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Housing Choice Voucher Success Rates and Administrative Practices

Final Report



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and Urban Development
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Executive Summary

This report documents the findings of a study of housing agency policies and procedures that are associated with high leasing success rates in the Housing Choice Voucher program with the objective of providing information that may help other housing agencies improve their success rates.

The success rate is the share of households issued a voucher that successfully lease a unit meeting program requirements. Information on factors that affect success rates is based on in-person interviews with management and staff at seven housing agencies. The agencies were chosen for this study because they had above-average success rates compared with other housing agencies with similar housing market conditions in an earlier study. In the earlier study, the national success rate for large housing agencies operating in metropolitan areas was 69 percent, but the average ranged from 61 percent in extremely tight housing markets to 80 percent in loose markets. The success rates of the seven sites examined further in this study ranged from 76 to 96 percent. Each site's success rate was at least 10 percentage points higher than the average for sites with similar market conditions.

Relationship between Success and Utilization Rates

Even among the public housing agencies (PHAs) with above-average success rates, few routinely monitor their success rate. By contrast, all seven sites reported closely monitoring their unit and budget utilization rates—the share of available vouchers and voucher budget authority that is being used. However, there is a direct connection between the success and utilization rates. Housing agencies can generally follow one of two courses to increase utilization rates or maintain high utilization rates: they can accept whatever success rate they have and issue a sufficient number of vouchers to ensure that all available units are leased and all funds are used. Alternatively, they can take actions to improve individual participants' chances for success. The agencies participating in the study had relatively high success rates in the earlier study, and while they did not explicitly articulate a strategy of improving success rates, many of the actions they took to increase or maintain high utilization were in fact strategies that did so by improving leasing success rates.

The high utilization rates at the study sites are consistent with the close attention paid to this measure. Six of the seven program managers reported unit utilization rates greater than 98 percent. There are clear incentives in the voucher program for PHAs to focus on their utilization rate. PHAs pay their staff salaries and other program operation costs with earned administrative fees, and fees earned are based on the number of vouchers in use. Furthermore, utilization is one of the key management indicators for SEMAP, HUD's Section 8 Management Assessment Program. Finally, low utilization may result in the recapture of funded units or, under the Fiscal Year 2003 Appropriations Act, may reduce the amount of renewal funding provided to the PHA.

In this report we summarize strategies used by housing agencies that PHA staff or site visitors viewed as contributing to the chances that a family receiving a voucher would be successful at leasing a unit.

Findings on Strategies to Achieve Higher Success Rates

Program operations and strategies for improving leasing success varied considerably across the sites. Nevertheless, there are some common themes in the manner in which PHAs have modified and adapted their program operation to improve utilization by improving success rates. The strategies can be loosely categorized as:

- *Owner-based strategies* that focus on increasing the number of units available by increasing the willingness of owners to rent to voucher holders,
- *Participant-based strategies* that focus on enhancing the participants' capacity to successfully find and lease units,

- *Market-based strategies* that focus on increasing the number of rental units affordable to voucher holders.

Of the three broad strategies identified to achieve high success rates, the study found PHAs were currently placing the most emphasis on owner-based strategies. These include marketing the program to landlords who do not currently participate in the program, being responsive to issues raised by participating landlords, and expediting program operations that cause delays for owners renting a unit to a voucher holder compared with an unassisted renter.

There were fewer participant-based strategies identified for increasing success rates, and PHA staff emphasized such strategies less in discussions of key factors. Some policies PHA staff thought would help participants lease a unit—for example, security deposit assistance—were too costly to provide without special funding sources. This does not mean participant-based strategies would not be effective in increasing success rates, but just that it is not the current operational emphasis of the PHAs in this study.

Market-based strategies were tied to decisions PHAs were required to make as part of their Administrative Plan—the level to set the payment standard, rent reasonableness procedures, and the voucher-unit size for families of a particular size and composition. For these strategies, PHAs tended to make decisions that would maximize the number of units that would be affordable to voucher holders—for example, by setting the payment standard at the maximum amount.

While all PHAs cannot use, or might not choose to use, all of the strategies discussed in the report, the report describes actions that potentially can help any PHA improve its leasing success rates.

Owner-based Strategies

Conducting outreach to landlords. Outreach efforts can improve success rates if they increase the number of landlords willing to rent a unit to voucher holders. Six of the seven study PHAs made concerted outreach efforts to landlords, including four that hired staff specifically to recruit new landlords. Outreach activities took a variety of forms, including:

- Conducting regularly scheduled orientation sessions for new and prospective landlords;
- Recruiting landlords who advertised in the newspaper or in apartment guides;
- “Cold-calling” property managers to educate them about the program;
- Joining apartment owners’ associations and making presentations to the associations;
- Mass mailings to landlords;
- Placing newspaper advertisements publicizing the program benefits for landlords; and
- Establishing Web sites geared toward owners.

Reducing initial housing quality standards (HQS) failures. Reinspection of a unit that fails the initial inspection adds considerable time to the lease-up process, resulting in lost rental income for owners. Accordingly, several PHAs have adopted strategies for reducing initial unit failures.

- Several sites provided HQS checklists or made other efforts to encourage landlords to make necessary repairs prior to the arrival of the inspector. The checklists were passed out at landlord orientation meetings and workshops, posted on the PHA Web site, and given to voucher holders in the briefing packet so that they could give them to prospective landlords. One site developed a video on HQS that PHA staff showed to prospective landlords and ran on a local cable access channel.
- Another common strategy, used by five of the housing agencies, was to have inspectors bring batteries to the inspection to avoid failing a unit because of an inoperable smoke alarm. A few PHAs also equip their

inspectors with items such as tool kits, electric plate covers, and smoke detectors to enable them to address other common, but minor, fail items. These inexpensive services save the PHA and the landlord the time and trouble of a second inspection.

Making prompt housing assistance payments to landlords. Unassisted renters usually pay the first month's rent at the time they sign their lease. While voucher holders may pay their portion of the rent when the lease is signed, the PHA portion of the rent is not paid until the contract data is entered into the PHA's computer system and the PHA does a check run. All PHAs agreed that getting paid on time was important to landlords and that the shorter the time it takes for landlords to receive the first housing assistance payment (HAP), the more likely landlords will be to participate in the program.

- Five of the seven housing agencies do weekly check runs, so they can produce the first HAP check in four to ten days, depending on when in the cycle the lease is signed and entered into their system.
- Two PHAs offered late payment fees to offset landlord concerns about late HAP checks. Staff at both sites publicize their late payment policy and said it helps draw landlords to the program. It also served as an incentive to PHAs to get the checks out on time, as late payment fees must be paid out of administrative fee reserves and not charged as HAP payments.

Engaging owners in program design. Several PHAs actively sought input from landlords about the operation of their program and issues that make landlords reluctant to rent to voucher holders.

- Three PHAs conducted landlord surveys to identify areas of owner dissatisfaction with the operation of the voucher program and to help the PHA set priorities for management improvements.
- Two large PHAs formed standing owner advisory committees to provide the landlord's perspective on program issues. The committees meet monthly and provide input on such issues as HQS inspections, rent determination, and screening policies. They also help the PHA design landlord outreach strategies.

Providing inexpensive perks that save landlords money. Staff at two housing authorities described special "perks" for owners that were intended to make the voucher program more inviting to landlords, yet cost the housing agency very little.

- One housing agency negotiated with a local firm to provide discounted criminal and rental history background checks to owners considering a voucher holder as a tenant.
- Another housing agency made an arrangement to provide participating landlords with free paint from the city water department and to receive discounted wallpaper from a local hardware store.

Participant-based Strategies

Processing applicants expeditiously. A number of PHAs in the study reported making changes in their intake processes to reduce processing time and get vouchers into the hands of eligible applicants more quickly. This may affect the PHA's success rate by allowing applicant families sufficiently motivated to respond to the invitation to an eligibility interview to maintain a high level of motivation as they begin searching for a new home.

- Two PHAs invite applicants from the waiting list to come in for an eligibility interview, and then attempt to verify eligibility and conduct a briefing on the same day. A large PHA initiated this practice as part of a lease-up effort that brought hundreds of voucher holders together at an off-site meeting place to verify

eligibility and conduct briefings. The other PHA verifies eligibility and conducts individual briefings at the PHA.

- Two sites schedule eligibility interviews and briefings on the weekends or in the evenings if an applicant is unable to come during the day. This is helpful for working recipients and those with other schedule limitations.

Making briefings more informative and motivational. The briefing is the PHA's main chance to provide information to recipients on PHA expectations and program rules and to provide advice for the housing search. PHAs used a variety of techniques to prepare the families to conduct a successful housing search.

- Two PHAs have an interactive style of briefing, with games and prizes for answering questions, as a way to keep participants focused and interested in learning about the program. Both also hand out moving and cleaning supplies, reinforcing the message that the respondent will be moving to a new unit soon.
- One PHA uses a rental assistant (and former client) as a briefer. She serves as "the light at the end of the tunnel" for voucher recipients beginning their search process. Another site uses a professional trainer to brief voucher recipients. Her lively delivery keeps the audience's attention and likely results in better retention of the information presented.
- One PHA also has an effective motivational tool to encourage people to find a unit quickly. The briefer talks about the value of the voucher and discusses how much money the recipient is losing each month he or she does not lease a unit meeting program requirements.

Promoting the option of leasing in place. Driven by tight markets, two of the study PHAs actively encourage leasing in place (that is, using the voucher in the family's current housing unit). One site points out to voucher holders that by initially leasing in place, they give themselves a full year to search for housing without having to worry about their voucher expiring.

Identifying sources of assistance for security deposits. Several PHAs cited voucher holders' lack of funds for security and utility deposits as major obstacles to leasing success. One PHA was able to obtain a grant from the county community development agency to subsidize security deposits, while other PHAs were able to refer voucher holders to agencies in the community that could provide such assistance.

Market-based Strategies

Adopting appropriate payment standards. The payment standard, or maximum allowable rent for units in the program, directly affects the number of units potentially available to voucher recipients. Increasing the payment standard increases the number of units that an assisted family can lease, while a payment standard that is too low for the market can unduly limit options and make it more difficult for a recipient to lease a unit. Five of the seven sites had established payment standards at the top of the basic range, 110 percent of the published Fair Market Rent (FMR) for their jurisdiction.

Using lenient voucher unit-size standards. PHA policies regarding voucher unit size—the number of bedrooms that will be allowed for families of various sizes and compositions—also directly affect the number of units available to participant families. If the PHA's standard is more lenient and provides a larger bedroom-size voucher for the family, there are more affordable units available. (Voucher holders can lease a smaller unit than their voucher allows, as

long as HUD's thresholds for occupancy of a unit are not compromised.¹) Three of the four PHAs operating in the tighter housing markets used lenient voucher unit-size standards—for example, providing a two-bedroom voucher for a mother and infant rather than a one-bedroom voucher.

Expanding the areas in which units can be leased. Generally, families can choose units outside the jurisdiction of the PHA that issued the voucher. The voucher either is absorbed into the other PHA's program or the "receiving" PHA bills the "sending" PHA for the subsidy costs under the program's "portability" rules. One study PHA entered into cooperative agreements with other PHAs within a 50-mile radius of its jurisdiction to allow voucher recipients to lease in another housing agency's jurisdiction without formally "porting" to that jurisdiction. From the housing agency's point of view, the immediate benefit of this arrangement is that it limits the number of port-outs, which can adversely affect program utilization if the port-outs are absorbed by the receiving agency. The arrangement gives voucher recipients a wider choice of neighborhoods, housing types, and owners than they would otherwise have without porting, while allowing them to avoid the bureaucratic hurdles involved in a formal portability move.

Willingness to Make Adjustments

An important factor common to the sites with above average success rates is a willingness to seek input from a variety of sources and to make appropriate changes to the program. Changes were driven by a variety of sources, including extensive and rigorous monitoring that identified problem areas; a good working relationship between staff and management that allowed anyone to identify problems and suggest changes; a philosophy of experimenting with changes; and a willingness to respond to input from landlords, clients, or other PHAs. In some cases, the changes were driven by a tightening housing market or policies developed for special allocations of vouchers targeted to specific groups of applicants. Below are a few examples of how the study sites were willing to consider and implement changes to their programs.

- One PHA formed a "Solution Team" of rental program and public relations staff to conduct research with landlords and voucher holders on changes needed to increase the PHA's utilization rate in an extremely tight housing market. The solution team continued to meet weekly to evaluate the new processes' effectiveness and make adjustments as necessary. The result was a new landlord outreach campaign; a redesigned briefing that emphasizes how participants can market themselves as desirable tenants; a fast-track inspection (within 24 hours); and a partial first month's payment at the time the HAP contract is signed and direct deposit of HAP payments.
- Through a survey of landlords, one PHA learned that the rent reasonableness determination was taking too long and revised its procedures so the information passes through fewer hands and the determination can be made more quickly.
- Special funding allowed staff at one PHA to implement group "recall" sessions for voucher holders seeking extensions to the term of the voucher. At these sessions, voucher holders were encouraged to discuss the obstacles they were encountering and what could be done to overcome them. This led to changes in the PHA's briefings—for example, adding a discussion of basic search strategies.

Willingness to adjust the program in response to self-identified problems or to issues raised by landlords or voucher holders is likely to result in a more efficient and customer-friendly program which, in turn, can result in higher success rates.

¹ If the voucher recipient chooses a smaller unit than the family is eligible for, their subsidy is based on the payment standard of the smaller bedroom-size unit. This leaves them no worse off financially than they would have been with a smaller bedroom-size voucher.

Chapter 1. Introduction

The purpose of this study is to identify housing agency policies and procedures that are associated with high success rates in the Housing Choice Voucher program, where success rate is defined as the share of households issued a voucher that successfully lease a unit meeting the program requirements. This information can provide insight into practices that may help housing agencies improve their success rates.

Information on factors that affect success rates is based on in-person interviews with management and staff at seven sites with above average success rates and our analysis of the consistency and support for opinions of different staff members within a housing agency and across the study sites. The seven housing agencies chosen for this study were selected from among 51 sites that participated in a quantitative study of success rates in the year 2000 and had above average success rates compared to other housing agencies with similar housing market conditions.²

The remainder of this chapter provides background on the voucher program and an overview of the study objectives, site selection, and the data collection approach. Chapter 2 describes the basic voucher program requirements and the typical sequence of events from application to lease-up to set the context for the more detailed case studies in Chapter 3. The seven case studies describe the operation of the program and the key drivers of success rates at each site. Chapter 4 summarizes the policies and procedures across the study sites, identifying common practices that may be associated with higher success rates and less typical practices used by one or more of the housing agencies. Chapter 5 describes some suggestions for future research.

1.1 Background on the Housing Choice Voucher Program

The Housing Choice Voucher (HCV) program is the largest subsidized housing program funded by the U.S. Department of Housing and Urban Development (HUD). In 2002 more than 1.9 million low-income families received assistance at a cost of approximately \$12 billion. The program is administered by local public housing agencies (PHAs) under contract with HUD. Eligible applicants receive a voucher and have a defined period of time to find and lease qualifying units in the private rental market. The units must meet HUD's Housing Quality Standards, and the rents charged cannot exceed rents for comparable units in the market area. When the unit is approved by the PHA, the family pays approximately 30 percent of its monthly income toward the cost of rent and utilities, and the PHA subsidizes the rest. Not every family or individual that receives a tenant-based voucher succeeds in finding a qualifying unit. If a family reaches the end of its search time without finding a suitable unit, its voucher expires and is re-issued to another eligible family. The percentage of families that receive a voucher and are able to find and lease a unit with program assistance is referred to as the "voucher success rate." This rate varies widely across PHAs.

Since 1985 HUD has conducted three studies to determine national voucher success rates based on calculated success rates for PHAs included in a nationally representative sample of large housing agencies operating in metropolitan areas. The first study measured the success rate in the program from 1985 to 1987 and reported a national success rate of 68 percent. In 1993, the second study reported a national success rate of 81 percent, and for the year 2000, the national success rate was 69 percent.

The implication of a 69 percent success rate is that 31 percent of families who have made it through a waiting list and an eligibility determination and who have received a voucher are not able to receive the benefit of the Housing Choice Voucher program. Furthermore, PHAs expend limited resources to process, brief and assist voucher recipients, and in a substantial fraction of cases must do this more than once to result in a lease-up using a single

² The most recent success study was based on vouchers issued between April and September 2000. See, Finkel and Buron, 2001. "Study on Section 8 Voucher Success Rates, Volume 1: Quantitative Study of Success Rates in Metropolitan Areas." A report prepared for HUD's Office of Policy Development and Research. In the rest of current report, it is referred to as the 2001 Success Rate Study.

voucher. Finally, if the share of unsuccessful recipients is sufficiently large, this provides scope for fair housing concerns and questions about the incidence of success and failure in leasing up with a voucher.

To some observers variations in voucher success rates are considered the inevitable result of variations in local market conditions across the country and over time, and not amenable to intervention. Similarly, some believe that since the voucher program is not an entitlement program, low success rates in some areas are unfortunate for the families who wait years to receive their vouchers and then fail to find units, but may be acceptable from the PHA perspective, as long as the assistance is used by another eligible family and is not a reflection of fair housing violations.³

However, if success rates are amenable to intervention and administrative actions are taken to improve success, fewer families will lose their chance to use a housing voucher. Furthermore, even from the more limited perspective of PHA program management, there is an immediate and compelling reason to be concerned about success rates. There is a direct connection between voucher success rates and program utilization⁴—the number of units receiving voucher assistance as a percentage of units for which funding is provided to the PHA. The connection is that the higher the success rate, the fewer the vouchers that need to be issued to achieve high utilization rates. PHAs with low success rates have to work harder, do more determinations of eligibility, and issue more vouchers to lease up all available units. Coping with this increased workload increases the administrative burden of certifying eligible families and requires PHAs to redirect resources that would otherwise be available for other program activities. Not coping with the increased workload results in underutilization of available housing assistance.

In recent years HUD has taken a series of increasingly stronger positions on low- or under-utilization. The Section 8 Management Assessment Program (SEMAP), implemented in FY2001, awards a relatively high number of points for PHAs that achieve lease-up (utilization) rates of 95 percent or more, and a PHA's shortfall in this area can preclude an otherwise outstanding PHA from achieving high-performer status or cause a marginal PHA to be designated as troubled.⁵ In FY2002 HUD implemented regulations that allow for the involuntary recapture of units and funding that remain unused by PHAs for long periods of time and their transfer to PHAs with higher utilization rates. Furthermore, the Fiscal Year 2003 Appropriations Act made statutory changes that base voucher funding renewals on the number of units currently receiving assistance under a PHA's program, so unutilized vouchers will not be funded.⁶

1.2 Overview of Study Research Questions, Site Selection and Data Collection Approach

1.2.1 Study Questions

The primary objective of this study is to understand PHA administrative policies and procedures and other local factors that play an important role in achieving high voucher success rates. Data collected from seven study sites provided detailed information on how PHAs operate their voucher programs. The data are used to develop case studies on each site, as well as cross-site analyses, to address the following questions:

³ Fair housing violations might be suspected if protected groups had a lower success rate, controlling for other factors that might affect an individual's chances of success (e.g., availability of the needed unit size, search effort by respondent, and credit and criminal background history that landlords use to screen potential tenants).

⁴ This statement does not imply that high success rate sites are necessarily high utilization sites or vice versa. PHAs can overcome low success rates to achieve high utilization rates—for example, by issuing a higher number of vouchers per available slot. See Chapter 4 for a more complete discussion of the relationship between success and utilization rates.

⁵ SEMAP awards 20 points for utilization rates of 98 percent or above, 15 points for rates between 95 and 98 percent, and zero points for rates below 95 percent. The total possible SEMAP score is between 130 and 145 points, and a PHA must earn at least 90 percent of the points to be rated a high performer. Thus, it is not possible to be a high performer based on SEMAP with a utilization rate less than 95 percent.

⁶ At this time, the funding reduction is not permanent. If the PHA steps up leasing, it can get the balance of its funding, up to the baseline amount from a central reserve.

- What program operating procedures are associated with high success rates?
- What types of information and assistance provided to voucher holders are associated with high success rates?
- What policies for setting the payment standard and determining acceptable rents for individual units are associated with higher success rates?
- What landlord outreach or program procedures affecting landlords are associated with high success rates?
- What management and staffing policies are associated with high success rates?
- Are there any innovative or unusual policies or procedures that have contributed to high success rates?

1.2.2 Study Site Selection

The objective of the sample selection process for this study was to choose a diverse group of sites with above-average success rates from sites in the 2001 Success Rate Study.

The 2001 Success Rate Study gathered and analyzed data on success rates for 51 large metropolitan-area PHAs. Success rates for each PHA were estimated by tracking information from the first 50 persons issued a voucher between April and September of 2000. PHAs were helped to track and calculate their success rates by software specifically designed for the study, so that the success rates were calculated rigorously and consistently across sites.

To select sites for the current study, we regressed these mid-2000 success rates on factors that might affect success rates but could not be a reflection of PHAs' policies and procedures, in order to generate predicted success rates. The factors we controlled for included housing market conditions, recipient demographic and income characteristics, and the types of vouchers issued by the PHA (that is, whether vouchers were part of special programs). We then ranked the 51 PHAs by comparing the differences between their actual success rates and the success rates predicted by the models. First, we ranked sites by how far above average their success rate was within their market tightness category: very tight (0 to 1.9 percent vacancy rate), tight (2 to 3.9 percent), moderate (4 to 6.9 percent), and loose (7 percent or higher). For this first ranking, we used market conditions reported by local experts on the tightness of the local housing market in the range affordable to voucher recipients. In the 2001 Success Rate Study, this was judged the most reliable measure of market conditions available for all the metropolitan areas in the study. We repeated this ranking scheme using an alternative measure of market conditions—Census data on the overall vacancy rate in the local jurisdiction. We then ranked sites based on the difference between their actual success rate and their predicted success rate from a regression analysis controlling for both market conditions and demographic characteristics of recipients. A final set of regression analyses also controlled for the types of vouchers issued (e.g., standard, Welfare-to-Work, and public housing relocation).

While the site's success rate ranking was the primary determinant of whether to select a site, we also looked for a diverse group of sites. We did not simply select the seven highest performers according to our ranking scheme. Instead, we selected the seven sites from among the top performers so that the sample would offer variation in market tightness, program size, geographic location, and PHA utilization rate. HUD reviewed the recommended sites to eliminate sites that had recent management problems or other issues that might make them poor candidates for the study, and one high-ranked site dropped out because the HCV Program Director had just retired.

Some basic information about the seven sites participating in the study is shown in Exhibit 1-1.

Exhibit 1-1
Seven Sites for Housing Choice Voucher Success Rate Study

PHA	Success Rate in 2000	Ranking Among 51 Sites	Market Tightness in 2000	Program Size in 2000 (# of vouchers)	Region	Unit Util. Rate in 2002
Chicago, IL	76%	15	Tight	25,233	Midwest	93%
Cuyahoga, OH	88%	9	Moderate	11,909	Midwest	95%
El Paso, TX	96%	8	Loose	3,487	South	99%
Everett, WA	87%	7	Tight	1,265	West	89%
Grand Prairie, TX	78%	14	Tight	1,332	South	105%
Kenosha, WI	84%	5	Very Tight	808	Midwest	84%
San Diego Hsg. Commission	88%	2	Very Tight	8,399	West	99%

Notes: The ranking presented here is based on the difference between actual success rate in 2001 Success Rate Study Sample and the average success rate for PHAs in same market tightness category. Rankings based on multivariate regression analysis controlling for market conditions, demographic characteristics of voucher recipients, and type of vouchers issued were also taken into account in selecting sites. The site characteristics are based on information from the 2001 Success Rate Study, except for the unit utilization rate, which was provided by HUD in August 2002.

The final sample distributions characteristics are as follows:

- **Market Tightness:** Two of the sites were operating in very tight housing markets (vacancy rate less than 2 percent), three were operating in tight markets (vacancy rate of 2 to 3.9 percent), and two were operating in moderate or loose markets (vacancy rate of 4 percent or higher). The tightness of the local housing market may affect the types of PHA policies and procedures that are effective in achieving a high success rate.
- **Program Size:** Three of the sites operate relatively small programs (800 to 1500 vouchers)⁷, two operate relatively large programs (3,400 to 8,400 vouchers), and two operate very large programs (over 11,000 vouchers). The size of the voucher program may affect the size and degree of specialization of the housing authority staff, which may lead to different policies for achieving a high success rate. Furthermore, smaller sites may be able to offer more personalized service, while larger sites may have economies of scale for offering special services.
- **Geographic Distribution:** Three of the sites are in the Midwest, two are in the West, and two are in the South.⁸ The region of the country may affect the type of housing stock available for recipients and the attitudes of landlords and recipients towards the program, which may affect success rates.
- **Utilization:** The unit utilization rate ranged from 84 to 105 percent, with four of the sites at or above 95 percent. The range in utilization rates may help us better understand the connection between utilization and success rates.

⁷ The 2001 Success Rate Study included only PHAs that operated in metropolitan areas and had at least 800 vouchers.

⁸ Two housing authorities in the Northeast were recommended initially, but one was eliminated because of recent management problems and the other was unwilling to participate. No suitable replacements in the Northeast were identified among the PHAs that participated in the 2001 Success Rate Study.

1.2.3 Data Collection Approach

The primary source of data was in-person discussions with voucher program staff during one-and-one-half day site visits to each of the participating housing agencies. Data were collected by two-person teams of site visitors. Before the visit, site visitors had access to site profile reports, including data on program and market characteristics and maps of the locations of voucher recipients showing the poverty rate, minority concentration, rent burden, and vacancy rate of the Census tracts (based on 2000 tract boundaries and 2000 Summary File 3 data).

Site visit teams used a standardized interview guide that was pre-tested for clarity and completeness during the first two visits. The guide is a list of open-ended questions and prompts designed to elicit discussion of key study issues. It contains questions on:

- The size and nature of the program;
- Waiting list management policies and preferences;
- PHA processing of applicants selected to receive a voucher;
- Briefings of new voucher recipients;
- Housing search assistance;
- Landlord relations and outreach;
- Staff qualifications and training;
- Program monitoring tools; and
- Availability, affordability, and quality of housing in the local market.

At each site we interviewed the key staff responsible for designing and implementing the Housing Choice Voucher program. This typically included the Executive Director, the HCV Program Director, and the staff people responsible for determining eligibility, conducting briefings, inspecting units, and conducting landlord outreach and support services.

The use of a standardized guide allowed us to cover a wide range of issues and practices that might be related to success rates, even if these were not foremost in interviewees' minds. Conducting multiple interviews allowed us to "triangulate" on issues and identify inconsistencies in facts and views, although we did not perform an independent file review or interview any external audiences. We concluded the site visits by bringing key interviewees together to independently rank a standard list of potential success factors on secret ballots, then to discuss these rankings in a group context. This allowed us another opportunity to reach consensus on key factors affecting success rates and identify contradictory information.

Site visitors also observed management and staff interactions, and interactions with clients. When possible, we scheduled the site visit so we could attend a briefing session for voucher recipients. We were able to attend briefings at four sites. We also attended a landlord orientation session at one site.

Along with the original data collected on site from interviews, we also used a series of secondary data sources, including the 2001 Success Rate Study, HUD administrative data, Census data, and data from the National Low Income Housing Coalition⁹ to provide additional background information on the local market and the PHA.

⁹ NLIHC (www.nlihc.org) provided data on a housing affordability measure—the number of hours of work at the minimum wage a person would need to work to afford a rental unit at the Fair Market Rent without having to pay more than 30 percent of their income in rent.

1.3 Identifying Practices Related to Success

This study collected detailed information on program operations for a purposively selected sample of seven PHAs. It is not a large, nationally representative sample of sites enabling estimates of the marginal impact on success rates of changing one policy. Instead, we relied on the judgments of PHA staff running programs that have high success rates. Because they are running high success rate programs, they should have knowledgeable opinions on the factors important to success rate. We analyzed the consistency and support for opinions of different staff members within a housing agency and across the study sites. We also observed some program operations on site to better understand how what PHA staff reported was put into practice. Based on the analysis of PHA staff perceptions within the context of our knowledge of the voucher program overall and at operations at non-sample sites, we arrived at the findings in this report.

Chapter 2. Housing Choice Voucher Program Process Description

To understand specific policies and procedures that have been adopted by housing agencies with above-average success rates, it is helpful to understand basic voucher program requirements and the typical sequence of events from application to lease-up. The following is a generic description of those requirements and procedures not restricted to the current study's sites. Exhibit 2-1 provides a diagram of the steps involved.

2.1 Applying for the Housing Choice Voucher

Low-income persons may apply to their local public housing agency (PHA) for voucher assistance whenever the PHA's waiting list is "open." Program regulations allow PHAs to "close" their waiting lists (stop taking applications) whenever they determine that the list exceeds the number of applicants likely to receive applications during the next year. Some PHAs take advantage of this provision to limit the amount of time they spend taking applications from applicants unlikely to receive assistance any time soon, while others do not.

Most PHAs have long waiting lists, and applicants' circumstances may change over time so that they are no longer in need of voucher assistance. Many PHAs regularly "purge" their waiting lists, contacting all applicants and requesting that they update the information on their application as needed. Applicants who do not reply to a purge letter are dropped from the waiting list. Regular purging of the waiting list increases the number of applicants who respond to letters of invitation from the PHA when vouchers are available.

PHAs generally place applicants on the waiting list based on the date and time of their application and on any selection preferences adopted by the PHA's governing body. If a PHA has preferences, applicants meeting the preference criteria jump ahead of applicants without preferences who applied earlier. Typical preferences are:

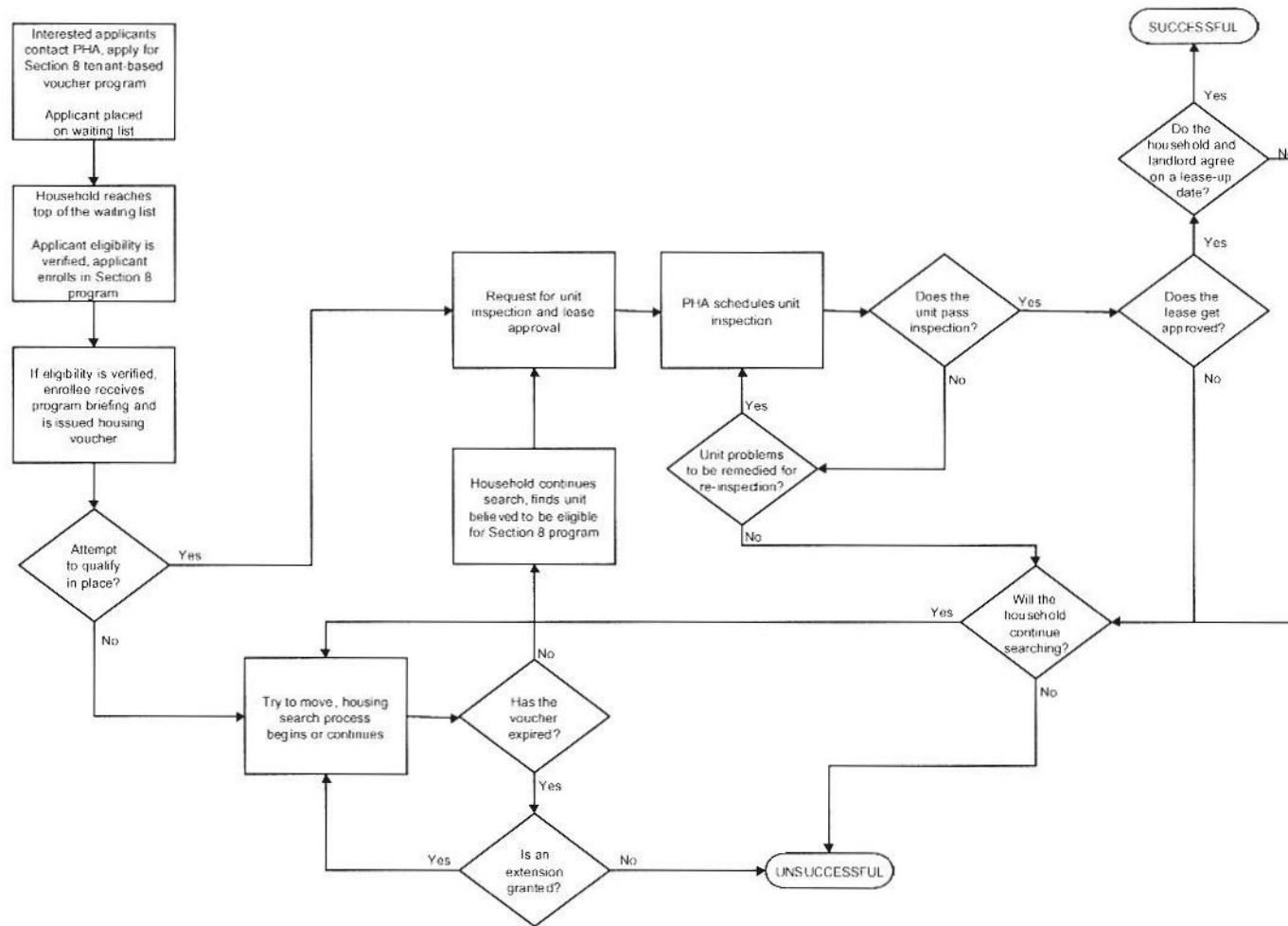
- Residents of the jurisdiction and those who work or have been hired to work in the jurisdiction,
- Need-based preferences (various combinations of displacement, substandard housing, and/or excessive rent burden),
- Preferences for elderly and/or disabled families, and
- Preferences for working families, plus elderly and/or disabled families who are unable to work.

Some PHAs do not have preferences, but simply serve people in the order their application was received. Some PHAs have rejected the date/time and preference model and instead adopted lottery systems as an equitable method for allocating scarce vouchers. These PHAs typically limit the number of applicants placed on the waiting list and advise rejected applicants to re-apply the next time the list opens.

In recent years PHAs have also received "targeted" voucher funding from HUD for persons in specific circumstances. The most common targeted voucher programs include:

- Public housing relocation vouchers for families displaced by the demolition or disposition of their public housing units,
- Opt-out and preservation vouchers for families living in privately-owned assisted developments whose owners terminate their project-based contracts with HUD,
- Vouchers to achieve policy objectives for certain households, including Welfare-to-Work vouchers for families actively working toward independence from welfare assistance and Family Unification (FUP) vouchers to support the reunification of families with children in foster care, and
- Litigation vouchers provided to PHAs to allow them to comply with court orders.

Exhibit 2-1
Process of Household Participation in Housing Choice Voucher Program



Source: Carissa Climaco, Larry Buron, Neelima Grover, and Max Shestopolav. (April 20, 2000). "Training/User's Guide for the Section 8 Housing Choice Voucher Program Tracking System." A report prepared for the Office of Policy Development and Research at the U.S. Department of Housing and Urban Development.

Applicants for all these special vouchers do not come from the PHA's waiting list, but are instead referred by designated agencies within the community.¹⁰ They receive their vouchers as soon as their eligibility is determined, and they may receive additional support for their housing search from the referring agencies or the PHA.

The management of the waiting list can have an impact on success rates in a number of ways: First, since staff time is scarce, processing many applications beyond the number likely to receive housing assistance can take resources away from other activities. Second, the composition of the waiting list and the other sources of applicants (those eligible for targeted vouchers) can have an impact on success rates if substantial proportions of these individuals or families are particularly challenging to house.

2.2 Processing of Applicants from the Waiting List

Most PHAs place applicants on the waiting list based on information provided by the applicant, without verification. When the applicant reaches the top of the list and a voucher is available, the PHA schedules an eligibility interview to obtain current information regarding the applicant's preference status, income, and allowable deductions. The PHA is required to obtain third party verification of all pertinent information prior to issuing the applicant a voucher. Applicants who fail to document their preferences are returned to the waiting list, and applicants determined ineligible are dropped. Applicants determined eligible are scheduled for a briefing. The briefing usually takes place within a month of the eligibility determination.

Program regulations require PHAs to provide applicants with an oral briefing before they receive a voucher. At a majority of PHAs only the head of household is required to attend the briefing, but some PHAs require all adult household members to attend. The briefing includes mandatory information on the operation of the voucher program, on family and owner responsibilities, and on where the voucher holder may lease a unit. Voucher holders also receive a briefing packet containing additional information required by HUD or considered useful by the PHA. PHAs usually conduct group briefings for most applicants, but some do one-on-one briefings for all applicants. All PHAs make some provision for applicants requiring accommodation because of a disability or a language barrier. Vouchers usually are issued at the end of the briefing.

The quality of the briefing should be expected to have a positive effect on success rates, all other things equal, as the briefing can be used both to motivate recipients and to provide important information on local housing conditions, program regulations, and search assistance available through the PHA.

2.3 Housing Search and Lease-Up

PHA policies determine the "term" of the voucher—that is, the amount of time that a voucher holder has to find a unit. The regulatory minimum is 60 days, but PHAs may allow longer terms, either initially or for voucher holders who meet PHA criteria, if any, for extensions of the term. Some PHAs provide longer terms—initial terms of 120 or even 180 days are not uncommon—because they expect that voucher holders will have some difficulty finding a unit. Other PHAs set shorter terms to encourage voucher holders to start looking immediately. The PHA does not earn administrative fee during the time voucher holders are looking for units—the fee begins only when voucher holders lease their units.¹¹

Under the housing choice voucher program it is the responsibility of the family to find a suitable unit to lease—a unit that:

¹⁰ Welfare-to-Work vouchers are issued to people on the waiting list, but only if the applicant meets the eligibility criteria for such a voucher (e.g., current or recent welfare recipient). If there are not enough eligible applicants on the waiting list, a PHA can open its waiting list to add eligible families who will be next in line for the Welfare-to-Work voucher.

¹¹ In addition to funds to pay rental subsidies for voucher recipients, HUD provides administrative fees for the operation of the voucher program. Administrative fees pay staff salaries, office rent, and other operating costs.

- Has a reasonable rent compared with unassisted units in the market area,
- Is affordable with voucher assistance, and
- Meets housing quality standards (HQS).

PHAs provide varying degrees of search assistance to voucher holders, typically including listings of available units or owners who have expressed an interest in leasing to assisted families, plus the name of a PHA staff member to contact with questions or problems. For families relocated from public housing, PHAs may receive special funds for intensive counseling and search assistance and the costs of security and utility deposits and moving expenses.

The quality of housing search assistance should be expected to have a positive effect on success rates, other factors held constant. In contrast, the term of the voucher may have a more complicated relationship with success rates. A short voucher term may either motivate recipients to search in an efficient manner (increasing success) or provide an inadequate amount of time for search (decreasing success).

Before approving a unit for a voucher holder the PHA must determine that the rent for the unit is reasonable based on the rents for comparable units in the market. PHAs are charged with collecting market data to support these rental comparisons and with developing written methods to determine and document that rents for all units accepted into the program are reasonable. Procedures that fail this "rent reasonableness" test compromise the PHA's standing with HUD, but procedures that unduly restrict the rents allowed or are overly time-consuming and cumbersome may discourage owners who otherwise would be willing to participate in the voucher program.

HUD publishes Fair Market Rents (FMRs) annually for jurisdictions throughout the United States. The FMRs are generally set at the 40th percentile rents for standard rental units in the area. Based on these amounts, PHAs set "payment standards" between 90 and 110 percent (the "basic range") of the published FMR. The payment standards, which vary according to the size of the unit and, if the PHA chooses, the location of the unit within its jurisdiction, are used to calculate the subsidy that participants receive under the voucher program. The participant pays approximately 30 percent of adjusted income toward the cost of rent and utilities, and the PHA pays the balance of the cost up to the payment standard. If the gross rent (including the cost of any tenant-paid utilities) exceeds the payment standard, the participant pays 30 percent of income plus the amount that exceeds the payment standard. Program regulations impose a 40 percent "affordability cap" on the amount of its income a family can pay initially to lease a unit. The cap does not apply to subsequent rent increases or to reductions in the participants' income. Because it determines the subsidy a participant receives, and the amount he or she can afford to pay for housing, the payment standard has a profound effect on whether—and where—participants can lease.

PHAs that determine that payment standards greater than 110 percent of the published FMR are needed in their jurisdiction may apply to HUD for approval to establish higher payment standards under one of several conditions:

- Any PHA may request "exception rents" for defined geographic areas with rents exceeding the average for the metropolitan area;
- 50th percentile FMRs are permitted in selected metropolitan areas found by HUD to have historical voucher use concentrated in portions of the metro area; and
- PHAs with success rates below 75 percent may request higher payment standards.

Minimum housing quality standards are defined by program regulations. PHAs have the option to establish higher standards, consistent with local codes or local custom. Formerly, HUD reviewed these higher standards to ensure that they did not unduly restrict voucher holders' choices, but the requirement for HUD review has been eliminated.

Some PHAs impose higher standards to upgrade the image of the program and improve local acceptance of assisted families.

When a voucher holder locates a suitable unit, (s)he and the owner sign and submit a Request for Tenancy Approval that tells the PHA that the unit is ready for inspection. A unit must pass HQS inspections before a Housing Assistance Payment (HAP) contract—the contract between the owner and the PHA for the portion of the rent the PHA pays—is signed. PHAs are encouraged by HUD to perform these inspections quickly, to help program participants compete successfully with unassisted prospective tenants, particularly in tight housing markets.

When a unit is approved, the owner and the tenant sign a standard lease agreement, and the owner and the PHA sign a HAP contract. The HAP contract is a standard HUD form, and no changes can be made, except for changes to the initial and subsequent length of the agreement. The initial term is generally one year, but PHAs recently have been given the authority to approve shorter terms if shorter leases are consistent with local market practice (for example, in resort communities).

These extra processes for renters using vouchers—the rent reasonableness determination and the inspection, as well as the time it takes the PHA to make the first subsidy payment to the owner, can delay the time the owner begins receiving rent for a unit. The longer the delay, the less likely a landlord is to be willing to rent to voucher recipients and the more difficult it will be for voucher holders to “succeed.”

2.4 Program Staffing and Monitoring

The PHA's administrative costs for operating the housing choice voucher program—including staff salaries and benefits—are funded by administrative fees earned for each unit under lease on the first of each month. A minor adjustment to this formula—a higher fee for the first 600 units—compensates to a limited extent for the lower fee revenues available to small programs. Nevertheless, smaller PHAs have smaller staffs and fewer opportunities to develop specialized staff positions or to secure specialized training for staff members. Specialization and training might be expected to improve the productivity of PHA staff whose roles relate directly to recipients' success in using their vouchers.

Most PHAs use automated systems to track applicant and participant information, to issue monthly HAP checks, and to submit required data on program participants to HUD. Most PHAs use standard software packages supplied by a handful of nationally recognized vendors. A few use HUD's free Family Reporting System (FRS) software, which tracks and reports participant data but does not support the issuance of HAP checks. All of these systems provide basic reports on program activities and allow trained personnel to generate ad-hoc reports. There is considerable variation in quality.

PHAs develop their own internal reporting standards, routine reports required by program staff and periodic reports to the PHA Executive Director and the PHA's governing body. PHAs are required to transmit data to HUD monthly on individual participant transactions (voucher issuance, expirations, lease-ups, rent changes, moves, and terminations). They must submit to HUD annual certifications of their performance against indicators included in the Section 8 Management Assessment Program (SEMAP) and annual financial reports to HUD. All of this program monitoring should give PHA management and staff the opportunity to identify and correct problems that might result in lower success rates and to identify opportunities for greater productivity.

Chapter 3. Case Studies

This chapter presents case studies on the seven sites. The case studies provide a picture of how the study PHAs administer the voucher program and the strategies they have implemented to maintain or improve voucher success rates. Each case study provides an overview of the PHA and brief descriptions of how it manages key elements of the voucher program, including: waiting list and applicant selection; eligibility and screening; briefing and voucher issuance; HQS and rent reasonableness; and owner relations. The case studies also discuss PHA staffing and management practices. Throughout, we offer insights into how particular PHA practices relate to voucher success rates based on the observations of PHA staff and the site visitors. At the end of each case study, we highlight the key factors that appear to be driving the success rate at the site.

3.1 Site and Program Characteristics

Exhibit 3-1 presents an overview of voucher program characteristics of the seven sites. There is considerable variation among the sites in program size. Four sites administer fewer than 5,000 vouchers, two sites administer between 10,000 and 15,000 vouchers, and one site (Chicago) administers more than 30,000 vouchers. The sites also represent a range of PHA types and jurisdictions. Four sites—San Diego, Cuyahoga, Everett, and El Paso—administer public housing as well as vouchers, while three sites—Kenosha, Grand Prairie, and Chicago—administer vouchers only.¹²

The study sites operate in metropolitan areas ranging in size from 96,000 (Kenosha) to 5.4 million (Chicago). The sites with the smallest voucher programs and smallest jurisdictions are traditional public housing authorities serving a single city. Among the larger programs, the San Diego Housing Commission serves only the city of San Diego and reports to the City Council. The Cuyahoga Metropolitan Housing Authority serves the Cleveland metropolitan area, including both the city of Cleveland and Cuyahoga County. Finally, the largest study site, CHAC Inc., is a private contractor that administers the voucher program in the city of Chicago on behalf of the Chicago Housing Authority.

As was intended in the study design, most of the study sites operated in tight housing markets at the time of the 2001 study. For that study, we estimated market tightness for the portion of the local housing market affordable to voucher participants based on estimates of rental vacancy rates obtained from Census, PHA staff, local market experts, and HUD Field Office economists. The data reported in the 2001 study represent conditions in mid-2000. As of mid-2000, five of the seven sites operated in housing markets characterized as "extremely tight" (less than two percent vacancy rate) or "tight" (two to four percent vacancy rate). One site operated in a "moderate" housing market (four to seven percent vacancy rate) and one site operated in a "loose" housing market (seven to 10 percent vacancy rate).¹³

The housing markets for most of the study sites have loosened somewhat since the 2001 Success Rate Study. Overall, PHA staff at four sites indicated that market conditions were about the same or slightly looser, two reported the housing market was looser, and one reported it was dramatically looser. Everett, the site with the greatest change in market conditions, has seen its vacancy rate rise from approximately six percent in 2000 to over 10 percent in 2003, in part because of the loss of a major local employer. In addition to rental vacancy rates, other characteristics of the local housing market such as the age and condition of the affordable housing stock can influence PHA policies and voucher success rates. These characteristics are discussed further in the case studies.

¹² The Chicago Housing Authority administers the public housing program in Chicago, but contracts with CHAC Inc. to administer the Housing Choice Voucher program.

¹³ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," Exhibit C-1.

**Exhibit 3-1
Site and Program Characteristics**

Study Site	Voucher Program Size	PHA type	Jurisdiction	Population	Market Tightness in mid-2000 ^a
Chicago, IL	31,668	Private contractor to Chicago Housing Authority	City of Chicago	5.4 million	Tight
Cuyahoga, OH	12,638	Metropolitan Housing Authority	City of Cleveland and surrounding county	1.4 million	Moderate
El Paso, TX	4,705	Housing Authority	City of El Paso	560,000	Loose
Everett, WA	2,364	Housing Authority	City of Everett	108,000	Tight
Grand Prairie, TX	2,241	Housing Authority	City of Grand Prairie	130,000	Tight
Kenosha, WI	1,107	Housing Authority	City of Kenosha	96,000	Extremely Tight
San Diego, CA	11,834	City Housing Commission	City of San Diego	2.9 million	Extremely Tight

^a As reported in the 2001 Voucher Success Rate Study. Market tightness categories correspond to the following estimated vacancy rates: Extremely tight, less than 2 percent; tight, 2 to 3.9 percent; moderate, 4 to 6.9 percent; loose, 7 to 9.9 percent; and very loose, 10 percent or above. Vacancy rate data were collected from the Census, PHA staff, independent local market experts, and HUD Field Office economists.

Sources: Finkel et al. (2001), "Study on Section 8 Voucher Success Rates" (Exhibit C-1), and 2000 Census.

3.2 Success and Utilization Rates

A key feature design of the current study is that all of the sites had high success rates relative to their housing markets in mid-2000, when the data were collected for the 2001 study. As reported in the 2001 study, the average success rate was 61 percent in extremely tight markets, 66 percent in tight markets, 73 percent in moderate markets, and 80 percent in loose markets. As shown in Exhibit 3-2, all seven sites in the current study had above average success rates in 2000. Since then, success rates have changed for five of the seven sites. In Everett and Chicago, success rates have increased. In Kenosha and San Diego, success rates have dropped. The case studies describe the specific local factors that have contributed to an increase or decline in success rates at the study sites. Taken together, the experiences of the sites provide an excellent example of how voucher success rates can vary over time and be influenced by changes in both PHA policies and market conditions.

At the sites where success rates have declined, PHA staff have taken steps to improve their programs that may increase their success rates, although the main focus is on improving program utilization. Six of the seven sites reported program utilization rates of 95 percent or higher, and four sites—Cuyahoga, Grand Prairie, Kenosha, and San Diego—were at or above 100 percent utilized and were not issuing vouchers at the time of the site visits. PHAs' emphasis on utilization rates reflects the emphasis HUD has placed on utilization. PHAs with utilization rates below 95 percent cannot receive a "High Performer" rating on HUD's Section 8 Management Assessment Program (SEMAP), and unutilized vouchers are in danger of being rescinded.

**Exhibit 3-2
Success and Utilization Rates**

Study Site	2000 Success Rate ^a	Current Success Rate ^a	Current Utilization Rate
Chicago, IL	82%	91%	99%
Cuyahoga, OH	88%	88%	> 100%
El Paso, TX	96%	95%	91%
Everett, WA	88%	97%	99%
Grand Prairie, TX	78%	75%	> 100%
Kenosha, WI	84%	72%	100%
San Diego, CA	88%	65%	> 100%

^a The 2000 Success Rate data were calculated for the first 50 voucher recipients between April and September 2000, using tracking software provided specifically for the 2001 Success Rate study. The Current Success Rate data were either based on the reported impressions of interviewees or calculated using PHAs' internal reporting mechanisms, but did not necessarily rely upon the same methodology used to collect the 2000 data. Utilization rates are unit rates provided by PHA interviewees in Winter 2002-2003.
Sources: Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," Exhibit C-1; Interviews with PHA staff conducted between December 2002 and February 2003.

3.3 Individual Case Studies

Each of the seven cases is presented below, ordered alphabetically by city name, with a discussion of the following topics including Introduction; Waiting List Management and Applicant Processing; Briefing, Voucher Issuance, and Housing Search; HQS, Rent Reasonableness, and Owner Relations; Program Monitoring and Staffing; and Drivers of Success.

3.3.1 Chicago Housing Authority (program administered by CHAC Inc.)

Introduction

CHAC Inc.¹⁴, a subsidiary of Quadel Consulting Corporation, manages 31,668 housing choice vouchers in the city of Chicago on behalf of the Chicago Housing Authority. It is the third largest voucher program in the country and is the only site in the study that is a subcontractor to a PHA rather than having an Annual Contributions Contract (ACC) directly with HUD. CHAC has been administering the HCV Program since 1995.

The city of Chicago is a large and varied market. PHA staff estimate that the rental vacancy rate is between four and seven percent for both the general and the affordable rental market and is getting looser. The Fair Market Rent (FMR) for the Chicago metropolitan area is set at the 50th percentile and CHAC's voucher payment standard is set at 110 percent of the FMR. The field office can approve exception rents of up to 120 percent of the FMR in areas of low poverty and minority concentration if a PHA applies for these rents. CHAC obtained approval for exception rents and uses them in areas of low poverty and minority concentration.

CHAC staff report that the current voucher utilization rate is 98.3 percent, and the success rate is 90.3 percent. The success rate in mid-2000 was 76 percent.¹⁵ An important reason for the success of CHAC's voucher holders in leasing up is the way in which the HCV program is managed. CHAC has a monitoring system for the voucher process that provides information about places in the process that cause bottlenecks, monitors employee productivity, and takes the appropriate steps to remedy any problems that appear. The agency also has a substantial landlord outreach program, holds monthly workshops for landlords, holds monthly meetings of an Owner Resource Council, and conducts a yearly survey of landlord satisfaction with the HCV program.

CHAC administers a number of special voucher programs in addition to its regular housing choice vouchers, as well as project based vouchers. They also have specific vouchers set aside for public housing relocatees. CHAC also absorbs all families who port in to its jurisdiction.

Waiting List Management and Applicant Processing

CHAC's waiting list is currently closed. In July 1997, CHAC held a lottery for slots on the waiting list. Of the 105,000 individuals who applied to the waiting list, 35,000 were chosen and randomly assigned a place on the list. Currently, there are about 16,000 individuals still on the waiting list. CHAC management plan to purge the list in the near future and anticipate that they will be able to open the list again in about two years.

Three weeks before the eligibility appointment, families are sent a letter that a voucher is available. The letter requests that the family bring in all information and documents necessary to begin processing their application. CHAC staff stated in our interviews that 65 percent of families receiving this letter come to the first interview. All adult family members must come. If they do not come in or reschedule their interview, they are purged from the system. The only difference in processing applicants between the regular and the set-aside vouchers is that when families are scheduled for an eligibility interview for the set-aside vouchers (resulting from the consent decree), two outside organizations—Latinos United and the Spanish Coalition—are also notified. These two groups help CHAC with outreach efforts to these Latino families, which is important because only about 35 percent of families notified about the availability of these vouchers come to their first interview.

CHAC conducts criminal background checks on all adult family members. This includes a review of the previous two years for arrests and convictions for gun offenses, drug offenses and violent criminal activity. CHAC also screens families for debts due to the housing authority, although repayment plans are offered. Families are not screened on the basis of poor landlord references, poor housekeeping or a bad credit history. Families with household members who have criminal records involving guns, drugs, or other violent activity within the past two years are determined ineligible to receive a voucher. Families may either appeal their eligibility through a formal hearing process before a hearing officer or drop the family member with the criminal background from the family unit. Interviewees indicated

¹⁴ CHAC is the organization's full name, not an acronym.

¹⁵ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-1.

that landlords are informed of CHAC's screening process through monthly newsletters, new owners' packets, and brochures provided to searching families.

Briefing, Voucher Issuance, and Housing Search

After eligibility is determined, applicants are invited back for a briefing. Group briefings of no more than 35 applicants are held on a daily basis, and household heads are asked *not* to bring all family members, or any children, to the briefing. The briefings last no more than 2 hours. CHAC also holds briefings for families with special needs, provides translators, and offers Saturday briefings with child care for families who cannot attend without their children. Staff take turns presenting the briefings and are free to develop their own materials as long as they cover all the mandatory program information. An interesting aspect of CHAC briefings is that staff ask voucher recipients to sign all the necessary paperwork, including the Request for Tenancy Approval form (RTA), at the briefing. Staff reported that this reduces the likelihood that they will receive these documents later without the required signatures, and that it is an effective means for speeding the processing of the voucher holders' paperwork when they are ready to try to lease up.

Only those families receiving their voucher through one of CHAC's targeted voucher programs receive specialized housing search assistance. However, all voucher recipients have access to CHAC's resource room. The resource room contains listings of available rentals as well as Internet access to on-line rental ads. The available rentals are organized into two categories: general listings and listings in areas of low poverty and low minority concentration. This permits voucher holders to target their search. Listings in the resource center are purged every 30 days and are added on a daily basis.

Staff indicated that they were convinced that the information provided to voucher holders about their rights and options as tenants has been an important factor in CHAC's high success rate because the population served often has little education, and the information makes them more effective searchers and better tenants. Good tenants enhance the reputation of the program.

HQS, Rent Reasonableness, and Owner Relations

Housing Quality Standards (HQS) inspectors reported that there is a shortage of affordable units that meet HQS in the Chicago area. One of the problems meeting the HQS requirements is that the housing stock is older and there are more likely to be problems with the presence of lead-based paint in older units. Much of the affordable housing stock is 80 to 100 years old. Inspectors estimate that about 50 percent of units new to the HCV program pass the initial inspection, 25 percent fail the initial inspection but eventually pass, and about 25 percent of the units never pass HQS inspection. This fail rate may make it more difficult to achieve a high success rate.

CHAC tries to complete initial inspections for units within two weeks of the receipt of the RTA. Most inspections are completed within that time period. To help ease the pre-lease inspection process, there is a video for landlords to explain the HQS standards to them and to help them assess the likelihood that their units will pass. Also, owner outreach specialists (former inspectors) will occasionally do pre-inspections for landlords before a tenant for a particular unit has been identified, in order to give the landlord a sense of whether the unit meets program requirements.

There is a shortage of three- to six-bedroom units in the Chicago market. When larger units are needed, CHAC puts a notice in its landlord newsletter indicating the number of families requiring larger bedroom units. Approximately 13,000 owners participate in CHAC's voucher program and most own buildings with three to 25 apartment units. The largest portion own two- and three-unit buildings.

CHAC has four analysts who process rent reasonableness requests. The analysts enter the characteristics of the proposed unit into a database that provides a range of rents appropriate to that unit. CHAC estimates that about 90 percent of rent requests fall within the middle of the range of rents that are permitted. The remaining 10 percent require negotiation with the landlord to see if he will adjust the rent so that it will fall into the reasonable range. CHAC's rent reasonableness procedures do not seem to have a major impact on success, but they are revising their procedures to speed up the decision because of landlord complaints about delays.

CHAC has in place a formal landlord outreach program that appears to help the program significantly in getting voucher holders leased up. Staff produce a monthly newsletter for existing landlords, have messages geared for prospective landlords in their printed program materials (explaining the stability and lower vacancy rates the program offers, and directly addressing the potential concern that participation means losing the ability to make property management decisions), have an Owner Resource Council that meets on a monthly basis, hold monthly workshops for owners, and conduct an annual survey of landlord satisfaction with the HCV program. The CHAC website, like the printed program materials, contains messages targeted specifically at potential new landlords. The landlord survey includes questions about overall satisfaction, as well as about the timeliness of HAP payments and rent increase approvals, the consistency of inspection standards, the timeliness of inspections, the professionalism of staff, and the usefulness of various informational materials. The survey has helped CHAC learn about a number of landlord concerns—for example, that the rent increase approval process was seen as too lengthy. The owners' council is the newest of CHAC's outreach efforts. Originally envisioned to occur quarterly, meetings are now held on a monthly basis.

The staff report that one of the greatest incentives for landlords to participate in the program is the guaranteed cash flow that the program provides. CHAC staff also attempt to be responsive to landlords throughout the approval of their units to ease the process for them, but report (based on the landlord survey and their individual contacts with owners) that the landlords' views are that the HQS inspections are too complicated, that there is too much paperwork to participate in the program, that participation is too different from renting to an unassisted tenant, and that renting to a voucher holder means ceding control of property management decisions like evicting a problem tenant.

Overall, CHAC management and staff reported that their service to landlords and their efforts to keep communication open between the agency and the landlord make an important contribution to their high success rates.

Program Monitoring and Staffing

CHAC has an extensive system in place to monitor its success and utilization rates and the productivity of its staff. This results, at least in part, from CHAC's performance-based contract with the Chicago Housing Authority (CHA). CHAC reports monthly to the CHA on program utilization and conducts an annual SEMAP review, even though the CHA is exempted from SEMAP reporting under demonstration authority provided to selected PHAs called "Moving-to-Work." Leasing goals are set for each month at the beginning of the fiscal year, adjusted whenever new units are added, and are tracked monthly. CHAC's upper management reviews program utilization and success rate data on a monthly basis.

All CHAC staff receive a one-page performance summary monthly. The report shows how the team performed in meeting its goals set for the month. Tracking performance against goals is also discussed quarterly at all-staff meetings. CHAC maintains a prominently-displayed scoreboard for phone calls answered, to inspire good customer service to participants and landlords. CHAC's program monitoring allows management to identify staffing needs and shortfalls quickly and to track participants' progress through the leasing process. Monthly reports include current and cumulative leasing rates; leasing status by allocation; lengths of time between various required steps to issuance and lease-up; the timeliness of re-examinations and annual inspections, as well as HQS enforcement corrections and abatements; quality control of selections from the waiting list, income verification, tenant rent calculations, rent reasonableness and HQS inspections; and the timeliness and correctness of submissions of data to HUD's MTCS system.

CHAC monitors its success rate closely and reports on it monthly. Success rates are calculated as the number of units leased during a given period divided by the number leased plus the number expired. This formula may overstate CHAC's success rate relative to the way it is defined in this report, but adjusts for the effects that their public housing relocatees—who have unlimited time to lease up—would otherwise have on their calculations.

The staff member responsible for program monitoring reported that, while tracking the overall success rate is somewhat important, it is more important to track the amount of time that families have been looking for housing so that they can see who is in danger of losing their voucher and determine what that family needs to be successful.

Currently, CHAC's unit utilization rate is 98.8 percent. While the number of units available and units leased fluctuate over time, measuring performance against leasing schedules results in a fairly consistent utilization rate. Year-end utilization rates have held fairly steady over the last three to four years at 98 percent. To keep utilization high, CHAC relies heavily on "interim use" of targeted vouchers that cannot, for one reason or another, be used immediately.

CHAC has been administering the HCV program since December 1995, with no change in upper management of the program since that time. The staff for the HCV program is entirely different from the staff for public housing, and the voucher program is housed separately from the Chicago Housing Authority. CHAC managers reported that they have adequate staff but could use extra help in the areas of client services, HQS inspections, special programs, and supportive services for regular voucher holders.

CHAC has 267 staff members. The largest turnover of staff is in the area of client services, 10 to 12 percent annually. This is the area in which staff burn out most quickly, on the front lines of the HCV program. Many of those hired into these positions were unaware of the challenges the jobs would entail (day to day client service, challenges of working with a needy population, etc.). To try to reduce turnover, CHAC has reengineered the positions in client services so that staff work in teams. Clients are assigned to a team rather than to an individual staff member. Any member of the team can assist the client who calls CHAC.

Regular meetings are held to keep staff informed of new developments and procedures and of productivity. Weekly meetings primarily stress the status of the staffs' workload and also discuss best practices and new regulations and procedures. Monthly meetings give managers the opportunity to pass on to the staff any new directives from the Chicago Housing Authority, new performance standards and changes in reporting formats, comment letters received from clients or landlords, and plans for upcoming events and training. All-staff meetings are held quarterly and are used to announce employees of the month and incentive awards winners, and to give the staff an opportunity to hear from the Executive Director. HQS inspectors also have biweekly meetings to discuss any inspection issues that seem to be developing, such as weather-related extensions to remedy HQS deficiencies.

CHAC has a comprehensive recruiting process for new employees. When individuals are invited for job interviews at CHAC, their first interview is a group interview with human resources personnel and the manager(s) of the department for which they are being recruited. Individuals invited for a second interview have a one-on-one interview with the department manager. CHAC actively recruits clients for its open positions and has about 10 staff members who are also clients.

Training opportunities vary with the type of position and the level of the staff. New housing specialists are required to pass an occupancy exam. Other staff are required to obtain certifications for their area specialties. There is a training calendar maintained by the human resources department. It is created from input from the human resources department, area managers and requests for staff for specific training opportunities. There is no formal method for sharing information obtained from attendance at conferences or training opportunities. However, ideas are often shared between staff at the regularly scheduled staff meetings.

There is also some exchange between the staff at CHAC and the staff from other housing authorities. There have been visits between CHAC staff and staff from housing authorities from DuPage County, Illinois; Portland, Oregon; Denver, Colorado; and Houston, Texas—to name a few. When staff visit other housing authorities, visits are generally limited to CHAC management. The Executive Director of CHAC regularly attends meetings of the council of large housing authorities.

Drivers of Success

Interviewees reported their belief that CHAC's ongoing emphasis on customer service to clients and landlords, its constant monitoring of staff productivity, and its focus on achievement of individual employee as well as departmental goals all contribute to the agency's high success rate.

Owner Relations

CHAC maintains frequent contact with landlords through a variety of forums including monthly meetings; this provides opportunities for the communication of ideas and the identification of problems with the functioning of the program (such as landlords' perceptions that the approval process for rent increases was too lengthy). CHAC management take the position that a demonstration of willingness to listen, and the ongoing dialogue that results, are critical to landlord willingness to participate in the program, and thus are responsible for the program's success.

Management Practices

Although CHAC management and staff acknowledged that the recent loosening of the rental market plays a big role in success rates, they also stated that the program information reporting framework that enables them to identify places within the administration of the voucher program where delays occur plays an important role in their high success rate. Site visitors were also impressed with the degree to which program monitoring at CHAC allowed informed management of the program as well as aided the early identification and solution of problems.

Giving voucher holders 180 days in which to search for a place to live was also cited as important by CHAC staff. The quality of information given to voucher recipients and the appropriateness of the payment standard (itself driven by comprehensive data on rents) were identified as other factors, but less important than landlord relations or the overall quality of program administration.

3.3.2 Cuyahoga Metropolitan Housing Authority

Introduction

The Cuyahoga Metropolitan Housing Authority (CMHA) administers 12,638 vouchers in the metropolitan Cleveland, Ohio area. It serves the entire city of Cleveland and surrounding suburban neighborhoods in Cuyahoga County. The population of Cuyahoga County is 1,393,978, according to 2000 Census data. CMHA's payment standard is set at 110 percent of the 50th percentile FMR. The 2000 Census data show a vacancy rate for all housing units as approximately 7.4 percent and the vacancy rate for rentals as approximately 9.4 percent. The housing market is thought by CMHA staff to be relatively loose, and CMHA staff report that the payment standards currently in use allow participants access to most of the metropolitan rental market. The majority of the housing stock rented by voucher holders is in the city of Cleveland, which has an older, frame housing stock that is often in poor condition. The nearby suburbs have newer housing stock and more apartment complexes but CMHA staff have gathered from their contact with clients that owners in these areas are less receptive to renting to voucher holders.

CMHA administers five special purpose voucher programs – Family Unification, Welfare-to-Work, Opt-Out vouchers, Mainstream Housing for people with disabilities, and Public Housing Relocation.

CMHA's current utilization rate is over 100 percent and their success rate is 88 percent, the same as estimated in the prior study. The main features that seem to contribute to the success of CMHA's voucher holders are the agency's outreach efforts to local landlords, the administrative changes it has made at the request of landlords to streamline the leasing process and enhance the credibility of the housing authority, and their redesigned voucher briefings.

The CMHA voucher program has a new emphasis on landlord outreach. The agency's management and staff stated that it is important to encourage landlord participation because without an adequate number of properties amenable to accepting voucher holders, the program will not be successful. CMHA previously had problems with its reputation that required action to reestablish its credibility with landlords, clients and other stakeholders. Accordingly, CMHA has undertaken a major effort to recruit new landlords for the program, and added 1,400 new owners to the program during its last fiscal year. CMHA has established a landlord advisory committee that meets monthly, and holds two landlord conferences for all participating and prospective landlords each year. Staff participate in meetings of landlord organizations throughout the year in order to market the Housing Choice Voucher program and break down stereotypes concerning Housing Choice Voucher holders.

CMHA has a comprehensive monitoring system in place that permits it to engage in "what if" scenarios so that it can more quickly adjust the numbers of vouchers it issues in a month if the environment changes. It also has engaged a

training professional already on the CMHA staff to conduct the briefings for voucher holders. This has resulted in a revitalized and extremely upbeat briefing session that encourages voucher holders to have a positive outlook about looking for their new home.

Waiting List Management and Applicant Processing

CMHA currently uses a lottery system for selecting voucher holders. The last lottery was held in July 2001 when 10,000 "winners" were selected to be placed on the waiting list from approximately 30,000 applicants. Until the next lottery, the waiting list remains closed.

The lottery selection system is based on random assignment of application "times" (all dates for non-preference applicants are the same) and applicants appear on the waiting list in order of the time assigned to their application. Two groups receive preference points that place them at the head of the list: Underhoused Mod Rehab families and referrals from the Gateway Advisory Committee, a local advocacy group for people with disabilities. Within each preference category, individuals are selected from the waiting list in order of the date and/or time of their application.

Because of the size of the Housing Choice Voucher program, CMHA staff do not routinely contact individuals on the waiting list to determine their continued interest. Only after applicants are contacted to come in for an eligibility interview is it determined if they are still interested in the program. As of November 2002, 7,399 individuals remained on the waiting list from the July 2001 lottery.

Applicants are sent a letter telling them when to come in for an eligibility interview and the documents that are needed for eligibility determination. Applicants are given one chance to reschedule if they miss their initial appointment. Individuals who miss two appointments are dropped from the waiting list. The eligibility counselors work with applicants to encourage them to bring in the needed documents to qualify. However, CMHA does not assign a specific counselor to a specific applicant and applicants must work with the counselor that is available when they phone or come in for an appointment. It takes approximately two to three weeks from invitation until eligibility determination.

The housing authority screens voucher applicants to determine whether they have an outstanding balance with CMHA or a criminal record. In the case of criminal records, the PHA has established time limits that determine whether offenders are ineligible to receive assistance: Lifetime ineligibility for sexual predators, five years for most forms of violent criminal activity, three for drugs. Although CMHA does not do further screening of applicants, it encourages owners to screen prospective tenants thoroughly, and has contracted with a private group to screen applicants for landlords at a reduced fee. This is a service CMHA has offered to landlords recently and at their request. Because it is a new service, CMHA has been unable to determine the effect it has had or will have on their success rate.

Briefing, Voucher Issuance, and Housing Search

The briefings at CMHA have recently been assigned to the training section of the housing authority's human resources department, and are conducted by a professional trainer. Staff reported that this has added the elements of professionalism and vitality to their briefings. The main thrust of the redesigned briefing process is to instill in recipients the idea that they have won something by having become eligible for a voucher. The theme of the briefing is that the voucher holder is "moving on up" and that receiving a voucher is an opportunity. The trainer conducting the briefing provides information in an interactive approach with games and prizes that are designed to aid in learning. At the end of the briefing, each voucher holder is provided with basic moving supplies like packing tape and a marker to reinforce the message that the recipient is a "winner" and will be moving soon. CMHA provides an initial 120-day search period, with a maximum of 180 days including extensions.

CMHA also conducts "refresher" briefings for voucher families who wish to move. The trainer uses "What Happens Next" cards that outline each step in the process of moving to a new home. The trainer emphasizes that the briefing is simply the first step in the moving process. The trainer's emphasis is on making the voucher holder an active participant in the process of inspecting and negotiating for their new home. The trainer also stressed the responsibilities of the voucher holder to their current landlord such as leaving their current unit in good condition and

giving a proper thirty day notice. In order to encourage attendees to pay attention during the briefing, the trainer plays a "Jeopardy"-type game at the end of the session, quizzing attendees on aspects of the moving process presented during the briefing. The game's theme is "Don't put your voucher in jeopardy!" While briefings for movers are intended solely for those who have already received a voucher and successfully leased up, we find important the fact that the PHA continues to emphasize learning opportunities for recipients, and considers briefings valuable. This mover education also may result in an improved reputation for CMHA with landlords, which can affect the success of new voucher holders.

Cuyahoga does not provide individualized search assistance for families. Rather, it provides a listing of apartments within their service area. The units are listed directly by landlords, via the CMHA website, or are phoned in by landlords and added to the listing by staff. The listings that are provided by the housing authority are arranged by bedroom size. At the time of our visit, the listing contained 143 one bedroom units, 617 two bedroom units, and 395 three bedroom units.

CMHA has received a grant from the Cuyahoga County Department of Development to provide 50-percent rental deposit assistance in the form of "soft loans" to approximately 100 voucher holders who lease up in deconcentrated census tracts. The loans are paid back upon the recovery of the tenant's deposit. This is a time-limited program (one year with an option for an additional two years) and may not be available to provide assistance to voucher holders needing assistance in the future. The grant pool of \$52,500 was a 2002 HOME Program allocation, but was recently extended because grant recipients did not begin accessing its funds until 2003.

HQS, Rent Reasonableness, and Owner Relations

CMHA staff estimate that about 66 percent of units pass the initial HQS inspection normally scheduled within one week of the request for tenancy. The remaining thirty-four percent eventually pass HQS inspection; there are virtually no units that fail to pass. The inspection process is expedited by having the scheduling of initial inspections done by intake operators rather than having them done by the inspections department. Each week a block of time is set aside for initial inspections scheduled by the intake operators.

The housing authority has compiled a large database of rent information throughout the county and uses the data to define discrete rental market areas. CMHA uses a semi-automated rent determination process. The system generates an approvable rent for the unit. The intake operators may exceed this amount by no more than \$10. This procedure permits speedy processing of rental agreements. CMHA has explained the system to landlords, and responded to several suggestions about how the system could be improved. As a result, the system has considerable credibility with participating landlords, and CMHA does not find it necessary to otherwise negotiate with prospective landlords.

The landlord outreach/landlord relations of CMHA are one of the most salient features of their program. The PHA has made a concerted effort to recruit landlords for the Housing Choice Voucher program and listen to their concerns and issues with renting to Housing Choice Voucher holders. CMHA has instituted a landlord advisory committee composed of volunteers from property owners and community advocates and Legal Aid; the committee meets on a regular basis with Housing Choice Voucher program staff. The advisory committee helps in planning landlord outreach efforts and presents the point of view of the property owner on such issues as inspections and rent determination. Housing authority staff changed the committee's focus so that landlords are considered an important part of the voucher success equation. The reasoning for the emphasis on landlord outreach is also based on negative press CMHA received surrounding criminal charges brought against its former Executive Director and Deputy Director in 2000, both of whom had left the agency in the late 1990s.

There is a conference for Housing Choice Voucher landlords held twice annually, where new and continuing landlords can get information on the program and learn about new program policies and procedures. Additionally, CMHA has a quarterly newsletter for landlords, which staff report has been very effective in providing information about the program.

The housing authority has instituted a process for supplying landlords with a means of conducting low-cost background checks of prospective tenants. CMHA negotiated an agreement with a private company to provide these reduced-cost background checks for participating landlords. Other than this means of acquiring information about tenants, the housing authority itself does not provide prospective landlords with specific information about tenants beyond what is required under program regulations.

The Housing Choice Voucher Program Director, in addition to meeting with the landlord advisory committee, meets with landlord groups in the area and makes presentations to interested organizations concerning the Housing Choice Voucher program and the characteristics of voucher holders.

The PHA has recently hired a new marketing professional to work on opening up "opportunity" areas to voucher holders – areas with low concentrations of poor families and a good supply of quality, affordable rental housing. Initially, the person hired will be targeting outreach efforts to owners in neighborhoods in the inner ring of suburban neighborhoods, where the rental market is healthy but CMHA's market penetration is very low. He will also be responsible for expanding unit listings and obtaining rental market data for the rent reasonableness database.

Program Monitoring and Staffing

CMHA actively monitors its Housing Choice Voucher programs. Their software package (from CCS Inc.) allows staff to collect and store a great deal of raw data about the processing of applicants, voucher holders and participants through the system, and they have developed an impressive array of spreadsheets that provide a means for monthly monitoring and reporting of their utilization. Figures on applicant response to notices of available vouchers, applicant eligibility and leasing success are not regularly reported on, but can be run on demand to support the agency's financial modeling. CMHA is also able to use the data system and spreadsheets to engage in "what if" scenarios to project future utilization and costs. Close monitoring provides for a well-managed program, whether its object is utilization or success, and this may have a positive impact on success rates.

CMHA has disaggregated data (by unit size) on how long it takes voucher holders to find apartments. It has found that voucher holders seeking larger apartments have the longest search times. Otherwise, CMHA has not looked for or found anything relating characteristics of voucher holders to the length of search for a unit. The PHA does not monitor the success rate of targeted voucher holders separately. While some staff reported that holders of targeted vouchers may be more successful because of the outside assistance they receive, others argued that they may be less successful because they tend to be harder families to house.

The Program Director has been with the agency a little over four years and there is a good mixture of both staff with long experience and newer staff. CMHA has 100 staff in its Housing Choice Voucher program. The Program Director indicated that CMHA has limited funds for staff salaries for frontline workers. He said this makes keeping staff difficult and tends to result in higher turnover. The housing authority is making an effort to promote from within. If successful, this may lead to longer average tenure and a greater staff familiarity with local conditions, which might promote higher success rates.

The Housing Choice Voucher program management staff has instituted a series of meetings to keep staff informed. The management team meets weekly with the Program Director and with their supervisory staff at least monthly. Line supervisors meet with their staffs weekly, and there is an "all-hands" meeting at least yearly. Because of the size of the Cuyahoga program, the only other voucher program that staff have visited and interacted with is CHAC in Chicago. The neighboring programs in Ohio are all much smaller. Although they may contact Cuyahoga about practices and procedures, the opposite is not the case.

CMHA has a budget of between \$50,000 and \$60,000 for staff training. In-service training updates staff on new procedures and developments in the Housing Choice Voucher program.

Drivers of Success

CMHA attributes its success primarily to the outreach efforts it has made to local landlords, and to the administrative changes it has made at their request to enhance the credibility of the housing authority.

Owner Relations

CMHA has undertaken a major effort to recruit new landlords to the program. The PHA has established a landlord advisory committee that meets monthly and holds two landlord conferences for all participating and prospective landlords twice a year. Throughout the year, staff participate in meetings of local landlord organizations in order to market the Housing Choice Voucher program and break down stereotypes concerning Housing Choice Voucher holders. Site visitors were most impressed with CMHA's landlord outreach. While the quality of program monitoring also presents itself as a success driver, CMHA is not utilizing the tools at its disposal to manage success rates *per se*.

Staff observed that it was especially important for CMHA to overcome the negative reputation it had acquired as a result of a series of events leading to its former Executive Director and Deputy Director being charged with fraud in 2000. They claim that they have succeeded, and note that recent press coverage of CMHA has been generally favorable.

3.3.3 Housing Authority of the City of El Paso

Introduction

The Housing Authority of the City of El Paso (HACEP) administers 4,705 housing choice vouchers in El Paso, Texas, a city of approximately 560,000. Over the past two years, under the leadership of a new HCV Director, HACEP's voucher program has increased its emphasis on owner outreach and staff performance. The program focuses on creating housing opportunities for families by maintaining an adequate payment standard and good customer service to owners. Staff are held to explicit performance standards.

As of January 2003, HACEP's voucher success rate is estimated to be 95 percent¹⁶, approximately the same as it was at the time of the 2001 Voucher Success Rate Study.¹⁷ Despite this high success rate, HACEP has had difficulty maintaining program utilization of 95 percent or better. The agency's utilization rate was 88 percent at the end of its last fiscal year, June 2002, and is currently 91 percent.

HACEP's success rate can be attributed primarily to the relative looseness of the local housing market, together with a payment standard set at 110 percent of the 40th-percentile FMR. The HCV Director estimated the rental vacancy rate in El Paso to be 8.5 percent. The market was also characterized as "loose" (rental vacancy rate between 7 and 10 percent) in the 2001 Voucher Success Rate Study. According to PHA staff, there are many high-quality units available and affordable to voucher recipients and sufficient numbers of owners willing to participate in the program. Notwithstanding these favorable market conditions, HACEP has taken steps to improve the public image of the program and the service it provides to owners. In addition, HACEP's streamlined applicant processing minimizes the steps between selection from the waiting list and voucher issuance so that voucher recipients focus their efforts on the housing search process. Finally, the professionalism and enthusiasm of program staff may also contribute to the high success rate by enhancing the program's credibility with owners and motivating voucher recipients.

HACEP's voucher program emphasizes owner outreach and a streamlined approach to applicant processing. Individual families receive little assistance in finding and leasing a unit beyond what is required by the program regulations. Despite its high success rate, HACEP has not been able to achieve high utilization, perhaps due to limited staff resources. To improve program utilization over the next few months, the HCV Director plans to implement a "mass leasing" strategy in which many more families than usual will be called off the waiting list, interviewed, and issued vouchers in a short period of time. It is possible that this will lead to a temporary decline in the success rate.

¹⁶ HACEP staff stated that they issue one voucher per voucher available as generally everyone who is issued a voucher leases up.

¹⁷ In the 2001 study, HACEP's voucher success rate was 96 percent. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-1.

Waiting List Management, Applicant Processing, Briefing, and Voucher Issuance

There are approximately 2,400 families on HACEP's voucher program waiting list, and the typical wait to receive a voucher is 15 to 18 months. HACEP opens the waiting list for one day every 15 to 18 months but otherwise keeps it closed. Applicants reaching the top of the waiting list are sent a letter with a series of forms to complete, a questionnaire for the applicant's current landlord, and the date and time of an appointment with a HACEP admissions technician. The applicant has two weeks to gather the necessary materials and attend or reschedule the eligibility meeting. Applicants can reschedule the meeting twice before being dropped from the list. The PHA does not contact applicants who fail to attend or reschedule the meeting. PHA staff report a 50 percent response rate to the letters of invitation.

The applicant and all adult members of the household must attend the meeting with the admissions technician. Applicants who bring all the required documentation and forms to the meeting are screened for eligibility and briefed in one sitting. Applicants who fail to provide complete documentation are given five business days to do so. This streamlined voucher issuance process might contribute to a high success rate by serving the most motivated applicants quickly and efficiently while offering few "second chances" to those who are not as motivated and organized.

HACEP's admissions technicians conduct a criminal background check using an on-line service and deny assistance to applicants *ever* convicted of a violent crime or drug related offense. HACEP also denies assistance to applicants who have ever been arrested for drug related activity, unless they can show proof of drug treatment or rehabilitation. In addition to conducting the criminal background check, HACEP requires applicants to provide a landlord reference in the form of a questionnaire completed by their current landlord. HACEP asks applicants to disclose credit problems but does not conduct credit checks.

The interviews and briefings are conducted throughout the week, mainly during business hours. The admissions technicians will make home visits for elderly persons or persons with disabilities and will meet with applicants on Saturdays if necessary. They will also occasionally stay late during the week to meet with clients who finish work after 5 pm. In the event that children are present, each admissions technician keeps a box of toys in the office to help the adults focus on the information being presented.

The briefing is conducted one-on-one by an admissions technician and typically takes place immediately following the eligibility interview. HACEP staff said that this approach keeps voucher recipients motivated to find a unit by reducing the number of hurdles the recipient has to overcome before the housing search begins. The assumption is that if a person has to visit the housing authority several times before receiving the voucher, potentially taking time off from work each time, the person may have less energy (and availability) for the housing search. The admissions technicians also think that people are more comfortable asking questions and voicing concerns about the program in a one-on-one setting. The 2001 study of voucher success rates found that receiving a voucher from a PHA that conducts individual briefings is associated with a higher likelihood of success.¹⁸

HACEP's briefing is shorter than average, lasting 20 to 25 minutes. The admissions technician conducts the briefing without the aid of a video or other audio-visual technology and focuses on "program essentials," including landlord and tenant obligations; the Request for Tenancy Approval (RTA) and inspection process; fair housing; how the Housing Assistance Payment (HAP) is determined; the Family Self-Sufficiency (FSS) program; and the search documentation form, which is required to obtain an extension to further search for a unit. Staff report that the briefing gives voucher recipients enough program knowledge to lease a unit successfully, but is simple enough that they are not overwhelmed by information. The voucher is issued at the end of the briefing.

Housing Search, HQS, and Rent Reasonableness

HACEP maintains a list of available units that is updated daily, printed weekly, and given to all voucher recipients at the briefing. The listing is also available at the PHA front desk. In addition to the size of the unit, address, asking rent,

¹⁸ However, the study also found higher success rates among voucher recipients from PHAs that conduct briefings in group sessions of 30 or more people. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report."

and landlord contact information, the listing contains information on the amenities of the unit and the amount of the deposit. For non-elderly, non-disabled voucher recipients, HACEP offers no search assistance beyond the briefing. However, the admissions technician makes him/herself available to answer questions by telephone during the search process. For elderly persons and persons with disabilities, HACEP offers transportation assistance for the housing search. The PHA has also partnered with a local community-based organization to provide advocacy to persons with disabilities.

The initial search period for HACEP voucher recipients is 60 days. Beyond that, HACEP may grant 30-day extensions to recipients who have documented their search efforts using the PHA's search documentation form. The "Record of Search for Housing" requests information on every unit visited by the program participant, including date, unit address, rent amount, owner name and phone number, and a brief description of the event. Staff report that they have never had to grant more than two extensions. Recipients either find a unit by that time or have dropped out of the program.

HACEP normally conducts HQS inspections within 14 business days of receiving the RTA.¹⁹ HACEP gives voucher recipients an inspection checklist to provide to prospective landlords but otherwise has not attempted to streamline the pre-lease inspection process. Inspectors estimate that about 85 percent of units inspected pass on the first inspection, 13 to 14 percent fail the first inspection but eventually pass, and less than two percent never pass inspection. This initial pass rate is high, and may contribute to HACEP's high success rate. The 2001 Voucher Success Rate Study found that all other things being equal, PHAs where a majority of the units inspected pass HQS on the first inspection have a higher success rate than PHAs where fewer than half pass HQS on the first inspection.²⁰ The high pass rate may reflect the relative newness of El Paso's stock: according to the 2000 Census, nearly 20 percent of the city's housing units were built since 1990 and 75 percent were built since 1960.

HACEP's inspectors make a provisional rent reasonableness determination prior to conducting the unit inspection. Inspectors report that owners typically request rents that are within the payment standard and in line with comparable units. Moreover, when owners do request rents that the inspector determines are not reasonable, most owners are willing to negotiate and there is flexibility in determining the final figure. HACEP's inspections supervisor reviews and approves all inspections and rent reasonableness determinations.

Owner Outreach

Within the last year, HACEP hired a full-time "Outreach Manager" to work with existing owners and recruit new owners to the voucher program. The Outreach Manager holds quarterly orientation sessions for new owners; these emphasize the social and economic benefits of participating in the program. The Outreach Manager often begins the orientation by asking how many owners have had *any* (subsidized or unsubsidized) tenants that damaged their units, did not pay rent on time, or left the unit before the end of the lease term. Invariably, a majority of owners raise their hands, and the Outreach Manager uses this as a starting point for discussing the misperception that voucher program participants make worse tenants than unassisted families.

In addition to the new owner orientation sessions, the Outreach Manager makes presentations at local landlord association and housing task force meetings. The Outreach Manager is also available to meet with prospective owners individually.

The PHA works with a variety of landlord types, ranging from management companies with over 300 units to "mom and pop" landlords with one or two units. Program staff report that owner acceptance of the voucher program in El Paso is high. In 2002, HACEP added 381 new owners to the program (raising the total from 1162 to 1543, a 33 percent increase), which brought the pool of owners to one owner for every three units under lease.

¹⁹ This is average for PHAs according to the 2001 Voucher Success Rate Study, which found that among voucher recipients who leased the first unit that they selected and that passed HQS on the first inspection, an average of 14 days elapsed between the submission of the RTA and the first inspection. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," 2-7.

²⁰ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," 3-18.

For existing owners, HACEP makes sure that the main telephone number for the voucher program is staffed all day so that owners calling in may speak to a person. (In the past, owners complained about getting an answering machine.) In addition, the Outreach Manager gives all owners his direct telephone number and has a policy of returning telephone calls the day they are received.

The Outreach Manager stressed the importance of solid program administration for attracting and retaining owners. HACEP emphasizes accountability for both owners and tenants. Owners about whom HACEP receives multiple complaints or who are found to be bending the program rules are removed from the program. Tenant obligations are also strictly enforced, which is likely to appeal to landlords. HACEP terminates approximately 15 to 20 voucher recipients per month (approximately 5 percent of the program each year) for program violations, such as leaving the unit without notice or failure to pay rent.

Late payments from HACEP remain the most frequent complaint among landlords, as initial payment processing can take up to 45 days.

Program Monitoring and Staffing

Program monitoring focuses on utilization rates rather than success rates. HACEP's current computer system cannot track data on different stages of the lease-up process. The HCV Director checks unit utilization several times a month, but decides how many families to invite off the waiting list based on staff capacity rather than how many vouchers have been issued and leased up. It has been the Director's experience that 50 percent of those called off the waiting list will attend the eligibility interview and that almost all those issued vouchers will lease up; but this is not based on program data. Despite its high success rate, HACEP's voucher program has been under-utilized for the past two years. The Director plans to implement a mass leasing strategy to improve the utilization rate. It is anticipated by program management that this will require the use of all technicians for up to 12 individual interviews per technician per day (one day per week).

HACEP's HCV Department has 38.5 full-time equivalent staff, or one employee per 122 vouchers available. This is about the average staffing ratio for voucher programs.²¹ HACEP has experienced considerable turnover in staff over the past two years, reportedly in part to the arrival of a new HCV Director with higher expectations for staff performance. In the past, deadlines and rules were stated, but not enforced. The current leadership has established explicit consequences for unmet deadlines. In addition, inspectors are now strongly encouraged to earn inspection certifications, which has filtered out unwilling and unmotivated staff. According to the HCV Director, five staff left the department because they were unwilling to meet the new expectations. Approximately 15 new staff were hired to replace these staff and accommodate growth in the program. However, the HCV Director said that staff turnover has not created undue stress on the program because new staff are teamed with experienced staff for the first five months on the job and receive several kinds of in-house training. For example, almost all HCV staff have been certified in eligibility and rent calculations. The higher performance standards to which staff are held and the emphasis on teamwork have created an efficient and knowledgeable staff that contributes to the program's credibility with owners and tenants.

Drivers of Success

HACEP has had a voucher success rate at or above 95 percent for the past two years. The PHA does not regularly track success rates, but has implemented changes to improve owner participation in the program and staff performance, both of which may contribute to the success rate. The main driver of HACEP's high success rate, however, is the relative looseness of the local rental market.

Loose Rental Market

According to the HCV Director, the rental vacancy rate in El Paso as of January 2003 is approximately 8.5 percent. At the time of the 2001 Success Rate Study, the market was also characterized as "loose" (with rental vacancy rates between 7 and 10 percent). According to the Census, the rental vacancy rate in El Paso in 2000 was 7.9 percent.

²¹ The average ratio is one employee per 124 vouchers. Finkel et al. (2001), "Costs and Utilization in the Housing Choice Voucher Program: Draft Final Report."

HACEP staff reported that they thought that rental vacancy rates had been fairly steady in the recent months before our visit.

In the past year, HACEP increased its voucher payment standard to 110 percent of the FMR in response to increases in local property taxes and the "cost of living." Staff stated their belief that the current payment standard is appropriate for the local market, offering ample opportunity for voucher recipients to lease high-quality units.²² In the context of El Paso's relatively high rental vacancy rate, the increase in the payment standard appears to have created a favorable market for voucher recipients.

Owner Relations

HACEP has been active in attempting to attract and retain owners, hiring a full-time Outreach Manager to hold new owner orientations and responding to owner concerns. In addition, the HCV Department has made it a policy to have a person (versus an automated message) answer its main telephone to address owner concerns. The credibility that HACEP has established by enforcing owner and tenant responsibilities alike has helped to increase acceptance of the voucher program by owners. Finally, the enthusiasm with which PHA staff approach their jobs, and their understanding that they will be held accountable for poor performance, likely also contribute to the PHA's good reputation among owners and therefore to the voucher success rate.

Streamlined Applicant Processing and Individual Briefing

HACEP's streamlined approach to applicant processing is designed to reduce the steps between selection from the waiting list and voucher issuance so that voucher recipients can focus their efforts on the housing search process. Whenever possible, the eligibility interview, briefing, and voucher issuance are done in one sitting, with all adult members of the household present. HACEP places responsibility on households to provide the required documentation for eligibility and income verification and to attend or reschedule the meeting, without a lot of "hand holding." However, the one-on-one briefing allows households to ask as many questions as they need to prior to beginning the housing search and to develop a rapport with the admissions technician. HACEP staff say the individual briefing is more effective than a group briefing in preparing and motivating households to search for housing and thus contributes to HACEP's high success rate. Having a motivated and professional admissions staff may be particularly important for the individual briefing approach, where there may be less direct supervision of how the briefing is conducted and the willingness of the household to ask questions may depend on the rapport established with the technician.

3.3.4 Everett Housing Authority

Introduction

The Everett Housing Authority (EHA) administers 2,364 housing choice vouchers in the City of Everett, Washington. Included in this number are Welfare-to-Work, Elderly Independence, and non-elderly disabled vouchers. EHA also has 54 vouchers set aside for project basing, and 10 are currently being utilized. These 10 are being used in units owned by an organization focusing on expectant teen parents, and another 10 (not currently in use) are owned by an organization supporting battered women. The remaining project-based vouchers will be utilized when units are available. Everett has a population of approximately 108,000 and is located 24 miles north of downtown Seattle.²³

At the time of the 2001 study, the City of Everett had a tight housing market.²⁴ However, by February 2003, EHA staff said that the market had dramatically loosened to a vacancy rate of over 10 percent.²⁵ The average single-family homes in the City of Everett were built in the 1950s and 60s, while the apartment units were built from the 1980s to

²² Two other PHAs serve the El Paso metropolitan area, but HACEP staff did not know the payment standards of these PHAs.

²³ The U.S. Census indicates that the population of the City of Everett was 91,488 in 2000. The February 2003 figure in the text was offered by the EHA Section 8 Director.

²⁴ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-4. The U.S. Census indicates that the City of Everett had a moderate housing market in 2000, with a vacancy rate of 6.2 percent.

²⁵ Layoffs at a major aerospace manufacturer and local employer caused many people to leave Everett to seek other opportunities. EHA interviewees stated their position that this contributed to the loosening of the housing market.

the present. Fifty-four percent of the housing units in the City of Everett are renter-occupied.²⁶ Most of EHA's voucher holders use their vouchers in units near the housing authority's downtown office building to take advantage of access to transportation, schools, hospitals, and work. Success rates are not a high priority at EHA because their utilization rate is at 99 percent. Nevertheless, their success rate is at 97 percent²⁷, higher than the 88 percent from the 2001 study.²⁸

Two main factors appear to be influencing EHA's high success rate (both in tight and loose markets). First, EHA exhibits a high quality of program management, with program monitoring and tracking, a desire for continued program improvement through experimentation and change, and a strong staff. Second, good landlord relations facilitates a number of rental opportunities for voucher holders, even in tighter market conditions.

Waiting List Management and Applicant Processing

The Admissions Department, separate from the Section 8 Department, handles waiting lists and applicant processing procedures for all EHA programs, which include Public Housing, Section 8 Homeownership, and Family Self-Sufficiency. The HCV wait list is open for the first five business days of every month. As of February 2003, the wait list contained approximately 1,500 people and is two to four years long. Applicants are selected from the list based on the date and time their application was received. The Admissions Department requires those on the waiting list to contact the housing authority every 6 months. Admissions Officers will issue one letter to those applicants who have not yet made contact before purging. In general, about 70 percent of applicants will contact the Admissions Officers on their own within this time limit to express continued interest.

EHA's eligibility procedures are stringent. The Admissions Department collects verified eligibility information upon initial application, and again once the applicant is pulled from the wait list. In order to be considered for a voucher, all applicant eligibility information must be current within 60 days of voucher issuance.²⁹ EHA will deny those with violence or drug arrests or convictions within the last 5 years. Applicants are required to present a self-reported rental history, a copy of their current lease, 3 months of rent receipts, and current utility bills. Strict admissions, purging, and eligibility procedures help assure a viable wait list, as well as motivated voucher holders that are attractive to landlords.

Briefing, Voucher Issuance, and Housing Search

A Rental Assistant who was once a voucher program participant³⁰ conducts the group briefings, consisting of 20 people on average. The accompaniment of a slide presentation assures that key issues are addressed and that participants remain engaged. The briefings last for approximately two hours, and are usually held once per week, though EHA will increase this up to three per week depending on need. All adult members are required to attend the briefings, with no accommodations made for children. Late arrivals are not accepted.

Separate briefings are held for Russian speakers³¹ every two weeks, with an average of 5 to 6 attendees. Additional accommodations, which include holding personal home visits, are made for the elderly, disabled, working, or those in

²⁶ U.S. Census 2000.

²⁷ EHA can access the numbers of vouchers issued each week, as well as the number leased and time to lease up by voucher type. The 97 percent figure was derived by dividing the number leased by the number issued over a three-month period dating from October 2002. While not exactly the same, this method is similar to the one employed to gather the mid-2000 data for the 2001 Success Rates study.

²⁸ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-1.

²⁹ HUD requires eligibility information to be updated within 120 days of any housing authority action, so Everett's policy is more stringent.

³⁰ This Rental Assistant was described as "the light at the end of a tunnel" for the current program participants, as she is now self-sufficient and a homeowner. While this can offer motivation to participants and increase success rates, the former participant recently adopted this role and is not a factor in the high success rates from the 2001 study.

³¹ The second most common language spoken amongst HCV participants is Russian. Other common languages include Ukrainian, Arabic, and Vietnamese. EHA utilizes a variety of translation services, including Refugee Forum, an organization affiliated with the local Community College, and an AT&T language line.

emergency situations. EHA will also hold separate briefings for project-based pregnant teens and battered women, as many of their procedures and responsibilities differ from the other rental vouchers.

EHA's goal for the briefing is to enable voucher holders to calculate their Total Tenant Payment (TTP) and Housing Assistance Payment (HAP) for any available unit. Participants are supplied with a utility allowance chart, a step-by-step instruction sheet on how to calculate TTP and gross rent, example calculations, and an "Estimate Sheet," which serves as an exercise for the participant to determine the TTP and HAP themselves. An understanding of these calculations can save the paperwork, time, and effort of all parties that would have been wasted on ineligible units. The briefing folder is divided into two sides, "Tenant Information" and "Landlord/Owner Information." The packet serves both to inform the voucher holder of their own responsibilities and to offer a program-marketing tool that participants can deliver to landlords unfamiliar with the program.

EHA provides for an initial 120 days of housing search. EHA offers information-based housing search assistance at the time of the briefing. The participants receive a list of units grouped by unit size that is updated weekly, which is also available at the front desk. The list offers unit address, size, and owner contact information, as well as details, such as the housing type, handicapped accessibility, rent and deposit amount, credit check cost, utility cost obligations, pet deposit, date of availability, and descriptions of amenities and square footage. This is more detail on available units than most PHAs provide, and may help voucher recipients target their housing search more efficiently. At the briefing, staff will offer search suggestions, such as the type of clothes to wear, not to bring children, and to look at the neighborhood by both day and night for a better sense of the living conditions. EHA does not offer direct housing search services, but rather provides a list of community resources at the briefing. EHA partners with other community agencies, such as the Department of Social and Health Services, that may make voucher participants more inclined to take advantage of outside resources. Rental Officers will also respond to phone calls from clients seeking search advice or other assistance.

HQS, Rent Reasonableness, and Owner Relations

EHA conducts unit inspections within 10 days of receipt of the Request for Tenancy Approval (RTA). Inspectors carry tool kits, batteries, faceplates, and battery-operated smoke detectors to address common fail items. Inspectors will also allow landlords to fix minor repairs while on site in order for the unit to pass initial inspection. Over 95 percent of the units pass initial inspections, while less than one percent of units never pass HQS. This initial pass rate is unusually high and reflects the relatively good condition of the city's housing stock and the inspector's willingness to handle minor repairs "on the spot." The 2001 Voucher Success Rate Study found that, all other things being equal, PHAs where a majority of the units inspected pass HQS on the first inspection have a higher success rate than PHAs where fewer than half pass HQS on the first inspection.³²

EHA hired a contractor, Dupree + Scott Apartment Advisors, to offer bi-annual reports based on hundreds of observations indicating rents. Along with these reports and data, EHA contacts large apartment complexes quarterly to assess rents. The inspector, equipped with these resources as well as comparables, determines rent reasonableness after the completion of the inspection. EHA staff reported that landlords rarely dispute rent reasonableness determinations.

The majority of landlords learn about the HCV program through word-of-mouth. Owner packets will be delivered upon request. EHA also produces a quarterly landlord brochure, which is sent along with HAP payments. An EHA employee (one of the Rental Officers) recently joined the board of the Everett Apartment Manager Association to represent EHA. This meeting, open to all landlords, is held monthly, and the Section 8 Director has spoken at two meetings. The meetings are organized under the auspices of the Everett Police Department and are well-attended, with 75 to 80 participants at the most recent meeting prior to our visit. EHA further helps recruit owners through special courtesy inspections at the tenant or landlord's request to determine if a unit will pass HQS before the owner enters the program.³³

³² Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," 3-18.

³³ EHA will also, however, perform a special inspection for a tenant if they believe their unit is in need of repairs and the landlord is not being responsive.

Landlords are generally pleased with the program, as their HAP checks are run weekly, phone messages are returned within 24 hours, and EHA is willing to intervene in tenant-landlord conflicts. The reputation of the HCV program improved when landlords were permitted to request a deposit up to one month's rent instead of 30 percent of the tenant's income. In general, EHA interviewees stated that owners want to help those less fortunate, and will accept HCV participants even in tighter market conditions.

Program Monitoring and Staffing

EHA places a high priority on tracking and monitoring the status of vouchers. The staff run weekly reports on items such as current leases, new leases, vouchers currently issued but unutilized, vouchers under lease, program utilization, and time between issuance and lease. These figures are calculated by type of voucher. Although EHA does not monitor success rates, their tracking system gathers the component figures to calculate it if they so choose.

EHA further monitors the program by experimentation and evaluation. For instance, in August 2002, when their utilization rate was comfortably high, EHA stopped absorbing port-ins to see how it would affect the program. EHA has also conducted formal studies, such as one with the University of Washington investigating whether or not the combination of services provided by the Welfare-to-Work program produces more self-sufficient clients than Section 8 vouchers alone.³⁴ A study on FSS clients, seeking to uncover barriers to self-sufficiency, surprisingly revealed a general fear of utilizing public transportation. According to EHA, the public transportation system is good and can increase their chances of attaining self-sufficiency through increasing job accessibility. In reaction to the results, EHA incorporated discussions of public transportation in FSS case services.

The Section 8 department has 16 full-time equivalents on staff, including partial time of the Admissions Department staff, which is a higher than average voucher-to-staff ratio for a high-utilization site.³⁵ The Section 8 Director, having served as a Rental Officer as well as in other positions in EHA, has the knowledge to delegate a challenging but manageable workload for her staff. The current Section 8 Director has been in her position for almost two years, with only one other director having served before her, for 24 years. The Executive Director and the Section 8 Director both said that they value change and use it as a vehicle to learn, grow, and improve the program.

EHA has a thorough staff hiring process. Their stated goals are to hire skilled individuals that are empathetic and understanding to their clientele's circumstances³⁶ and to recognize the value of staff members in the daily operations and success of the program, no matter what their position. EHA prioritizes trainings for existing staff, allotting \$27,000 of their program budget for training funds. Trainings are mainly in the form of one- to five-day seminars and conferences. EHA management have at times changed policies based on what they learned at such seminars and conferences.

Drivers of Success

The Everett Housing Authority has achieved a high success rate in both tight and loose markets. The main driver of success rates appears to be the high quality of management at EHA. The staff closely monitors voucher status with an extensive tracking system to assure goals will be met, resulting in program stability. Given the stable environment, EHA is able to conduct studies and experiments that have revealed program improvements that can help increase success rates. Good landlord relations help assure a stable supply of housing units for voucher holders to access, even in challenging market conditions.

³⁴ Cawley-Murphree, Althea. *Does it Work? Welfare-to-Work and its Impact on Economic Self-sufficiency*. January 2003. View Report at: http://www.hud.gov/offices/pih/programs/hcv/wtw/resources/bs7/snohomish_eval.pdf (4/4/03).

³⁵ The 2002 study of voucher utilization rates found that among PHAs with unit utilization at or above 95 percent, the average voucher to staff ratio was 130 vouchers per full-time staff equivalent. Finkel et al. (2002), "Costs and Utilization in the Housing Choice Voucher Program: Draft Final Report." Everett's ratio is 148 vouchers per full-time equivalent staffer.

³⁶ Applicants are asked a series of scenario questions to see if they stereotype the clientele. For instance, one scenario is of the applicant opening the door to one of the units and seeing a child in a dirty diaper and no one else in immediate view. If the applicant blames the parent or tries to interfere in the situation, he/she will not be hired.

Program Management

EHA has a well-run HCV program, evidenced through a series of management components, including program monitoring and tracking, making informed program changes, and emphasizing a strong staff.

The Section 8 Department closely monitors the status of their vouchers and runs reports weekly. These numbers are shared at bi-monthly staff meetings. Close program monitoring allows maintains the utilization rate to be maintained at a consistently high level throughout the fiscal year.

Such program stability enables a venue for experimentation with low risk. EHA's tracking and monitoring systems can detect potential lags and/or needs that require investigation. When appropriate, the Section 8 Department will conduct experiments or surveys to determine if there are inefficiencies with their procedures or gaps to be addressed. For example, EHA administered a Participant Satisfaction survey, which revealed information about service quality of EHA staff, ease of scheduling an appointment with EHA, staff response to phone messages, staff explanation of program rules, client treatment by staff, neighborhood conditions, etc. The data were disaggregated by race/ethnicity. The results were presented to the EHA board and ultimately influenced change in EHA policies and procedures. Improved explanation of program rules, better client treatment, and improved response to phone messages, for instance, are a direct result of the survey and may help increase program success rates.

EHA emphasizes a strong staff to assure smooth program operations. Procedures for hiring staff are extensive and detailed. Applicants must undergo a series of math and comprehension exams. They are tested not only for skills, but also character, as EHA takes measures to assure their staff have respect and understanding towards the clientele. The existing staff members are given full authority to make decisions. The staff expressed that a reason they are such a high-performing housing authority is because they are not micro-managed.³⁷

Landlord Relations

EHA offers a series of services to landlords that lead to good landlord relations. The inspectors bring tools and batteries to assist landlords with inspection requirements in order to help ensure units pass HQS upon the first inspection. Landlords are paid timely, with HAP checks being run weekly; phone messages are returned within 24 hours; the payment standard is set at 110 percent of the (40th percentile) local fair market rent; and EHA is willing to intervene in tenant-landlord conflicts.

In combination with EHA's measures to ensure landlord satisfaction, landlord relations are further strengthened through what EHA staff report is a community-wide desire to help those that are less fortunate. Under tight housing market conditions, landlords were still willing to accept HCV participants. Landlord participation has further increased under the current loose market conditions. EHA, then, manages to overcome market barriers through maintaining landlord participation. With more housing options, voucher holders have a greater chance of finding an eligible unit within the search time regardless of the housing market status, thereby increasing success rates.

3.3.5 Grand Prairie Housing Authority

Introduction

The Grand Prairie Housing Authority (GPHA) administers 2,241 housing choice vouchers in the city of Grand Prairie, Texas. Grand Prairie is located 13 miles west of downtown Dallas and has a population of approximately 130,000. About 40 percent of the housing units in the city are renter-occupied, and 72 percent were built after 1970.³⁸ Grand Prairie's rental market is moderately loose, with an estimated rental vacancy rate in 2003 of 7 to 10 percent.³⁹ According to a recent *U.S. Housing Market Conditions* report, apartment occupancy rates in the Dallas-Fort Worth

³⁷ EHA's perfect SEMAP score (earning 135 points out of 135) is also evidence of a well-managed housing authority.

³⁸ U.S. Census 2000.

³⁹ According to the U.S. Census, the rental vacancy rate in Grand Prairie in 2000 was 7.8 percent. More recent estimates from the City's Department of Economic Development suggest that among multifamily units, the rental vacancy rate in 2003 is approximately 10 percent.

area as a whole have been declining over the past year, falling below 90 percent at the end of 2002.⁴⁰ In addition, GPHA's voucher payment standard, currently at 93 percent of the 40th-percentile FMR, suggests that Grand Prairie's market is loose relative to the metropolitan average.

GPHA administers the voucher program and HUD's Community Development Block Grant (CDBG) program for the city of Grand Prairie. It does not have any public housing units. While GPHA's voucher program focuses on achieving high utilization through careful monitoring of voucher issuance and good customer service to landlords, increasing the success rate of individual voucher recipients is not as high a priority. GPHA's voucher program is currently over 100 percent utilized in both unit and budget terms. As of January 2003, GPHA's voucher success rate is approximately 78 percent⁴¹, the same as it was at the time of the 2001 Success Rate Study.⁴²

Two main factors appear to contribute to GPHA's success rate. First, GPHA allows voucher recipients to lease up in neighboring PHAs' jurisdictions without formally porting out, which gives recipients access to a wide range of neighborhoods, housing types, and owners with no additional processing. Second, GPHA's effective program administration and emphasis on customer service have contributed to good owner acceptance of the program, which increases the likelihood that voucher recipients will find owners willing to rent to them.

GPHA administers the voucher program with a focus on maintaining high program utilization through careful waiting list management and ongoing monitoring of voucher issuance and lease-up. Although not directly linked to voucher success rates, these practices contribute to the effectiveness of GPHA's program administration and its reputation with owners, and thus may help achieve higher success rates.

Waiting List Management and Applicant Processing

As of January 2003, there were approximately 1,800 families on the waiting list for GPHA's voucher program. The waiting list has been closed since November 2001 and the oldest application on the list is from July 2001. Because it is over-utilized, GPHA is not currently admitting new families to the program. Staff plan to update the waiting list in June 2003, when the earliest applicants will have been on the list approximately two years. GPHA's Housing Assistance Manager (HCV Director) views waiting list management as critical to achieving high utilization, though not necessarily to a high success rate.

Program applicants are selected from the waiting list based on date and time of application. Applicants receive a packet detailing the information they need to provide for verification of program eligibility and work with GPHA's front desk clerks to compile the necessary documentation. Once an applicant's file is substantially complete, the clerk provides the file to one of two housing counselors for eligibility verification. GPHA does no screening beyond what is required by the program regulations.⁴³ Housing counselors typically do not meet applicants in person until the briefing; however, applicants occasionally meet with counselors at an earlier stage if they are having difficulty providing the required information for verification of eligibility. The two housing counselors are responsible for working with program applicants until they lease up, at which point the files go to a different set of staff that handle ongoing program functions.

Briefing, Voucher Issuance, and Housing Search

GPHA offers a standard program briefing led by one of the two housing counselors. The housing counselors read from a standardized script of program regulations for most of the briefing and answer questions for as long as necessary. The briefing usually lasts about an hour. Throughout the briefing, the counselors emphasize the 60-day limit on search time and the need to start looking for housing right away. Staff report that this emphasis, and the

⁴⁰ U.S. Department of Housing and Urban Development, *U.S. Housing Market Conditions*, February 2003. Accessed via the internet at www.huduser.org/periodicals/ushmc/winter02.

⁴¹ This estimate is a composite based on estimates from several individual interviews. GPHA does not calculate or track success rates.

⁴² Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-1.

⁴³ Owners are encouraged to conduct their own screening for credit, housekeeping, and landlord references, and to conduct an independent criminal background check.

PHA's policy of not granting extensions on the voucher, motivate voucher recipients to search more aggressively for housing. If families start looking for housing sooner than they would have done with a longer search period, they may also be more successful because program regulations, housing search strategies, and the benefits of the voucher are still fresh in their minds.⁴⁴ The main search strategies that the counselors offer families in the briefing are suggestions on where to find listings of available units—the PHA's listing (updated monthly), local newspapers, and for-rent signs—and encouragement to be persistent in working with owners.

The briefings are typically held in groups of up to 50, with individual briefings offered to persons with disabilities needing a reasonable accommodation, the frail elderly, and non-English speakers. All briefings are held during the day on weekdays. As a result, applicants who work during the day must take time off to attend the briefing. In addition, all household members over the age of 18 must attend the briefing. Families are given two opportunities to attend a briefing; after a family misses two briefings without notifying a housing counselor, the application is cancelled.

GPHA's policy of encouraging families to attend briefings during working hours and with all adult members in attendance may contribute to higher success rates because the working families who are willing to take time off work to attend the briefing may be particularly motivated to use the voucher. Alternatively, the briefing schedule may discourage working families from pursuing the program, which may result in a larger share of vouchers going to lower income (non-working) families. The 2001 Voucher Success Rate Study found, across all PHAs in the study, that households with incomes greater than zero but less than or equal to 30 percent of local median income were more likely to succeed than were households with incomes above 30 percent of local median income.⁴⁵

GPHA does not provide proactive housing search assistance. Unless a family calls the housing counselor for assistance, PHA staff will likely have no contact with the family during the search period. However, the two housing counselors are available to answer questions by telephone and are required to return calls within 24 hours. The counselors are usually able to answer questions within minutes by accessing the client's file on the computer, and also have a list of community resources and other helpful numbers that they will mail or fax out upon request.⁴⁶ The list includes charitable organizations that can assist families with security deposits and rental application fees. Counselors say they frequently refer families to these resources but do not track whether the families actually receive assistance this way.

HQS, Rent Reasonableness, and Owner Relations

GPHA normally conducts inspections within 7 to 14 business days of receiving the Request for Tenancy Approval (RTA).⁴⁷ Inspectors bring batteries, electrical plate covers, and smoke detectors to address common fail items on the spot. Nevertheless only 30 percent of units pass on the first inspection, 65 percent fail the first inspection but eventually pass, and 5 percent never pass inspection. The 2001 Voucher Success Rate Study found that all other things being equal, PHAs where no more than half of all units pass HQS on the first inspection had lower success rates than PHAs where a majority of units passed HQS on the first inspection.⁴⁸ The HQS failure rate on the first inspection, which may be an indicator of the marginal quality of Grand Prairie's older affordable housing stock, may make it more challenging to achieve a higher success rate.

⁴⁴ Other PHAs, particularly in tight markets, have found that a longer search time results in a larger share of voucher recipients ultimately leasing up. The 2001 success study found that search time for successful households was longer in tight markets, averaging 93 to 94 days in both tight and very tight markets, 69 days in moderate markets, and 59 days in loose markets. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates."

⁴⁵ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," 3-22.

⁴⁶ This list is also included in the briefing packet.

⁴⁷ This is consistent with the 2001 Voucher Success Rate Study, which found that among voucher recipients who leased the first unit that they selected and that passed HQS on the first inspection, an average of 14 days elapsed between the submission of the RFLA and the first inspection. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," 2-7.

⁴⁸ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates," 3-18.

Inspectors and supervisors rarely approve rents above the voucher payment standard (93 percent of the FMR) and "never" approve rents above the FMR. Approximately 20 percent of owners initially request rents over the payment standard, but staff say that virtually all of them are willing to come down (providing further evidence that the local rental market is not especially tight). GPHA supervisors claim the payment standard is adequate for voucher recipients to lease units in the area, although it may be too low for families to get their first choice of unit. Once a unit is approved and the HAP contract is signed, payments can begin very quickly. GPHA does weekly check runs, which means that if the HAP contract is signed on a Monday, the owner can receive the first payment that Friday.

GPHA does not conduct owner outreach to bring new owners into the program. The agency currently has 703 active owners (one for every three units under lease, although 75 percent of active owners own multifamily complexes) and staff claim this is sufficient to maintain program utilization. GPHA hosts an annual meeting with owners to review program regulations and explain any program changes. Attendees are given a binder with program regulations, tips on meeting HQS, and other information of interest to owners. Although the meetings are not designed to attract new owners to the program, they may help voucher success rates if they make existing owners more willing to lease a greater share of their units to voucher recipients or continue to lease to voucher recipients over time.

The Housing Assistance Manager emphasized the willingness of supervisory staff to address owner concerns in a timely manner. She views personable customer service to owners as critical to running a successful voucher program. If a new owner joins the program during the course of the year and has questions, the Housing Assistance Manager will meet with the owner personally to explain the program. While on site, we observed the Housing Assistance Manager addressing owners on the telephone and instructing her staff to direct owner concerns to her. Staff reported that GPHA has a good reputation with local owners and the voucher program does not have a negative image in the area.

Program Monitoring and Staffing

GPHA's program monitoring focuses on utilization rates and not success rates. The Housing Assistance Manager said that overall program utilization is much more important to her than whether a particular client finds a unit because there are many other families requiring assistance. Moreover, she did not think it was necessary to track success rates in order to achieve high utilization, because high utilization can be achieved through the over-issuance of vouchers, regardless of success rate. As a result, she pays more attention to how many applicants called from the waiting list receive vouchers and to overall unit and budget utilization than to what happens to families once they receive a voucher.

GPHA has 29 full-time staff, 17 of which work directly on the 2,241-unit voucher program. This level of staffing is slightly low for a high-utilization PHA⁴⁹, and the Housing Assistance Manager expressed a desire to hire an additional three voucher program staff. In recent years, GPHA has experienced little staff turnover; all current voucher program staff have been there for at least four years. The agency has recently placed increased emphasis on formal educational qualifications in hiring staff. For housing counselors, the agency now requires two years of education beyond high school or the equivalent in relevant work experience. For more senior staff, a greater amount of housing-related work experience is desirable. The agency has a budget for staff to attend training on a rotating basis. The current housing counselors appear to be competent and conscientious and to understand their role. However, they are not involved in strategic decisions about voucher utilization and success rates. The Housing Assistance Manager makes these decisions with the assistance of two program supervisors who report directly to her.

Drivers of Success

GPHA appears to run a good voucher program with the objective of high utilization. The current voucher success rate of 78 percent is moderately high. GPHA does not track success rates or have any policies and procedures in place specifically aimed at improving success rates. However, we identified two factors that likely contribute to GPHA's moderately high success rate, each of which is described below.

⁴⁹ See note 35 *supra*. GPHA's program has 135 vouchers per full-time staff equivalent.

Wide Lease-Up Area

GPHA has entered into agreements with local PHAs within a 50-mile radius of Grand Prairie to allow voucher recipients from a given housing authority to lease up in another housing authority's jurisdiction without using the portability aspect of the HCV program. For example, a family issued a voucher in Grand Prairie may lease up in neighboring Irving and remain a client of GPHA. From GPHA's point of view, the main benefit of this arrangement is that it limits the number of port-outs, which can adversely affect program utilization if the port-outs are absorbed by the receiving agency. This arrangement may also contribute to higher success rates by giving voucher recipients a wider choice of neighborhoods, housing types, and owners than exist in GPHA's jurisdiction alone. Although all PHAs are required to allow portability, the portability process may create disincentives for families to lease up outside the issuing jurisdiction or for owners to rent to families porting in because more than one PHA has to be involved.⁵⁰ Furthermore, PHAs concerned about the effect of port-outs on program utilization may be less likely to encourage voucher recipients to search for housing in a broad range of areas.

Effective Program Administration and Responsiveness to Owners

Effective program administration is essential for attracting new owners to the voucher program and retaining existing owners. Without sound program practices and owner acceptance of the program, it is impossible to achieve a high success rate, regardless of the housing market. However, in tight rental markets, or markets in which housing quality is a particular problem, effective program administration may not be enough. Where voucher recipients routinely compete against unassisted families for the same units, PHAs may need to be more innovative to attract owners to the program. GPHA operates in a relatively loose rental market where innovation may be less important. Instead, the agency's basic program practices have been sufficient to maintain adequate owner participation. These practices include: Being responsive to owner concerns by answering telephone inquiries in person and returning calls within 24 hours; holding annual owner meetings and meeting with owners throughout the year as necessary; setting the payment standard at a level that is adequate for the local market; scheduling HQS inspections in a timely manner; and issuing HAP checks weekly so that HAP payments to new owners start as quickly as possible.

3.3.6 City of Kenosha Housing Authority

Introduction

The City of Kenosha Housing Authority (KHA) administers 1,107 housing choice vouchers in the city of Kenosha, Wisconsin. Kenosha is located in southeastern Wisconsin near the shores of Lake Michigan between Chicago and Milwaukee and has a population of approximately 96,000. About 38 percent of the housing units in the city are renter-occupied. Kenosha's rental market is very tight; PHA staff estimate the rental vacancy rate to be less than three percent.

KHA administers the standard voucher program and several targeted voucher programs that include Welfare-to-Work and Mainstream Housing for Persons with Disabilities. As of November 2002, KHA's success rate was estimated to be 72 percent.⁵¹ For an extremely tight market, this success rate is still above the average of 61 percent found for extremely tight housing markets in the 2001 study. The estimate for Kenosha from the 2001 Success Rate Study was 84 percent.⁵² Staff attribute the drop in the success rate to a tightening of the local rental market.

Several factors appear to contribute to KHA's success rate. First, KHA has made a significant outreach effort to landlords in the area. Second, tenant education at the onset of the program has been key in obtaining and maintaining voucher holders. Each of these factors is discussed in detail below, following a general description of KHA's voucher program.

KHA's voucher program is focused on high program utilization and not success rates. Because they have been successful in incorporating 300 new units into the program and increasing program utilization from 84 percent to over

⁵⁰ For example, it may take longer to schedule the initial HQS inspection and for HAP payments to begin.

⁵¹ This figure was calculated by KHA staff who reviewed a list of voucher recipients maintained at the office's front desk and indicated who had successfully leased up.

⁵² Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report, Exhibit C-1.

100 percent since the end of the last fiscal year, they have not paid much attention to success rates. KHA has achieved high program utilization by issuing a large number of vouchers and increasing the number of owners willing to participate in the program. Nonetheless, KHA has taken specific actions in a tight rental market that also help it achieve above-average success rates.

Waiting List Management and Applicant Processing

As of December 2002, there are approximately 1,431 families on KHA's voucher program waiting list. The list was closed for a year and reopened March 1, 2002. The list closed again on December 26, 2002 because Chicago and North Chicago are closing their lists and KHA does not wish to be swamped with non-resident applicants who will (in any case) be stuck at the bottom of a long list. Time on the waiting list ranges from 6 months to 5 years. This large spread is due to the applicant pool containing both persons with preferences and out-of-state applicants.

Once a family reaches the top of the waiting list they are sent a letter requesting that they bring in the necessary documents for the eligibility team to review. The documents are reviewed to determine eligibility and verification. Within two weeks of KHA's receipt of the completed information, the applicant receives an invitation to attend a briefing. If the information the applicant submits is incomplete, a caseworker will request the additional information before they are either invited to a briefing or denied. The current layout of the office does not make one-on-one interviews feasible, so much of the "eligibility interview" is conducted over the counter. KHA has received approval to begin renovations to the office to make it more customer friendly.

KHA uses Wisconsin's Circuit Court Access Program (CCAP), an online criminal history query system, to screen applicants. Approximately 20 to 30 percent of applicants are denied vouchers as a result of CCAP, which tracks any information about arrests and convictions, evictions, bad checks or civil suits throughout the State of Wisconsin. KHA staff said that the denial rate is high because of the families being screened for the Welfare-to-Work program, who (the Program Director and other staff reported) tend to have more problems and more issues than the families on the regular waiting list. These families also have higher turnover once admitted, due to violations of program rules or criminal activity, according to interviewees. Staff indicated that CCAP is a selling point for owners because they are aware that KHA screens applicants for criminal history.

Briefing, Voucher Issuance, and Housing Search

KHA conducts individual and group briefings. Site visitors attended a Welfare-to-Work briefing conducted by staff from Goodwill Industries (a contractor for Wisconsin's welfare program) and from the housing authority. To ensure that the briefing is conducted the same way each time, a 45-minute slide presentation is used. Voucher recipients are encouraged to participate in the briefing session by using an interactive presentation of questions and answers. The incentive for answering a question correctly is a free cleaning item (such as a bottle of glass cleaner). At the end of the briefing recipients are encouraged to ask any questions they might have, as well as to read through an educational packet of information provided at the beginning of the briefing. The typical length of the briefing is two hours. KHA expects to use the same briefing format when it begins to admit regular voucher recipients again.

The briefings are typically held in groups of 15 to 20, with individual briefings offered to persons with disabilities needing a reasonable accommodation and the elderly. Day, night and weekend sessions are available in order to accommodate a person's schedule. All adult household members must attend the briefing. Families are given two opportunities to attend a briefing; should they miss two briefings, their application is cancelled.

KHA cooperates with various community service agencies in the Kenosha area. The Kenosha Job Center houses over sixteen agencies to assist Kenosha residents with job training, daycare, information on housing and other social services in the area. Staff have made it a priority to foster relationships with local service networks and will refer applicants to these agencies if the need arises. KHA maintains a list of available units throughout Kenosha County. The list is updated weekly by the Clerk/Typist and is available to view during normal office hours but is not otherwise disseminated. KHA provides for a 60-day initial term of search, but staff encourage new voucher holders to consider leasing in place so they can get on the program quickly, then look for a new unit at the end of the first year. KHA does not provide direct one-on-one search assistance or support services to voucher holders but ensures that

services are provided through a network of local support services providers. For example, KHA will provide a family with information about an agency that can assist them with moving costs or security deposits.

HQS, Rent Reasonableness, and Owner Relations

After the unit is available for inspection it takes less than one week for an inspection to occur. Inspectors carry batteries and provide a checklist of inspection items to the landlord prior to the inspection, which can prevent failures for items that could be corrected on-the-spot. The most common fail item is chipped paint. Approximately 60 to 70 percent of units pass on the first inspection.

Based on the City's development study, the local rental housing market is tight. The vacancy rate is less than 3 percent. Staff's perception is that KHA has become accustomed to a tight market and has learned to work around it. Staff have found that new apartment complexes are not affordable for the population that KHA serves, which other things equal would not increase the success rate as the stock of available housing is not increasing. Overall, staff stated that the quality of housing in the City of Kenosha is not particularly good, although a fairly high percentage of units pass first inspection. The City has attempted to revitalize targeted areas and build new construction using HOME dollars for first-time homebuyers, which if successful could move some persons into homeownership (freeing up their rental units) and may increase the supply of available qualifying housing—possibly increasing success rates. KHA is in a 40th percentile FMR area. KHA staff use comparables from a database of rents and unit characteristics they have developed.

KHA staff agreed that landlord outreach is important and necessary in assisting voucher recipients to find a suitable unit. They have made a conscious effort to improve landlord relations and to conduct outreach. Staff argue that they have been successful in changing the image of voucher recipients. In the past year KHA had over 100 new landlords participate in the program. On a monthly basis KHA staff meet with landlords to discuss any issues they may have as well as distributing a monthly newsletter. KHA has membership in two landlord organizations in Kenosha, and has also partnered with the Community Research Development Institute at the University of Wisconsin-Parkside for the past several years to conduct landlord surveys and focus groups. The Institute conducting the landlord survey cited a KHA-sponsored Landlord Forum as providing the initiative for at least some of the landlord research. Survey and focus group issues include such areas as understanding of program requirements, tenant behaviors, adequacy of the payment standard, and "red tape." The results of this research can be utilized to identify and address landlord issues with program operations, and have been used for landlord training; for the development of incentives for participating owners, like discounted products and services from local businesses; and for the maintenance of the owner mailing list.

Program Monitoring and Staffing

KHA does not monitor success rates, preferring to manage utilization, although information for success rates is readily available. KHA has been successful in incorporating 300 new units into the program and increasing program utilization from 84 percent at the end of the fiscal year to 100 percent at the end of 2002 and so has not noticed its declining success rates.

KHA has 11 full-time staff who perform all program and support functions. From 1999 to 2001, KHA experienced a great deal of staff turnover, which could potentially lower success rates by sapping institutional knowledge about both program operations and the local housing market. Nevertheless the current staff have on average been in their jobs for more than one year. Staff members seem very knowledgeable about the HCV program as well as their clients' needs. Staff are kept abreast of any rule or procedural changes through regular attendance at trainings and inter-office meetings.

Drivers of Success

KHA has a success rate of approximately 72 percent, lower than the 2001 rate of 84 percent but still above average for PHAs in tight markets. The main objective for KHA has been to maintain high utilization rather than to track success rates. Although KHA's policies are geared towards achieving a high utilization rate rather than success rate, two aspects of their program appear important to increasing leasing success.

Landlord Outreach

KHA has placed considerable emphasis on landlord outreach. One innovative approach to landlord relations is "Mr. Landlord" seminars. Mr. Landlord is an owner who speaks to other landlords around the country about how to become a better landlord and motivating landlords to continue participating in the program. KHA staff found that after the landlord outreach effort last year, voucher holders were leasing up more quickly. Staff have also improved the marketing materials that are geared towards landlords. KHA staff reported that in order to get more landlords participating in the program they will have to continue conducting landlord trainings and involve local business owners in the program (to provide discounted products or services to recipients and landlords). KHA's landlord research has fostered better relationships between KHA and landlords, and led to a better understanding of how to develop and target program informational materials to landlords.

Briefing/Tenant Education

The style of the briefing, with the opportunity to win items for correctly answering questions, is clever and thought-provoking for the voucher recipients. The ongoing interaction between briefing staff and participants provides motivation for families to find a unit. The briefing presenters (at the Welfare-to-Work briefing) did a good job of providing information so that families could be prepared for the next steps in the process, and provided information written in a clear and concise manner. Educating tenants about the program, rights and responsibilities of the tenant/owner, home care and state and local laws, can assist them in becoming more rule-abiding members of the program.

3.3.7 San Diego Housing Commission

Introduction

The San Diego Housing Commission (SDHC) administers approximately 11,834 housing choice vouchers in the city of San Diego, California. San Diego has a population of approximately 1.2 million, of which 50.5 percent are renters. The market appears to have softened since 2000, but remains tight with vacancy rates at or below 4 percent in the more affordable middle and low rent ranges of the market.⁵³

SDHC administers the voucher program and several targeted voucher programs, including Family Unification, Section 8 Opt Out/Preservation, and Public Housing Relocation. SDHC's voucher program is currently over 100 percent utilized in both unit and budget terms.⁵⁴ As of March 2003, SDHC's voucher success rate is between 60 and 70 percent.⁵⁵ The estimate from the 2001 Success Rate study was 88 percent.⁵⁶

Although SDHC's success rate has dropped since the last study, the agency has instituted several practices designed to help families lease up successfully and quickly. First, SDHC has changed its briefing process to one that emphasizes selling oneself as a tenant, and selling the program. Second, SDHC has streamlined the processes once a family returns the RTA. SDHC has offered landlords the option of fast track or pre-inspections as well as speeding up the payment to owners. Third, SDHC has developed a comprehensive owner marketing program. Fourth, SDHC has placed a considerable emphasis on leasing in place. Each of these factors is discussed below, following a general description of SDHC's voucher program.

In 2002, having received 2,500 new vouchers over a 12-month period, SDHC embarked on an intensive lease-up push that featured large-scale housing fairs and streamlined applicant processing. Although many of the program changes were made in order to increase overall program utilization, several changes focus on increasing landlord participation in the program, which is clearly linked to success rates.

⁵³ U.S. Department of Housing and Urban Development, *U.S. Housing Market Conditions, Fourth Quarter 2002: Regional Activity* (<http://www.huduser.org/periodicals/ushmc/winter02/ca.html>).

⁵⁴ Such overutilization is now prohibited under the 2003 Appropriations Act.

⁵⁵ This PHA does not track or calculate success rates as defined in this study. The estimate provided is an average of interviewee estimates, with a correction to include successful port-outs.

⁵⁶ Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," Exhibit C-1.

Waiting List Management and Applicant Processing

As of March 2003, there are approximately 30,000 families on SDHC's voucher program waiting list, which is always open. The PHA purges the list every 18 months.

In 2002, SDHC developed a "Leasing Fair" model as a way to process large numbers of applicants to utilize 2,500 new vouchers. This model represented a significant departure from their previous method of operation. Program applicants were selected from the waiting list based on date and time of application. Applicants received an appointment letter inviting the family to the fair. Included with the letter was an intake packet listing the detailed information they needed to bring in order to verify their eligibility. Once at the fair, the families turned in their packet and attended a short orientation regarding the remaining steps of the housing fair process. Staff determined eligibility and if applicants were determined eligible they were moved to another area to be briefed.⁵⁷ Applicants whose eligibility could not be determined at that time were given a list of documents to provide within 10 days. If the family did not provide the information a second 10-day letter was sent. If after the second request the information was not provided, the family's file was terminated. This approach allowed SDHC to determine in a timely fashion which families were motivated, prepared and qualified, and to put vouchers in their hands as quickly as possible, which may increase success rates.

Briefing, Voucher Issuance, and Housing Search

SDHC briefings are conducted by one or two housing supervisors who read from a standardized script. When the fairs were held in areas with a separate room, staff used a slide presentation. One adult household member must attend the 50-minute briefing. At the end of the session, voucher participants have the opportunity to ask questions. Although the briefing is read from a script, the content of the briefing—with more emphasis on motivational material than on program regulations—might inspire families to go out and look for housing. Throughout the briefing, the supervisors emphasize the value of a voucher and the option of leasing in place. SDHC emphasizes that families should consider leasing in place because there are thousands of other families with vouchers looking for rental places; if one chooses not to lease in place, there will be someone else waiting in the wings to receive their voucher.

After having experimented with the number of people in briefing groups, SDHC prefers to conduct group briefings of 30 to 50 participants. The housing assistants will brief families outside of these group sessions, but only under special circumstances. If a family misses a briefing appointment, no action will be taken to cancel their application. PHA staff emphasized that during the lease-up push, they wanted to provide as many families as possible the opportunity to lease up and so tried to be flexible with families who missed appointments. As a result, no families were dropped during this push.

The main forms of search assistance offered to families during the briefing are advice to consider leasing in place; a list of available units with building and landlord names, addresses and phone numbers, sizes of available units, rent amounts, and utilities; suggestions on where to find additional information on available units; and encouragement to be persistent in working with landlords ("sell yourself" and "sell rental assistance"). SDHC maintains a list of available units throughout its jurisdiction.⁵⁸ The list is updated weekly by landlord calls placed to a phone line designated for this purpose. The local housing stock dates from the 1950s to new construction, and is generally considered by staff to be of high quality, including areas where voucher recipients tend to lease up.

SDHC does not provide one-on-one search assistance or support services. However, SDHC will refer families to the Communities Opportunities Program, run by the Fair Housing Council of San Diego, to provide security deposit assistance. At one point during the intensive lease-up period, PHA staff made a number of "cold calls" to voucher recipients to attempt to identify barriers to locating housing. However, staff typically have little contact of any kind with voucher recipients during the search period.

⁵⁷ Some verifications such as third party verification of wages and criminal background checks are done later, but the family is processed as provisionally eligible.

⁵⁸ Copies of the list are available at the front desk, online at www.sdhc.net and are available for viewing at community centers.

HQS, Rent Reasonableness, and Owner Relations

Since starting the lease-up push, SDHC has implemented several new procedures. The establishment of a Leasing Window, where participants walk in and return the RTA and other documents, has been beneficial in speeding up the overall process. SDHC also offers "Fast Track" inspections, whereby the owner can request that the inspection take place the same day or the day after the RTA is submitted. Finally, the PHA offers pre-inspections to landlords who place their vacant units on its list of available rentals. Through the pre-inspection process, these units can be inspected prior to tenant selection, accelerating the pace of lease-up once a tenant is selected.⁵⁹

According to the Inspection Supervisor, there is not a shortage of units that meet HQS in the area because most units are well maintained. The most common fail items on initial, pre-contract inspections are peeling paint, missing batteries and missing switch plate covers. During the lease-up push, SDHC eliminated inspection standards above and beyond HQS in order to increase the likelihood that owners' units would pass. SDHC tracks inspection fail rates on every unit, including failures for both HQS and rent reasonableness. Staff reported to us that approximately 65 percent of units pass on the first inspection, 33 percent fail the first inspection but eventually pass, and only 2 percent never pass inspection.

SDHC frequently negotiates with landlords to reduce their rents to the agency's voucher payment standard (110 percent of the 50th percentile FMR), but based on their tracking figures, fewer than 5 percent of units fail because of rent reasonableness. According to the Inspections Supervisor, 10 to 15 percent of owners request rents that exceed what the PHA considers reasonable. Staff stated their position that the payment standard is adequate for families to lease appropriate units in the area. SDHC bases its rent reasonableness determinations on comparables derived from a database with approximately 4,000 observations and a listing of multifamily rents published quarterly by a real estate consulting firm.

SDHC also developed an aggressive, high-profile, comprehensive marketing program as part of the lease-up push. The goal was to educate the owner/landlord community about the "New Section 8 Program." Before the lease-up push SDHC was confronted with issues of misperceptions, a negative image and at times, bad press—all of which directly affected the ability of many families to lease up. SDHC's Community Relations department tailored marketing materials to address landlord concerns about excess paperwork and "red tape" in the voucher program and to educate the broader public about the benefits of the program. Staff sent 10,000 brochures to potential new landlords throughout the city explaining the "all new and better" Section 8 program. In the past landlords were reluctant about taking even one family with Section 8—now landlords have several units in the program. Staff report that using these materials, as well as media contact and advertisements, SDHC was able to turn a negative perception of the agency into a positive image. SDHC also hired two temporary Marketing Specialists to solicit available units for placement on a twice-weekly list of available rentals.

An Outreach Liaison position was also established so that owners could have "one-on-one" contact with a staff member who can handle lease problems, service and payment issues, and complaints. The Liaison reported that SDHC had recruited 1,000 new landlords to the program over a 9-month period.

SDHC conducts landlord orientation meetings for new landlords as well as monthly seminars for existing landlords. The monthly workshops for existing landlords consist of topics such as recertifications, rent changes, preventative law, and inspection workshops. The monthly meetings for existing landlords may help success rates if the meetings make landlords more willing to lease a greater share of their units to voucher recipients and/or continue to lease to voucher recipients over time.

Program Monitoring and Staffing

SDHC does not monitor its success rates *per se*, but they do collect information on every aspect of the lease-up process: leasing fairs, eligibility, inspections and leasing. During the lease-up push, staff created spreadsheets to

⁵⁹ Units must be inspected after an RTA submission, so a pre-inspection does not preclude another inspection once the family submits its RTA.

help with program management.⁶⁰ The analysis of these reports is used to gauge both program success and operational problems. Taken together, these reports could be used by the PHA to track success rates, however, they are primarily used to track overall program utilization and to assess staffing needs. SDHC's Housing Manager considers success rates in deciding how many vouchers to issue, but she uses the rule of thumb that two vouchers issued will result in one lease-up, rather than attempting to calculate and track a success rate based on the data collected. Overall, the Housing Manager is more focused on maintaining full utilization than improving success rates, and the agency is now over 100 percent utilized on both unit and budget terms.

SDHC's voucher program has 95 full-time staff. The voucher program employs the largest number of employees at the Commission. During the lease-up push, the Commission relied heavily on permanent staff as well as temporary staff. Each Housing Assistant has a caseload of about 500 families. The Program Manager expressed a desire to hire additional staff because the workload has increased by 40 percent. Historically, SDHC's staff has been very stable with little staff turnover. Ninety-six percent of staff have been in their current jobs for more than one year. The agency appears to be dedicated to ongoing staff training. All of the staff members to whom we spoke appeared to be knowledgeable about the program. Staff are regularly kept abreast of regulatory or procedural changes in monthly meetings with their team. The ease of daily communication among staff and the sense of teamwork seem to promote administrative efficiency and may also have a positive impact on success rates.

Drivers of Success

Although SDHC's success rate has dropped since the last study, calling into question the relationship with success of measures adopted over that period, the PHA has recently implemented several procedural changes as part of its intensive lease-up push that are likely to have increased voucher recipients' chances of finding and leasing a unit since their inception. Because SDHC is currently over-utilized, they were not issuing vouchers at the time of our site visit (March 2003), but plan to keep many of the program enhancements they made during the lease-up push.

Redesigned Briefing

The SDHC briefing was revised for the lease-up push. Staff had become so immersed in the regulations that they had lost sight of the goal of a briefing. The briefing process was changed from one that primarily informs families of rules and regulations to one that emphasizes how to sell themselves as desirable tenants and then how to sell the rental assistance program as a desirable program. Staff stress how to use the voucher and what a family needs to do to keep the voucher, while putting the regulations in a positive light.

Streamlining of Processes Once the RTA is Returned

An incentive for owners/landlords during the lease-up push has been the option of fast track inspections. No longer does an owner/landlord have to wait three weeks for their unit to be inspected. A one to two day turnaround time for inspections was common during this phase. Once a unit is approved an owner can receive a payment within a week. Owners also have the option of signing a six-month lease or a month-to-month lease, as short-term leases are a common practice in the area. The agency changed how they conduct business and started to treat the program like a private business, making it more user-friendly. Simplifying the number of required forms along with clarifying and changing policies and procedures has created a more accommodating environment. Streamlining the operational processes and operations may have the effect of contributing to higher success rates by successfully issuing vouchers and leasing up families in an exceptionally tight housing market. The streamlining of processes that continue after the lease-up push will be attractive to landlords and participants and will be helpful to achieving a high success rate during more normal periods of operation.

Comprehensive Owner Marketing Program

Since hiring the Owner Liaison, SDHC has recruited a large number of landlords, which may positively impact its success rates. SDHC has established credibility with landlords and has become more responsive to their issues. The change in administration of the program and better reputation of the agency have been essential in attracting new

⁶⁰ The reports include Leasing Fairs Reports, a Lease-Up Status Report, an Inspection Status Report, a Voucher Issuance Status Report, a Pending Files Status Report, and a Leasing Window Status Report.

owners to the program and retaining existing owners. In its tight rental market, SDHC has taken innovative steps to market the program through newsletters, advertisements in local newspapers and media outreach.

Leasing in Place

Approximately 35 percent of voucher holders lease in place, higher than the national average for successful households.⁶¹ Because the housing market is still so tight in San Diego, SDHC actively encourages new voucher holders to consider leasing in place because it saves time and trouble looking for a new apartment, as well as saving the expense of moving and paying a new security deposit. Staff repeated that they thought the emphasis on leasing in place, particularly in the program briefing, is an important factor in SDHC's success rate.

⁶¹ The 2001 Success Rates Study found that in 2000, only 21 percent of successful households nationwide leased in place. Finkel et al. (2001), "Study on Section 8 Voucher Success Rates: Final Report," 2-10.

Chapter 4. Cross-Site Summary of Practices that Affect Success Rates

One of the most striking findings of this study is that the majority of sites do not routinely monitor their leasing success rates. Chicago and Cuyahoga are the exceptions. Chicago monitors the success rates for voucher holders from the waiting list and for public housing relocatees separately, and includes both in their monthly performance report to their governing organization. Cuyahoga calculates the overall success rate on a periodic basis for use in a financial modeling system that is intended to allow the agency to optimize its voucher utilization. While the San Diego Housing Commission does not monitor the success rate explicitly, it does monitor the share of voucher recipients that submit *Request(s) for Tenancy Approval (RTAs)* to gauge whether they will have enough inspectors available. This RTA rate is not quite the same as a success rate, because some of these units will not be leased.

In contrast to the success rate, all seven PHAs closely monitor their utilization rate. Their reasons for monitoring the utilization rate are straightforward. Because PHAs support their housing choice voucher program operations with earned administrative fees, utilization is a key determinant of a housing agency's program budget. Furthermore, utilization is one of the key management indicators on SEMAP, HUD's Section 8 Management Assessment Program. Finally, low utilization may result in the recapture of funded units or, under the Fiscal Year 2003 Appropriations Act, may reduce the amount of renewal funding provided to the PHA.

Staff at five of the housing agencies calculate the utilization rate on a monthly basis while two (El Paso and Everett) calculate it on a weekly basis. The high utilization rates of the study PHAs are consistent with the close attention paid to this measure. Six of the seven program managers reported unit utilization rates above 98 percent in the winter of 2003, and the remaining manager was acutely aware of a lower utilization rate and was monitoring it on a weekly basis. In Everett the manager communicates information on their utilization rate in a unique way to focus staff attention on it. A poster with voucher utilization milestones is taped to an office wall behind a toy train track. Every time the utilization information is updated, the train moves forward and makes a whistle sound.

For program managers concerned about increasing their utilization rate, there are generally two courses of action they can follow: Accept the existing success rates and issue sufficient vouchers to ensure that all available units are leased, or take actions to improve individual voucher holders' chances for success.⁶² Increasing voucher issuances to increase the utilization rates is a time-honored strategy, albeit an inefficient and costly one if success rates are low. However, while PHA staff participating in this study did not articulate an explicit strategy of improving individuals' chances for leasing success, many of the actions they took to increase or maintain high utilization were in fact strategies that would do so by improving leasing success rates.

In this chapter we summarize strategies used by PHAs to increase utilization that agency staff, or study staff who visited the agencies, viewed as contributing to the chances that a family receiving a voucher would be successful at leasing a unit. The programs we studied ranged—by design—from relatively small programs to very large programs. Housing markets ranged from extremely tight to loose, and the age and quality of the local housing stock similarly varied. Nevertheless, there were a few common themes in the manner in which PHAs have modified and adapted their program operations to improve utilization and, by extension, their leasing success rates. The strategies can be loosely categorized as follows.

- *Market-based strategies* that focus on increasing the number of rental units affordable to voucher holders by, for example, setting an appropriate payment standard.
- *Owner-based strategies* that focus on increasing the willingness of owners to rent their units to voucher holders by, for example, reducing the amount of time the owner has to wait for their first HAP payment.

⁶² The utilization rate can also be increased by policies that reduce participant turnover, although these policies were not explicitly examined because the success rate is based only on the success of new recipients in leasing a unit.

- *Participant-based strategies* that focus on enhancing the participants' capacity to successfully find and lease units with a housing choice voucher by, for example, training participants on how to present themselves to landlords.

While all PHAs cannot use or might not choose to use all of the strategies discussed in this chapter, the chapter describes actions that can potentially help any PHA to improve its leasing success rates.

4.1 Market-based Strategies

4.1.1 Adopting Appropriate Payment Standards

Payment standards, the amounts used to calculate the subsidies for assisted families to rent units of a particular size, are a key determinant of the number of units affordable to voucher holders. The payment standard represents the total unit cost (for rent and tenant-paid utilities) at or below which the family pays 30 percent of its adjusted income for rent. If the cost of the unit is higher than the payment standard, the assisted family pays more. If at the time the unit is proposed, the family's share would exceed 40 percent of its adjusted income, the PHA cannot approve the unit. Thus, increasing the payment standard increases the number of units that an assisted family can afford, while using a payment standard that is too low reduces the number of units available to the family.

By regulation, PHAs can set their payment standard between 90 percent and 110 percent of the published Fair Market Rents (FMR) for the jurisdiction without having to obtain exception approval from HUD. PHAs can establish higher payment standards within the basic range for sub-areas within their jurisdictions with higher rents, to further expand opportunities available to voucher holders.

Five of the seven sites studied had established payment standards at the top of the basic range, 110 percent of the published fair market rent for their jurisdictions, to optimize families' housing choices. Three PHAs—San Diego, Chicago, and Cuyahoga—also benefited from HUD's use of 50th percentile FMRs in their metropolitan area, and their payment standards were set at 110 percent of the higher FMR. One PHA—Grand Prairie, TX—had set its payment standard at 93 percent of the published FMR, although the Program Director described the local rental market as tight. This PHA had only a moderately high success rate (75 percent) in 2003, but the Program Director did not feel that it was necessary to increase the payment standard because the PHA was not having a problem utilizing all of its vouchers.⁶³

Only one site—Chicago—had obtained HUD-approved exception payment standards to help families lease units in higher-cost *opportunity areas*— areas with low concentrations of poor and assisted families, but with an adequate supply of rental housing stock affordable to voucher holders. The approved exceptions varied by area and ranged from 111 percent to 120 percent of the 50th percentile FMRs published for the Chicago metropolitan area. One other site—Cuyahoga—had conducted a market study several years earlier and used the results to obtain HUD approval for area exception rents. With the publication of 50th percentile FMRs for the Cleveland metropolitan area, however, the PHA was able to cover the higher rents in its opportunity areas without additional exception authority.

4.1.2 Using Lenient Subsidy Standards

While HUD's Housing Quality Standards (HQS) mandate minimum unit-size standards for families, PHAs can exceed these minimums. PHAs are required to develop written subsidy standards that govern how the PHA determines the voucher-unit size (number of bedrooms) that will be given to families of a particular size and composition. If the PHA's subsidy standard is more lenient, and provides a larger voucher-unit size for the family, the family may have a better chance for success because there are a larger number of available units for their voucher. (Voucher holders

⁶³ In the 2001 Success Rate Study, the average success rate in tight markets was 66 percent and Grand Prairie's estimated success rate was 78 percent.

can always lease a smaller unit than their voucher allows, as long as HUD's thresholds for occupancy of a unit are not compromised.⁶⁴)

The differences in PHA subsidy standard policies are shown in Exhibit 4-1 below. The family consisting of a mother with an infant daughter is used to illustrate the difference between lenient, average, or strict subsidy standards. A lenient standard allows for a two-bedroom voucher whereas an average or strict policy allows for a one-bedroom voucher. As the Exhibit shows, Chicago is considered strict because they are the only site to award a two-bedroom unit rather than a three-bedroom unit for a mother with a 7-year-old daughter and 11-year-old son and a three-bedroom rather than a four-bedroom unit for the same family plus a grandmother. Grand Prairie, Kenosha, and San Diego—all tight housing markets—used the most lenient standards.

Exhibit 4-1. Subsidy Standard Policies

	Generally lenient, average, or strict?	Mother with infant daughter	Mother with infant daughter & 4-year-old son	Mother with 7-year-old daughter & 11-year-old son	Grandmother, mother, 7-year-old daughter & 11-year-old son
Chicago	Strict	1br	2br	2br	3br
Cuyahoga	Average	1br	2br	3br	4br
El Paso	Average	1br	2br	3br	4br
Everett	Average	1br	2br	3br	4br
Grand Prairie	Lenient	2br	3br	3br	4br
Kenosha	Lenient	2br	3br	3br	4br
San Diego	Lenient	2br	3br	3br	4br

4.1.3 Approving Reasonable Rents

Regardless of the level at which the PHA's payment standards are set, actual rents paid for program units are required by regulation to be reasonable—that is, not higher than local norms—in comparison with rents for similar unassisted units. PHAs must develop written procedures for determining and documenting that approved rents are reasonable, taking into account location, size, type, quality and age of the unit, amenities, housing services, maintenance, and utilities included in the rent. A housing agency's rent reasonableness procedures, and the reasonableness of the limitations placed on rents, has a direct effect on success rates because they affect the number of owners willing to participate in and the number of units eligible for the program.

All of the study sites stated that reasonable rent—that is, rents that were no lower than local norms—were important to attract prospective owners. Accordingly, many of the rent reasonableness procedures used by these PHAs appeared to be geared toward approving requested rents when possible. The housing agencies participating in the study typically estimated that between 10 and 15 percent of initial rents were over the rent reasonableness level, but most could be negotiated to an acceptable level. Program staff in San Diego estimated that 5 percent of proposed units failed to lease based on rent reasonableness, even after negotiation. This was the highest estimate of all the study sites.

Six of the study sites established and maintained databases of rental market data for unassisted units in their jurisdiction to compare to requested rents for potential voucher-assisted units. These data provided them with an in-depth knowledge of the local market, and increased their credibility with landlords when it was necessary to negotiate lower rents. PHAs used various methods for using their rental data to approve rents. Most selected several

⁶⁴ If the voucher recipient chooses a smaller unit than they are eligible for, their subsidy is based on the payment standard of the smaller bedroom-size unit. This leaves them no worse off financially than they would have been with a smaller-bedroom-size voucher.

comparable units from their database to establish a reasonable rent range, and required that the requested rent be within the established range to be approved. The Cuyahoga program used an automated system that returned an allowable rent figure for the proposed unit, but allowed the staff member to exceed that figure by up to \$10 if necessary to avoid protracted negotiations over the approved rents. At a few sites landlords were permitted to present additional comparable rents for the PHA's consideration if they did not agree with the market rent determined by housing agency staff. Cuyahoga did not allow owners to introduce additional comparables, but did allow for review of the amenities of the proposed unit when the owner contested the allowable rent.

4.1.4 Expanding Areas In Which Units Can Be Leased

Generally, PHAs participating in the study restricted their leasing to units within their own jurisdiction. Voucher holders who found units outside the PHAs' jurisdictional boundaries were required to use portability procedures to lease up under the aegis of another "receiving" PHA. If the receiving PHA opted to absorb the family, the successful lease-up did not help the issuing PHA's utilization (but did help the absorbing PHA's utilization).

One study site—Grand Prairie—has entered into agreements with PHAs within a 50-mile radius of their jurisdiction to allow voucher recipients from one housing agency to lease up in another housing agency's jurisdiction without formally porting to that jurisdiction. For example, a family issued a voucher in Grand Prairie may lease up in neighboring Irving and remain a client of Grand Prairie. From the housing agency's point of view, the main benefit of this arrangement is that it limits the number of port-outs, which can adversely affect program utilization if the port-outs are absorbed by the receiving agency. However, the arrangement may also contribute to higher leasing success for voucher holders by giving voucher recipients a wider choice of neighborhoods, housing types, and owners than exist in Grand Prairie's jurisdiction alone, while allowing them to avoid the bureaucratic hurdles involved in a formal portability move. It should be noted that Grand Prairie was able to lease units in other jurisdictions because of provisions of its state housing agencies law that allow such transactions. Other PHAs that wish to consider adopting similar policies need to check with their attorneys.

4.2 Owner-based Strategies

4.2.1 Expanding Pool of Landlords

Outreach efforts can improve success rates if they increase the number of landlords willing to rent a unit to voucher holders. The more units that are available to voucher holders, the more likely they are to find an acceptable unit within the available search time.

Six of the seven study PHAs made concerted outreach efforts to landlords, including four that hired staff specifically to recruit new landlords. Outreach activities took a variety of forms, including:

- Conducting regularly scheduled orientation sessions for new and prospective landlords,
- Calling landlords who advertised in the newspaper or apartment guides,
- Cold-calling property managers,
- Joining apartment owners associations and making presentations to the associations,
- Mass mailings to landlords,
- Placing newspaper advertisements, and
- Designing Web sites geared toward owners.

Most PHAs relied primarily on a broad-brush approach to owner outreach, seeking to reach as many prospective owners as possible with general information about the program and the PHA. Chicago and Cuyahoga, however, made more intensive outreach efforts to owners in opportunity areas. In both instances, PHAs targeted their outreach efforts to achieve greater deconcentration of program participants, although opening up new areas would also help more voucher holders find housing.

4.2.2 Expediting Housing Quality Standards Inspections

Housing Quality Standards (HQS) inspections, which are required to ensure that voucher users are living in safe and sanitary housing, are an "extra" program requirement that landlords do not have to undergo when renting to an unsubsidized household. The time it takes to schedule an initial inspection, make any necessary repairs and obtain another inspection is time during which the landlord may not be receiving rent for the unit. Hence, the more quickly the inspection process is completed, the more likely a landlord is to be willing to rent to a voucher holder.

The 2001 Success Rate Study found that the average time between the PHA's receipt of the *Request for Tenancy Approval* (RTA) and the initial inspection was 14 days. Staff at all seven study sites had taken actions to reduce average times for the initial inspection. Four reported that they had developed procedures to ensure that the initial inspection takes place within 14 days. Three reported that they were generally able to inspect within a shorter time period. In Cuyahoga the initial inspection takes place within 10 days, and to speed up the initial inspection, intake operators rather than inspection department staff schedule new move-in inspections. Inspectors set aside several blocks of time each week for the operators to schedule initial inspections. In Kenosha, inspections take place within 7 days of the RTA. During its push to lease up several thousand new vouchers, San Diego allowed landlords to request Fast Track inspections that took place the same day or the next day.

To further expedite the leasing process, three PHAs also offered to pre-inspect units before the landlord selected a tenant.⁶⁵ Everett offers this service to any landlord who requests it, San Diego offers it to landlords new to the program who place the unit on their list of available units, and Chicago offers it to landlords with units in opportunity areas.

4.2.3 Reducing Initial HQS Failures

Reinspection of a unit that fails the initial inspection adds considerable time to the lease-up process. The 2001 Success Rate Study found that it took an extra two and a half weeks to lease up units not passing until a second or third inspection. Several PHAs have accordingly adopted strategies for reducing initial unit failures.

- Kenosha provided HQS checklists to prospective landlords to encourage them to make necessary repairs prior to the arrival of the inspector. The checklists were passed out at landlord orientation meetings and workshops, posted on the PHA Web site, and given to voucher holders in the briefing packet so that they could give to prospective landlords. In Chicago, CHAC developed a video on HQS that they showed to prospective landlords and ran on a local cable access channel. In Everett, the briefing covers HQS in detail to assist the recipient determine what needs to be done for the unit to pass inspection so they can encourage the landlord to fix it before the inspection.
- Another strategy reported by five of the housing agencies was to have inspectors bring batteries for smoke alarms to avoid failing a unit because of an inoperable smoke alarm. Three of the housing agencies—Everett, Grand Prairie, and San Diego—also equip their inspectors to enable them to address other common, but minor, fail items. Everett inspectors bring a tool kit for minor repairs, electric plate covers, and battery-operated smoke detectors. These inexpensive services save the PHA and the landlord the time and trouble of a second inspection.

4.2.4 Expediting Rent Determinations

In most markets, and especially in tight markets, voucher holders are competing with unsubsidized home seekers in the rental market who do not have to wait for action from an outside agency before making an offer to the owner.

⁶⁵ Pre-inspections are a courtesy for owners to let them know what they need to do, if anything, for the unit to pass inspection before they invest time and effort working with a voucher holder applying for their unit. If the unit is occupied at any time before the voucher holder moves in, the unit needs to be reinspected.

Recognizing this, several PHAs in the study had taken steps to improve the timeliness of the rent reasonableness determination.

At four sites the inspector was the primary staff person responsible for making the rent determination. This allowed the PHA to avoid any possible delay resulting from transferring the case from the inspector to another staff member once the unit had been approved. At several of these sites inspectors took printouts of pertinent rental data to the inspection so they could discuss the allowable rent with the owner as soon as the unit was inspected and approved. At one site the caseworker responsible for making the determination of reasonable rent reviewed the owner's asking rent prior to the inspection, again so that the information could be communicated to the inspector and the inspector could discuss the rent with the owner while both were on site.

4.2.5 Making Prompt Housing Assistance Payments

Unsubsidized renters usually pay their first month's rent at the time they sign their lease. While voucher holders may pay their portion of the rent when the lease is signed, the PHA portion of the rent is not paid until the contract data is entered into the PHA's computer system and the PHA does a check run. All PHAs agreed that getting paid on time was important to landlords, and that the shorter the time it takes for landlords to receive the first housing assistance payment (HAP), the more likely landlords will be to participate in the program.

Six of the housing agencies in the study do weekly check runs, so they can produce the first HAP check in four to ten days, depending on when in the cycle the lease is signed and entered into their system. One housing agency runs landlord checks twice a month, and one does it once per month. The latter reported that slow initial HAP payments, made 30 to 45 days after the lease is signed, are the number one complaint of landlords in their jurisdiction.

During their lease-up push, staff in San Diego reported that they experimented with paying landlords \$250 of the first month's rent the day the HAP contract was signed to minimize the payment time differences between assisted and unassisted renters. However, staff reported that they did not feel it had a big impact on landlords' willingness to participate in the program and several landlords called when their first monthly HAP payment arrived to complain that it was smaller (by \$250) than their agreed upon rent.

Prompt monthly HAP payments were also a primary concern for prospective landlords. Two PHAs offered late payment fees to offset landlord concerns. In Kenosha, the housing agency will pay landlords a late payment fee of \$25 if the HAP payment is not postmarked by the last day of the previous month. In San Diego, the housing agency will pay \$25 if the payment is not received by the tenth of the month. Staff at both sites publicize their late payment policy and said it helps draw landlords to the program. In the voucher program, late payment fees must be paid out of administrative fee reserves and not annual budget authority.

4.2.6 Improving Customer Service to Landlords

Housing agency staff identified several other customer service policies that they said increased the willingness of landlords to participate in the program. Staff at every site mentioned the importance of being available and responsive to landlords.

- Three housing agencies mentioned explicit policies of returning all calls within 24 hours. In response to landlord frustration with not being able to reach a person at the PHA, rather than an answering machine, two other housing agencies increased the staff available to answer phones.
- One PHA—Chicago—maintains a large scoreboard in a prominent location to track the number of phone calls answered. Chicago has also adopted a team concept in its landlord services office, so that if one staff member is unavailable, the landlord can speak with another member of the team.
- At several sites the owner outreach/liaison person acted as a single point of contact for landlords who felt their issues were not being addressed. At other sites the voucher Program Director served that role. In San Diego, the housing agency set up a hotline for owners to call with questions.

4.2.7 Improving Ongoing Communication with Owners

Staff at all participating PHAs said that it was important to keep open lines of communication with landlords once they had leased units to program participants.

- Five PHAs published monthly or quarterly newsletters for landlords.
- Five held regularly scheduled landlord meetings or workshops that covered program changes and issues as well as subjects of general interest to landlords. Kenosha, for example, held an owner workshop with “Mr. Landlord,” a nationally recognized property manager who delivers an upbeat presentation on common sense techniques for managing properties, and tenants, effectively. Recent owner workshops in Chicago included presentations by the city agencies on evictions and lease agreements, and on funding and financial resources for owners of multifamily properties. Owners can, and do, check for upcoming topics of interest on Chicago’s Web site.
- All seven sites had at least annual meetings to update existing landlords on changes to the program.

4.2.8 Engaging Owners in Program Design

Four of the study PHAs formally sought feedback from landlords to help make their program more “owner friendly.” These efforts are intended to make the program more attractive to owners, thus helping to keep landlords who already participate in the program and draw additional landlords into the program.

Three PHAs—Chicago, Kenosha, and San Diego—conducted landlord surveys to identify areas of owner dissatisfaction with the operation of the housing choice voucher program and help the PHA set priorities for management improvements. Chicago’s survey is an annual undertaking and allows staff to evaluate how successful their efforts at improvement have been. Kenosha’s survey was conducted with the assistance of the Sociology Department at the University of Wisconsin–Parkside, who also assisted with follow-up focus groups for owners. San Diego hired a marketing firm to conduct the survey.

Two of the housing agencies formed standing landlord committees to provide the landlords’ perspective on program issues. The committees provide input on issues of concern to landlords such as HQS and rent determination and help design landlord outreach strategies. Cuyahoga’s Landlord Advisory Committee meets monthly and consists of housing agency staff, landlords, community advocates, and Legal Aid representatives. The committee reviewed Cuyahoga’s rent reasonableness process, making recommendations on how to improve it and how to educate landlords about it. The result is that landlords are more willing to accept the housing agency’s rent determination, reducing the number of landlords they need to negotiate with or who drop out because they are not given their asking rent. Chicago’s Owner Resource Council consists entirely of owners. Chicago staff reported that the council has provided valuable input on developing a pre-inspection check list, streamlining communication between the voucher program office and landlords, designing the Web site, and revising the materials to include in an owner packet.

4.2.9 “Perks” for Participating Owners

Staff at two housing agencies described special perks for owners that were intended to make the voucher program more inviting to landlords.

- In Cuyahoga, the housing agency negotiated with a local firm to provide discounted criminal and rental history background checks to owners considering a voucher holder for a tenant.
- In Kenosha, the housing agency made an arrangement to provide participating landlords with free paint from the water department and to receive discounted wallpaper from a local hardware store.

These activities directly reduce landlord costs, making the program attractive to owners, yet cost the housing agency very little.

4.3 Participant-based Strategies

4.3.1 Processing Applicants Expeditiously

A number of the PHAs in the study reported making changes in their intake processes to reduce processing time and get vouchers into the hands of eligible applicants more quickly. The effectiveness of PHA procedures for processing voucher applicants (call up from waiting list, eligibility determination, briefing and voucher issuance) may affect the success rate if the processes allow applicant families who are sufficiently motivated to attend an eligibility interview to maintain the level of motivation needed to begin searching for a new home.

The time it takes to process applicants for a voucher showed wide variation among the sites, from one day to several weeks. Two of the programs are particularly noteworthy for their methods of expediting applicant processing. To utilize 2,500 new vouchers quickly San Diego developed a Leasing Fair Model which processes applicants called from the waiting list in one day. All verifications and background checks are done on the spot, and applicants found eligible attend a voucher briefing and receive their voucher the same day. This process requires applicants to assemble and bring with them all of the needed documents to the leasing fair. El Paso's process is also sufficiently streamlined to permit same-day processing and eligibility determination, but its briefings are conducted in one-on-one sessions.

Three large PHAs indicated that interviews are scheduled on the weekends or in the evenings if an applicant is unable to come during the day (Chicago, El Paso, and San Diego). Two of the sites handle the application process by mail (Grand Prairie and Kenosha), which is especially helpful to working families and families with elderly or disabled heads. However, this process may be difficult for recipients with limited literacy.

4.3.2 Screening Out Applicants with Poor Housing Prospects

Applicant screening can result in the denial of vouchers to applicants who are undesirable to landlords, putting more vouchers in the hands of families who will be more likely to succeed in leasing a unit and perhaps increasing the willingness of landlords to participate in the program. All of the sites conduct a criminal background check of applicants. The length of time during which eligible applicants are required to have a "clean" record ranges from one year in San Diego to an unlimited period of time in El Paso. All sites note both arrests and convictions. Kenosha utilizes a state database that tracks civil suits and evictions as well as arrests and criminal convictions.

Screening policies intended to increase landlord willingness to participate in the program are more effective if landlords know about them, so prospective landlords must be made aware of PHA policies for it to be an inducement to program participation. Three of the sites publicized the fact that criminal background checks are conducted, but all of them emphasized that they encourage landlords to engage in their own screening of applicants and that the screening done by the housing agency does not necessarily ensure a good tenant.

4.3.3 Making Briefings More Informative and/or Motivational

The briefing is an important step in the Housing Choice Voucher program process. It is the PHA's main chance to provide information to recipients about PHA expectations, program rules and regulations, and to provide information on housing search strategies.

PHAs used a variety of techniques to make their briefings as informative and motivational as possible to prepare the families to conduct a successful housing search.

- All sites use staff members to conduct the briefing. One site—Cuyahoga—uses an in-house professional trainer, who was primarily hired to provide training to all housing agency staff, to conduct the briefing. Her professional training and lively delivery keep the audience's attention and likely results in better retention of the information presented. Everett uses a rental assistant (and former client and current homeowner) as a

briefing, who serves as "the light at the end of the tunnel" for voucher recipients beginning their search process.

- Kenosha and Cuyahoga have an interactive style of briefing, with games and prizes, representing a way to keep participants focused and interested in learning about the program. Both also hand out moving and cleaning supplies at the conclusion of the briefing, reinforcing the message that the respondent will be moving to a voucher-assisted unit soon.
- San Diego's briefing attendees are motivated to "sell themselves" as tenants and to promote the Housing Choice Voucher program to landlords. For example, the briefing talks about dressing nicely, meeting landlords in person rather than calling, not bringing the children when meeting with the landlord, complimenting the unit or landlord, and use of wording such as "this would be a great place for my family." It also provides talking points for selling the voucher program to landlords.
- San Diego also has an effective motivational tool to encourage people to find a unit quickly. The briefer talks about the value of the voucher, then discusses how much money the recipient is "losing" each month they do not lease a unit meeting program requirements.
- Everett conducted a study of barriers to self-sufficiency among program participants, and found that many had fears about using public transportation. Accordingly, information about using public transportation was added to the voucher briefing.

The length of the briefing varies among sites. Although there is an extensive amount of information that has to be covered, some PHAs want to avoid overwhelming participants and losing their interest, and so hold a very short briefing. El Paso in particular strives to keep the information delivered to a manageable level, conducting one-on-one briefings that usually take less than 30 minutes. At the other end of the spectrum, two sites have briefings that run two hours.

Requirements regarding the attendance of family members may also be related to success. Wider family attendance means more members of the household will have good information about the program and exposure to the motivational elements of the briefing, both of which may facilitate the search process. The study PHAs have various policies regarding who is required to attend the briefing. Securing the buy-in of other adult family members is one consideration while presentation space and the burden of requiring multiple household members to attend the briefing are also factors in this decision. At three sites, attendance is required only by the head of household. Three sites require all members of the household, age 18 and over, to attend. One site allows any adult member of the household to represent the household at the briefing.

4.3.4 Increasing Housing Search Assistance

The type and quality of housing search assistance that the housing agencies offer can be important in how successful voucher holders are in leasing up. Because voucher holders can face substantial problems in finding units to lease, any special aid given in directing them to landlords willing to work with voucher holders and in helping them present themselves to landlords can be extremely important in how successful they will be. In general, we expect that the more housing search assistance is offered to voucher holders, the more likely they will successfully lease a unit within the allotted time, provided the assistance is of a type appropriate to the voucher holder's situation and the local housing market. Furthermore, recipients need access to the information or other services for it to help. If information-based assistance is available only on the PHA's bulletin board, it might not help many people. The distribution methods and accessibility of all housing assistance are potentially vital to success rates.

All seven study sites provide voucher holders with some type of listing of units available for rent. Lists are generally organized by bedroom size (in six sites, by location in a seventh) and include contact information, rent, amenities and other pertinent information. Everett provides the most comprehensive unit information on their listing including the standard unit address, size, rent, data available, and owner contact information as well as housing type, handicap accessibility, security deposit amounts, credit check costs or application fees, tenant-paid utilities, pet and pet deposit policies, the square footage, and a description of unit amenities. The more detailed unit listings may help voucher holders target their housing search more efficiently. Most listings are updated weekly or bi-weekly, and copies are

available to voucher holders at PHA offices. Some are mailed to voucher holders and current participants who have indicated that they wish to move. At least two sites have taken steps to make the listings available to voucher holders via their Internet Web sites and one site (Cuyahoga) allowed landlords to list units directly on the housing agency's Web site. One PHA—Chicago—does not hand out unit listings at all, but operates a resource room with a staff attendant that provides voucher holders with access to unit listing books, internet access on a PHA computer, maps of Chicago and surrounding areas, and extensive information about Chicago area neighborhoods and communities.

None of the sites, however, provided substantial housing search assistance for regular voucher holders beyond providing unit listings. Two sites provided additional or innovative services for special groups of voucher holders—Chicago and Cuyahoga. At both sites voucher holders who are public housing relocatees receive relocation counseling and professional search assistance. The cost of these services is covered by HUD as part of the HOPE VI or demolition/disposition program funding. Voucher holders who are part of Chicago's mobility program also receive additional search assistance, including tours of opportunity areas (areas of low poverty and low minority concentration). The Kenosha Housing Authority does not provide one-on-one search assistance to voucher holders, but has developed relationships with a number of social service agencies that can aid voucher holders in locating units.

4.3.5 Lengthening or Shortening Housing Search Times

Several PHA staff stated that extending the search period increases the likelihood that a family will find a unit. Extensions or longer search times may help increase success rates because the participant has more time to find a suitable unit. The 2001 success study found that 23 percent of successful voucher holders took over four months to find and lease a unit. These individuals may not have met with success had shorter search periods been in place.

HUD regulations formerly set a maximum of 120 days for voucher holders to find a unit, but PHAs can now set their own time limits provided that they allow a minimum of 60 days. Most of the PHAs studied allowed voucher holders an initial 60 days, and then approved 30- or 60-day extensions on a case-by-case basis. Some sites required voucher holders to report on their search activity and/or fill in a search log before extensions were approved, to ensure that families were actively searching for housing. One PHA—Cuyahoga—formerly required group refresher briefings for voucher holders who had gone 60 days without leasing a unit and were requesting an extension. The sessions encouraged voucher holders to discuss the obstacles they were encountering and what could be done to overcome them. Staff found this process helpful to both the voucher holders—many of whom went on to successfully lease units—and to the PHA, which benefited from the insight it gained into the voucher holders' perspective on the housing search process. However, these sessions have been discontinued for lack of funding.

One site—Chicago—gave all voucher holders a 180-day search period. No extensions were approved other than those required as reasonable accommodation for people with disabilities, and people who had catastrophic family or medical emergencies. Chicago staff stated that this practice optimized voucher holders' chances for leasing success.

Conversely, some PHA staff argued that limiting the amount of time that families have to find a unit helps the families to focus on their housing search. Grand Prairie allows voucher holders a sixty-day search period with no extensions. Staff emphasize the limited search time and their policy of *not* granting extensions at the briefing to motivate voucher holders to start their housing search immediately.

4.3.6 Encouraging Leasing in Place

Only five of the seven sites tracked the number of voucher holders who leased in place. Among those sites tracking this information, the prevalence of leasing in place ranged from 15 to 41 percent.

PHA policies on encouraging leasing in place to improve the voucher holders' chances for success within a limited period of time vary. This variation is reflected in briefings and other communications with clients. In Kenosha and San Diego, driven by tight markets, the PHA actively encourages leasing in place and 35 to 40 percent of recipients follow this advice. Kenosha advises voucher holders that by initially leasing in place, they are giving themselves a full year

to search for housing without having to worry about their voucher expiring. Everett does not encourage leasing in place, but has the highest rate (41 percent), possibly because of the higher quality of the housing stock and the correspondingly greater likelihood that recipients find their current housing acceptable.

4.3.7 Providing Security Deposit Assistance and Other Program Enhancements

Several PHAs cited voucher holders' lack of funds for security and utility deposits as major obstacles to leasing success. Nevertheless, most PHAs do not have the resources to provide security deposit assistance themselves.

- Chicago provided HUD-funded security deposit assistance to public housing relocatees, and at one time was able to provide security deposit loans to families participating in their mobility program. These loans had little effect on their success rates per se, however, because only current tenants in good standing were eligible to participate in the mobility program.
- Cuyahoga recently received a grant from Cleveland's Community Development Agency to provide security deposit assistance to voucher holders. This is, however, a time-limited program as the funding is a one-time grant.
- Several PHAs reported that although they were unable to provide security deposit assistance themselves, they were able to refer voucher holders to other agencies in the community that could provide such assistance. None of the PHAs actually followed up to determine whether voucher holders actually received assistance.

4.4 Willingness to Make Adjustments

While we did not directly ask managers about willingness to make changes to improve the operation of their program, it is a theme that either explicitly or implicitly came up at most of the housing agencies. In hindsight, it seems an important factor that may contribute to above-average success rates at the study sites. Changes were driven by a variety of sources including extensive monitoring that identified problem areas, a good working relationship between staff and management that allowed anyone to identify problems and suggest changes, a philosophy of experimenting with changes, or a willingness to respond to input from landlords, clients, or other PHAs. In some cases, the changes were driven by a tightening housing market or policies developed for targeted voucher programs. Below we describe some examples of how the study sites were willing to consider and implement changes to their program.

As was discussed in the Case Study, voucher program staff in Chicago extensively monitor their program and makes changes based on what they find. For example, through their landlord satisfaction survey, they learned the rent reasonableness determination was taking too long, so they are revising their procedures so the information passes through fewer hands and can be made more quickly. Chicago also identified a problem with high turnover among their client specialists, so they re-engineered their processes so that specialists could work in teams and have access to the same client information. Now clients can get help from anyone on the team rather than having only one individual assigned to them. This evens out workloads across staff at any point in time and across time for each staff member.

In San Diego, a "Solution Team" of 12 staff members from various departments was formed to come up with recommendations for overhauling any aspect of the program in anticipation of a large lease-up effort of 2,500 new vouchers. The result was a new landlord outreach campaign, a redesigned briefing that changed it from one that focused on program regulations to one that emphasized how participants could market themselves as desirable tenants, a fast-track inspection (within 24 hours), a six-month lease option,⁶⁶ and several other experiments, such as a partial first month's payment at the time the HAP contract is signed and direct deposit of HAP.

⁶⁶ In the voucher program, initial lease terms shorter than a year are only permissible if it is common for the market area to have such leases.

Several managers mentioned establishing an atmosphere where junior staff felt free to raise issues or suggest changes. This atmosphere reportedly cuts down on the number of mistakes because staff members are free to question procedures and increases job satisfaction because their input is valued. In Everett, the manager trains staff that “the only bad problem is one that isn’t addressed.” In El Paso, where a similar philosophy is implicit rather than explicit, a technician reported that she thought the utility allowances were not being properly accounted for in gross rent. Within two days the agency held an all-staff meeting to clarify the calculations and implications. In Kenosha, staff were having trouble keeping up with their paperwork because they were constantly interrupted by telephone calls, appointments, or because a staff member they needed clarification from was out of the office. The manager instituted a “Wednesday policy” when no appointments are scheduled and all staff are in the office catching up on their paperwork.

Everett also has a philosophy of experimenting with changes and programs. Based on conversations with staff from another housing agency, they plan to reorient their rental officers to be assigned by owner rather than participant. The goal is to reduce the burden on managers of apartment complexes who have multiple voucher recipients and complain about having to deal with several different rental officers on the same issues. Because they have a high utilization rate, they are experimenting with not absorbing port-ins to allow the agency to serve more of the clients on their own waiting list. Everett is also partnering with a nearby housing agency to jointly run a homeownership program and they are investigating the benefits of project-basing some of their vouchers by talking to other PHAs about their experience.

Staff from Cuyahoga and Chicago also reported making changes based on input from the landlord advisory committees. Cuyahoga responded to comments on their rent reasonableness determination and sought discounts on criminal and credit background checks from a private firm based on input from the advisory committee. Chicago staff responded to owner feedback by streamlining communication between the housing agency and landlords, developing a pre-inspection checklist, and revising the materials in their owner packet. El Paso responded to landlord complaints about not reaching a live person at the main HCV line by increasing staffing to ensure a live person always answers the phone.

4.5 Conclusion

Although the managers at the participating PHAs were focused on maintaining a high utilization rate rather than a high success rate, many of the policies they implemented to achieve a high utilization rate had the effect of increasing the success rate.

Of the three broad strategies identified to achieve high success rates—market-based strategies to increase the number of units affordable to voucher holders, owner-based strategies to increase the willingness of owners to participate in the program, and participant-based strategies to assist renters in finding units—the study found PHAs were currently placing the most emphasis on owner-based strategies. These include policies to market the program to landlords who do not currently participate in the program, to be responsive to the issues of participating landlords, and to expedite program operations that cause delays for owners renting a unit to a voucher holder relative to an unassisted renter.

There were fewer tenant-based strategies identified for increasing success rates and PHA staff emphasized them less in our discussions of key factors. Some policies PHA staff thought would help participants lease a unit—for example, security deposit assistance—were too costly to provide without special funding sources. This does not mean participant-based strategies would not be effective in increasing success rates, just that it is not the current operational emphasis of a majority of the PHAs in this study.

The market-based strategies were tied to decisions PHAs were required to make as part of their Administrative Plan—the level to set the payment standard, rent reasonableness procedures, and the voucher-unit size for families of a particular size and composition. For these strategies, PHAs tended to make decisions that would maximize the number of units that would be affordable to voucher holders—for example, setting the payment standard at the maximum amount.

Finally, the program managers at the study PHAs sought out feedback on their program from various sources—their own staff, landlords, voucher recipients, or other PHAs—to improve the operation of their program. Willingness to adjust the program in response to self-identified problems or issues raised by other stakeholders is likely to result in a more efficient and customer-friendly program, which in turn, can result in higher success rates.

Chapter 5. Directions for Future Research

While we found the design of the current study permitted an in-depth analysis of promising practices in the management of the Housing Choice Voucher program, there are statements of inference we are not permitted to make given the data we have, because our sample is small and does not allow us to control for all relevant factors. We would therefore recommend another large-scale study, using an expanded version of the current topic guide (with coded closed-ended responses) as an instrument, with a broader sample⁶⁷ including both high and low performers, and including market, program and in-depth practice issues. This would permit statistical analysis of the relationship between patterns of practice and success rates in the presence of other covariates (such as housing market characteristics and client demographics).

The data gathered should be sufficiently detailed to address questions such as the following:

- Would a high-success-rate PHA using a payment standard set at 110 percent of FMR be equally successful at 95 percent or 100 percent?
- What is the relationship between dollars and hours of staff time spent in owner outreach and the number of new owners joining the program, or the number of units these owners make available?
- What impact would a 30-day extension to the search period have on the cost to support a successful use of the voucher?
- Is there any statistically significant relationship between patterns of practice and voucher success?

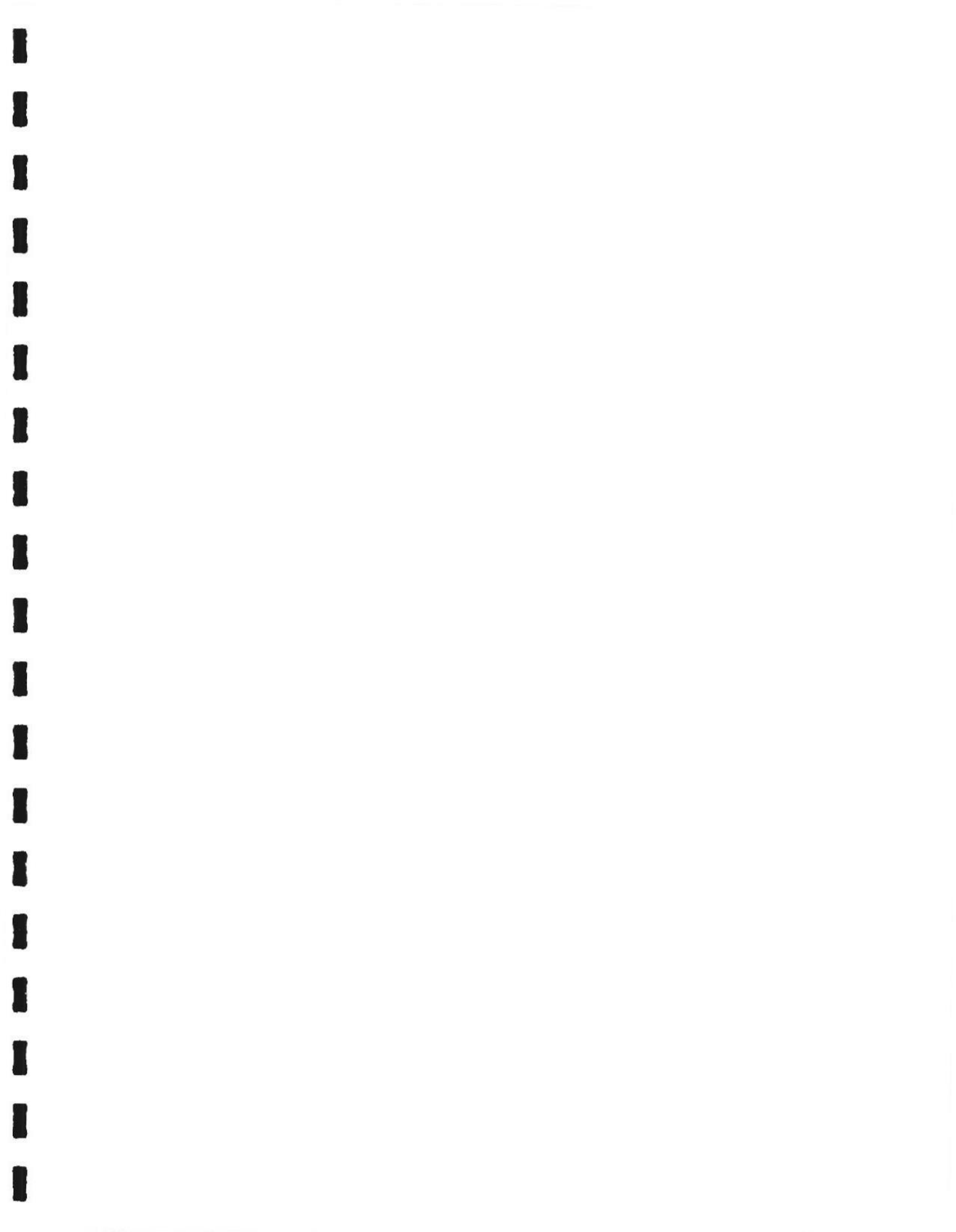
HUD could employ a mailed survey instrument for PHA staff (to permit respondents the opportunity to provide accurate responses to detailed questions about staffing, expenditures and other resources) with the option provided to return the questionnaire by mail, to visit a secure Web site to fill out an electronic version of the form, or to call a toll-free number to enter the data through an automated system, in order to reduce the burden on PHAs and to increase the response rate.

As we found that some highly successful sites from the previous study no longer had high success rates, we would recommend that HUD revisit the issue of success rates with sufficient frequency to permit an understanding of the year-to-year variability of success rates. Depending on what this research uncovers, HUD may also want to separately analyze the sources of year-to-year variations in success rates, focusing again on both housing market and program characteristics (such as staff turnover, an overissuance of vouchers in a single period, or a change in a neighboring PHA's residency requirements).

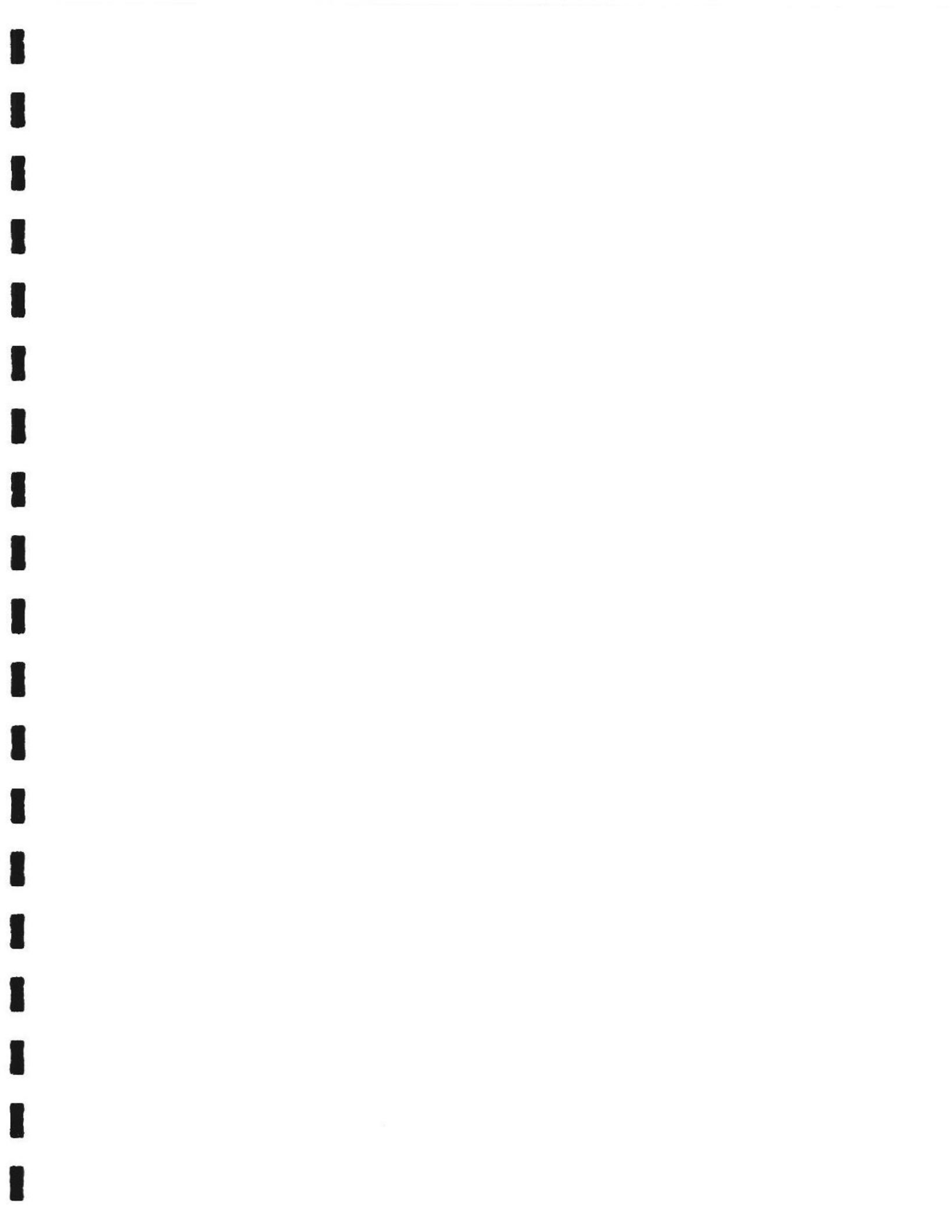
We would also recommend a study (or a component of a study) that obtains the viewpoints of landlords and recipients (for example, through focus groups) on the extent to which particular PHA administrative practices act as catalysts or inhibitors of success. We believe this is especially important given the apparent connection between some landlord outreach practices and success rates in the current study's sites. Documenting which PHA practices matter most to landlords in different housing markets could be an invaluable resource for PHAs attempting to improve their relationships or reputations with this important set of stakeholders. At a "micro" level, it could also be valuable to document PHA practices that had a direct impact on voucher recipients' motivation and effort levels, search time and search costs, and success.

⁶⁷ The sample size will depend on the analysis to be pursued, but in order to understand the impact of various PHA policies and procedures on success rates holding other factors constant, a large sample of PHAs (200 or more) would be needed.









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