | (205) | 14 | 4 | (36) |
| Town/area close to services | 35 | 6 | (205) | 47 | 18 | (36) |
| Town/area close to recreation | 25 | 0 | (205) | 26 | 0 | (35) |
| Town/area close to shopping | 43 | 9 | (205) | 50 | 4 | (36) |
| Town/area close to schools for children | 16 | 6 | (201) | 19 | 4 | (36) |
| Other reasons | 34 | 24 | (198) | 21 | 15 | (36) |

Data Source: Interviews with recipient households.

Chief among the reasons for both movers and stayers who wanted to move was that they liked the prospective dwelling unit. Movers also cited the proximity of friends or relatives in the area while stayers mentioned closeness to jobs, liking the town and proximity to services as important advantages.

Recipients who stayed in their dwelling units also gave a number of reasons for wanting to do so. These are given in Table V-5.

TABLE V-5

REASONS FOR PREFERRING TO STAY FOR MOVERS AND STAYERS

| Reasons | Moved | Most Important | Sample Size | Stayed | Most Important | Sample Size |
|---|---|---|---|---|---|---|
| | (Percent) | | | (Percent) | | |
| Close to job | 14 | 8 | (74) | 20 | 6 | (807) |
| Close to friends/relatives | 43 | 8 | (75) | 62 | 18 | (808) |
| Close to services | 35 | 5 | (75) | 47 | 4 | (804) |
| Close to recreation facilities | 17 | 2 | (75) | 25 | 0 | (807) |
| Close to shopping | 41 | 8 | (75) | 55 | 6 | (802) |
| Like school children attend | 18 | 2 | (74) | 25 | 6 | (789) |
| Like neighborhood and probably can't find a better house/apartment | 59 | 17 | (75) | 67 | 16 | (806) |
| Like house | 69 | 17 | (75) | 80 | 18 | (805) |
| Landlord is cooperative | 37 | 5 | (75) | 63 | 9 | (803) |
| House/apartment has special features for handicapped | 7 | 2 | (75) | 6 | 1 | (803) |
| Disliked moving | 49 | 5 | (75) | * | * | * |
| Other reasons | 30 | 23 | (70) | 26 | 14 | (766) |

Data Source: Interviews with recipient households.

*Not asked.

Chief among the reasons for wanting to stay is liking of the house, or apartment or neighborhood, of closeness to friends and shopping, of a cooperative landlord, and, for movers, not wanting to move.

Among movers who wanted to stay, 45% said they had to move. More than half of these (52%) gave non-specific reasons. Thirty-two percent said their landlord had asked them to leave, 8% were living temporarily with friends, 5% said their family situation had changed and 3% had received a notice of displacement from a public agency.

The reasons for wanting to move or stay do not seem to differ too greatly. They focus primarily on some aspect of housing quality -- either wanting a better-quality unit for movers or liking of the unit for stayers. Stayers in particular also cited the convenience to services or simply liking the town in which they lived. The attractive "pull" of proximity to friends and relatives also surfaced for this group. For movers, being able to live apart from relatives with whom they were now living or moving to a less expensive unit also were important.

## V.4 Satisfaction With The Dwelling Unit And Neighborhood

Recipients also were asked to rate the characteristics and conditions of their dwelling unit and their neighborhood. Also compared (among movers) were ratings of old as well as present dwelling units and neighborhoods. It was hypothesized that a move should improve the satisfaction of recipients for both the dwelling unit and some aspect of their neighborhood.

The results showed that there was no difference in rating of the dwelling unit for movers or stayers, indicating that movers are just as satisfied with their house or apartment as stayers. This is shown in Table V-6.

TABLE V-6

MOVER AND STAYER RATING OF HOUSING SATISFACTION

| | Movers | Stayers | Average |
|---|---|---|---|
| Excellent | 30% | 31% | 30% |
| Good | 45 | 46 | 45 |
| Fair | 21 | 20 | 21 |
| Poor | 4 | 3 | 4 |
| Total | 100 | 100 | 100 |
| Sample Size | (564) | (932) | (1,496) |

Data Source: Interviews with recipient households.

The frequency distributions do not differ significantly and the results tell us that movers do end up in houses or apartments that are rated equally as those of stayers. When movers who want to stay and stayers who want to move are removed, there still is no difference. The frequency distributions are nearly the same as those in Table V-6.

A similar type of analysis was performed for ratings of neighborhood characteristics and conditions. Again, no statistically significant differences were observed between these groups (movers and stayers) and the subjective ratings of neighbrohood quality where both groups said there was a problem. Different aspects of neighborhood quality surfaced as problem areas, however, these are summarized in Tables V-7 and V-8.

TABLE V-7

ASPECTS OF NEIGHBORHOOD CHARACTERISTICS WHERE MOVERS AND STAYERS SAID THERE WAS A PROBLEM

| Characteristics | Movers | Stayers | Significance Level |
|---|---|---|---|
| Street or highway noise | 42% | 45% | 0.24 |
| Heavy traffic | 34 | 34 | 0.95 |
| Streets or roads in need of repair | 16 | 14 | 0.36 |
| Roads impassable | 9 | 11 | 0.51 |
| Poor street lighting | 18 | 15 | 0.10 |
| Neighborhood crime | 11 | 9 | 0.42 |
| Trash, litter, junk in neighborhood | 13 | 10 | 0.09 |
| Abandoned structures | 10 | 7 | 0.04 |
| Housing in run-down condition | 10 | 9 | 0.45 |
| Industries, business, or other non-residential activities | 31 | 28 | 0.76 |
| Odors, smoke or gas | 6 | 7 | 0.64 |
| Noise from airplane traffic | 11 | 10 | 0.77 |
| Sample Size | (519) | (925) | |

Data Source: Interviews with recipient households.

The pattern of complaints typically is higher among movers, although a statistically significant difference was found only for complaints about abandoned structures. Complaints about street noise and heavy traffic, as well as non-residential activities, were frequently voiced by both groups.

Movers typically complained more frequently than stayers about neighborhood conditions and these are summarized in Table V-8.

TABLE V-8

ASPECTS OF NEIGHBORHOOD CONDITIONS WHERE MOVERS AND STAYERS SAID THERE WAS A PROBLEM

| Condition | Movers | Stayers | Significance Level |
|---|---|---|---|
| Public Transportation | 53% | 52% | 0.37 |
| Schools | 5 | 4 | 0.31 |
| Neighborhood shopping for groceries and medication | 17 | 13 | 0.04 |
| Police protection | 11 | 8 | 0.07 |
| Fire protection | 5 | 5 | 0.81 |
| Hospitals or health clinics | 18 | 15 | 0.10 |
| Ambulance or rescue squads | 7 | 6 | 0.48 |
| Sample Size | (519) | (925) | |

Data Source: Interviews with recipient households.

Again, only one difference was significant statistically -- complaints about a lack of sufficient shopping services, such as groceries and medication. Complaints about lack of public transportation were by far the most frequent for both groups.

The analysis of neighborhood characteristics and conditions up to this point shows that movers tend to identify more problem areas than stayers; the differences between groups are not great, however, with only two of the 19 comparisons significant statistically. As well, these groups do not differ in the rating of the seriousness of a problem once it is identified.

Additional analysis was made among movers to learn if they rate their present housing or neighborhood differently than they had their old one. This is important, for if movers do not believe they benefit from a move in terms of satisfaction with their dwelling unit or neighborhood, one wonders if Section 8 assistance is performing its intended role of providing better housing for recipients.

The results show that movers do indeed rate their present housing and some aspects of their neighborhood higher than their previous housing and neighborhood. A comparison of satisfaction levels for their old and present dwelling unit is shown in Table V-9.

TABLE V-9

RATING OF PREVIOUS AND PRESENT DWELLING BY RECIPIENT MOVERS

| Rating Of Present Dwelling Unit | Rating of previous dwelling unit | | | | |
|---|---|---|---|---|---|
| | Excellent | Good | Fair | Poor | Total |
| Excellent | 8% | 7% | 4% | 12% | 31% |
| Good | 6 | 14 | 12 | 15 | 47 |
| Fair | 2 | 5 | 5 | 7 | 19 |
| Poor | 1 | 1 | 0 | 1 | 3 |
| Total | 17 | 27 | 21 | 35 | 100 |
| Sample Size | | | | | (516) |

Data Source: Interviews with recipient households.

The data show that movers rate their present dwelling unit higher than their old one. A chi-square value of 21.9 was obtained, significant at the 0.02 level with 9 degrees of freedom. Note that a total of 78% of movers rated their present housing 'excellent' or 'good.'

One can also compare the overall rating of past and present neighborhoods for recipients who had moved from their neighborhood and the results are given in Table V-10.

TABLE V-10

RATING OF PAST AND PRESENT NEIGHBORHOOD BY RECIPIENT MOVERS

| Rating of present neighborhood | Rating of previous neighborhood | | | | |
|---|---|---|---|---|---|
| | Excellent | Good | Fair | Poor | Average |
| Excellent | 8% | 10% | 5% | 6% | 29% |
| Good | 5 | 22 | 14 | 9 | 50 |
| Fair | 3 | 5 | 5 | 4 | 17 |
| Poor | 1 | 1 | 1 | 1 | 4 |
| Total | 17 | 38 | 25 | 20 | 100 |
| Sample Size | | | | | (369) |

Data Source: Interviews with recipient households.

Generally, respondents who moved out of their old neighborhood rate their new one higher than their previous one. A chi-square value of 24.65 was obtained, significant at the 0.01 level with 9 degrees of freedom. Seventy-nine percent rate their present neighborhood as 'excellent' or 'good.'

One also can evaluate the ratings for specific neighborhood characteristics and conditions that movers made for their old and new neighborhoods to learn which ones continued to be problems once they had moved. The data show a statistically significant relationship for 6 of the 11 characteristics and for all the conditions. That is, if a mover said one aspect of his old

neighborhood bothered him he also said it bothered him in his new neighborhood as well. The six neighborhood characteristics in which a significant relationship was found were streets needing repair, impassable roads, abandoned structures, non-residential activities, odors, and noise from airplane traffic. Similar relationships were found for neighborhood conditions, which included public transportation, schools, availability of neighborhood shopping services, police protection, fire protection, hospitals or health clinics and for ambulance or rescue service.

However, when one tested the rating (on a 4-point scale) of how much a neighborhood characteristic bothered movers who said they had a problem in both old and new neighborhoods, the picture changes somewhat. Analysis by a "t" test of mean differences shows that some improvement was noted in all aspects tested. Significantly higher ratings were given for street or highway noise, heavy traffic and abandoned structures. Similarly, a mean difference test for neighborhood conditions also showed higher ratings for the new neighborhood, but none was significant statistically.

The results suggest that movers do improve their housing quality, as measured by subjective ratings. Improvement in neighborhood quality also occurs but many of the problems which recipients were confronted with in their old neighborhood remain in their new one -- at least for some recipient

## V.5 The Situation For Hispanics

We noted in Table V-1 that nearly 70% of Hispanic recipients had moved as a result of participation, compared to only 35 to 40% of recipients in other racial groups. This finding was surprising since there is no a priori reason to suspect their mobility should be any different for any one ethnic

group. An exploration of the reasons for greater mobility among Hispanic recipients did not suggest an explanation when one used the data for locational choice. A series of tests was employed to examine a number of alternatives and these are summarized on the next few pages.

First, an extensive analysis was completed to learn if the Hispanic mobility pattern is only an artifact that stems from other demographic effects. When one controls for the other demographic variables, the effect of race/ethnic groups remains strong and statistically significant in much the same pattern observed in Table V-1. Thus, correlation with other demographic variables is not an explanation.

Second, the reasons for wanting to move were compared between Hispanics and non-Hispanics. Only one comparison differed significantly -- that of wanting to move because they could not receive Section 8 assistance for their present dwelling unit. This comparison is shown in Table V-11.

TABLE V-11

COMPARISON BETWEEN HISPANIC AND NON-HISPANIC RECIPIENTS FOR WANTING TO MOVE BECAUSE THEY COULD NOT OBTAIN SECTION 8 ASSISTANCE IN THEIR PRESENT DWELLING UNIT

| | Hispanic | Non-Hispanic | Average |
|---|---|---|---|
| Could not obtain Section 8 assistance in present unit | 10% | 23% | 22% |
| Could obtain Section 8 assistance in present unit | 90 | 77 | 78 |
| Total | 100 | 100 | 100 |
| Sample Size | ( 62) | (419) | (481) |

Data Source: Interviews with recipient households.

More Hispanics than non-Hispanics believe they could obtain Section 8 assistance for their dwelling unit. The corrected chi-square is 5.21, significant at the .05 level with one degree of freedom. Thus, wanting to move to obtain assistance does not explain Hispanics' desire to move.

Comparisons also were made among both groups who knew where they wanted to move. Statistically significant differences were found for only two reasons -- special features offered the handicapped and proximity to recreation services. In both instances, a higher proportion of Hispanics cited these reasons, compared to non-Hispanics. However, only 37% of the Hispanics and 43% of the non-Hispanics said they knew where they wanted to move, and these results cannot be generalized to the total sample of Hispanic or non-Hispanic who wanted to move.

Third, when one compares the relationship for preferring to move and actually moving for Hispanics and non-Hispanics, one finds that the strong relationship found in Table V-2 remains for Hispanics. This is illustrated in Table V-12.

TABLE V-12

RELATIONSHIP BETWEEN RECIPIENTS WHO PREFERRED TO STAY/MOVE AND WHO ACTUALLY STAYED/MOVED FOR HISPANICS AND NON-HISPANICS

| | Hispanics | | Non-Hispanics | |
|---|---|---|---|---|
| | Preferred to stay | Preferred to move | Preferred to stay | Preferre to move |
| Actually stayed | 81% | 2% | 92% | 16% |
| Actually moved | 19 | 98 | 8 | 84 |
| Total | 100 | 100 | 100 | 100 |
| Sample Size | ( 36) | ( 62) | (856) | (501) |

Data Source: Interviews with recipient households.

The relationship between wanting to stay or move and actually doing so is strong and highly significant statistically. A corrected chi-square of 63.16 was found for the Hispanic comparison, 783.90 for the non-Hispanic. A phi coefficient of 0.83 was obtained for the Hispanic comparison, 0.76 for the non-Hispanic. Thus, Hispanics as well as non-Hispanics generally got their wish if they wanted to move or stay.

Fourth, an Hispanic and non-Hispanic comparison was completed for ratings of previous and present dwelling units and neighborhoods. The results showed no significant racial/ethnic difference between groups when one compared subjective ratings for previous or present dwelling unit and previous or present neighborhood. Thus, one cannot say with the data at hand that the past housing or neighborhood quality of Hispanics is below that of non-Hispanics or that they have not achieved parity with non-Hispanics by participation of the Section 8 program. The chi-square values for all comparisons are quite low with nearly equal frequency distributions apparent in all comparisons. The marginal distributions shown in Tables V-9 and V-10 apply equally to Hispanics and non-Hispanics.

Subjective ratings of satisfaction -- particularly one that requires a recall of past events or evaluations -- sometimes are subject to error and one would like a more objective assessment of quality before concluding that Hispanic recipients have indeed achieved parity in housing and neighborhood quality with other groups. Additional analysis should suggest the explanation we are seeking. First, we can analyze the locational choice data for applicants and certificate holders, then compare the situation for Hispanics in these two groups. Second, we can compare among

all groups statistically -- applicants, certificate holders and recipients — to learn what differences occur, then focus again on Hispanic and non-Hispanic groups.

## V.6 The Situation For Applicants

The opportunity to receive a rent supplement remains a chief incentive for participating in the Section 8 program, but other reasons surfaced as well. Nearly 69% of the applicants cited the rent supplement provision, 25% wanted better quality housing, 23% were living with relatives or friends and wanted a separate dwelling unit, 11% were facing eviction and needed a place to go, 7% wanted to move to another town and 26% gave other non-specific reasons. A total of 63% gave more than one reason for participating. And, while the rent supplement remains as a primary incentive, other motives appear as well. For instance, 41% said the rent supplement provision was their most important reason for applying; 19% wanted a dwelling unit apart from friends or relatives; 13% cited the opportunity to move into better quality housing; 5% simply said they needed another place in which to live; 2% wanted a place to live in another town; and 20% gave nonspecific reasons.

Thirty-five percent of the applicants said they would not be living with parents or in-laws if they obtained assistance. Twenty-three percent would not be living with siblings; 14% with other relatives; 9% with children, and 6% with friends. Approximately 38% said at least one person in their household worked for pay and 13% said they had to move from their present dwelling unit. For those who had to move 10% said their family situation had changed in some way, 37% were living temporarily with relatives or friends, 19% said their landlord had asked them to leave and 33% gave other reasons.

Forty-six percent wanted to move and 54% said they preferred to stay. Of those who wanted to move, 93% expected to be able to move. Forty-four percent wanted to stay in the same area in the same town, 31% in the same town but in a different area, 13% in a different town and 12% did not know where they wanted to go.

Applicants who wanted to stay or move differ by demographic groupings and these are shown in Table V-13.

TABLE V-13

DEMOGRAPHIC GROUPINGS OF APPLICANTS WHO WANTED TO STAY OR MOVE

| | Prefer to stay | Prefer to move | Total | Sample Size |
|---|---|---|---|---|
| Age: | | | | |
| Less than 18 | 83.3% | 16.7% | 100% | ( 6) |
| 18 - 24 | 49.7 | 50.3 | 100 | (175) |
| 25 - 34 | 47.1 | 52.9 | 100 | (227) |
| 35 - 44 | 54.0 | 46.0 | 100 | (124) |
| 45 - 54 | 43.9 | 56.1 | 100 | ( 57) |
| 55 - 64 | 61.8 | 38.2 | 100 | ( 89) |
| 65 or older | 72.4 | 27.6 | 100 | (105) |
| Household size: | | | | |
| 1 person | 75.7 | 24.3 | 100 | (136) |
| 2 persons | 62.7 | 37.3 | 100 | (177) |
| 3 persons | 56.5 | 43.5 | 100 | (168) |
| 4 persons | 54.0 | 46.0 | 100 | (113) |
| 5 persons | 38.5 | 61.4 | 100 | ( 83) |
| 6 persons or more | 21.6 | 78.4 | 100 | (111) |
| Marital status: | | | | |
| Single | 39.8 | 60.2 | 100 | (118) |
| Married | 49.2 | 50.8 | 100 | (254) |
| Widowed/Divorced | 63.7 | 36.3 | 100 | (284) |
| Separated | 54.3 | 45.7 | 100 | (129) |

Table V-13 (continued)

| | Prefer to stay | Prefer to move | Total | Sample Size |
|---|---|---|---|---|
| Race/ethnic group: | | | | |
| American Indian | 56.5% | 43.5% | 100% | ( 23) |
| Black | 34.7 | 65.3 | 100 | (144) |
| Hispanic | 36.2 | 63.8 | 100 | ( 69) |
| White | 61.2 | 38.8 | 100 | (551) |
| Sex: | | | | |
| Male | 50.2 | 49.8 | 100 | (281) |
| Female | 55.9 | 44.1 | 100 | (503) |

Data Source: Interviews with recipient households.

$X^2$ for age, 26.48, 6 df; $p < .001$
$X^2$ for household size, 86.55, 5 df; $p < .001$
$X^2$ for marital status, 22.70, 3 df; $p < .001$
$X^2$ for race/ethnic group, 39.74, 3 df; $p < .001$
$X^2$ for sex, 2.12, 1 df; NS

Statistically significant relationships were found for age, household size, marital status and race/ethnic groups. Younger persons (except those under 18) wanted to move. Those wanting to move were more prevalent in non-single person households with the frequency increasing with household size. Widowed or divorced persons want to stay more then single, married or separated persons and Blacks and Hispanics wanted to move more than individuals in other groups. There was no difference between a person's sex and wanting to move or stay. These comparisons roughly parallel those we found for recipients who stayed or moved, with one important difference. Higher proportions of Blacks, as well as Hispanics, said they wanted to move while only Hispanics were frequent movers among recipients. Any comparison between race/ethnic groups, type of participant and wanting to move or stay should consider Blacks, Hispanics and other groupings.

Applicants who wanted to move gave a variety of reasons and these are summarized in Table V-14.

TABLE V-14

REASONS FOR WANTING TO MOVE FROM PRESENT DWELLING UNIT

| Reasons | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Closer to job | 12% | 2% | (360) |
| Closer to friends, relatives | 11 | 2 | (361) |
| Living with friends or relatives | 35 | 26 | (360) |
| Family situation changed | 14 | 3 | (359) |
| Want a larger unit | 53 | 16 | (360) |
| Want a smaller unit | 5 | 0 | (354) |
| Want a less expensive unit | 47 | 9 | (358) |
| Want a unit in better condition | 53 | 20 | (358) |
| Need a unit designed for handicapped | 6 | 1 | (359) |
| Want to move to different neighborhood | 35 | 6 | (357) |
| Want to move to a different town | 11 | 1 | (356) |
| Need to move to receive Section 8 assistance | 19 | 3 | (353) |
| Children could attend a better school | 11 | 0 | (354) |
| Other reasons | 22 | 11 | (342) |

Data Source: Interviews with applicant households.

Strong motivations for wanting to move are living apart from friends or relatives with whom they are now living, moving to a unit in better condition than their present one and moving to a larger unit.

Nearly 44 percent of those who wanted to move knew where they wanted to go and the reasons for wanting to move to a different location are given in Table V-15.

TABLE V-15

REASONS FOR WANTING TO MOVE TO A PARTICULAR LOCATION FOR THOSE WHO WANTED TO MOVE

| Reasons | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Close to job | 25% | 13% | (157) |
| Friends/relatives lived in area | 28 | 8 | (157) |
| Liked people who lived in area | 40 | 2 | (157) |
| Liked the town/area | 66 | 13 | (157) |
| Liked the apartment/house | 36 | 8 | (151) |
| Liked features offered for handicapped | 7 | 1 | (156) |
| Town/area close to services | 40 | 14 | (156) |
| Town/area close to recreation | 39 | 2 | (156) |
| Town/area close to shopping | 53 | 11 | (156) |
| Town/area close to school | 40 | 10 | (154) |
| Other reasons | 32 | 18 | (146) |

Data Source: Interviews with applicant households.

Important reasons for moving to a different location include the proximity to services and shopping and liking the town or area.

Applicants who wanted to stay also listed a variety of reasons and these are summarized in Table V-16.

Chief among the reasons for wanting to stay is simply liking the apartment or house in which applicants are now living. Other important reasons include closeness to friends, liking the neighborhood and neighbors.

TABLE V-16

REASONS FOR WANTING TO STAY AT PRESENT DWELLING UNIT

| Reason | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Close to job | 28% | 11% | (419) |
| Close to friends/relatives | 59 | 19 | (421) |
| Like neighbors | 65 | 2 | (419) |
| Like neighborhood | 80 | 15 | (425) |
| Like house/apartment | 83 | 20 | (422) |
| House/apartment fitted for handicapped | 15 | 1 | (425) |
| Close to services | 48 | 4 | (420) |
| Like school children attend | 34 | 7 | (413) |
| Close to recreation facilities | 44 | 2 | (419) |
| Other reasons | 34 | 19 | (389) |

Data Source: Interviews with applicant households.

Reasons for wanting to move or stay among applicants do not seem to differ greatly. They focus primarily on some aspect of housing quality -- either wanting a better quality unit for movers or liking the unit or neighborhood for stayers. The attractive "pull" of friends or relatives also is apparent for stayers but living apart from those with whom they are now living also surfaced as an important reason for movers.

Applicants also were asked to rate the characteristics and conditions of their dwelling unit and their neighborhood. The results show a significant difference between rating of those with preferences for moving and staying for the dwelling unit. Insufficient numbers of raters precluded a comparison of neighborhood rating. Table V-17 shows the comparison for housing satisfaction.

TABLE V-17

HOUSING SATISFACTION RATING FOR
APPLICANTS WHO PREFER TO MOVE/STAY

| Rating | Prefer To Move | Prefer To Stay | Average |
|---|---|---|---|
| Excellent | 11% | 26% | 19% |
| Good | 27 | 43 | 36 |
| Fair | 30 | 28 | 29 |
| Poor | 32 | 3 | 16 |
| Total | 100 | 100 | 100 |
| Sample Size | (361) | (426) | (787) |

Data Source: Interviews with applicant households.

The frequency distributions differ significantly with an observed chi-square value of 136.68, at three degrees of freedom, significant at the .001 level. Those who prefer to move generally rate their dwelling unit lower than those who prefer to stay.

Dissatisfaction with neighborhood characteristics and conditions also is related to an applicant's preference to move. Those who wanted to move rated their neighborhoods as having a number of problems, compared to applicants who wanted to stay. These data are presented in Tables V-18 and V-19

TABLE V-18

ASPECTS OF NEIGHBORHOOD CHARACTERISTICS WHERE APPLICANTS WHO PREFERRED TO MOVE OR STAY SAID THERE WAS A PROBLEM

| Characteristics | Prefer To Move | Prefer To Stay | Significance Level |
|---|---|---|---|
| Street or highway noise | 52% | 42% | .008 |
| Heavy traffic | 39 | 30 | .009 |
| Streets or roads in need of repair | 30 | 13 | .001 |
| Roads impassable | 23 | 9 | .001 |
| Poor street lighting | 33 | 19 | .001 |
| Neighborhood crime | 21 | 8 | .001 |
| Trash, litter, junk in neighborhood | 24 | 7 | .001 |
| Abandoned structures | 18 | 8 | .001 |
| Housing in run-down condition | 29 | 11 | .001 |
| Industries, business, or other non-residential activities | 37 | 30 | .08 |
| Odors, smoke or gas | 15 | 6 | .001 |
| Noise from airplane traffic | 11 | 9 | .27 |
| Sample Size | (361) | (425) | |

Data Source: Interviews with applicant households.

Street noise, heavy traffic and non-residential activities surfaced as primary complaints among both groups (movers and stayers) with higher proportions of movers citing these problems. Movers also cited other characteristics more frequently than stayers, indicating the general inferior neighborhood quality for applicants who wanted to move.

TABLE V-19

ASPECTS OF NEIGHBORHOOD CONDITIONS WHERE APPLICANTS WHO WANTED TO MOVE OR STAY SAID THERE WAS A PROBLEM

| Conditions | Prefer To Move | Prefer To Stay | Significance Level |
|---|---|---|---|
| Public transportation | 61% | 61% | .99 |
| Schools | 9 | 3 | .03 |
| Neighborhood shopping for groceries and medication | 26 | 13 | .001 |
| Police protection | 29 | 12 | .001 |
| Fire protection | 14 | 6 | .001 |
| Hospitals or health clinics | 23 | 15 | .002 |
| Ambulance or rescue squads | 14 | 8 | .004 |
| Sample Size | (361) | (425) | |

Data Source: Interviews with applicant households.

Adequate public transportation is cited as a chief problem for both groups with the same proportion (61%) saying this was a problem. Applicants who preferred to move listed all other conditions as problems more frequently than stayers.

The analysis of neighborhood characteristics and conditions shows that applicants who prefer to move identify more problem areas than those who want to stay. The differences between groups are great in many instances with 16 of the 19 comparisons significant statistically. The evidence suggests that neighborhood dissatisfaction may well be a motivation for wanting to move and, possibly, greater neighborhood satisfaction a possible motive for wanting to stay.

## V.7 The Situation For Certificate Holders

The possibility of receiving an income supplement for rent is a primary incentive to participate in the Section 8 program for certificate holders. As well, other motives for participation surfaced. Nearly 69% cited the income supplement provision, 34% wanted better quality housing, 28% were living with relatives or friends and wanted a separate dwelling unit, 14% were facing eviction and needed a place to go, 6% wanted to move to another city and 30% gave nonspecific reasons.

A total of 44% gave more than one reason for participation. And, while the income supplement opportunity remains as a primary incentive, other reasons were given. For instance, 56% said the income supplement advantage was their most important reason for participation; 31% cited the opportunity to move into better quality housing; 19% wanted a dwelling unit apart from friends or relatives; 9% had been evicted and needed another place in which to live; and 3% wanted to live in another town.

Twenty-three percent said they would not be living with parents or in-laws if they obtained rent-assisted housing, 17% would not be living with siblings; 7% with children; 7% with other relatives and 4% with friends. Nearly 36% said at least one person in their present household worked for pay in the community and 21% said they have to move out of their present dwelling unit. For those who had to move, 14% said their family situation had changed, 62% were living temporarily with friends or relatives and 24% said their landlord had asked them to move.

Fifty-eight percent wanted to move and 42% preferred to stay. Of those who wanted to move 96% expected to move. Forty-six percent of these wanted to stay in the same area of the same town, 39% in a different area of the same town and 15% in a different town.

Certificate holders who wanted to stay or move differed by demographic groupings and these are summarized in Table V-20.

TABLE V-20

DEMOGRAPHIC GROUPINGS OF CERTIFICATE HOLDERS WHO WANTED TO STAY OR MOVE

| | Prefer To Stay | Prefer To Move | Total | Sample Size |
|---|---|---|---|---|
| Age: | | | | |
| 18 - 24 | 44.1% | 55.9% | 100% | ( 34) |
| 25 - 34 | 37.3 | 62.7 | 100 | ( 57) |
| 35 - 44 | 46.2 | 53.8 | 100 | ( 13) |
| 45 - 54 | 31.6 | 68.4 | 100 | ( 19) |
| 55 - 64 | 64.3 | 36.7 | 100 | ( 14) |
| 65 + | 48.3 | 51.7 | 100 | ( 29) |
| Household size: | | | | |
| 1 person | 57.1 | 42.9 | 100 | ( 21) |
| 2 persons | 59.5 | 40.5 | 100 | ( 37) |
| 3 persons | 45.9 | 54.1 | 100 | ( 37) |
| 4 persons | 42.3 | 57.7 | 100 | ( 26) |
| 5 persons | 18.2 | 81.8 | 100 | ( 22) |
| 6 or more persons | 21.4 | 78.6 | 100 | ( 28) |
| Marital status: | | | | |
| Single | 38.7 | 61.3 | 100 | ( 31) |
| Married | 38.2 | 61.8 | 100 | ( 55) |
| Widowed/Divorced | 51.9 | 48.1 | 100 | ( 54) |
| Separated | 34.5 | 65.5 | 100 | ( 29) |
| Race/ethnic group: | | | | |
| American Indian | 50.0 | 50.0 | 100 | ( 4) |
| Black | 28.3 | 71.7 | 100 | ( 46) |
| Hispanic | 14.5 | 85.7 | 100 | ( 7) |
| White | 50.0 | 50.0 | 100 | (110) |
| Sex: | | | | |
| Male | 30.0 | 70.0 | 100 | ( 59) |
| Female | 53.0 | 56.0 | 100 | (109) |

Data Source: Interviews with certificate holder households.

Table V-20 (continued)

$X^2$ for age, 5.55, 6 df; NS.
$X^2$ for household size, 16.82, 5 df; $p < .01$.
$X^2$ for marital status, 3.29, 3 df; NS.
$X^2$ for race/ethnic group, 9.47, 3 df; $p < .01$.
$X^2$ for sex, 4.43, 1 df; $p < .04$.

Statistically significant effects were found for household size, race/ethnic groups and sex. Persons in non-single persons households wanted to move with the frequency increasing with increasing household size. Blacks and Hispanics wanted to move more than individuals in other groups. The sample sizes for Hispanics and American Indians are low and low expected values for these comparisons may falsely increase the power of the chi-square test. Men preferred to move more than women. There were no differences between age groupings, marital status and preferring to stay or move.

Certificate holders who wanted to move gave a variety of reasons and these are summarized in Table V-21.

TABLE V-21

REASONS FOR WANTING TO MOVE FROM PRESENT DWELLING UNIT

| Reason | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Closer to job | 10% | 1% | ( 99) |
| Closer to friends, relatives | 8 | 2 | ( 99) |
| Living with friends or relatives | 32 | 25 | ( 99) |
| Family situation changed | 20 | 2 | ( 98) |
| Want a larger unit | 66 | 12 | ( 99) |
| Want a smaller unit | 12 | 1 | ( 99) |
| Want a less expensive unit | 50 | 10 | ( 99) |
| Want a unit in better condition | 64 | 24 | ( 99) |
| Need a unit designed for handicapped | 1 | 1 | ( 99) |
| Want to move to a different neighborhood | 45 | 5 | ( 98) |
| Want to move to a different town | 9 | 4 | ( 98) |
| Need to move to receive Section 8 assistance | 26 | 6 | ( 97) |
| Children could attend a better school | 9 | 1 | ( 94) |
| Other reasons | 13 | 6 | ( 91) |

Data Source: Interviews with certificate holder households.

Most important reasons for wanting to move are living apart from friends or relatives with whom they are now living, moving to a unit in better condition than their present one and moving to a larger unit.

Nearly 96 percent of those who wanted to move knew where they wanted to go and the reasons those who selected a different location in which to live are given in Table V-22.

TABLE V-22

REASONS FOR WANTING TO MOVE TO A PARTICULAR LOCATION FOR CERTIFICATE HOLDERS WHO WANTED TO MOVE TO A DIFFERENT LOCATION

| Reasons | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Close to job | 22% | 8% | ( 45) |
| Friends/relatives lived in area | 37 | 8 | ( 45) |
| Liked people who lived in area | 57 | 8 | ( 45) |
| Liked the town/area | 76 | 22 | ( 43) |
| Liked the apartment/house | 50 | 9 | ( 43) |
| Liked features offered for handicapped | 2 | 3 | ( 44) |
| Town/area close to services | 47 | 11 | ( 44) |
| Town/area close to recreation | 52 | 0 | ( 43) |
| Town/area close to shopping | 53 | 14 | ( 44) |
| Town/area close to school | 48 | 8 | ( 43) |
| Other reasons | 19 | 8 | ( 42) |

Data Source: Interviews with certificate holder households.

Important reasons for moving to a different location were simply liking the new town or area and convenience for shopping.

Certificate holders who wanted to stay in their present dwelling unit listed a variety of reasons and these are summarized in Table V-23.

TABLE V-23

REASONS FOR WANTING TO STAY AT PRESENT DWELLING UNIT

| Reason | Frequency | Most Important Reason | Sample Size |
|---|---|---|---|
| Closer to job | 21% | 7% | ( 70) |
| Close to friends/relatives | 65 | 20 | ( 72) |
| Like neighbors | 69 | 3 | ( 71) |
| Like neighborhood | 87 | 12 | ( 71) |
| Like house/apartment | 88 | 18 | ( 72) |
| House/apartment fitted for handicapped | 18 | 3 | ( 72) |
| Close to services | 57 | 5 | ( 72) |
| Like school children attend | 37 | 9 | ( 70) |
| Close to recreation facilities | 58 | 5 | ( 71) |
| Other reasons | 38 | 18 | ( 66) |

Data Source: Interviews with certificate holder families.

Most important reasons for staying were closeness to friends and liking their present house or apartment and neighborhood.

Reasons for wanting to move or stay among certificate holders do not seem to differ greatly. They focus primarily on some aspect of housing quality - either wanting a better quality unit for movers or liking the unit or neighborhood for stayers. The "pull" of friends or relatives also is important for stayers but living apart from those with whom they are now living also is important for movers.

Certificate holders also were asked to rate the satisfaction with their dwelling unit and the characteristics and conditions of their neighborhood, The results show a significant difference between ratings of movers and

stayers for the dwelling unit. As well, statistically significant differences were found for rating of neighborhood attributes. Table V-24 shows the comparison for housing satisfaction.

TABLE V-24

HOUSING SATISFACTION RATINGS FOR CERTIFICATE HOLDERS WHO PREFER TO MOVE/STAY

| Rating | Prefer To Move | Prefer To Stay | Average |
|---|---|---|---|
| Excellent | 9% | 24% | 15% |
| Good | 21 | 43 | 31 |
| Fair | 36 | 30 | 33 |
| Poor | 34 | 3 | 21 |
| Total | 100 | 100 | 100 |
| Sample Size | ( 99) | ( 72) | (171) |

Data Source: Interviews with certificate holder households.

The frequency distributions differ significantly with an observed chi-square value of 32.34, significant at the .001 level at three degrees of freedom. Those who prefer to move generally rate their dwelling unit lower than those who prefer to stay.

Dissatisfaction with neighborhood characteristics and conditions also is related to a certificate holder's preference to move. Movers rated their neighborhoods as having a number of problems, compared to certificate holders who wanted to stay. These data are presented in Tables V-25 and V-26.

TABLE V-25

NEIGHBORHOOD CHARACTERISTICS WHERE CERTIFICATE HOLDERS WHO PREFERRED TO MOVE OR STAY SAID THERE WAS A PROBLEM

| Characteristics | Prefer To Move | Prefer To Stay | Significance Level |
|---|---|---|---|
| Street or highway noise | 53% | 43% | .29 |
| Heavy traffic | 41 | 31 | .20 |
| Streets or roads in need of repair | 33 | 14 | .01 |
| Roads impassable | 26 | 8 | .01 |
| Poor street lighting | 30 | 14 | .02 |
| Neighborhood crime | 22 | 13 | .15 |
| Trash, litter, junk in neighborhood | 20 | 11 | .17 |
| Abandoned structures | 13 | 7 | .29 |
| Housing in run-down condition | 28 | 9 | .01 |
| Industries, business, or other non-residential activities | 30 | 39 | .31 |
| Odors, smoke or gas | 20 | 6 | .02 |
| Noise from airplane traffic | 10 | 6 | .43 |
| Sample Size | ( 99) | ( 72) | |

Data Source: Interviews with certificate holder households.

Street noise, heavy traffic and non-residential activities were identified as problems among both groups (movers and stayers). Movers also cited other characteristics more frequently than stayers, indicating the generally inferior neighborhood quality for certificate holders who wanted to move. Significant differences (between movers and stayers) were streets in need of repair, impassable roads, poor street lighting, housing in run-down condition and odors, smoke or gas in the neighborhood.

TABLE V-26

NEIGHBORHOOD CONDITIONS FOR CERTIFICATE HOLDERS WHO WANTED TO MOVE OR STAY SAID THERE WAS A PROBLEM

| Conditions | Prefer To Move | Prefer To Stay | Significance Level |
|---|---|---|---|
| Public Transportation | 66% | 57% | .32 |
| Schools | 9 | 5 | .50 |
| Neighborhood shopping for groceries and medication | 26 | 12 | .05 |
| Police protection | 20 | 16 | .63 |
| Fire protection | 11 | 7 | .66 |
| Hospitals or health clinics | 34 | 16 | .02 |
| Ambulance or rescue squads | 10 | 3 | .16 |
| Sample Size | ( 99) | ( 72) | |

Data Source: Interviews with certificate holder households.

Adequate public transportation is a chief problem for both groups with 66 percent and 57 percent citing this problem for movers and stayers respectively. Certificate holders who preferred to move listed other conditions as problems more frequently than stayers. Significantly higher frequences were given for lack of neighborhood shopping services and availability of hospitals or health clinic services.

The analysis of neighborhood characteristics and conditions shows that certificate holders who prefer to move identify more problem areas than those who want to stay. The differences between groups are significant statistically for 7 of the 19 comparisons. The evidence suggests that neighborhood dissatisfaction may well contribute to wanting to move. Greater neighborhood satisfaction among stayers may contribute to wanting to stay.

## V.8 The Situation For Hispanic Applicants/Certificate Holders

We learned in the analysis for recipients that Hispanics preferred to move more than other ethnic or racial groups and an analysis among pre-program participants (applicants and certificate holders) was completed to learn more about the motivation for this ethnic group as well.[1] And, since Blacks preferred to move as frequently as Hispanics for pre-program participants, the comparisons are shown for Blacks, Hispanic and other ethnic/racial groups.

Three statistically significant reasons were found among pre-participants who preferred to move. These were: 1) respondents were living with friends or relatives and wanted their own place; 2) wanted a dwelling unit in better condition; and 3) wanted to move to a different town. The comparisons are shown in Tables V-27, V-28 and V-29. The other comparisons are not significant and the marginal values shown in Table V-14 and Table V-21 are nearly the same for all groups.

TABLE V-27

COMPARISON AMONG RACIAL/ETHNIC PRE-PROGRAM PARTICIPANTS WHO PREFERRED TO MOVE BECAUSE THEY WERE LIVING WITH FRIENDS OR RELATIVES

| Comparison | Black | Hispanic | Other |
|---|---|---|---|
| Living with others | 47% | 38% | 28% |
| Not living with others | 53 | 62 | 72 |
| Total | 100 | 100 | 100 |
| Sample Size | (127) | ( 50) | (282) |

Data Source: Interviews with applicant and certificate holder households

[1] Applicants and certificate holders are combined because of low sample sizes for certificate holders.

A chi-square value of 14.66 was obtained, significant at the .001 level with 2 degrees of freedom. Both Blacks and Hispanics prefer to move because they are living with others and wanted their own unit.

TABLE V-28

COMPARISONS AMONG RACIAL/ETHNIC PRE-PROGRAM PARTICIPANTS WHO PREFERRED TO MOVE BECAUSE THEY WANTED A UNIT IN BETTER CONDITION

| Comparison | Black | Hispanic | Other |
|---|---|---|---|
| Wanted a unit in better condition | 65% | 58% | 50% |
| Did not want a unit in better condition | 35 | 42 | 50 |
| Total | 100 | 100 | 100 |
| Sample Size | (126) | ( 50) | (278) |

Data Source: Interviews with applicant and certificate holder households.

A chi-square of 8.16 was obtained, significant at the .02 level with 2 degrees of freedom. Blacks and Hispanics preferred to move for this reason more than other groups.

TABLE V-29

COMPARISON AMONG RACIAL/ETHNIC PRE-PROGRAM PARTICIPANTS WHO PREFERRED TO MOVE BECAUSE RESPONDENT WANTED TO MOVE TO A DIFFERENT TOWN

| Comparison | Black | Hispanic | Other |
|---|---|---|---|
| Move to a different town | 6% | 4% | 14% |
| Not move to a different town | 94 | 96 | 86 |
| Total | 100 | 100 | 100 |
| Sample Size | (125) | ( 50) | (278) |

Data Source: Interviews with applicant and certificate holder households.

A chi-square of 8.44 was obtained, significant at the .01 level with 2 degrees of freedom. Other groups wanted to move to a different town more frequently than Black or Hispanics.

There was no significant difference among groups for wanting to move to a particular location. The marginal frequencies given in Table V-15 and Table V-22 are nearly the same for all groups. As well, there was no significant difference among groups for those who preferred to stay. The marginal frequencies shown in Table V-16 and Table V-23 are nearly the same for all groups.

A statistically significant comparison was found for racial/ethnic differences in satisfaction with a pre-participant's dwelling unit. This is shown in Table V-30.

TABLE V-30

RELATIONSHIP BETWEEN RESPONDENT'S RACE/ETHNIC GROUPS AND SATISFACTION WITH THEIR DWELLING UNIT

| Satisfaction level | Black | Hispanic | Other | Average |
|---|---|---|---|---|
| Excellent | 11% | 5% | 22% | 18% |
| Good | 29 | 41 | 36 | 35 |
| Fair | 33 | 33 | 28 | 30 |
| Poor | 27 | 21 | 14 | 17 |
| Total | 100 | 100 | 100 | 100 |
| Sample Size | (191) | ( 76) | (701) | (968) |

Data Source: Interviews with applicant and certificate holder households.

A chi-square value of 36.5 was obtained, significant at the .001 level with 6 degrees of freedom. Both Blacks and Hispanics generally rate their dwelling units lower than other groups, although 41 percent of the Hispanics rated their housing as "good." Given the higher level of

specific reasons for moving among Blacks and Hispanics, one should find that these respondents rated their dwelling units lower than those who preferred to stay. This, in fact, is the case for all ethnic/racial groups. This result should not be surprising, since liking one's dwelling unit among stayers and wanting a better-quality unit among movers were strong motives for staying/moving among applicants and certificate holders.

Blacks and Hispanics report problems with neighborhood conditions more frequently than other groups for two of the 12 comparisons. These were for streets in need of repair and abandoned structures in the neighborhood. Hispanics report a greater frequency of nonresidential activitiy in the neighborhood than did Blacks or other groups and other groups reported a greater frequency of street noise than did Blacks or Hispanics. Moreover, respondents who preferred to move cited these conditions as problems more frequently within each ethnic/racial group than those who wanted to stay. Thus, it appears that these neighborhood conditions are associated with a desire to move among ethnic/racial groupings of the sample.

This analysis points to differences in dissatisfaction among racial/ethnic groups with their location, their dwelling unit and their neighborhood as motives for wanting to move. These problems occur more frequently among Blacks and Hispanics than for other groups and appear to account, in part, for their greater desire to move.

## V.9 Comparison Among Participant Groups And Conclusions About Benefits

Data have been presented that describe the demographic make-up of movers and stayers, their reasons for preferring to move or stay, the rating for their dwelling units and their appraisal of the neighborhoods in which they live. This analysis has been completed within participant groups -- applicants, certificate holders and recipients. Results suggest many common attributes among movers and stayers for the different participant groups. Yet, important differences were found as well. The purpose of this section is to summarize the findings among groups and to draw conclusions concerning the benefits of the Section 8 Existing Housing program.

### Comparison Among Participant Groups

Preferring to move or stay is not uniform among participant groups (applicants, certificate holders or recipients), as shown in Table V-31.

TABLE V-31

PROPORTION IN PARTICIPANT GROUPS WHO PREFER TO MOVE OR STAY

| | Applicants | Certificate Holders | Recipients |
|---|---|---|---|
| Prefer to move | 46% | 58% | 39% |
| Prefer to stay | 54 | 42 | 61 |
| Total | 100 | 100 | 100 |
| Sample Size | (789) | (171) | (1,474) |

Data Source: Household interviews.

A chi-square value of 29.7 was obtained, significant at the .001 level with 2 degrees of freedom. One should expect to find stayers underrepresented among certificate holders, since these people are not likely to

remain certificate holders as long as movers. Stayers remained in the same dwelling unit when they became recipients while movers have to search for a different unit before they became recipients.

Similar demographic patterns emerged, however, among participant groups for those who prefer to move and those who prefer to stay. Movers are more prevalent among younger, among large-size households, among single persons and among Hispanics. Blacks also were among those who preferred to move for applicants and certificate holders but not for recipients.

Regardless of the group, movers and stayers generally agree that the same reasons are most important for establishing their desire to move or stay. These comparisons are shown in Tables V-32, V-33 and V-34.

TABLE V-32

MOST IMPORTANT REASONS FOR PREFERRING TO MOVE AMONG PARTICIPANT GROUPS

| Reason | Applicants | Certificate Holders | Recipients |
|---|---|---|---|
| Closer to job | 2% | 1% | 5% |
| Closer to friends, relatives | 2 | 2 | 2 |
| Living with friends, relatives, wanted to move | 26 | 25 | 12 |
| Family situation changed | 3 | 2 | 7 |
| Want a larger unit | 16 | 12 | 17 |
| Want a smaller unit | 0 | 1 | 0 |
| Want a less expensive unit | 9 | 10 | 9 |
| Want a unit in better condition | 20 | 24 | 14 |
| Need a unit designed for handicapped | 1 | 1 | 1 |
| Want to move to different neighborhood | 6 | 5 | 5 |
| Want to move to a different town | 1 | 4 | 0 |
| Need to move to receive Section 8 assistance | 3 | 6 | 2 |
| Children could attend a better school | 0 | 1 | 0 |
| Other reasons | 11 | 6 | 21 |
| Sample Size | (360) | ( 99) | (491) |

Data Source: Household interviews.

Three reasons were given most frequently as 'most important' among the particicipant groups -- living with friends or relatives, wanting a larger unit and one in better condition. The "push" of wanting to live apart from others and living in larger and higher-quality housing seems to be the primary motivation for desiring to move among all groups.

Agreement among participant groups for desiring to move to a specific location also was found among those who knew where they wanted to move. The frequency distributions in Table V-33 show the reasons for preferring to move to a particular location.

TABLE V-33

MOST IMPORTANT REASONS FOR WANTING TO MOVE TO A PARTICULAR LOCATION FOR PARTICIPANT GROUPS WHO PREFERRED TO MOVE

| Reason | Applicants | Certificate Holders | Recipients |
|---|---|---|---|
| Close to job | 13% | 8% | 15% |
| Friends/relatives live in area | 8 | 8 | 7 |
| Like people who live in area | 2 | 8 | 4 |
| Like the town/area | 13 | 22 | 14 |
| Like features offered handicapped | 1 | 3 | 4 |
| Town/area close to services | 14 | 11 | 18 |
| Town/area close to recreation | 2 | 0 | 0 |
| Town/area close to shopping | 11 | 14 | 14 |
| Town/area close to school | 10 | 8 | 4 |
| Other reasons | 18 | 8 | 15 |
| Sample Size | (157) | ( 45) | (206) |

Data Source: Household interviews.

Important reasons common to all groups are close proximity of the town to services and shopping and simply liking the town itself. Close proximity to jobs scored high for applicants and recipients but not for certificate holders.

Agreement among participant groups also was found for stayers and the most important reasons are given in Table V-34.

TABLE V-34

MOST IMPORTANT REASON FOR WANTING TO STAY IN PRESENT DWELLING UNIT AMONG PARTICIPANT GROUPS

| Reason | Applicants | Certificate Holders | Recipients |
|---|---|---|---|
| Close to job | 11% | 7% | 6% |
| Close to friends/relatives | 19 | 20 | 18 |
| Like neighborhood | 15 | 12 | 16 |
| Like house/apartment | 20 | 18 | 18 |
| House/apartment fitted for handicapped | 1 | 3 | 1 |
| Close to services | 4 | 5 | 4 |
| Like school children attend | 7 | 9 | 6 |
| Close to recreation facilities | 2 | 5 | 0 |
| Sample Size | (420) | ( 70) | (807) |

Data Source: Household Interviews.

The "pull" of proximity to friends/relatives and simply liking the house and neighborhood in which they are living are the primary reasons given for staying.

The most important reasons for wanting to move or stay among the groups studied do not seem to differ greatly. They focus primarily on some aspect of housing quality -- either wanting a better unit for movers or liking the

unit or neighborhood for stayers. The "pull" and "push" of living close to friends or relatives is apparent as well. Participants like to remain in the same area as their relatives and friends -- but not too close, since living together in the same dwelling unit is one reason for wanting to move.

Analysis within groups showed that applicants and certificate holders who preferred to stay rated their housing higher than those who preferred to move. There was no difference in house rating among recipient stayers or movers. Recipient movers, however, rated their present dwelling unit higher than their previous one. These findings suggest that recipients do achieve higher-quality housing than pre-program participants, at least from the subjective ratings of their housing. One should expect, therefore, to find that these ratings differed among groups on an overall comparison. This, in fact, is the case, as shown in Table V-35.

TABLE V-35

GROUP RATING OF HOUSING QUALITY

| Rating | Applicants | Certificate Holders | Recipients | Average |
|---|---|---|---|---|
| Excellent | 18% | 15% | 30% | 26% |
| Good | 36 | 31 | 45 | 41 |
| Fair | 29 | 33 | 21 | 24 |
| Poor | 16 | 21 | 4 | 9 |
| Total | 100 | 100 | 100 | 100 |
| Sample Size | (798) | (175) | (1,502) | (2,475) |

Data Source: Household interviews.

A chi-square value of 187.3 was obtained, significant at the .001 level at 6 degrees of freedom. Recipients rate their housing quality higher than applicants or certificate holders.

Another overall evaluation of housing quality can be made by analyzing housing ratings that were made by inspectors who accompanied interviewers for half the interviews in the study. This might be considered a more objective rating since it was made by individuals specially trained to score the elements of an individual's dwelling unit and to rate the unit in an overall evaluation (Item 2, Part G, page 24 of the Housing Survey). Subjective ratings were scored by simply asking the respondent to rate his or her dwelling unit as "excellent", "good", "fair", or "poor".

An initial comparison of subjective ratings (by respondents) and objective ones (by housing inspectors) showed a statistically significant relationship and the joint frequency distribution is shown in Table V-36.

TABLE V-36

COMPARISON BETWEEN SUBJECTIVE AND OBJECTIVE HOUSING RATINGS

| Overall Objective Rating[1] | Subjective Rating | | | | |
|---|---|---|---|---|---|
| | Excellent | Good | Fair | Poor | Average |
| Barely inhabitable | 0% | 2% | 6% | 31% | 6% |
| Low quality | 11 | 25 | 39 | 43 | 27 |
| Moderate quality | 74 | 63 | 51 | 25 | 58 |
| High quality | 15 | 10 | 4 | 1 | 9 |
| Total | 100 | 100 | 100 | 100 | 100 |
| Sample Size | (374) | (624) | (395) | (165) | (1,558) |

Data Source: Household interviews and Housing Measurement Surveys.

[1]Item 2, Part G, page 24 of the Housing Measurement Survey.

A chi-square value of 377 was obtained, significant at the .001 level at 9 degrees of freedom. Respondents who rated their dwelling units high also had high quality units as rated by inspectors.

Given agreement among objective and subjective housing ratings, one should expect to find general agreement among participant groups, racial/ethnic sub-groups, those who prefer to move or stay and objective housing evaluations that trained inspectors made. A multi-dimensional chi-square analysis was completed to test these comparisons. The frequency distributions are summarized in Table V-37.

TABLE V-37

COMPARISON OF PARTICIPANT GROUPS, ETHNIC/RACE AND PREFERRING TO MOVE/STAY AND OBJECTIVE HOUSING QUALITY

| | Applicants/Certificate Holders | | | | | |
|---|---|---|---|---|---|---|
| | Black | | Hispanic | | Other | |
| Housing Quality | Prefer To Move | Prefer To Stay | Prefer To Move | Prefer To Stay | Prefer To Move | Prefer To Stay |
| Barely inhabitable | 29% | 9% | 17% | 0% | 12% | 2% |
| Low quality | 35 | 41 | 36 | 55 | 28 | 25 |
| Moderate quality | 32 | 45 | 44 | 36 | 51 | 64 |
| High quality | 4 | 5 | 3 | 9 | 9 | 9 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Sample Size | (104) | ( 58) | ( 36) | ( 22) | (231) | (334) |
| | Recipients | | | | | |
| Barely inhabitable | 6% | 6% | 3% | 0% | 1% | 1% |
| Low quality | 36 | 29 | 16 | 50 | 25 | 21 |
| Moderate quality | 58 | 57 | 55 | 50 | 66 | 67 |
| High quality | 0 | 8 | 26 | 0 | 8 | 11 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Sample Size | ( 53) | ( 49) | ( 32) | ( 18) | (212) | (378) |

Data Source: Household interviews and Housing Measurement Surveys.

Three models, tested by chi-square, were specified. They are two-way interactions for all group combinations with housing quality evaluations. One should expect all chi-squares to be significant, since such differences for group comparisons were noted in previous analyses in which subjective housing ratings were used as the dependent variable. The chi-square values and significant levels for the three models are presented in Table V-38.

TABLE V-38

MULTI-DIMENSIONAL CHI-SQUARE VALUES FOR 3 MODELS

| Comparison | Chi-square Value[1] | d.f. | Significance Level |
|---|---|---|---|
| Participant group X housing quality | 138.4 | 3 | .001 |
| Ethnic/racial group X housing quality | 179.4 | 6 | .001 |
| Prefer to stay/move X housing quality | 182.8 | 3 | .001 |

Data Source: Household interviews and Housing Measurement Survey.

[1]Pearson chi-square

The results show that all the models tested are significant statistically. They suggest that recipients, as a group, differ in housing quality from applicants; that ethnic/racial groups differ in their housing quality; that those who prefer to move differ in housing quality from those who prefer to stay. These general trends were observed earlier in the analysis of these variables with subjective ratings made by respondents.

Higher order interactions were considered, but K-factor tests showed their overall contribution was not significant statistically. The zero and low values for some of the cells in Table V-37 probably contributed to low sensitivity of tests for higher order interactions.

The analysis of housing ratings and quality suggest that recipients do end up in higher-quality housing than applicants or certificate holders. Moreover, this effect held for all ethnic/racial groups and for those who preferred to move or stay.

A final overall comparison is made for participant groups and satisfaction with neighborhood conditions and characteristics. The results are presented in Table V-39.

TABLE V-39

COMPARISON OF SATISFACTION WITH NEIGHBORHOOD CHARACTERISTICS AMONG PARTICIPANT GROUPS WHO SAID THERE WAS A PROBLEM

| Characteristic | Applicants | Certificate Holders | Recipients | Significance Level |
|---|---|---|---|---|
| Street or highway noise | 46% | 48% | 44% | .25 |
| Heavy traffic | 34 | 36 | 34 | .83 |
| Streets in need of repair | 21 | 25 | 15 | .001 |
| Impassable roads | 16 | 18 | 10 | .001 |
| Poor street lighting | 26 | 24 | 16 | .001 |
| Neighborhood crime | 14 | 18 | 10 | .001 |
| Trash, junk in neighborhood | 15 | 17 | 11 | .02 |
| Abandoned structures | 13 | 10 | 5 | .002 |
| Housing in run-down condition | 19 | 20 | 9 | .001 |
| Non-residential activities | 33 | 33 | 29 | .07 |
| Odors, smoke or gas | 11 | 14 | 7 | .001 |
| Noise from airplane traffic | 10 | 9 | 10 | .74 |
| Sample Size | (786) | (171) | (1,444) | |

Data Source: Household Interviews.

Significant differences were found for 8 of the 12 comparisons. These included streets in need of repair, impassable roads, poor street lighting, neighborhood crime, trash in neighborhood, abandoned structures,

housing in run-down conditions and odors, smoke or gas in the neighborhood. In all these instances, fewer recipients complained of problems than other groups. There was no significant difference among groups for street or highway noise, heavy traffic, non-residential activities or noise from airplane traffic.

TABLE V-40

COMPARISON OF SATISFACTION WITH NEIGHBORHOOD CONDITIONS FOR PARTICIPANT GROUPS WHO SAID THERE WAS A PROBLEM

| Conditions | Applicants | Certificate Holders | Recipients | Significance Level |
|---|---|---|---|---|
| Public transportation | 61% | 62% | 55% | .02 |
| Schools | 7 | 7 | 5 | .47 |
| Neighborhood shopping | 19 | 21 | 14 | .002 |
| Police protection | 20 | 19 | 10 | .001 |
| Fire protection | 9 | 10 | 5 | .001 |
| Hospitals/health clinics | 19 | 26 | 17 | .01 |
| Ambulance or rescue squads | 11 | 7 | 7 | .004 |
| Sample Size | (786) | (171) | (1,444) | |

Data Source: Household interviews.

Significant differences are noted for public transportation, neighborhood shopping services, police and fire protection, hospital or health clinics and for ambulance or rescue squad services. In all cases recipients voiced less dissatisfaction than other groups. One should note that availability of public transportation is by far the greatest problem for all groups.

This comparison among participant groups shows that they have many similarities, yet some important differences are noted. They have similar

demographic backgrounds and motivations for wanting to move from or stay in their present dwelling unit. Recipients live in higher-quality housing, measured both by subjective ratings of the respondents and by objective evaluations of trained housing inspectors. They differ in the frequency of complaints about their neighborhood quality with recipients voicing fewer complaints than applicants or certificate holders.

The Situation For Hispanics Revisited

Our analysis among recipients showed that a far higher proportion of Hispanics moved than stayed, compared to non-Hispanics. The analysis also showed that Hispanics' mobility was not an artifact due to correlation with other demographic variables. As well, Hispanics who wanted to move or stay generally got their wish in about the same high proportion as non-Hispanics. Satisfaction with housing and neighborhood characteristics and conditions did not differ among the two ethnic groups. Hispanic recipients apparently had achieved parity with non-Hispanics and the results did not point to a good explanation for their greater mobility.

Analysis of applicants and certificate holders provided an additional clue. Blacks, as well as Hispanics, wanted to move more than other groups. Their housing rated lower and they reported more problems with the neighborhoods in which they were living. Hispanics apparently were more successful in moving and therefore experienced the benefits of becoming recipients, compared to Blacks. Blacks were not as successful in becoming recipients, as noted in the section on the demographic

profile of participants (Chapter III.1). This analysis showed that racial/ethnic groupings do not explain any lack of success; rather, large-size families are less likely to become recipients and Black applicants are more likely to have larger families than other groups. A lack of available dwelling units in rural areas that qualify for housing large families may account for this situation.

Conclusions Concerning Program Benefits

One purpose of the Housing Community Development Act of 1974 is to encourage low and moderate income individuals and families to relocate in higher-quality housing and neighborhoods. Based on a cross-sectional analysis of face-to-face interview data from a stratified random sample of participants who live in rural areas, the program is achieving this goal. Individuals and families who move when they become recipients report measurable and significant improvement in their housing and neighborhood quality and conditions, compared to ratings of their previous dwelling unit and neighborhood and compared to ratings of pre-program participants. Moreover, those who relocate have achieved parity with recipients who remain in their dwelling unit. This conclusion is supported by objective ratings of housing quality made by well-trained inspectors.

Cross-sectional analyses limit support for stronger conclusions concerning the benefits of locating low-income people in higher-quality housing. About one-third of the recipients had moved and the data show they benefited from the move as far as their housing and neighborhood quality is concerned. Yet, the remainder stayed in their dwelling unit and received the benefit of a partial rent payment. One cannot

rule out the possibility with these data that some selectivity is involved in issuing certificates to persons who already are in superior housing, limiting the opportunity of the less fortunate to participate in the program. Another possibility is that qualified housing simply is not available. The demographic sub-group benefiting least from the program is large-size families who tend to be Black. A lack of qualified housing to serve large families in rural areas is postulated as one reason for reduced benefits for this sub-group. Longitudinal information, however, is needed to provide a sounder basis for testing alternative hypotheses concerning the benefits of relocation and the opportunity for all groups to participate equally in the program.

TABLE VI-5
MIX OF PROPERTIES OWNED OR MANAGED
BY PARTICIPATING LANDLORDS

| | | % of Landlords |
|---|---|---|
| Landlords with at least one of the following property types: | | |
| Single family or row houses | | 68.3 |
| Mobile Homes | | 19.2 |
| Multi-family buildings, less than 100 units | | 46.2 |
| Multi-family buidlings, more than 100 units | | 4.4 |
| Landlords who manage: | | |
| Buildings of more than 100 units | | 4.4 |
| Only buildings of more than 100 units | 2.5 | |
| Buildings of more than 100 units and other smaller properties | 1.9 | |
| Buildings of 2-100 units | | 44.3 |
| Only buildings of 2-100 units | 20.5 | |
| Buildings of 2-100 units and other smaller properties | 23.8 | |
| Only single family structures | | 51.4 |
| Single family houses or row houses | 37.3 | |
| Mobile homes only | 7.8 | |
| Both single family houses and mobile homes | 6.3 | |
| Sample Size (524) | | 100.0 |

Data Source: Landlord Interviews

manage at least one building of more than 100 units:

44.3% of landlords manage at least one multi-family property;

51.4% of landlords have only single family properties

Rental Units

The typical landlord in rural areas manages only a small number of rental units. (See Table VI-6) Seventeen point seven percent manage only one unit, 41.0 percent, three or less, and 73.2 percent, ten or less. In contrast very few landlords manage a large number of units — only 1.8 percent have responsibility for more than 200 rental units. The largest operation in the sample studied had 1,344 housing units.

TABLE VI-4
NUMBER OF RENTAL PROPERTIES OWNED OR MANAGED BY PARTICIPATING LANDLORDS

| | Percent of Landlords |
|---|---|
| 1 | 28.7 |
| 2 - 3 | 27.4 |
| 4 - 5 | 10.6 |
| 6 - 10 | 21.6 |
| 11 - 25 | 8.5 |
| 26 and above | 3.1 |

Data Source: Landlord Interviews

To describe the mix of properties that landlords own or manage, we asked landlords to indicate whether or not they have the following types of properties:

(1) single family or row houses;

(2) multi-family buildings of less than 100 units;

(3) multi-family buildings of more than 100 units; and

(4) mobile homes.

The mix of properties is shown in Table VI-5. In the top panel, we report the proportion of landlords having at least one property of each type. The bottom panel presents a simple classification based on the type of properties they manage. The rural environment is clearly indicated by the results. The proportion of landlords holding single family houses is very high (68.3%). In contrast, the Phase I study had reported an estimate of 48% on a nationwide basis. The proportion of landlords managing mobile homes is also high at 19.2%. On the other hand, very few landlords (4.4%) have buildings of more than 100 units.

We may group landlords into three main types in terms of the largest property they manage:

4.4% of all participating landlords

## References

Roistacher, Elizabeth, "Residential Mobility: planners, movers and multiple movers," Chapter 8 in Duncan, Greg J. and Morgan, James N., eds., Five Thousand American Families - Patterns of Economic Progress, Vol. III, 1975, Ann Arbor: Institute for Social Research, University of Michigan.

# CHAPTER VI

# LANDLORD PARTICIPATION

## VI.1 Introduction

This chapter discusses the participation of landlords in the Section 8 Existing Housing Program. A profile of participating landlords is first developed. This is followed by a discussion of landlords' motives for participating and the benefits they receive from the program. Also studied are landlords' satisfaction with the program and their comments about their tenants and the Public Housing Agency.

In this study, "landlord" designates the person who manages a Section 8 unit. In many cases, of course, the landlord is also the owner of the property rented under Section 8.

Since some landlords own or manage more than one Section 8 unit, it is often necessary to view the finding of this chapter from two different perspectives. For each characteristic studied, we first report the number and proportion of landlords, then the number and proportion of Section 8 units managed by landlords in each group. The second set of results describes the characteristics of housing units rather than the characteristics of landlords.

## VI.2 Landlord Profile

Landlords are typically both owners and managers of their Section 8 units. Eighty-eight point eight percent of landlords are owner-managers and they manage 87.7 percent of all Section 8 units. Eleven point one percent are managers only, and the proportion of all housing units they manage is 12.3 percent. The Existing Housing Program in rural areas is

clearly not administered by specialized managers but by landlords who manage their own property. (See Table VI-1)

A second striking feature of participating landlords is that they are individual proprietorships rather than organizations. As seen in Table VI-2, 79.7 percent of all landlords are individual proprietors; 20.2 percent are partnerships, trusts or corporations. As expected, the proportion of Section 8 units managed by the individual enterprises is slightly lower than the proportion of this group in the total landlord population. Single proprietors manage 75.9 percent of all housing units while other forms of business organization manage 24.1 percent. Hence, corporations manage, on the average, about 1.5 times as many units as the typical single proprietor.

Table VI-3 shows that there is a slight relationship between the form of business organization and the combination (or separation) of the management-ownership function. There is a slightly greater probability for the landlord to be a corporate body or partnership when the two functions are separate than when they are combined.

TABLE VI-1

OWNERSHIP-MANAGEMENT CHARACTERISTIC
OF PARTICIPATING LANDLORDS

| | Percent of Landlords | Percent of Section 8 Units |
|---|---|---|
| Landlord is both owner and manager | 88.8 | 87.7 |
| Landlord is only manager | 11.1 | 12.3 |
| Sample Size | (534) | (583) |

Data Source: Landlord interviews.

TABLE VI-2
ORGANIZATIONAL AFFILIATION
OF PARTICIPATING LANDLORDS

| | Percent of Landlords | Percent of Section 8 units |
|---|---|---|
| Individual Proprietorship | 79.7 | 75.9 |
| Corporations, Trusts, Partnerships | 20.2 | 24.1 |
| Sample Size | (534) | (583) |

Data Source: Landlord Interview

TABLE VI-3
RELATIONSHIP BETWEEN TYPE OF BUSINESS ORGANIZATION
AND SEPARATION OF OWNERSHIP AND MANAGEMENT FUNCTIONS

| | Landlord is both owner and manager | Landlord is only manager |
|---|---|---|
| Individual Proprietorship | 71.9 | 7.8 |
| Corporation, Trust, Partnership | 16.9 | 3.3 |
| Sample Size | (534) | (534) |

Data Source: Landlord Interview

Perhaps more significant than the preceding characteristics is whether or not the landlord manages property for more than one owner. 10.1% of all Section 8 landlords are management enterprises serving multiple owners. 89.9% only manage their own or the properties of a single owner.

The above findings clearly demonstrate that the rural Existing Housing program operates through a large number of indivdual landlords who own and manage their own unit. The next section expands on this result and shows that holdings are typically small, with a large number of landlords operating only one rental house or mobile home.

Rental Properties

The majority of landlords who participate in the Section 8 program (56.2%) have three or less properties. (See Table VI-4) Twenty-eight point seven percent have only one rental property. At the other extreme, 11.6 percent of all landlords have more than 10 residential properties.

TABLE VI-6
RENTAL UNITS OWNED OR MANAGED
BY PARTICIPATING LANDLORDS

| Number of Rental Units | Percent of Landlords | Percent of Section 8 units |
|---|---|---|
| One | 17.7 | 16.6 |
| 2 - 5 | 36.3 | 34.0 |
| 6 - 10 | 19.2 | 18.7 |
| 11 - 30 | 16.3 | 17.1 |
| 31 - 50 | 3.0 | 3.4 |
| 51 - 100 | 3.7 | 3.7 |
| 101 - 200 | 2.0 | 4.4 |
| 201 - 1000 | 1.4 | 1.4 |
| More than 1000 | 0.4 | 0.7 |
| | 100.0 | 100.0 |
| Sample Size | (497) | (532) |

Data Source: Landlord Interviews

While the Section 8 Existing Housing Program attracts a preponderence of small landlords in rural areas, a few large management firms with several 100 unit properties are also involved in the program.

Section 8 units

Most landlords, regardless of size are only occasional participants in the Section 8 program. 49.6% of landlords manage only one unit and another 29.0% manage two or three. They include both the small landlords with 3 units or less and larger operations. For the latter, the section 8 program only constitutes a small proportion of the units they have under lease.

Landlords with four or more subsidized units are unlikely to have acquired these tenants by chance alone. Either the PHA has singled them out as cooperative and willing participants or they have actively sought such tenants

or again, some external condition may have favored the multiplication of subsidized units in their property. Twenty-one point four percent of landlords have four or more subsidized units. Within this group, a surprising number of landlords (4.3%) manage more than twenty Section 8 units, as many as the ACC of some small rural PHAs. (Table VI-7)

TABLE VI-7

NUMBER OF SECTION 8 UNITS MANAGED
BY PARTICIPATING LANDLORDS

| Number Units Managed | Percentage Of Landlords |
|---|---|
| 1 | 49.6% |
| 2 | 22.0 |
| 3 | 7.0 |
| 4 - 10 | 13.3 |
| 11 - 20 | 3.8 |
| 21 - 100 | 3.9 |
| 101 or more | 0.4 |
| Sample Size (510) | Total 100.0% |

Data Source: Landlord interviews.

Reason for Holding Rental Property

The motives for holding rental property are revealing of the variety of landlord types in the Existing Housing Program. (See Table VI-8) Although the majority of landlords hold property for current income, a large number consider their property to be a long-term investment. One point five percent of landlords are non-profit organizations engaged in providing housing to low income groups or to specific target groups such as the elderly, students, handicapped persons, etc. A small but significant number of landlords have acquired property without a conscious decision to do so (inheritance, repossession). Another small minority holds rental property to assist a relative or a friend. Finally, personal reasons (hobby, future income)

or sentimental reasons (has been in the family for years) are evoked by 3.7% of respondents.

TABLE VI-8

REASONS FOR HOLDING PROPERTY

| | Percentage Of Landlords |
|---|---|
| Non-profit organizations | 1.5 |
| For current or future income | 87.2 |
| Current Income | 45.5 |
| Future capital gains | 18.0 |
| Tax shelter | 4.0 |
| Retirement income | 15.6 |
| To assist a friend or relative | 2.8 |
| For personal or sentimental reasons | 3.7 |
| Property acquired without prior decision, by inheritance, repossession, etc. | 3.5 |
| Other | 1.2 |
| Sample Size (463) | |

Data Source: Landlord interview.

Program Experience of Participating Landlords

That the Section 8 Existing Housing Program is not reserved for landlords who habitually participate in government subsidy programs is evident. An overwhelming majority (89.2%) of landlords surveyed have had no previous experience with government housing assistance. A small number of landlords had prior experience with government programs as follows:

4.3% with other leased housing programs such as HUD Section 23;

4.2% with the Section 8 new construction or substantial rehabilitation program;

2.8% with other construction subsidy programs, primarily FHA;

finally, 2.5% of participating landlords had their Section 8 unit(s) built or rehabilitated under HUD or FHA.

## Residence Location of Participating Landlords

While most landlords live in the community where their rental units are located, few landlords live in the buildings where they have these rental units. (See Table VI-9) This result is not overly surprising: with most rental properties concentrated in single family dwellings or small multi-family buildings in rural areas, the possibility of the owner or manager living on site is remote. Note, however, that although the question was not raised in the survey, a cursory review of interviewer experience in the field and a comparison of addresses on survey records reveal that most landlords live very close to their Section 8 units: the model of a landlord living in a house and managing a small building or a mobile home on a lot next door or across the street is a very frequent occurrence in rural areas.

TABLE VI-9

RESIDENCE OF PARTICIPATING LANDLORDS

| | Percentage Of Landlords |
|---|---|
| Living in a building where they manage rental units | 12.3 |
| Not living in a building where they manage rental units | 87.7 |
| Sample Size (526) | |

Data Source: Landlord interviews.

## Race-Ethnicity of Participating Landlords

As seen in Table VI-10, 85.1% of landlords in rural areas are white and 14.9% belong to a minority group. The proportion of black landlords is 12.1% and the proportion of Hispanics is 2.3%. Other minority groups account for only .5% of the total landlord population. Note that the proportion of units=

managed is only slightly biased as compared to the proportion of landlords in each group. White landlords operate a small fraction more Section 8 units on the average as compared to their non-white counterparts.

TABLE VI-10

RACE-ETHNICITY OF PARTICIPATING LANDLORDS

| | Percentage Of Landlords | Percentage Of Section 8 Units |
|---|---|---|
| White | 85.1 | 86.3 |
| Black | 12.1 | 11.2 |
| Hispanic | 2.3 | 2.1 |
| Other | 0.5 | 0.4 |
| Sample Size | (486) | (535) |

Data Source: Landlord interviews.

Classification of Landlords

The preceding sections illustrate the diversity of landlords who manage Section 8 units in rural areas. This section classifies landlords into a small number of prototypes. Landlords are grouped first according to whether or not they own the property they manage, then by the form of business enterprise, finally by the number of rental units they manage.

As shown in Table VI-11, landlords have been grouped into 10 major types. The largest group (Type III) encompassing 42% of the total landlord population includes individuals who both own and manage their rental units and who own a small number of units (between 2 and 20). An additional 10% of participating landlords have the same characteristics as Type III landlords but have been grouped separately (Type II because they own at least three mobile homes.) Type I landlord (15.8%) is an individual who owns and manages a single rental unit in a single property.

TABLE VI-11

CLASSIFICATION OF LANDLORDS

Sample Size (511)

| Function | Type of Enterprise | Number of units owned or managed | Other Characteristics | Percentage of landlords | Percentage of Section 8 | Group |
|---|---|---|---|---|---|---|
| Owners | Individuals | 1 | | 15.8 | 14.5 | I |
| | | 2 - 20 | 3 mobile homes or more | 10.0 | 9.3 | II |
| | | | Other | 42.2 | 39.6 | III |
| | | More than 20 | | 5.1 | 5.9 | IV |
| | Partnerships, Trusts, Corporations | 2 - 20 | | 9.5 | 9.2 | V |
| | | More than 20 | With 1 building of more than 100 units | 2.8 | 4.4 | VI |
| | | | Other | 4.1 | 5.0 | VII |
| | Non-profit organizations | All | | 1.5 | 3.4 | VIII |
| Management Agents | All | 20 or less | | 6.2 | 6.5 | IX |
| | | More than 20 | | 4.4 | 5.5 | X |

Each of the other seven types of landlords encompass less than 10% of participating landlords. One of the smaller groups is the group of corporate owners who manage at least one building with more than 100 units. Because of the scarcity of such structures in rural areas, it is not surprising that this group constitutes less than 3% of all landlords. More common among corporate owners are small enterprises with less than 20 units (Type V has 9.5% of landlords). Finally, management agents who operate units which they do not own are very rare even though they include some situations in which a property owner is employing a resident manager to manage a building.

These 10 Types will be used in later sections to study the behavior of landlords and their reactions to the program. Comparisons will be made between the various groups to explore differences in willingness to repair units, rent policies and satisfaction with the program.

## VI.3 Analysis of Landlord Participation

All landlords studied in this analysis are participants in the Existing Housing Program. At least one of their tenants is receiving housing assistance payments. But while all participate, their patterns of behavior with regard to the program may vary considerably. In particular, landlords will differ in the process by which they were attracted and decided to participate in the program, the extent of participation in the program, i.e., the number and proportion of their rental units under Section 8 subsidy, and the type of interaction they may have established with the Public Housing Authority. These varying patterns of behavior are important because they impact on the effectiveness of the Section 8 program.

Extent of Participation

Except for landlords with only one or a small number of rental units, it is very common for landlords to have more than one Section 8 tenant. Landlords frequently have three, four, five or more tenants who receive assistance. For instance, landlords with more than 20 units are four times more likely to have 5 or more Section 8 tenants than to have less than 5. (Table VI-12)

Table VI-13 vividly illustrates the concentration of subsidized tenants in the rental units of landlords in the larger size groups. Among landlords with 6 to 20 units the incidence of Section 8 units averages 29.1%. Among those with 20 or more units, the average proportion of Section 8 tenants is 19.7%. Apparently, many landlords are not dissatisfied with the program after their first Section 8 tenant and are willing to accept more. Some may even seek subsidized tenants. Or the PHAs are sending tenants to specific developments or landlords.

TABLE VI-12

EXTENT OF PARTICIPATION

| Number Of Section 8 Units | Number of Rental Units | | | | Total |
|---|---|---|---|---|---|
| | 1 | 2 - 5 | 6 - 20 | More than 20 | |
| 1 | 18.4 | 25.7 | 6.9 | 1.0 | 50.2 |
| 2 | | 9.0 | 12.8 | 1.0 | 22.8 |
| 3 | | 2.3 | 4.0 | 1.0 | 7.1 |
| 4 | | 0.2 | 5.6 | 0.2 | 6.1 |
| 5 or more | | 0.1 | 2.9 | 11.3 | 14.6 |

Sample Size (478)

Data Source: Landlord interviews.

At the other extreme, one-half of all landlords have only one unit under the program. Among them, of course, are those landlords who manage only one unit (18.4%) and many of the landlords who manage a small number of units.

Patterns of behavior may be expected to differ for the occasional participant in the program (landlords with only one unit) as compared to the landlord who is heavily involved in the program. Later sections will explore this question and attempt to untangle the effects of various factors on the tendency for some landlords to attract multiple Section 8 tenants.

TABLE VI-13
PROPORTION OF UNITS SUBSIDIZED

| Percent of Landlord Rental Units Section 8 | Percent of Landlords | |
|---|---|---|
| | Landlords with 6-20 units | Landlords with more than 20 units |
| 1 - 5% | 0.9% | 26.8% |
| 6 - 10% | 10.9% | 26.0% |
| 11 - 20% | 29.4% | 17.7% |
| 21 - 30% | 22.8% | 5.2% |
| 30% or more | 36.0% | 24.3% |
| Mean | 29.1% | 19.7% |
| Sample Size | (160) | (70) |

Data Source: Landlord Interviews

Excluding landlords with only one unit -- and therefore only one Section 8 tenant -- one can determine whether any of the remaining nine landlord types identified in the previous chapter are more or less likely to rent units to more than one Section 8 tenant. Table VI-14 presents the results of this analysis:

TABLE VI-14
PROPORTION OF LANDLORDS WITH MORE THAN ONE SECTION 8 UNIT

| Landlord Types | | Percentage of landlords with one Section 8 unit | More than one Section 8 unit |
|---|---|---|---|
| II | Individual owners, 2-20 units | 16.8 | 83.2 |
| III | Individual owners, 3 or more mobile homes, 2-20 units | 55.8 | 44.2 |
| IV | Individual owners, more than 20 units | 3.0 | 97.0 |
| V | Organization owners, 2-20 units | 40.0 | 60.0 |
| VI | Organization owners, more than 20 with one building of >100 | 0.0 | 100.0 |
| VII | Organization owners, more than 20 units, no building of >100 | 5.3 | 94.7 |
| VIII | Non-profit organizations | 100.0 | 100.0 |
| IX | Management agents, 20 or less units | 47.2 | 52.8 |
| X | Management agents, more than 20 units | 12.1 | 87.9 |

Data Source: Landlord Interviews

two landlord groups always have more than one unit under Section 8: non-profi organizations (Type VIII) and corporate owners with at least one building of more than 100 units. (Type VI)

Factors Influencing Landlord Participation

One of the most critical components of the Section 8 Existing Housing Pro is program participants' access to the rental housing stock in a given area. This is related directly to landlords' willingness to be involved in the progr In the survey, landlords were asked a series of questions to determine how the learned about the Section 8 program, what factors influenced them to participa in the program, and their general level of satisfaction with the program. Eac of these factors are reviewed below.

Source of Program Information

Participating landlords first heard about the Section 8 program from a variety of sources. As shown in Table VI-15, only 16.9 percent heard directly from the PHA and another 5.8 percent became informed through newspaper advertisements or articles probably attributable to the local PHA. Over half of the participating landlords first heard about the Section 8 program from tenants or prospective tenants who had applied to the program. This reflects the market oriented nature of the program and the fact that, for the most part, eligible households are searching for their own housing. The other sources of information identified reflect a general knowledge of the availability of Section 8 assistance in communities where the program is operating.

TABLE VI-15
SOURCE OF PARTICIPATING LANDLORDS' FIRST INFORMATION ABOUT THE SECTION 8 PROGRAM.

| Source of Information | Percent of participating landlords |
|---|---|
| The PHA | 16.9% |
| Landlord's current tenant who had applied for or was issured certificate | 35.2 |
| Prospective tenant | 15.2 |
| Other landlords or managers | 5.8 |
| Newspaper | 5.8 |
| Other Public Officials | 5.2 |
| Friends, relatives, or casual acquaintances | 6.9 |
| Other | 9.1 |
| Sample Size (526) | |

Data Source: Landlord Interviews

Reasons for Participating

As shown in Table VI-16 landlords' stated reasons for participating in Section 8 Existing Housing Program can be divided into two broad categories; reasons which reflect a profit motivation and reasons which reflect some benevolence on the part of the landlord. These reasons are not necessarily mutually exclusive. One finds it much easier to help a friend or relative while, at the same time, being guaranteed a higher or more stable income. Over one-half of of participating landlords stated that one reason for participating in the Section 8 program is that they are in sympathy with program objectives and almost 42 percent said that providing assistance to a specifi

TABLE VI-16
REASONS GIVEN BY PARTICIPATING LANDLORDS FOR PARTICIPATING IN THE SECTION 8 PROGRAM

| Reasons for Participating | Percent of Landlords with Reason [1] | Percent of Landlords with Reason Most Important |
|---|---|---|
| In sympathy with program objectives | 52.1 | 27.2 |
| To assist a specific tenant | 41.7 | 38.6 |
| Opportunity to Fill a Vacant Unit | 21.2 | 13.3 |
| Opportunity for Higher Rent or More Profit on Unit | 15.1 | 6.5 |
| Supervised Nature of Program Assures Stability | 14.5 | 10.4 |
| Tenant was in Program Before Landlord Obtained Property | 6.5 | 4.1 |
| Sample Size (492) | | |

[1] Many landlords gave multiple reasons for participation.

Data Source: Landlord Interviews.

tenant was a reason for participating. Almost three-fourths of the latter group were providing assistance to friends or relatives. Surprisingly, over 65 percent of landlords identified one of these two reasons (sympathy with program objectives and assisting a specific tenant) as the most important reason for participating. On the other hand, 30 percent mentioned increasing rent, filling a vacant unit or a guaranteed income flow as the most important reason for participating in the program. If, as shown in Table VI-17, we look only at landlords with new tenants, we find that 38 percent consider economic reasons for participating to be most important

TABLE VI-17

MOST IMPORTANT REASON FOR PARTICIPATING FOR LANDLORDS BY WHETHER UNIT WAS OCCUPIED BY CURRENT TENANT PRIOR TO SECTION 8 PARTICIPATION

| Most Important Reason For Participating | Percent of Landlords Whose Current Tenants were in Section 8 unit Prior to Participation | Percent of Landlords with New Tenants |
|---|---|---|
| Sympathy with Program Objectives | 26.3% | 28.2% |
| Assist Specific Tenant | 49.2 | 28.6 |
| Fill a Vacant Unit | 6.4 | 20.0 |
| Increase Rent/Profit | 9.7 | 3.5 |
| Supervised Program/ Stability | 5.9 | 14.5 |
| Tenant Already in Program | 3.0 | 5.1 |
| Sample Size (492) | | |

$X^2$ test shows significant differences at the .02 level.

Data Source: Landlord interviews.

## VI.4 Costs Associated With Landlord Participation

In order for the Section 8 Existing Housing Program to be viable over time and over a broad range of situations, it must either be costless for landlords to participate or the program must provide benefits to the landlord sufficient to offset the costs of participation. The scope of this study does not extend to cost-benefit analysis, but we do have from the landlord interview, some indication of the landlords' perceptions of costs and benefits. The potential costs of participation are considered in this section and the potential benefits are taken up in Section VI.5.

### Potential Costs of Participation: Contracts

To the extent that landlords are forced to modify their behavior in order to participate in Section 8, they incur costs that they would not otherwise incur. Negotiating rents with a third party and signing a lease can be perceived as significant costs by landlords accustomed to informal verbal contracts with tenants. As shown in Table VI-18, almost 60% of landlords in the rural Section 8 Program did not use a written lease prior to participation in the program. However, only 2.3 percent of participating landlords find the required Section 8 lease to be costly or inhibitive to them.

### Potential Costs of Participation: Repairs

The likelihood of being required to make repairs to a unit in order to participate in Section 8 represents an additional potential cost to landlords. Table VI-19 is a cross-tabulation of whether repairs were ever required in order for a sampled unit to participate in Section 8 by the total units owned or managed by Section 8 landlords. The table not only indicates that 40 percent of landlords are required to repair housing units in

order to participate in Section 8, but also, that smaller landlords are more likely to be required to repair a unit than is the case for landlords who own or manage over 50 rental housing units.

TABLE VI-18

LANDLORD USE OF WRITTEN LEASE
PRIOR TO PARTICIPATION IN SECTION 8

| Use of Lease | Percent Of Landlords |
|---|---|
| Used lease prior to Section 8 participants | 40.1% |
| No prior lease but Section 8 lease not inhibitive | 57.6 |
| No prior lease but Section 8 lease is inhibitive | 2.3 |
| Sample Size (496) | |

Data Source: Landlord interviews.

TABLE VI-19

CROSSTABULATION OF REQUIRED REPAIRS IN ORDER TO PARTICIPATE IN SECTION 8 BY TOTAL HOUSING UNITS OWNED OR MANAGED BY LANDLORDS

| Repairs | Landlord's Total Rental Units | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | 2-5 | 6-10 | 11-20 | 21-50 | 50 | Total |
| Percent Requiring Repairs | 42.7 | 32.3 | 51.8 | 46.2 | 43.7 | 27.0 | 40.0 |
| Percent Not Requiring Repairs | 57.3 | 67.8 | 48.2 | 53.7 | 56.3 | 73.0 | 60.0 |
| Percent of Total Landlords | 17.7 | 36.3 | 19.2 | 13.0 | 6.3 | 7.5 | 100.0 |

$X^2 = 14.389$ with 5 degrees of freedom; Probability of larger $X^2 = .0256$.

Data Source: Landlord interviews.

A similar analysis indicates that landlords with less than 20 percent of their units in Section 8 are significantly less likely to be required to repair housing units in the program than is the case for landlords with

a larger percentage of holdings under Section 8 leases. This is consistent with the conclusion that larger landlords are less likely than small ones to be required to repair units.

Obviously, PHAs can influence the costs of participating in Section 8 by being more or less strict in enforcing Section 8 Acceptability Standards. Table VI-20 indicates that in very tight housing markets, where over 70 percent of the relevant housing stock is owner-occupied, there is a significant reduction in the incidence of required repairs among landlords. This suggests that PHAs may adjust their policies to market conditions in order to stay leased-up.

TABLE VI-20

PERCENT OF PARTICIPATING LANDLORDS WITH SECTION 8 UNITS REQUIRING REPAIRS BY PERCENT OF ELIGIBLE POPULATION IN OWNER OCCUPIED HOUSING

| | Percent of Eligible Population In Owner-Occupied Housing | | | | |
|---|---|---|---|---|---|
| | < 50 | 50-59.9 | 60-69.9 | > 70 | Total |
| Percent of Landlords with Sample Unit(s) Requiring Repairs | 50.3 | 44.5 | 50.8 | 27.2 | 40.5 |
| Percent of Landlords with Sample Unit(s) Not Requiring Repairs | 49.8 | 55.5 | 49.2 | 72.8 | 59.5 |
| Percent of Total Landlords | 7.5 | 21.0 | 33.4 | 38.1 | 100.0 |

$X^2$ = 25.938 with 3 degrees of freedom; Probability of larger $X^2$ =0.0000.

Data Source: Landlord interviews and HUD EMAD Data.

Types of Repairs

As indicated in an earlier section, approximately 40 percent of participating housing units required some repairs in order to begin or continue in the Section 8 program. Table VI-21 shows the incidence of repairs by type of repair for housing units in the Section 8 program. Note

TABLE VI-21

INCIDENCE OF REPAIRS REPORTED BY LANDLORDS FOR SECTION 8 UNITS

| Type of Repair | Applicable Section 8 Acceptability Criteria | Distribution of Units by Incidence of Repair to Unit | | |
|---|---|---|---|---|
| | | % of units no repair | % of units 1 repair | % of units 2 + repairs |
| a. Adding or repairing a tub or shower, flush toilet, hot or cold water | Sanitary facilities, water supply | 64.5 | 26.8 | 8.7 |
| b. Adding or repairing a stove, refrigerator, kitchen counters, cabinets, or trash disposal facilities | Food preparation and refuse disposal | 80.9 | 17.6 | 1.5 |
| c. Installing or repairing exterior doors or windows or locks on exterior doors or windows | Space and security | 68.0 | 23.7 | 8.4 |
| d. Installing, replacing or repairing heating, cooling or ventilation equipment | Thermal environment, interior air quality | 73.2 | 25.7 | 1.1 |
| e. Adding or repairing electrical outlets or fixtures | Illumination & electric | 79.3 | 17.5 | 3.3 |
| f. Replacing or strengthening floors, ceilings, or load bearing walls | Structure and materials | 88.1 | 11.1 | 0.8 |
| g. Repairs of the foundation, outside walls, gutters or roof | Structure and materials | 77.9 | 21.9 | 0.2 |
| h. Repairing stairs, halls, rails, lighting in hallways, or other safety features of stairs, halls or entrances | Structure and materials | 92.9 | 6.4 | 0.7 |
| i. Removing lead-based paint | Lead-based paint | 99.1 | 0.8 | 0.1 |
| j. Adding a private entrance or fire exit | Access | 99.1 | 0.9 | 0 |
| k. Exterminating rats, mice, or bugs | Site & neighborhood | 80.6 | 15.5 | 3.9 |
| l. Repairing or correcting outdoor health or safety conditions such as drainage, septic tanks, or fire hazards | Site and neighborhood | 91.0 | 8.9 | 0.1 |
| m. Insulation repairs or improvements, such as attic insulation storm windows, or doors | Thermal environment | 89.8 | 9.5 | 0.8 |
| n. General remodeling, like adding or remodeling rooms or lowering ceilings | Space and security | 95.6 | 4.4 | 0 |
| o. Interior painting, plastering, papering, or work on floors like sanding, refinishing, installing new tiles or installing new carpeting | None | 66.6 | 29.2 | 4.2 |
| p. Carpentry work like shelves, closets, cabinets, room dividers, planing doors, patching walls or woodwork | None | 85.9 | 12.6 | 1.5 |
| q. Planting a garden or planting trees | None | 95.9 | 3.5 | 0.7 |
| r. Exterior painting | None | 77.1 | 21.6 | 1.2 |
| s. Adding or repairing tiedowns on a mobile home | Structure and materials | 98.5 | 1.4 | 0.1 |
| t. Other repairs or improvements (specify) | | 79.4 | 20.0 | 0.6 |

Sample Size (584)

Rows add to 100%.

Data Source: Landlord Interviews.

that the second column shows the match of each type of repair with the Section 8 Acceptability Criteria. The repairs identified in the table could have occurred when the unit first entered the Section 8 program, when the current tenant entered the program in the unit, when the unit was reinspected if this occurred during the past 12 months, or at the landlord's initiative during the most recent 12 months.

The most frequently occurring type of repair was to the units' sanitary facilities or water system, occurring one or more times on over 35 percent of units. Only three other types of repairs were made on 25 percent or more of the units. These were (c) installing or repairing exterior doors, and windows or locks on exterior doors or windows, (d) installing, replacing, or repairing heating, cooling, or ventilation equipment, and (e) interior painting and refinishing. Except for general appearance maintenance such as painting, the vast majority of repairs were related directly to the Section 8 Acceptability Criteria. Either through PHA inspection and enforcement procedures or voluntary efforts by landlords, repairs are being directed toward meeting the safety, space, and sanitation requirements for acceptable standard housing.

The distribution of the number of repairs is shown in Table VI-22. The large percentage in each case with zero repairs reflects the earlier finding that only 40 percent of units had some repairs required. A significantly larger fraction of units had some repairs during the past 12 months than when the units and/or current tenants first entered Section 8. There is a relatively high incidence of multiple repairs, especially during the most recent 12 months. As shown in the table, 53 percent of the Section 8 units had two or more repairs during the most recent 12 months. To explore further the incidence of multiple repairs we looked at re-

TABLE VI-22

NUMBER OF TYPES OF REPAIRS MADE AT THREE STAGES OF HOUSING UNIT'S PARTICIPATION IN SECTION 8

| Number of Repairs Made | Percentage Distribution of Section 8 Units | | |
|---|---|---|---|
| | When Unit First Entered Sec. 8[1] | When Current Tenant Entered Sec. 8 in Unit[1] | During Most Recent 12 mos. |
| 0 | 50.6 | 52.3 | 28.4** |
| 1 | 11.7 | 11.2 | 18.5 |
| 2 | 9.2 | 8.9 | 18.3 |
| 3 | 6.3 | 5.8 | 10.2 |
| 4 | 4.4 | 4.2 | 10.4 |
| 5 | 7.0 | 4.0 | 4.8 |
| 6-10 | 8.8 | 11.6 | 7.5 |
| 11-20 | 2.0 | 2.0 | 1.9 |
| Sample Size (579) | | | |

[1]The first two distributions are very similar because in a large percentage of cases the unit first entered Section 8 with the current tenant.

**Percent with no repairs significantly less than .01 significance level.

Data Source: Landlord interviews.

TABLE VI-23

DISTRIBUTION OF SECTION 8 UNITS WITH RECENT REPAIRS BY TYPE OF ADMINISTERING PHA

| Number of Repairs to Section 8 Unit During Most Recent 12 mos. | Percent of Units by Type of PHA | | | |
|---|---|---|---|---|
| | Local | County | Regional | Statewide |
| None | 36.5 | 31.9 | 40.2 | 15.3 |
| 1 | 21.4 | 20.4 | 14.9 | 16.7 |
| 2 - 5 | 30.2 | 44.0 | 32.5 | 58.8 |
| 6 or more | 11.8 | 3.8 | 12.4 | 9.3 |
| Sample Size (579) | | | | |

$X^2$ = 49.603 with 9 degrees of freedom, significant at .01 level.

Data Source: Landlord interviews

pairs during the most recent 12 months across PHA types and landlord types.

Repairs Within PHA Types

Table VI-23 shows a significant difference in the incidence of repairs across PHA types. Units administered by statewide PHAs appear to have a much higher incidence of repairs made than in either local, county or regional PHAs. Over 68 percent of Section 8 units in statewide PHAs had two or more types of repairs made during the 12 months prior to the survey. Determination of whether this difference can be attributed to differences in PHA policy or characteristics of the housing market is not clear at this time, but must be the subject of further analysis.

To get a better measure of the extent to which units participating in the Section 8 program are repaired, we counted the number of different types of repairs made at three points in the life of a Section 8 housing unit; when the unit first entered Section 8; when the current tenant first entered Section 8 in the unit; and any repairs to the unit during the most recent 12 months. Note that these three points in the life of a Section 8 housing unit are not mutually exclusive, especially if the current tenant is the first Section 8 tenant in the unit.

Repairs By Type of Landlord

Units owned by individuals or by organizations with 20 or fewer units appear to have the highest incidence of multiple repairs. The large percentage with zero repairs among non-profit owners (shown in Table VI-24) reflects the fact that non-profit units represent only 3.0 percent of the sample and the majority of the non-profit units selected in the sample were new units owned by one organization.

TABLE VI-24

DISTRIBUTION OF SECTION 8 UNITS WITH RECENT REPAIRS BY TYPE OF LANDLORD

| Number of Repairs to Section 8 Unit During Most Recent 12 mos. | Distribution of Units by Type of Landlord | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Individual Owner | | | Profit Organization | | Non-Profit Mgmt. Agent | | |
| | 1 unit | 2-20 units | Over 20 units | 2-20 units | Over 20 units | | < 21 units | 21 or more units |
| None | 27.9 | 26.0 | 22.7 | 17.9 | 25.9 | 51.2 | 37.8 | 43.5 |
| 1 | 12.6 | 7.3 | 13.4 | 19.5 | 38.0 | 25.9 | 15.0 | 15.9 |
| 2 - 5 | 51.5 | 42.9 | 52.1 | 59.4 | 28.0 | 23.0 | 47.2 | 35.6 |
| 6 - 20 | 8.0 | 13.8 | 11.9 | 3.2 | 8.1 | 0.0 | 0.0 | 5.0 |
| Sample Size (561) | | | | | | | | |

$X^2$ = 44.23 with 21 degrees of freedom; significant at .01 level.

Data Source: Landlord interviews.

TABLE VI-25

DISTRIBUTION OF SECTION 8 UNITS WITH RECENT REPAIRS BY NUMBER OF SECTION 8 UNITS HANDLED BY THE LANDLORD

| Number of Repairs to Section 8 Unit During Most Recent 12 mos. | Landlord has 1 Section 8 Unit | Landlord has more than 1 Sec. 8 unit |
|---|---|---|
| None | 27.3% | 28.9% |
| 1 | 19.6 | 16.1 |
| 2 - 5 | 46.2 | 43.2 |
| 6 - 20 | 7.0 | 11.8 |
| Sample Size (554) | | |

Data Source: Landlord interviews.

Finally, we looked at whether repairs were more or less likely among units owned by landlords with more than one Section 8 unit than units owned by landlords with only one Section 8 unit. As shown in Table VI-25, there is no significant difference in the incidence of repairs between the two groups, implying that in terms of repairs there is no significant advantage to multiple-unit participation in the program.

Influence of Repair Costs on Rents

An analysis of repair costs was done in which the median expenditure (materials and labor-time) on each of twenty types of repairs was used as a weight to estimate the aggregate amount of repairs made on a housing unit by the landlord when it entered the program. Expenditures on repairs across housing units ranged from $0 to $2,300 with a mean of $234. The estimated repair costs for each unit was then used as an explanatory variable along with other measures of the costs and benefits of landlord participation in a multiple regression analysis of the change in rent that occurs when a unit enters the program.

The results of this analysis indicate that a $100 expenditure on repairs would result in a monthly rent increase of approximately $1.80. Since the average monthly rent increase[1] in units as they move into the program was $7.60 and the average repair expenditures is $234, the analysis suggests that approximately 55% of the mean unit change reflects repair cost incurred by landlords.

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[1]This estimate excludes those landlord units in which pre-program utilities included in the rent differ from the post-program utilities included in the rent. It also excludes those landlords whose unit was rented for the first time.

## VI.5 Benefits Associated With Landlord Participation

Given that there are costs associated with landlord participation in the program, then a relevant question concerns the nature of the offsetting benefits.

As indicated by their stated reasons for participating, some landlords may derive adequate benefits from the opportunity to help a friend or relative. This may be particularly common among landlords with single rental units. However, for the majority of landlords some economic benefit must be present to offset the costs of participating in Section 8. These benefits are likely to take the form of a reduced incidence and/or duration of vacancies or of higher rents. Each of these are examined in the next two sections.

### Potential Benefits of Participation: Vacancy Experience

An interesting question that arises with respect to landlord participation in the Existing Housing Program is whether or not landlords may be attracted to the program by the prospect of increasing the stability of their rental income through a reduction in the extent of vacancies in their rental units. This section of the chapter examines various aspects of the experience of Section 8 landlords with the vacancy problem. A key purpose of the section is to compare the vacancy experience of Section 8 rental units prior to entering the program with their vacancy experience during the period under Section 8 lease.

A preliminary look at the vacancy experience of the rental units of Section 8 landlords is provided in Table VI-26. It can be seen from the breakdown in Table VI-26 that at the time existing Section 8 units were leased to their current tenants (i.e., the tenant occupying the unit at the

TABLE VI-26

UNIT STATUS PRIOR TO CURRENT SECTION 8 LEASE

| Characteristics | | Percent of Units |
|---|---|---|
| Status of Unit When Leased To Current Section 8 Tenant Sample Size (549) | | |
| Vacant | | 38.8% |
| Occupied by Present Tenant | | 48.7 |
| Occupied by Another Tenant | | 12.5 |
| Length of Vacancy Prior to Lease to Current Section 8 Tenant Sample Size (207) | | |
| Less Than 1 Month - 2 Months | | 77.1% |
| 3 - 5 Months | | 8.4 |
| 6 - 8 Months | | 4.1 |
| 9 -11 Months | | 0.1 |
| 12 -14 Months | | 3.4 |
| 15 -90 Months | | 6.8 |
| Mean | 2.22 | |
| Median | .94 | |

Data Source: Landlord interviews.

time of the survey) 38.8 percent were vacant and 61.2 percent were occupied. Of those that were occupied, most of them were occupied by the current tenant. Among those units that were vacant prior to occupancy by the current tenant, 77.1 percent were vacant for a period of two months or less with an average period of vacancy of 2.22 months.

A more detailed presentation of vacancy experience is provided in Table VI-27 where the rental units of Section 8 landlords are distinguished by

TENANCY AND VACANCY
CHARACTERISTICS OF SECTION 8
UNITS

| Characteristic | | | Percent of Units |
|---|---|---|---|
| Current Tenant is First Section 8 Tenant (Sample Size 555) | | | 87.0% |
| Length of Time Since Unit Entered Section 8 Program (Sample Size 560) | | | |
| Less Than 1 Month - 12 Months | | 48.0% | |
| 13 - 24 Months | | 29.7 | |
| 25 - 36 Months | | 13.5 | |
| 37 - 48 Months | | 8.2 | |
| 49 - 70 Months | | 0.6 | |
| Mean | 17.90 | 17.90 | |
| Median | 13.88 | | |
| Current Tenant is Not First Section 8 Tenant (Sample Size 555) | | | 13.0% |
| Length of Time Since Unit Entered Section 8 Program (Sample Size 83) | | | |
| Less Than 1 Month - 12 Months | | 42.4% | |
| 13 - 24 Months | | 26.8 | |
| 25 - 36 Months | | 15.3 | |
| 37 - 48 Months | | 9.6 | |
| 49 - 60 Months | | 6.0 | |
| Mean | 22.75 | | |
| Median | 18.04 | | |
| Vacancy Frequency Since Entering Section 8 Program (Sample Size 71) | | | |
| Never Vacant | | 23.7% | |
| Once | | 64.3 | |
| Twice | | 9.5 | |
| Three or More | | 2.5 | |
| Mean | .91 | | |
| Median | .91 | | |
| Average Duration of Vacancy Each Time Vacant (Sample Size 56) | | | |
| Less Than 1 Month | | 88.7% | |
| 1 - 3 Months | | 11.3 | |

Data Source: Landlord Interviews

whether or not the current Section 8 tenant is the unit's first Section 8 tenant. It is interesting to note that the overwhelming majority of current Section 8 tenants, 87 percent, are the first tenants to lease that unit under the Section 8 program. This group of tenants have been receiving Section 8 assistance in their current units for an average of 17.9 months. These units, of course, have no history of vacancy since entering the Section 8 program. For the 13 percent of the units in which the current Section 8 tenant is not the first Section 8 tenant, the typical unit has been leased under Section 8 for an average of 22.75 months. During the time since first leased under Section 8, the average Section 8 unit was vacant .91 times. Among those which were vacant one or more times, 88.7 percent had an average duration of vacancy each time of less than one month.

In addition to the vacancy history of Section 8 units while in the program it is useful to examine their vacancy experience prior to entry into the program. In order to do this a series of questions was included in the landlord survey instrument which asked landlords to estimate the frequency and duration of vacancies for their Section 8 units during the three years prior to the time the unit was first leased under Section 8. The responses of landlords to this series of questions are summarized in Table VI-28. It can be seen that in the 36 months prior to entering the Section 8 program, the typical rental unit was vacant an average of .7 times with an average duration of vacancy of 1.25 months each time.

In addressing the question of what motivates private landlords to participate in the Section 8 program it is useful to view a landlord as an economic enterprise that is producing and selling a bundle of housing services embodied in a housing unit. The use of this traditional economic

TABLE VI-28

UNIT VACANCY CHARACTERISTICS
DURING THREE YEARS PRIOR
TO ENTERING SECTION 8 PROGRAM

| Characteristic | | Percent of Units |
|---|---|---|
| Vacancy Frequency 3 Years Prior to Entering Section 8 Program (Sample Size 493) | | |
| None | | 58.1% |
| Once | | 21.0 |
| Twice | | 13.8 |
| Three or More | | 7.1 |
| Mean | .70 | |
| Median | .36 | |
| Average Duration of Vacancy Each Time Vacant (Sample Size 203) | | |
| Less Than 1 Month | | 63.3% |
| 1 - 3 Months | | 26.8 |
| More Than 3 Months | | 9.9 |
| Mean | 1.25 | |
| Median | .94 | |

Data Source: Landlord Interviews

framework for examining landlord participation leads itself to certain hypothesis involving motivation and behavior which may be tested. More specifically, this model would have as its' premise the proposition that a landlord, in attempting to maximize the return from his/her rental property, will lease additional housing units up to that point where the expected rental income from an additional unit is just equal to the expected cost of renting

it. The specific question of concern, therefore, is why a landlord would be motivated to rent an additional unit in the Section 8 program vis-a-vis the unsubsidized rental market.

This question may be put into sharper focus if it is assumed that renting an additional unit in the Section 8 program is more costly than renting it to a non-Section 8 tenant. These higher costs would be in the form of increased paper work and red tape; the prospect of having to make repairs to meet standards; the reduced freedom in choosing tenants; negative feelings toward government programs, etc. Assuming the expected cost of renting it to a non-Section 8 tenant is higher than renting it to a non-Section 8 tenant, it follows, therefore, that the expected income from renting to a Section 8 tenant is higher than renting it to a non-Section 8 tenant.

The expected rental income for the landlord over a specified time period is a function of two variables. First, it depends on the level of rent charged for the housing unit over the time period and, secondly, it depends on the probability of receiving the rent continuously over the same period. The probability that the rent will be received over the period will, in turn, be a reflection of the number of times the unit is expected to be vacant and the expected duration of vacancy each time. In other words, both the mean vacancy duration and its variance is important in determining the probability of receiving a given rental payment continuously over the relevant period.

The model suggests the hypothesis that landlords will participate (rent an additional unit to a Section 8 tenant given the higher costs of participation) only if they can increase their expected rental income from such participation. Increasing the expected rental income from an additional unit leased in Section 8 may be accomplished by raising rent levels upon entry

into the program or by reducing the frequency and/or duration of vacancy.

The 1976 study in Sector B of the Phase I research concluded that landlords do not participate in Section 8 because it provides them an opportunity to raise rents or an opportunity to overcome above-average vacancy rates, nor is participation confined to landlords in declining neighborhoods. They also found that a large proportion of landlords chose not to participate because of negative attitudes toward the PHA and/or government programs as well as concern about too much government control, paper work, etc. Finally, this study concluded that the primary factor in the landlord's decision to participate was a prior knowledge of and a familiarity with the Section 8 tenant.

These findings in the Phase I research may be reconciled with the model discussed previously. The conclusion that a landlord's participation is strongly influenced by prior knowledge of the tenant implies that a lack of information about tenants combined with a lack of control over their selection may increase the cost of participation. The negative attitudes toward the program attributed to those landlords choosing not to participate may also be a reflection of participation costs. In other words, these observations are not inconsistent with the assumption of the model used here that leasing an additional unit in Section 8 is perceived by landlords to be more costly than leasing an additional unit to a non-Section 8 tenant. If, as implied by the Phase I research, landlords are not compensated for these additional costs through rent increases or by a reduction in an above-average number of units vacant, it is conceivable that they are motivated by the desire to increase their expected rental income through a reduction in unit vacancy.

A test of this hypothesis would be facilitated by a systematic comparison of the vacancy experience of Section 8 units before and after their entry into the Section 8 program. Row (1) of Table VI-29 presents a comparison of the average vacancy frequency of Section 8 units before and after entry into the program. Although the mean frequency rate of units after entry into the program is lower than prior to entry, the difference is not statistically significant. The measure of number of months vacant in row (2) of the table is the product of the units's vacancy frequency and the average duration of vacancy. The measure of vacancy experience for units after entering the Section 8 program is significantly lower than its counterpart in the pre-Section 8 period.

Although the length of the pre-Section 8 period was set by the landlord survey instrument at 36 months, the length of the Section 8 period varies across units with a mean value of 32.9 as reported in the table. In order to control for differences in the length of the periods, the measures of vacancy experience for each sample unit is divided by 36 months in the case of the pre-Section 8 period and by the actual number of months in the program in the case of the Section 8 period. The mean values for this measure of months vacant per unit of time are reported in row (4) of the table. The typical Section 8 unit was vacant an average of 1.17 days (i.e., 3.9 percent of a month) during the 36-month pre-Section 8 period.

Potential Benefits of Participation: Rents

To what extent are landlords able to raise the rent as the unit is accepted in the program? To what extent are they forced to lower rents in order to conform with established Fair Market Rents? What reasons do landlords report for changing the rents? These and other questions relating to the rents landlords are charging are discussed in this section.

TABLE VI-29

COMPARISONS OF UNIT VACANCY EXPERIENCE PRIOR TO SECTION 8 WITH VACANCY EXPERIENCE IN SECTION 8

| | Vacancy Measure | Pre-Section 8 Mean Value | Section 8 Mean Value | T-value for Mean difference test |
|---|---|---|---|---|
| (1) | Number of times vacant | 1.153 | .937 | -1.45 (Sample Size=53) |
| (2) | Number of months vacant[1] | 1.408 months | .566 months | -4.27* (Sample Size=28) |
| (3) | Time period over which vacancies measured[2] | 36 months | 32.9 months | |
| (4) | Fraction of period vacant[3] | .039 | .027 | -2.05* (Sample Size=28) |

[1]Measured as the product of the number of times unit was vacant and the average length of vacancy each time.

[2]Pre-Section 8 time period was specified in the landlord questionnaire as the 3 years prior to the first Section 8 lease. The Section 8 time period is the mean number of months since the unit was first leased in the Section 8 program.

[3]Measured as number of months unit was vacant, row (2) divided by 36 and number of months in Section 8, respectively.

*Significant at the .05 level for a two-tail test of mean difference.

Data Source: Landlord Interviews

Landlords frequently raise the rents as they begin leasing rental units to Section 8 tenants. Of all the units for which we obtained a landlord interview, we found that landlords raised the rent on 30.4 percent of them. Fifteen point six percent of units had rents lowered as they moved in the program and for 43.9 percent of the units the rent remained unchanged. The remainder of Section 8 units (10.1%) were either new or never rented before (Table VI-30). For units with a rent increase the mean increase was $25.59 and for those with a rent decrease the mean decrease was $23.72. A 95 percent confidence interval for the mean increase yields an estimate of $\$22 \leq$ mean increase $\leq \$29$ and for the rent decrease the interval is approximately $\$20 \leq$ mean decrease $\leq \$28$.

The primary reasons for rent increases and decreases and the average amounts by which the rents changed for each reason are shown in Tables VI-31 and VI-32.

TABLE VI-30

RENT CHANGE AS UNIT ENTERED SECTION 8 PROGRAM

| | Percentage of Section 8 units | Mean Increase/ Decrease |
|---|---|---|
| Increased rent | 30.4% | $25.59 |
| Unchanged rent | 43.9 | N/A |
| Lowered rent | 15.6 | $23.72 |
| Unit was new or never previously rented | 10.1 | N/A |
| Sample Size (527) | | |

Data Source: Landlord interviews.

TABLE VI-31

REASONS FOR RENT INCREASE AND AVERAGE INCREASE[1]

| | Percentage of units for which rent was raised | Average increase per month |
|---|---|---|
| Repairs were made | 51.9% | $27 |
| Had not had an increase in years | 31.3 | 28 |
| Program allowed higher rents | 23.8 | 39 |
| Higher utility costs | 16.9 | 24 |
| Higher other costs | 7.5 | 28 |
| Inflation | 5.6 | 13 |
| Scheduled increase | 5.0 | 15 |
| Includes more utilities | 3.1 | 27 |
| Improvements | 2.5 | 17 |
| Other or unknown | 4.4 | — |
| Sample Size (160) | | |

[1]Not mutually exclusive responses.

Data Source: Landlord interviews.

TABLE VI-32

REASONS FOR RENT REDUCTION AND AVERAGE DECREASE[1]

| | Percentage of units for which rent was reduced | Average decrease per month |
|---|---|---|
| HUD or PHA required lower rents | 39.0% | $25 |
| Includes less utilities | 28.0 | 18 |
| To assist tenant | 12.2 | 24 |
| Lower costs, guaranteed rent, more desirable renter | 4.9 | 40 |
| Change in use or unit size | 3.7 | 54 |
| Other or unknown | 14.6 | — |
| Sample Size ( 82) | | |

[1]Not mutually exclusive responses.

Data Source: Landlord interviews.

The major reasons for raising rent are first that repairs had to be made and second to allow landlords to readjust rents that had not been increased for a long time. In 23.8 percent of cases in which rents were raised, the landlord reported no other reason than the PHA or HUD allowed higher rents than the landlord was previously charging. Another large group of landlords invoked higher costs such as utility costs (16.9%); taxes, maintenance and/or insurance 7.5%) and general inflation (5.6%). A few units appear to be governed by a specific schedule of annual increases associated, for instance, with rent ceilings.[2]

The major reasons for the rent decreases are that the program required lower rents (39% of rent reductions) and that the unit rent includes less utilities (this, of course, is not a decrease in gross rent to the program). Twelve point two percent of rent reductions are to assist a tenant or allow a household to participate in the program. A few landlords are willing to reduce rent because of certain desirable features of the program (guaranteed rent) or because of expected lower operation costs as a result of a better tenant.

In determining the rent of a unit entering the Section 8 program landlords typically are in the same bargaining position with the tenant and/or PHA as they would be in with a potential non-Section 8 tenant, except that the situation is constrained by the applicable FMR and any rent reasonableness test employed by the PHA. In light of these constraints, it is interesting to look at the landlord's rent discussion with the tenant or PHA.

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[2]Only one county in the sample had rent ceilings. A few other references were to program related ceilings.

As shown in Table IV-33, over 35 percent of landlords were told that the PHA would allow any rent up to the FMR and 21.7 percent were told to name a rent and seek the PHA's approval. In 10 percent of the cases, the landlord pre-determined the rent and did not consider it to be open to negotiation.

An interesting picture emerges when rent change is viewed in terms of whether the PHA, the tenant, or both actually negotiated the rent with the landlord. (Table VI-34) There is a striking difference in the direction of rent change depending on who was involved in the negotiations. In over 41 percent of the cases where the PHA negotiated the rent and in almost 30 percent of cases where both the PHA and the tenant negotiated the rent, it was increased, but an increase occurred in less than 10 percent of cases when the tenant alone negotiated the rent. The reverse pattern is shown for rent decreases. A naive explanation of this difference might be that PHAs are causing rent increases when units first enter the Section 8 program. However, a look at the column total percentages in Table VI-34 reveals that the PHA is involved in all but 16.5 percent of the rent negotiations. It is likely that the tenant negotiates the rent alone only when no problem develops and the PHA gets involved when the rent is likely to increase for some reason the tenant cannot control. For instance, referring to Table VI-27, repairs were made in 52 percent of cases when the rent was increased.

Despite the relatively high incidence of units for which the rent was raised, the survey provides some evidence that the fair market rents limitation is not an inducement to landlords to charge higher rent for Section 8 than for non-Section 8 units. Table VI-35 shows that only 4.6 percent of landlords charge more for Section 8 than for non-Section 8 units, but 20 percent charge less for Section 8 units than for comparable non-Section 8

units. In many cases the non-section units may not be directly comparable; otherwise we can conclude that the Section 8 program actually forces lower rents than for similar market rate properties. This is subject to further testing but is consistent with the earlier finding that almost 16 percent of units had rent reduction upon entry into the Section 8 program.

TABLE VI-33

INFORMATION PROVIDED TO LANDLORDS CONCERNING ALLOWABLE RENT

| | Percent of Landlord |
|---|---|
| Landlord could charge no more than unit had been renting for. | 6.6 % |
| Allow 10% increase above previous rent | 2.1 |
| Allow up to FMR | 35.5 |
| Request certain amount and let PHA react to it | 21.7 |
| Rent predetermined by landlord | 10.4 |
| Told nothing/no knowledge of rent negotiations | 10.7 |
| Accepted rent requested by tenant or PHA | 9.8 |
| Other | 3.1 |
| Sample Size | 512 |

Data Source: Landlord Interviews

TABLE VI-34
CROSSTABULATION OF RENT CHANGE BY WHETHER TENANT, PHA, OR BOTH NEGOTIATED RENT WITH THE LANDLORD

| Rent Change | Percent of Landlords Negotiating Party | | | Percent of Total |
|---|---|---|---|---|
| | Tenant | PHA | Both | |
| Increase | 9.2% | 41.4% | 26.9% | 33.0% |
| No Change | 54.2 | 33.5 | 53.3 | 40.8 |
| Decrease | 28.3 | 15.1 | 10.3 | 16.3 |
| Unit not previously rented | 8.3 | 10.0 | 9.6 | 9.6 |
| Percent of Total | 16.5 | 63.1 | 20.3 | 100.0 |

Sample Size = 448

$X^2$ = 39.29 with 6 degrees of freedom; significant at the .01 level.
Data Source: Landlord Interviews

TABLE VI-35
LANDLORDS' DISTRIBUTION OF SECTION 8 RENTS RELATIVE TO NON-SECTION 8 RENTS

| Section 8 Rent Relative to Non-Section 8 Rent | Percent of Landlords |
|---|---|
| Higher | 4.6 |
| Same | 53.8 |
| Lower | 20.0 |
| No Comporable Units | 21.7 |
| Sample Size | 545 |

Data Source: Landlord Interviews

## VI.6 Landlord Satisfaction with the Section 8 Program

Judging by landlord reaction, the Section 8 Existing Housing Program appe to be very well received in rural areas. Table VI-36 shows the relative satisf tion of landlords with both Section 8 tenants and the Section 8 Program in General. Approximately 95 percent of participating landlords are either satis

TABLE VI-36
PARTICIPATING LANDLORD SATISFACTION WITH SECTION 8 TENANTS AND THE SECTION 8 PROGRAM.

| Level of Satisfaction | Percentage of distribution of Landlords | |
|---|---|---|
| | Satisfaction with Tenants | Satisfaction with Section 8 |
| Very Satisfied | 42.2% | 45.9% |
| Satisfied | 54.1 | 48.9 |
| Dissatisfied | 2.2 | 3.8 |
| Very Dissatisfied | 1.4 | 1.4 |
| Sample Size | 520 | |

Data Source: Landlord Interviews

or very satisfied with both their Section 8 tenants and the Section 8 Program.

Landlords were asked to compare their Section 8 tenants with other tenant based on each of the following criteria;

1. Frequency of maintenance requests.
2. Property damage.
3. Problems with neighbors.
4. Promptness of rent payment.
5. Incidence of non-payment of rent.

According to each of the above criteria landlords rated their Section 8 tenant to be equal to or better than other tenants. The results, summarized in Table VI-37 indicate that the majority of participating landlords have a very favorable attitude toward the Section 8 Program. This is supported by the fact tha 92 percent of participating landlords would rent to another Section 8 tenant.

TABLE VI-37
LANDLORD COMPARISON OF PERFORMANCE OF SECTION 8 TENANTS WITH PERFORMANCE OF OTHER TENANTS.

| Section 8 Tenants Relative To Other Tenants | Percentage Distribution of Landlords Reporting: | | |
|---|---|---|---|
| | More | Equal | Less |
| Maintenance Requests | 14.1 | 67.2 | 18.7 |
| Property Damage | 16.3 | 54.6 | 29.1 |
| Problems with Neighbors | 7.4 | 69.2 | 23.4 |
| Late Rental Payment | 7.9 | 61.6 | 30.5 |
| Non-Payment of Rent | 3.2 | 52.5 | 44.4 |

Data Source: Landlord Interviews