The Rent Reform Demonstration: Interim Findings on Implementation, Work, and Other Outcomes

U.S. Department of Housing and Urban Development | Office of Policy Development and Research

The Rent Reform Demonstration: Interim Findings on Implementation, Work, and Other Outcomes

James Riccio
Nandita Verma
Victoria Deitch

August 9, 2019
Revised 2021

Errata

The original edition of this report, published November 2019, included data errors regarding employment and earning results using National Directory of New Hires data. Those errors have been corrected in this edition, published May 2021.

Correct Exhibits

Table ES.1
Figure 3.1
Table 3.1
Box 3.1
Figure 3.2
Table 3.2
Table 3.3
Table 3.4
Table 3.5
Table 7.1
Appendix Table B.1
Appendix Table B.2
Appendix Table B.3
Appendix Table B.4
Appendix Table B.5

Acknowledgments

This report would not have been possible without the contributions of many people.[1] We are especially grateful to the families who are participating in the Rent Reform Demonstration at the Lexington-Fayette Urban County Housing Authority, Louisville Metro Housing Authority, San Antonio Housing Authority, and District of Columbia Housing Authority, whose experiences have informed this report. We also want to give special thanks to the staff members of these agencies who have been implementing the new rent policy and whose experiences inform the operational lessons documented in this report; the study depends greatly on their efforts to implement the alternative rent policy with care. In addition, we appreciate the assistance of agency staff members who were deeply involved in designing the policy and in determining how best to implement it (and the study procedures), or who have supported their agencies' continued engagement in the demonstration. These include in Lexington, Executive Director Austin Simms, with Andrea Wilson, Aldean Pleasant, and Tonya Christopher; in Louisville, former Executive Director Tim Barry, current Executive Director Lisa Osanka, with Deborah Gilbert and Tracy Holmes-Bell; in San Antonio, Executive Director David Nisivoccia, with Richard Milk, Pat Ortega, Brandee Perez, Gary Baxter, Priscilla Salazar, and Valerie Ochoa; and in Washington, D.C., current Executive Director Tyrone Garrett, former Executive Director Adrianne Todman, with Kimberley Cole, Ronald McCoy, Anissa Jones, Lori Parham, Jannie Lebby, Fatima Koroma, and Rani Joseph.

We are also grateful to the staff at the U.S. Department of Housing and Urban Development (HUD) for their valuable feedback on the evaluation, and for reviewing drafts of this report. These include, from the Office of Public and Indian Housing, Dominique Blom, Marianne Nazzaro, Chris Golden, Alison Christensen, John Concannon, and Ebony Gayles; and from the Office of Policy Development and Research, Todd Richardson, Mark Shroder, Carol Star, Lynn Rodgers, Meena Bavan, Paul Joice, Elizabeth Rudd, and especially Marina Myhre. Marina Myhre serves as our HUD Contracting Officer's Representative and has been a source of steady and thoughtful guidance on all aspects of this study, including this report.

We thank reviewers who serve on our expert panel and have given us comments on the study and this report: Nicole Barrett and Emily Warren of the Council of Large Public Housing Authorities; Janelle Beverly of the Fairfax County Redevelopment and Housing Authority; Elayne Weiss of the National Low-Income Housing Coalition; Tushar Gurjal of the National Association of Housing and Redevelopment Officials; Lawrence Katz of Harvard University; Noelle Porter of the National Housing Law Project; Andrew Lofton of the Seattle Housing Authority; Larry Orr (consultant); Greg Russ of the Minneapolis Public Housing Authority; Barbara Sard and Will Fischer of the Center on Budget and Policy Priorities; and Michael Wiseman of George Washington University.

We acknowledge our research partners from other organizations who played a crucial role in the design of the new rent policy and the evaluation, worked directly with the housing agencies to implement the new rent rules and research procedures, or provided feedback on the evaluation: John Goering of the

[1] The Acknowledgments list the institutions with which individuals were affiliated at the time they contributed to the work reflected in this report.

City University of New York, Don Davis of the Bronner Group, Ingrid Gould Ellen of New York University, and Roberta Graham and Jessica Porter of Quadel.

Marty Abravanel and Diane Levy of the Urban Institute and Barbara Fink (consultant), along with MDRC's Jonathan Bigelow and Keith Olejniczak, conducted multiple rounds of field research to document the experiences of the housing agencies implementing the new rent rules and those of the families subject to the new policy. Their insights from the field helped shape the observations in this report. Toni Castro-Cosio helped us organize and analyze the qualitative data. Barbara Fink's support was also instrumental in analyzing the vast amount of qualitative data gathered for this study. David Long helped to conceptualize the cost analysis methodology, collect cost data, and draft the cost appendix.

Cynthia Miller and Ingrid Gould Ellen offered helpful insights on early findings and report drafts, and Gordon Berlin provided important feedback on the report. Josh Vermette, Audrey Yu, and Katerina Galkin processed and analyzed the quantitative data. Andrew Rock wore many hats and provided invaluable support: he conducted field research, helped with the analysis of the qualitative data, and prepared the exhibits and assisted with fact-checking. Alice Tufel and Carole Campbell edited the report drafts, and Ann Kottner helped prepare drafts for HUD. Finally, we appreciate the support of our resource manager, Crystal Ganges-Reid.

Foreword

In 1969, a landmark piece of national affordable housing legislation, sponsored by and subsequently named after U.S. Senator Edward Brooke, was enacted into law. This law, the Brooke Amendment, established limitations on the rents charged to families and individuals in federally assisted housing. Initially, the Brooke Amendment limited rent charges to 25 percent of an assisted family's income. Over time, numerous changes were made to the basic rent setting policy including, raising the threshold to 30 percent (enacted in 1981), adding numerous adjustments, exclusions and deductions, as well as adding minimum and ceiling rent options.

Over the last few decades, critics have suggested that the Brooke Amendment, in its pursuit of safeguarding affordability, creates a disincentive to work by dampening tenant motivation to earn more income. In response, The Department of Housing and Urban Development (HUD) has undertaken a Rent Reform Demonstration to comprehensively test alternatives to the current rent-setting requirements for one of its key, and largest, housing assistance programs: Housing Choice Vouchers (HCV). The Demonstration has three key goals it is testing. They are, specifically, how to:

- Incentivize employment for work-eligible individuals
- Reduce the complexity and administrative burden for PHAs
- Avoid unnecessary hardship on assisted families

This demonstration has been underway since 2015 and in that time over 6,600 families have been randomly assigned to either the alternative rent rules or a control group subject to the existing rules at the four Public Housing Agencies (PHAs) that are participating in the demonstration. This report "Interim Findings" is one of two reports being released simultaneously on the Rent Reform Demonstration. It presents results on the new rent policy's effects, or "impacts," on household heads' labor market and housing-related outcomes from the demonstration's second followup period, 27 to 30 months after the alternative rent model was implemented for the treatment group. The other report is "Early Effects", which presents findings from the first 12 to 18 months after the alternative rent model went into effect for the treatment group.

The interim findings for the key outcomes of employment and earnings varied substantially across locations. There were some statistically significant positive effects on these outcomes in Lexington and San Antonio, but not in Louisville or Washington, D.C. The interim report period, however, is not sufficiently long enough to capture the full effects of the triennial recertification policy.

The report also presents other interim effects: larger monthly rental housing subsidies in the first three years and longer tenure in the voucher program, which are expected short-term results related to the use of triennial income recertification to establish tenant rent contributions; increased use of hardship remedies, decreased PHA administrative actions, and almost no effect on TANF or SNAP benefits receipt or homeless service use.

The Interim Findings report also provides some preliminary calculations of the cost of administering the alternative rent model that show it would cost the same or less for PHAs to administer.

Findings on long-term housing assistance payments will not come until after the triennial recertification data is analyzed in the next report.

Given the early nature of this review, it is too soon to draw firm conclusions on the triennial recertification (the element of the model most expected to influence employment and earnings) and whether it is having its intended effect. However, the findings indicate that a new minimum rent does not seem to have any short-term impact on employment or earnings, based on the lack of employment or earnings effects in Washington, DC where the minimum rent increased from $0 to $75.

Future reports will assess the impact of the alternative rent model, including any long-term effects, through a followup survey. There will be an additional interim report, expected in 2021, with the final report gathering 6 years of data (covering two triennial recertifications), scheduled for 2023.

Seth D. Appleton
Assistant Secretary for Policy Development and Research
U.S. Department of Housing and Urban Development

Contents

List of Exhibits

Tables

Figures

Boxes

Executive Summary

For many years, housing subsidies offered by the federal Housing Choice Voucher (HCV) program, which help eligible low-income families cover their rental costs in the private rental market, have been calculated in a manner that may create a disincentive for tenants to work. Because voucher holders pay 30 percent of their income (after certain exclusions and deductions) toward their rent and utilities, their subsidies fall as their incomes rise, creating an implicit marginal "tax" on increased earnings. Critics of this rent policy believe that it also imposes a substantial and costly administrative burden on public housing agencies (PHAs), in part because the policy requires PHAs to adjust subsidies, up or down, as families' incomes fall or rise, and to apply complicated rules in determining subsidy levels.

The U.S. Department of Housing and Urban Development (HUD) launched the Rent Reform Demonstration to test important modifications to the federal government's traditional rent policy to determine whether the changes can improve tenants' success in the labor market and reduce the administrative burden on PHAs in operating the voucher program. The demonstration focuses on families living in privately owned housing units and receiving "tenant-based" vouchers, which are not restricted to any rental building or apartment. This report is the third in an ongoing evaluation of the modifications to HUD's traditional policy and the second to report on the policy's impacts.

As described in the following, the new policy changes the ways in which subsidies are calculated; introduces or increases the minimum dollar amount families are expected to pay toward their rent and utilities (typically referred to collectively as "minimum rent"); requires no income reporting to the PHA and no reductions in families' housing subsidies for 3 years, even if their incomes grow; and includes a number of safeguards to protect tenants from excessive rent burden, such as when their incomes decline. The demonstration began enrolling voucher holders in 2015 and is operating in four cities and PHAs: Lexington-Fayette Urban County Housing Authority (generally referred to as the "Lexington Housing Authority"), in Lexington, Kentucky; Louisville Metropolitan Housing Authority, in Louisville, Kentucky; San Antonio Housing Authority, in San Antonio, Texas; and District of Columbia Housing Authority, in Washington, D.C. These housing agencies are a subset of 39 PHAs that, at the time the project was launched, were part of HUD's Moving to Work (MTW) demonstration program, which allows selected PHAs more administrative flexibility in operating their housing assistance programs. HUD selected MDRC and its partners to lead the initiative,[2] working closely with them and the four PHAs to help design a new rent policy and to evaluate it using a randomized controlled trial.

This report is the third in a series of five reports on the Rent Reform Demonstration. The first "Baseline" report presented initial information on the demonstration's implementation and on the study participants' original characteristics. The "Early Effects" report is second in the series and provides preliminary findings from the first 12 months after the new rent policy went into effect. This "Interim Findings" report presents results from the first 27-30 months of followup. It covers the new rent policy's effects, or "impacts," on families' labor market and housing-related outcomes, receipt of other government

[2] The study team includes the Urban Institute, the Bronner Group, Quadel Consulting & Training, Ingrid Gould Ellen (New York University), and John Goering (City University of New York).

benefits, and use of homelessness services. It also uses indepth qualitative interviews conducted with PHA staff and tenants to explore their experiences with, and views of, the new policy.

The fourth report in the series (expected in 2021) will present findings from the long-term followup survey and the first triennial recertification, about 36 months after the new rent policy went into effect. The fifth and final report (expected in 2023) will provide concluding findings of the demonstration after the second triennial recertification, about 72 months after the new rent policy effective-date.

The results of this current report indicate that, when the findings for all four PHAs are combined, the new policy did not generate statistically significant increases in tenants' average earnings during the available followup period. The story varied substantially across locations, however, with some positive effects on earnings in Lexington and San Antonio but not in Louisville and Washington, D.C. The new policy increased families' tenure in the voucher program and the total amount of housing subsidies received; the policy also reduced the number of certain types of PHA transactions with families. As of now, it has had little effect on families' receipt of other government benefits. A preliminary analysis of administrative costs suggests that the new policy is unlikely to have cost more for PHAs to operate than the existing policy (not counting subsidy expenditures) during the available followup period and may have cost somewhat less.

HUD's Traditional Rent Policy

A family receiving a housing choice voucher is expected to contribute 30 percent of its "adjusted income" toward its rent and utilities under HUD's traditional rent policy.[3] This contribution is known as the "total tenant payment" (TTP). Adjusted income is determined by applying several allowable deductions from the family's pre-tax gross income (such as a deduction for some childcare costs for working parents).[4] The calculation looks forward in time, basing the adjusted income estimate on the amount of income a family *currently receives and anticipates receiving* during the coming year ("current/anticipated" income in this report). The PHA pays the difference between the family's TTP and the maximum combined amount for rent and utilities that the PHA will allow for rental units for families of given sizes, called a "payment standard." PHAs are currently permitted to establish a minimum TTP, or "minimum rent," of up to $50 per month, although not all have done so.

This traditional "percentage of adjusted income" approach builds a strong safety-net feature into the rent subsidy system: If a family's income falls, the family pays less toward their housing costs. This approach, however, also implicitly "taxes" tenants for increasing their earnings, which some experts contend reduces their work effort. The traditional rent policy also requires PHAs to review families' incomes at least annually to recertify their continued eligibility for the voucher program and to adjust their TTPs and housing subsidies if their incomes have changed. The complex rules governing the calculation

[3] Throughout his report, HUD's "traditional" rent policy for voucher holders refers to the national rent policy in effect for non-Moving to Work PHAs *before* the passage of the Housing Opportunity Through Modernization Act of 2016. "Existing" rules refer to those in place at each of the Rent Reform Demonstration's PHAs, which, in some cases, vary somewhat from HUD's traditional policies.

[4] "Gross income" refers to a family's total pre-tax income minus certain types of excluded income.

of income and rent are commonly considered to be administratively burdensome and prone to errors that can lead to improper payments. The new rent policy attempts to address these problems.

The New Rent Policy

The new rent policy developed for the Rent Reform Demonstration substantially alters the traditional rent subsidy approach for voucher holders. The model includes the following core features:

- **A 3-year schedule rather than an annual schedule for recertifying families' continued eligibility for the voucher program**
  - Under the triennial recertification schedule, if a family increases its income during the 3 years, it does not report that increase to the PHA. Consequently, its TTP will not be raised and its housing subsidy will not be reduced during that period.
- **A new formula for calculating a family's TTP and subsidy**
  - Eliminates all deductions from pre-tax income, so that gross income (full income before taxes), rather than adjusted income, is the basis for calculating a family's TTP.
  - Sets a family's TTP at 28 percent of gross income over the prior 12 months (referred to as "retrospective income"), rather than 30 percent of current/anticipated adjusted income.
  - Ignores a family's income from assets when the total value of its assets is less than $25,000 (and does not require documentation of those assets).
  - Simplifies the policy for determining utility allowances, basing the allowance on a streamlined standard schedule mostly according to unit size (rather than certain characteristics of the unit and utilities), with some adjustments for more expensive utilities.
  - Establishes a minimum TTP of not less than $50 per month (versus the minimum TTP of *no more* than $50 per month traditionally) and requires families to pay at least the specified minimum TTP directly to their landlords.
- **Safeguards for families**
  - At the start of the three 3-year period, allows for a 6-month "grace-period" TTP, set at a lower amount, if a family's current/anticipated gross income is lower than its retrospective gross income by more than 10 percent.
  - Allows one interim recertification per year if a family's retrospective income falls by more than 10 percent before the next required triennial recertification.
  - Specifies a generally standard set of hardship conditions and remedies (TTP reductions) to protect families from excessive rent burdens.

Of all the new rent policy's features, the 3-year recertification is the one most expected to improve labor market outcomes, because it eliminates the implicit "tax" on earnings during the 3-year period. The introduction of a minimum TTP, or the increase in an existing one, might also increase work effort because some tenants may need to increase their earnings to have enough income to meet the new minimum.

The PHAs participating in the demonstration helped develop this common framework. They also saw a need, however, to adapt the model in response to local conditions. At the same time, the demonstration had to accommodate some policy changes that the PHAs had already implemented. For example, the PHAs set their minimum TTPs at different levels, ranging from $50 to $150 per month. The PHAs in Louisville and Washington, D.C., introduced a minimum TTP for the first time ($50 and $75, respectively); San Antonio, which had already implemented a minimum TTP, increased it for the demonstration from $50 to $100. Lexington had already introduced a $150 minimum TTP before the demonstration began, and it continued that policy for both the new rules group and the existing rules group.[5] The process for determining hardship remedies also varies across the PHAs, although the general conditions defining a hardship and the remedies themselves do not. Washington, D.C., had already instituted a simplified approach for calculating families' cost of utilities, a version of which each of the other PHAs in the demonstration adopted for the new rules group.

Evaluation Design and Sample Characteristics

At the beginning of the study, the PHAs and MDRC identified existing voucher holders who would soon be scheduled for an annual recertification meeting to calculate their new TTPs and rent subsidies. Families deemed eligible for the Rent Reform Demonstration were then randomly assigned to either a new rent rules group that would be subject to the new policy for the duration of the demonstration or to a control group that would continue to be subject to the existing rent rules.[6] Certain types of families, including those defined as elderly or disabled according to HUD criteria, were excluded from the demonstration.[7]

In Louisville, an opt-out option was offered to families assigned to the new rules group—they could choose to continue having their TTPs calculated according to the existing rent policy. By the end of the enrollment period, about 22 percent of the eligible families in Louisville's new rent rules group chose to opt out of the new policy, although they did not opt out of the evaluation. To avoid biasing the research, the evaluation continues to treat the opt-out families as members of the new rent rules group (rather than the existing rules group), even though they are subject to the existing rent rules. This decision may somewhat dilute the estimated effects of the new rent policy in Louisville because not all members of the new rent rules group were exposed to the new policy.

Preexisting policies in two of the other PHAs need to be kept in mind when interpreting the results of the evaluation. As mentioned previously, Lexington's $150 minimum TTP applies to both research

[5] Lexington generally does not permit any reductions in TTPs below the minimum in its application of the demonstration's hardship policy. The other three PHAs may temporarily waive the minimum TTP as a hardship remedy, but they generally require families with zero income to report their family expenditures regularly to the PHA.
[6] In this report, "control group" and "existing rules group" are used interchangeably.
[7] For full details on the evaluation design and characteristics of sample members, see Riccio, Deitch, and Verma (2017) and Riccio and Deitch (2019).

groups (and permits few hardship exemptions). In addition, Washington, D.C., instituted a biennial recertification schedule for working-age, nondisabled families before joining the Rent Reform Demonstration.[8] Thus both the new rent rules group and the control group had their TTPs capped during the early portion of the study's followup period. These differences across the PHAs create opportunities for learning more about certain features of the new rent policy. They also mean that the "pooled" impact estimates (all four PHAs combined) reflect the summary results of somewhat different tests in four locations and must be interpreted with that in mind.

The impact analysis includes a total of 6,665 families across the four PHAs. Nearly all (94 percent) of the heads of those households are women.[9] In Lexington, Louisville, and Washington, D.C., most are Black; in San Antonio, the majority (75 percent) are Hispanic/Latino.

This report uses several types of quantitative data in assessing the effects of the new rent policy: PHA administrative records; unemployment insurance (UI) wage records obtained through the National Directory of New Hires (NDNH), which capture employer-reported employment and earnings; benefit records on the receipt of Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP); and information from the Homelessness Management Information System in each locality on stays in shelters and use of other housing and services for the homeless. The followup period for the purposes of this report is defined as the period that begins after a family's new TTP took effect, which is roughly the third quarter after families were randomly assigned, through the following 27 months or 30 months, depending on the data source. The analysis that examines the operation of the new policy uses, in addition to PHA records, qualitative data from indepth interviews with staff and tenants. The cost analysis draws on PHA fiscal records and other data sources.

Findings on Household Heads' Employment and Earnings

In examining the new policy's effects on tenants' earnings, the study focuses primarily on the household heads. The reason: most of the non-heads of households were the young adult children of the household heads (many of whom were no longer on the lease, possibly having moved away, thus limiting their exposure to the new or existing rent policies).[10]

- **With all four PHAs combined, the new rent policy did not improve labor market outcomes for household heads.**

Among household heads in the four-PHA pooled sample, the majority (75.6 percent) of those in the existing rules group (the control group) worked in a UI-covered job at some point during the 27-month followup period for this report. The rate for the new rent rules group was virtually identical (75.4 percent).

[8] At the time of site selection, the biennial policy applied only to families whose anticipated incomes increased by a small or modest amount (less than $10,000 per year from a single income source); those with income increases above that threshold were to continue with an annual recertification schedule. In June 2016, during the demonstration's first followup year, the PHA removed the income threshold. After that, even the control group families (and other families who were not in the demonstration) with income increases above the threshold were switched to a biennial schedule.
[9] The household head is the main person in the household responsible for the subsidy agreement with the PHA. Where more than one adult is present, the family designates the household head.
[10] Impact findings on the labor market outcomes of these other adults are included in the report's appendix B.

Moreover, as Table ES.1 shows, the average quarterly employment rate and average total earnings for each research group differed little.[11] As mentioned previously, the pooled results of the new rent policy can be difficult to interpret because of differences across the PHAs in their minimum TTPs and control group conditions. Particularly problematic is Washington, D.C.'s application of a biennial recertification schedule for the entire control group. For this reason, pooled results were also estimated without Washington, D.C. Although the earnings effects were somewhat larger for the three-PHA sample, they were still not statistically significant (as shown in Table ES.1).

Table ES-1. Impacts on Employment and Earnings Within First 27 Months of Followup: Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
All PHAs				
Average quarterly employment[a] (%)	57.1	56.3	0.8	0.270
Average total earnings ($)	24,917	24,548	370	0.425
Ever employed (%)	75.4	75.6	-0.2	0.848
Sample size (total = 6,665)	3,312	3,353		
All PHAs except Washington, D.C.				
Average quarterly employment[a] (%)	61.3	60.5	0.8	0.350
Average total earnings ($)	24,038	23,508	530	0.310
Ever employed (%)	79.1	79.5	-0.4	0.654
Sample size (total = 4,756)	2,368	2,388		
Lexington				
Average quarterly employment[a] (%)	65.2	62.8	2.4	0.196
Average total earnings ($)	24,622	23,305	1,317	0.229
Ever employed (%)	83.0	79.4	3.6 *	0.086
Sample size (total = 979)	486	493		
Louisville				
Average quarterly employment[a] (%)	60.9	61.6	-0.7	0.598
Average total earnings ($)	24,380	25,393	-1,013	0.242
Ever employed (%)	78.5	81.2	-2.7 *	0.088
Sample size (total = 1,908)	947	961		
San Antonio				
Average quarterly employment[a] (%)	59.7	58.0	1.7	0.258
Average total earnings ($)	23,330	21,729	1,602 *	0.057
Ever employed (%)	78.0	77.4	0.7	0.695
Sample size (total = 1,869)	935	934		

(continued)

[11] Average earnings are based on all sample members in each group and include zero earnings for individuals who were not employed.

(Table ES-1 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
<u>**Washington, D.C.**</u>				
Average quarterly employment[a] (%)	46.7	45.9	0.7	0.573
Average total earnings ($)	26,998	27,243	-245	0.801
Ever employed (%)	66.4	65.8	0.5	0.756
Sample size (total = 1,909)	944	965		

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: PHA = public housing agency.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Rounding may cause slight discrepancies in calculating sums and differences.
A two-tailed t-test was applied to differences between research groups.
The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.
The variation across the four PHAs in estimated impacts on total earnings in the full period is statistically significant at the 10 percent level based on an H-statistic test.
Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .425 for the impact on total full period earnings for all four PHAs combined. The adjusted p-value = .31 for the impact on total full period earnings for all PHAs combined excluding Washington, D.C.
Sample sizes for specific outcomes may vary because of missing values.
[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number quarters of follow-up, expressed as a percentage.

- **The new rent rules produced some positive impacts on labor market outcomes in Lexington and San Antonio, but not in Louisville or Washington, D.C.**

In San Antonio, over the full 27 month followup period, household heads in the new rules group, on average, earned $1,602 more than the control group (Table ES.1)—a gain of 7 percent. The impact on earnings at that PHA was highest in Year 2, when the gain exceeded 10 percent. In Lexington, the new policy produced a statistically significant increase in household heads' likelihood of having ever been employed during the followup period by 3.6 percentage points relative to the control group rate. It also had a statistically significant positive effect on earnings in two quarters in Year 2, although the positive effect on cumulative earnings by the end of the 27-month followup period was not statistically significant.

In contrast, in Washington, D.C., the new policy produced no statistically significant differences between the two research groups in employment and earnings; and Louisville showed negative effects that are statistically significant in Year 2 (not shown in Table ES.1). The negative impacts mean that the outcomes of the *control group* were better than those of the new rules group. This pattern is not the result of the new rules group cutting back on work. Indeed, the earnings trends are positive for *both* research groups; they are just less positive for the new rules group. Longer term followup data will show whether the negative earnings effect persists. [12]

- **A modest minimum TTP may not affect household heads' employment or earnings.**

Because Washington, D.C., used a biennial recertification policy with the control group, neither research group faced the normal percentage-of-income work disincentive during the first 2 years of followup. Consequently, any difference in labor market outcomes during that period could not be explained by the rent policy's triennial recertification component. The introduction of a $75 minimum TTP for the new rent rules group in Washington, D.C. (compared with no minimum TTP for the control group), however, could, in theory, increase work effort for the new rent rules group. The evaluation's finding of no positive impacts on labor market outcomes in this PHA suggests that a minimum TTP, by itself, may not promote greater work effort. This finding is only suggestive because it is based only on a test of a particular dollar amount in one location.

- **Triennial recertifications may have a positive effect on household heads' earnings independent of the minimum TTP.**

Because Lexington's preexisting $150 minimum TTP was applied to both research groups, that minimum TTP cannot help in explaining the new policy's positive earnings impact in that PHA. What likely accounts for most, if not all, of that effect is the new rent policy's extended recertification period. This finding suggests that, by itself, substituting a triennial recertification schedule for an annual schedule holds some potential to improve tenants' earnings. San Antonio's results bolster this conclusion. It seems unlikely that San Antonio's $50 increase in the minimum TTP drove its substantial positive earnings effects (given the finding that the modest minimum TTP in Washington, D.C., had no effect). At the same time, the Louisville results caution that a triennial recertification policy may not always lead to earnings gains, at least in the short term.

- **So far, impacts on household heads' earnings have had few spillover effects on families' receipt of TANF or SNAP benefits.**

Despite the new rent policy's positive impacts on household heads' earnings in Lexington and San Antonio, and its negative impacts in Louisville, it had almost no effects on families' receipt of TANF or SNAP benefits during the first 27 months of followup. Why that might be the case cannot be answered definitively at this time. One reason may have to do with how those benefit systems treat changes in income. For example, provisions such as earnings disregards and income-reporting schedules, among others, mean that an immediate dollar-for-dollar relationship between income changes and benefit changes does not exist. The evaluation's subsequent two reports, which will present findings after the first and second triennial recertifications, will explore more fully the relationship between earnings gains and impacts on receipt of TANF and SNAP benefits.

[12] The variation across the four PHAs in estimated impacts on earnings is not statistically significant at the 10 percent level ($p = .119$). When excluding Washington, D.C., the variations across the three PHAs is statistically significant at the 10 percent level ($p = .070$).

Impacts on Outcomes Related to Housing Subsidies

The new rent policy substantially changed the rules for calculating and adjusting TTPs over time. These changes have had consequences for families' housing subsidies and PHAs' experiences in administering the voucher program.

- **The new rent rules modestly increased the likelihood that families would still be receiving housing subsidies by the end of the 30-month followup period.**

The new rent policy's cap on TTPs meant that families in the new rules group would not become income-ineligible for the voucher program before their triennial recertifications no matter how much money they earned. Consequently, the new rules group was less likely than the control group to exit the voucher program during the first 30 months of followup. As Table ES.2 shows, with all four PHAs combined, 84.9 percent of the new rent rules group was still in the voucher program and "leased up" (that is, using their rental subsidies) in Month 30, compared with 78.7 percent of the existing rules group—a statistically significant increase of 6.2 percentage points above the control group rate. This pattern occurred in each of the four PHAs.

Table ES-2. Impacts on Families' Subsidy Receipt and Housing Costs Within First 30 Months of Followup

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
All PHAs				
Currently enrolled in HCV program and leased up	84.9	78.7	6.2 ***	0.000
Total housing subsidy ($)	24,886	23,555	1,332 ***	0.000
Sample size (total = 6,665)	3,312	3,353		
All PHAs except Washington, D.C.				
Currently enrolled in HCV program and leased up	80.4	73.6	6.9 ***	0.000
Total housing subsidy ($)	18,031	16,501	1,530 ***	0.000
Sample size (total = 4,756)	2,368	2,388		
Lexington				
Currently enrolled in HCV program and leased up	78.9	74.0	4.9 *	0.073
Total housing subsidy ($)	16,214	15,009	1,204 ***	0.008
Sample size (total = 979)	486	493		
Louisville				
Currently enrolled in HCV program and leased up	82.7	73.6	9.1 ***	0.000
Total housing subsidy ($)	19,146	17,446	1,700 ***	0.000
Sample size (total = 1,908)	947	961		
San Antonio				
Currently enrolled in HCV program and leased up	78.9	73.3	5.6 ***	0.004
Total housing subsidy ($)	17,906	16,257	1,649 ***	0.000
Sample size (total = 1,869)	935	934		
Washington, D.C.				
Currently enrolled in HCV program and leased up	96.1	91.5	4.6 ***	0.000
Total housing subsidy ($)	42,143	40,950	1,193 *	0.085
Sample size (total = 1,909)	944	965		

(continued)

(Table ES-2 continued)

SOURCE: MDRC calculations using PHA data.

NOTES: PHA = public housing agency. HCV = Housing Choice Voucher.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Rounding may cause slight discrepancies in calculating sums and differences.
A two-tailed t-test was applied to differences between research groups.
The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.
The variation across the four PHAs in estimated impacts on total housing subsidy in the full period is not statistically significant based on an H-statistic test.
Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .000 for the impact on the total full period housing subsidy for all four PHAs combined and for all PHAs combined excluding Washington, D.C.

- **On average, families in the new rent rules group paid somewhat less toward their housing costs while in the voucher program compared with the existing rules group.**

Over the course of the 30-month followup period, the new rent rules group paid an average TTP of $291 per month while in the voucher program, or $28 less than families in the control group paid while they were still receiving vouchers. Because of the minimum TTP policy, however, a smaller proportion of families in the new rules group than the control group paid zero or extremely low TTPs.

- **Compared with the control group, families in the new rent rules group received more in total rental subsidies, an expected short-term result of the policy changes.**

The lower average TTP for the new rules group combined with a longer duration in the voucher program resulted in families in that group, on average, receiving a somewhat higher cumulative housing subsidy than they would have received in the absence of the new policy (represented by the control group's subsidy amount). This result was intended by the policy design so that families would experience the benefits of their increased work effort during the 3 years between recertifications. As Table ES.2 shows, for all four PHAs combined, the new rules group received an average of $24,886 per family in housing subsidies through Month 30 of the followup period, which is $1,332 (or nearly 6 percent) more than the control group average ($23,555).[13] A generally similar pattern is evident across the PHAs.

- **A growing proportion of families used the new rent policy's hardship remedies.**

Families whose TTPs exceed 40 percent of their current/anticipated gross incomes are considered to have excessive rent burdens and are generally eligible to request a hardship remedy. These remedies, which are renewable, include setting the TTP at the minimum level or at 28 percent of current income for up to 6 months at a time. Families in Lexington are only eligible for a hardship remedy if they are paying TTPs that exceed the PHA's $150 minimum and still meet the 40-percent threshold, and their TTPs can only be reduced to the $150 minimum.

[13] This impact estimate remains statistically significant after adjustment for multiple outcomes.

Hardship remedies can be issued to qualifying families at any time during the 3-year period, but families must request them. Across all PHAs, about 14 percent of families requested and received a hardship remedy by the end of the followup period; these remedies ranged from 8.8 percent in San Antonio to 18.7 percent in Washington, D.C. The pooled rate is higher than it was at the time of initial recertification when only 0.5 percent of families across the four PHAs received a hardship remedy and after the first year of followup. The increase may reflect the possibility that a growing proportion of families experienced a post-recertification loss of income over time. It could also reflect a growing awareness among already-qualifying families of the availability of this safeguard and a willingness to request it.

- **The new rent policy has not affected the likelihood of household heads using special housing or services for the homeless.**

Homelessness data were obtained from the Homeless Management Information System in each study location. These data show that among household heads pooled across all four PHAs, very few in either the new rent rules group or the existing rules group had received housing assistance for homeless families or individuals or had received services for the homeless. In general, the use of homelessness housing and services may have been rare in part because most families were still receiving housing choice vouchers at the end of the followup period for this report.

- **The new rent policy substantially reduced the likelihood of PHA actions (with or on behalf of families) as families' circumstances changed.**

One goal of the new rent policy is to reduce the PHAs' administrative burden in administering the voucher program. One way this could be achieved is by reducing the number of actions staff had to take with or on behalf of families as their circumstances changed. For all PHAs combined, nearly all (89.5 percent) of the control group had a circumstance that required action on the part of PHA staff during the followup period.[14] Among families in the new rules group, the rate was 71.9 percent. More important than these overall numbers are the reductions in the most time-consuming actions—those requiring recalculation of TTPs and subsidies, including regularly scheduled recertifications and interim recertifications because of increases or decreases in family income. The new rent policy led to a reduction of about 68 percentage points in the likelihood that families would have a regularly scheduled recertification during the followup period; a reduction of nearly 20 percentage points in the likelihood of an interim recertification in response to a loss of income and a reduction of about 24 percentage points for the likelihood of an interim recertification as a result of an increase in income.

PHA and Tenant Experiences

- **The process of calculating retrospective income in setting families' TTPs under the new rent policy was often burdensome for staff.**

When formulating the new rent policy, the designers were concerned that basing families' TTPs on their current and anticipated incomes would present difficulties in the context of triennial recertifications. Having staff try to estimate families' anticipated incomes in the coming 3 years was considered unrealistic.

[14] Some families may have never had a staff action because they left the voucher program early in the followup period, had their case transferred to another housing agency ("ported out"), or for other reasons.

Moreover, current income might only reflect transitory circumstances, and not be a good basis for predicting longer-term expected income. If current income were low only briefly, a family's TTP would be set at an unnecessarily low level for the duration of the 3-year period, raising PHAs' subsidy costs. The designers also wanted to avoid creating any temptation for tenants to reduce their earnings just before recertification to try to lock in low TTPs, knowing that those TTPs could be in place for up to 3 years without review. Basing TTPs on average monthly income over a 12-month look-back period (unless hardship criteria were met) was considered a better option.

The qualitative interviews with PHA staff made clear, however, that obtaining the necessary documentation to verify retrospective income was time-consuming for certain types of families and when determining eligibility for interim recertifications (generally restricted to one per year) and hardship remedies. For example, tenants who had held multiple jobs over the prior year often had difficulty securing paystubs from former employers. This problem was sometimes compounded when more than one adult in the household worked; this problem highlights the importance of finding ways to streamline the process of collecting and verifying retrospective income data.

- **Families in the new rent rules group appreciated the switch to triennial recertifications.**

The indepth interviews with a small sample of household heads and PHA staff suggest that although many families in the new rules group did not completely understand all the features of the new policy, they generally understood this one. They appreciated the reduced burden it placed on them to report income increases to the PHAs and the opportunity to keep more of their extra earnings. Many said they preferred the new rent rules to the existing rules largely because of this feature.

Preliminary Analysis of Administrative Costs

- **The new rent policy appears, so far, to cost no more to administer than the existing policy, and probably costs less.**

Administrative costs are those incurred by PHAs to operate a rent subsidy system and are distinct from the PHAs' direct expenditures on housing subsidies. The evaluation examines whether the new rent policy is less expensive to administer than the existing policy. A "base" calculation, representing the study's "best estimate" of administrative costs during the first 2.5 years of followup suggests that the average cost of operating the new rent policy was $22 less per family than the cost of the existing policy during the current followup period, with all four PHAs combined; it was $39 less per family when Washington, D.C., is excluded from the pooled results.

Given important limitations in the data available for the cost analysis, four sensitivity tests were conducted to assess the sensitivity of the findings to alternative assumptions used in constructing the base estimate. Most of the alternative calculations point to cost savings under the new policy, especially for the three-PHA pooled sample that excludes Washington, D.C.

A reasonable conclusion at this stage of the evaluation would be that, through the followup period available for this report, the new rent policy is unlikely to have cost more to administer than the existing policy, and it probably cost less, but not dramatically less. Longer-term data will be important in drawing a firmer conclusion.

Conclusion

The Rent Reform Demonstration's new rent policy was designed to simplify the administration of a complex housing subsidy and promote and support tenants' employment efforts without increasing families' material hardships or the overall cost of the subsidy system. It is too soon to draw firm conclusions about the policy's success in achieving these goals, because some of the policy's most important effects may not occur until after families complete their triennial recertifications. So far, however, the results paint a mixed picture. The policy has generated some positive effects on labor market outcomes over 27 months in two of the four PHAs, but no effects or negative effects in the other two, and little overall change in employment and earnings when the four PHAs (or three PHAs, excluding Washington, D.C.) are combined. The new policy has also had little overall effect so far on the receipt of TANF or SNAP benefits or the use of housing and services for the homeless. The findings on housing-related outcomes were more consistent across the four PHAs. On average, the new policy reduced the likelihood that families would exit the voucher program during the 30-month followup period, which meant that, on average, their total housing subsidies were greater than they would have been in the absence of the new policy. This is an intended interim effect of the policy's 3-year cap on TTPs to encourage work. The next stage of the evaluation will show whether these and other patterns persist after the triennial recertifications are completed.

Some features of the new policy have eased the administrative burden on PHAs of operating the rent subsidy program and were welcomed by staff and tenants alike, especially the extension of the recertification period. Other features, particularly the need to estimate and verify retrospective income over a 12-month look-back period, introduced new complications. Although the rationale for retrospective income is strong, the PHAs' experiences should encourage efforts to streamline the process of capturing that information.

The evaluation's next report, scheduled for 2021, will include an analysis of survey data as well as data on the outcome measures discussed in the current report for an approximate 39-month look-back period. These survey data will enable the evaluation to assess the effects of the new rent policy on a more comprehensive array of outcome measures, including additional indicators of families' material hardship, overall economic security, personal and family well-being, and views of the new policy. Data from the survey may also offer important insights into the variation in labor market impacts across the PHAs. The final report, scheduled for 2023, will encompass comprehensive data on all outcome measures after the second triennial recertification, including an updated cost analysis that will show if the likely small initial administrative cost savings grow or dissipate in the longer term.

Chapter 1

Introduction

The cost of renting a home is one of the greatest economic challenges facing very-low-income families, and many such families need deep government subsidies to afford rents in decent and safe places. Designing a subsidy policy that is not overly complex or expensive to administer *and* functions as an effective safety net for families while also supporting their efforts to move toward self-sufficiency has been a substantial public policy challenge.

This report is the third in an ongoing evaluation of the Rent Reform Demonstration, sponsored by the U.S. Department of Housing and Urban Development (HUD). The demonstration is testing important modifications to HUD's traditional rent subsidy policy for families living in privately owned housing units and receiving tenant-based subsidies through the federal Housing Choice Voucher (HCV) program (formerly known as Section 8).[15] It updates an earlier impact report with longer term data on the new policy's effects on certain outcomes, expands the number of outcomes studied, and provides new information on public housing agencies' (PHAs') and tenants' experiences with and perspectives on the new rent policy.[16]

Most PHAs, which operate the voucher program, follow a common set of federal rules in determining how much of their own income tenants must contribute toward their rent and utilities, and how much of a housing subsidy they will receive. The traditional way that such subsidies have been calculated has been widely criticized for creating a disincentive to work while imposing a substantial and costly administrative burden on PHAs.[17] That system requires families to report changes in income at least annually and for the PHAs to adjust the subsidies, up or down, as families' incomes fall or rise. Although this system provides a strong safety net for families by giving more rental assistance to those whose needs are greater because of lower or falling incomes, it also creates an implicit marginal "tax" on increased earnings (approximately 30 percent), because families pay more toward their rent and utilities as their incomes rise. This implicit tax is on top of possible reductions in other means-tested benefits families might be receiving (such as welfare or food stamps), making their combined marginal tax on increased earnings higher than 30 percent and thus possibly further discouraging increased work effort.

[15] Tenant-based housing choice vouchers are portable, meaning that families can use the vouchers with private landlords of their own choosing if the housing unit meets the PHA's quality standards, and they can take the vouchers with them to a new landlord if they choose to move. These vouchers differ from Project-Based Section 8 assistance, which attaches a subsidy to a particular housing unit through a contract between the PHA and a private landlord.
[16] See Riccio and Deitch (2019), sections of which have been incorporated into this report with appropriate adaptions.
[17] These and other criticisms are described in Abt Associates, Inc., the Urban Institute, and Applied Real Estate Analysis, Inc. (2010), Government Accountability Office (2012), and Public Housing Authorities Directors Association (2005). See also Riccio, Deitch, and Verma (2017) for a summary of these perspectives and relevant prior evidence on housing assistances and labor force participation.

HUD launched the Rent Reform Demonstration to design and carefully evaluate an alternative rent-subsidy policy for recipients of tenant-based housing choice vouchers. In setting guidelines for the demonstration, HUD sought a policy that would simplify the rent system to reduce PHAs' administrative burden and costs, create a stronger financial incentive for families to increase their earned income, continue to provide a safety net for families who cannot readily increase their earnings, and reduce or at least minimize increases in PHAs' average housing subsidy expenditures per family over time. HUD selected MDRC and its partners to coordinate the design process, working closely with HUD and the four PHAs that joined the demonstration, and to evaluate the policy. [18] HUD and the PHAs had final say over the policy design. The four PHAs are:

- Lexington-Fayette Urban County Housing Authority in Lexington, Kentucky (generally referred to as the Lexington Housing Authority)
- Louisville Metropolitan Housing Authority in Louisville, Kentucky
- San Antonio Housing Authority in San Antonio, Texas
- District of Columbia Housing Authority in Washington, D.C.

These four PHAs are implementing the new rent policy alongside the traditional policy to help determine its effects. They are a subset of 39 PHAs that, at the time the project was launched, were part of HUD's Moving to Work (MTW) demonstration. This new program grants selected PHAs more flexibility to change housing policies, provided they notify the public and receive approval from HUD and from their boards of directors. They are permitted to change certain policies that would otherwise require changes in legislation or regulations; this administrative flexibility extends to rent rules.[19]

The centerpiece of the Rent Reform evaluation is a two-group randomized controlled trial to test the effects of the new rent policy on voucher holders' labor market outcomes, use of housing subsidies and other government programs, material hardship, well-being, PHA costs and administrative burden, and other outcomes. Eligible voucher holders who were coming up for income recertifications (a review by PHA staff to determine whether families still meet the voucher program's income and other requirements, to calculate how much each family is expected to contribute to its rent and utilities and to determine how much of a housing subsidy a family will receive) were enrolled in the study between February 2015 and November 2015. Prior to that recertification, all eligible families were randomly assigned to a new rent rules group that was subject to the new rent policy or to a control group that remained subject to the existing rent rules.[20] (Exhibits in this report refer to the control group as the *existing rent rules* group.) The recomputed

[18] The study team includes the Urban Institute, the Bronner Group, Quadel Consulting & Training, professors Ingrid Gould Ellen (New York University) and John Goering (City University of New York), and research consultant Barbara Fink.
[19] According to the Moving to Work Agreement, Moving to Work agencies have the authority to adopt and implement any reasonable policies to calculate tenants' contributions toward their rents that differ from the program requirements as mandated in the 1937 Act and its current implementing regulations. The four PHAs in the Rent Reform Demonstration were still largely following HUD's traditional rent policy at the start of the demonstration, with some exceptions (discussed later in this chapter).
[20] The demonstration is expected to conclude in 2021.

cost for rent and utility obligations and housing subsidies for families in each research group took effect between June 2015 and March 2016. (The exact dates varied among families and the four PHAs as shown in chapter 2.)

MDRC prepared an initial or "baseline" report on the demonstration, published by HUD in 2017, that describes the origins of the Rent Reform Demonstration, the features of the new policy, the rationale behind each of its main elements, and how the policy was to be evaluated.[21] That report also describes in more detail the process for identifying and enrolling families into the study, the background characteristics of those families, the amounts the families initially began paying for their rent and utilities under the new rent rules compared with the existing rules at the beginning of the study, and the housing subsidies they received initially. MDRC prepared a second report, slated for publication in 2019, that provided a first look at the effects, or "impacts," of this policy on families' labor market and housing-related outcomes.[22] It covers a followup period for each eligible family of approximately 12 to 18 months after the new policy took effect (depending on the outcome measure).

The current report extends the followup period on these outcomes to more than 2 years. It also analyzes new outcome measures of family self-sufficiency, using data on families' receipt of Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits (also known as food stamps) and their use of housing and services for the homeless. Using qualitative data from indepth interviews, it explores the experiences of PHA staff and voucher families with the new policy and their perspectives on its pros and cons relative to the existing rent rules.

The period covered by this report is still too short to draw firm conclusions about the new policy's effects, in part, because, as in the following description, a critical element of the new policy—new rules governing families' contributions to their rent and utilities—lasts for 3 years. A full assessment must, therefore, wait until the 3-year period has passed. As will be seen, the interim results with all PHAs combined show that, so far, the new policy has not produced any statistically significant improvement in tenants' earnings. The results vary across the PHAs, however, with two of the four producing some positive effects, one generating negative effects, and one showing little effect on labor market outcomes. Less substantial variation is evident in housing-related measures. Across the housing agencies, the new policy, on average, reduced families' housing costs, delayed their exits from the voucher program, increased their annual housing subsidies, and reduced certain types of time-consuming PHA transactions with families.

A future report will examine the new policy's longer-term effects, covering 3 or more years of followup on the same outcome measures included in the current report. It will also estimate the effects on a variety of other outcomes, including housing stability, material hardships, and additional quality-of-life indicators using data from a 2019 survey of household heads in each research group.

---

[21] Riccio, Deitch, and Verma (2017).
[22] Riccio and Deitch (2019).

HUD's Traditional Rent Policy

Nationally, HUD funds 2,243 PHAs to provide approximately 2.2 million low-income households across the country with HCVs. Under traditional HUD rules,[23] a family receiving an HCV is expected to contribute 30 percent of its "adjusted income" toward its rent and utilities. This contribution is known as the "total tenant payment." The rules for calculating a family's total tenant payment (TTP) allow several deductions from its pre-tax income,[24] including a deduction for some childcare costs for working parents; the resulting figure is an estimate of adjusted income. The calculation also looks forward in time, basing the adjusted income estimate on the amount of income a family *currently receives* and *anticipates receiving* in a typical month during the coming year (which this report refers to as "current/anticipated" income). The PHA provides a subsidy for the difference between the family's rent and the maximum allowable rent, called a "payment standard," which takes account of local fair-market rents. All PHAs are permitted to establish a minimum TTP, commonly referred to as a "minimum rent," of up to $50 per month, although not all have done so.[25] (MTW agencies have more flexibility to establish higher minimum TTPs and make other adjustments in rent policy.)

This existing "percentage-of-adjusted-income" approach builds a strong safety-net feature into the rent subsidy system: If a family's income falls, the family pays less toward its housing costs. This approach also implicitly "taxes" tenants for increasing their earnings (which some experts contend discourages work) and requires PHAs to make continuous and administratively burdensome readjustments in TTPs and housing subsidies as a family's income changes. The complex rules governing the calculation of "adjusted income," rent, and utility allowances are considered by critics of the existing policy to be administratively burdensome and prone to errors that can lead to improper payments. The new rent policy attempts to address these problems.

Overview of the New Rent Policy

The new rent policy applies only to working-age, nondisabled voucher recipients whose vouchers were administered under the MTW demonstration.[26] The policy includes the core features, which are summarized in Table 1.1 and in the detailed description following the table.[27]

[23] Throughout this report, HUD's "current" or "traditional" rent policy for voucher holders refers to the national rent policy in effect for non-Moving to Work PHAs *before* the passage of the Housing Opportunity Through Modernization Act of 2016. "Existing" rules refer to those in place at each of the Rent Reform Demonstration's PHAs, which, in some cases, vary somewhat from HUD's traditional policies.
[24] Gross income refers to a family's total pre-tax income minus certain types of excluded income.
[25] For a full explanation of HUD's existing rent rules, see HUD (2001).
[26] Non-Moving to Work Vouchers (that is, Veterans Assisted Special Housing, Moderate Rehabilitation, and Shelter Plus Care), Enhanced Vouchers, and Section 8 Project-Based Vouchers were excluded from the study. Additionally, the study did not include households defined as elderly or disabled (according to HUD's definitions), and households headed by people older than 56 (who would become elderly during the long-term study). Households participating in Family Self-Sufficiency and homeownership programs before sample enrollment began were also excluded from the study, as were families who held vouchers but were receiving no housing subsidy.
[27] See Riccio, Deitch, and Verma, (2017) for further details.

Table 1.1 Comparison of Traditional and New Rent Policies for the Housing Choice Voucher Program

Component	Traditional HUD Policy	New Rent Policy
Total tenant payment (TTP)	30 percent of adjusted monthly income (that is, total countable anticipated income, minus deductions) or 10 percent of gross income, whichever is higher.	28 percent of gross monthly retrospective income (that is, gross monthly income over the previous 12 months), with no deductions or allowances. Countable income estimate for setting a family's TTP and housing subsidy is based on 12-month retrospective income.
Minimum TTP	Up to $50 per month, at public housing agency (PHA) discretion.	$50 to $150 per month, depending on the PHA. All families pay a minimum amount of rent directly to their landlords, to mirror the landlord-tenant relationship in the unsubsidized rental market.
Assets	Family income from assets is counted in determining a family's TTP.	Family income from assets is ignored when total asset value is less than $25,000, and families do not need to document those assets.
Recertification period	Annual recertifications.	Triennial recertifications.
Interim recertifications when income changes	At an agency's discretion, families report any income increases when they occur, before the next scheduled recertification. Families may request interim recertifications whenever their incomes fall by any amount.	Earnings gains do not increase TTP for three years (that is, until the next triennial recertification). Interim recertifications to account for income reductions are limited to a maximum of one per year (referred to as "restricted interim recertification"), and only when a family's average gross income over the most recent 12 months drops by more than 10 percent from the retrospective estimate that was used to establish the TTP currently in effect.
Utilities	Where the contract rent does not include utilities, a utility allowance is provided based on a detailed schedule that takes into consideration voucher size (the number of bedrooms covered by a family's voucher) and various other aspects of the type of housing unit.	A simplified utilities policy that is tailored to a standard base rate for utility costs that varies according to the voucher amount, with additional payments available to families paying higher costs related to the type of heating (for example, electric or oil heat) and water and sewer charges.

(continued)

(Table 1.1 continued)

Component	Traditional HUD Policy	New Rent Policy
Hardship policy	If the PHA has a minimum TTP, it must suspend that minimum TTP for families who are unable to pay it because of specified financial hardships. Short-term hardships (lasting 90 days or less) require the suspended minimum to be reinstated after the hardship period ends and to be repaid according to a reasonable payment plan.	Families qualify for consideration of a hardship-based remedy if: • The family's monthly TTP exceeds 40 percent of its current or anticipated monthly gross income. • The hardship cannot be remedied by the one interim recertification permitted each year. • The family faces eviction for not paying rent or utilities. • The family meets other criteria determined by the PHA. Hardship remedy options include the following standardized list: • Allowing an additional restricted interim recertification beyond the normal one per year. • Setting the family's TTP at the minimum level for up to 180 days. (This remedy can be renewed at the end of that period if the hardship persists.) • Setting the family's TTP at 28 percent of its current gross income (which may be less than the minimum TTP), for up to 180 days (except in Lexington). (This remedy can be renewed at the end of that period if the hardship persists.) • Offering a "transfer voucher" to support a move to a more affordable unit.
Grace period	Not applicable. TTP is always based on current income.	At the triennial recertification, if a family's current gross income is more than 10 percent lower than its average gross retrospective income over the last 12 months, the family will have its TTP calculated at that time based on current income rather than retrospective income, and this TTP will remain in effect for 6 months. During this grace period, families can still qualify for a hardship-based remedy.

NOTE: The Traditional HUD Policy column shows the national policy in existence for the non-Moving to Work tenant-based Housing Choice Voucher program population before the enactment of the Housing Opportunity Through Modernization Act of 2016. With a few exceptions, the PHAs participating in the Rent Reform Demonstration have continued to implement that policy. Details on the existing policy at each of the four demonstration PHAs and how it varies from the traditional HUD policy are available in Appendix Table A.1.

- **Changes in rules for recertifying families' continued eligibility for the voucher program and recomputing their TTPs—**
  - Replacing the annual recertification schedule with a triennial schedule; a family is only required to review its income with the PHA every 3 years. Thus, if a family increases its earnings during that period, it need not report the increase to the PHA, and its TTP will not be raised until the end of the 3-year period.
- **Changes in the formula for calculating a family's TTP and subsidy—**
  - Eliminating all deductions from income, making gross income, rather than adjusted income, the basis for calculating a family's TTP (as a step toward simplifying that calculation).[28]
  - Calculating TTP at 28 percent of gross income, rather than the normal 30 percent of adjusted income (to help offset the elimination of income deductions).
  - Using a family's gross income over the previous 12 months ("retrospective income") in setting its TTP and housing subsidy, rather than the traditional practice of using the family's adjusted current income and its expected income in the coming year.
  - Ignoring a family's income from assets when the total value of its assets is less than $25,000 (and not requiring documentation of those assets).
  - Simplifying the policy for determining utility allowances to a streamlined standard schedule based primarily on unit size, with some adjustments.
  - Establishing a minimum TTP of at least $50 per month and requiring families to pay at least the specified minimum TTP directly to their landlords. Thus, all tenants have rent-paying relationships with their landlords (as they would in the unsubsidized rental market).[29]
- **Safeguards for families (in addition to interim recertifications)—**
  - At the start of the 3-year period, providing a 6-month "grace-period" TTP based on current/anticipated gross income if that income is more than 10 percent less than that family's average monthly retrospective income.

---

[28] The new policy uses the same types of income in TTP calculations that apply under HUD's traditional rent policy.

[29] Although most voucher holders pay some rent directly to their landlords, in some cases the housing authority pays the entire amount to the landlord. Requiring all families in the new rent rules group to pay at least some amount to their landlords was perceived by some HUD officials as a way of helping to prepare those families for the arrangement they would face if they increased their incomes and received lower housing subsidies or moved and were no longer receiving housing subsidies.

- Allowing one interim recertification per year (a "restricted interim recertification") if a family's retrospective income falls by more than 10 percent before the next required triennial review. This change is intended to limit the volume of TTP adjustments the PHA makes, while still protecting families when their incomes drop substantially. (The new policy does not restrict interim recertifications required for other reasons such as a change in household composition or a move to a new unit.)

- A hardship policy that covers a standard set of conditions (particularly when a family's TTP exceeds 40 percent of its current income) and includes a standard set of remedies that permit TTP reductions at any time during the 3-year period to protect households from excessive rent burdens.

The PHAs participating in the demonstration helped to develop and support this common framework. They also saw a need, however, to adapt the model in some ways in response to local considerations. At the same time, the demonstration had to accommodate some earlier policy changes the PHAs had already implemented. (See Appendix Table A.1 for a summary of the existing rent policies across the four PHAs; these policies apply to the control groups in the demonstration.) For example, reflecting local considerations, minimum TTP levels vary among the PHAs from $50 to $150 per month. Two of the four PHAs—Louisville and Washington, D.C.—introduced a minimum TTP for the first time ($50 and $75, respectively), while San Antonio increased its existing $50 minimum TTP to $100. Lexington had already introduced a $150 minimum TTP before the demonstration began, and it continued that policy for both the new rules group and the existing rules group.[30] The process for determining hardship remedies also varies across the PHAs, although the general conditions defining a hardship and the remedies themselves do not. Washington, D.C., had already instituted a simplified approach for calculating families' utilities' costs, a version of which each of the other PHAs in the demonstration adopted for the new rules group.

Of all the features of the new rent policy, the 3-year recertification is the main one intended to improve labor market outcomes because it eliminates the implicit "tax" on earnings during the 3-year period. The introduction of a minimum TTP, or an increase in an existing one, might also increase work effort, because some tenants may need to increase their earnings to have enough income to meet the new minimum.

Administering the New Rent Policy

Some of the changes introduced by the new rent rules simplify the process of determining a family's TTP (for example, eliminating childcare and other deductions and streamlining the utility allowance policy). Other changes, however, could be burdensome to implement with some families, such as computing and verifying retrospective income, especially when a family's income

[30]Lexington generally does not permit any reductions in TTPs below the minimum in its application of the demonstration's hardship policy. The other three PHAs generally require families with zero income to report their family expenditures regularly to the PHA.

is volatile and not captured by the administrative records that the PHA can access from other government sources.[31] Although adopting a 3-year recertification period is intended to reduce the overall burden on PHAs and families by reducing the volume of TTP recalculations and the number of contacts families have with the PHA over several years, achieving such outcomes depends on the frequency of requests for hardship remedies and interim recertifications and their approval. It remains to be seen whether the new rent rules—*taken as a whole over several years*—achieve the goals of simplification and reduced administrative costs. Chapters 4 and 5 explore these issues with quantitative and qualitative data covering the first few years of the new policy being in effect.

The new rent rules also impose extra communication responsibilities on the PHAs in at least two ways. First, if families are to respond to the work incentive built into the new rules, they must be aware of such incentive and understand how it works. Second, if the safeguards built into the new policy are to have their intended protective effects, families must be aware of those safeguards, understand how they work, and take advantage of them when needed. (PHAs must also implement them properly.) To implement the new rent policy, therefore, PHAs must communicate regularly—beyond the initial explanations offered to families at the time of recertification. To that end, with MDRC's guidance and HUD's support, the PHAs are sending mailings approximately twice each year to remind families of the new policy's work incentive and safeguards and to invite them to contact a housing specialist if they believe they may qualify for a TTP reduction.

As the overall managers and evaluators of the demonstration, MDRC and its partners worked closely with the four PHAs to specify the processes required to implement the new rent policy. The MDRC team helped the agencies think through their staffing needs and software modifications, how they would integrate research procedures into recertification meetings, and how staff members would be trained in the procedures for calculating rent and utilities using a new set of rules. The team prepared a manual for each PHA describing these procedures and helped train housing specialists and their supervisors to apply them. In addition, the team observed recertification meetings, monitored implementation practices, and provided refresher training sessions on the use of interim recertifications and hardship remedies. Since that initial launch phase, the team has continued to conduct regularly scheduled check-in meetings with managers at each PHA to discuss any challenges that the PHA is facing in implementing the new rent policy and, in 2018, conducted refresher training sessions for staff at each location as they began to conduct triennial recertifications under the new policy. MDRC has had no direct operational role in the administration of the new rent rules, however.

[31]Administrative records are data collected in the course of administering a program. These data are available to PHAs through the HUD Enterprise Income Verification system, which provides information such as earnings reflected in unemployment insurance wage records, unemployment insurance compensation, and Social Security and Supplemental Security Income benefits. One known issue with the Enterprise Income Verification system: it is not considered complete—or current—because of reporting lags in some of its data sources. Unemployment insurance wage records, for example, usually have a 6-month lag.

The Scope of This Report

This report provides interim findings from the evaluation's impact analysis, updating analyses presented in MDRC's initial impact report, adding new information pertaining to the implementation of the policy and PHAs' and families' perspectives, and a few additional outcome measures. Future reports will provide a more comprehensive assessment, examining the new policy's effects over at least 3 full years of followup and a much wider range of outcomes, including measures based on a survey of heads of households fielded in 2019.

Chapter 2 of this report briefly summarizes the baseline report's description of how the sample for the evaluation was enrolled in the study and some characteristics of those families. It also discusses the data collection and analysis methods that were used to estimate the early impacts presented in subsequent chapters. Chapter 3 presents the findings on employment and earnings outcomes and receipt of TANF and SNAP benefits. Chapter 4 presents the findings on tenants' housing costs, subsidies, other outcomes related to their subsidy receipt, and use of housing and other services for the homeless. Chapter 5 explores PHA staff members' experiences in implementing the new rent rules and their perspectives on those rules based on a series of indepth interviews. It also includes a preliminary analysis of the costs of administering the new policy relative to the existing policy. Chapter 6 examines families' experiences with and views of the policy, using data from indepth interviews with tenants in the new rules group. Chapter 7 concludes the report by highlighting key findings and the next steps in the evaluation.

Chapter 2

The Study Sample and Analysis Methods

The Rent Reform Demonstration uses a randomized, controlled trial, one of the most rigorous methods for determining the effectiveness of an intervention. This chapter discusses the study sample, data sources, and analysis methods being used in the experiment. A fuller account of the overall evaluation design and characteristics of the study sample can be found in the demonstration's baseline and initial impact reports.[32]

Building the Research Sample

The Eligible Sample

Because it was important to test whether the new rent policy would improve tenants' employment and earnings, families had to be existing housing choice voucher (HCV) holders and meet the following core criteria to be eligible for the Rent Reform Demonstration:[33]

- A family could not be classified as an *elderly household* and could not become elderly according to HUD's definition over the course of the study. More specifically, the head of household, spouse, and co-head had to be 56 years of age or younger at the time of study enrollment so that a followup period of several years would not extend into the time when many adults begin to retire.

- A family could not be defined, according to HUD guidelines, as a *disabled household* (one in which the head, co-head, or spouse is disabled).

The study also excluded several other types of voucher holders. For example, some families were not eligible because they held special vouchers governed by regulations that did not apply to the vast majority of regular voucher holders. Families who were already participating in HUD's Family Self-Sufficiency and Homeownership programs were also excluded, because the new rent rules would change some of the terms that those families had agreed to when they enrolled in those programs. In addition, the demonstration excluded families who were currently receiving childcare deductions so that those families would not be forced to give up deductions they had come to rely on. (The new policy does not offer these deductions.) With a few additional exceptions, the remaining families who were scheduled for recertification during the study's enrollment period were selected for the study.[34]

[32] Riccio, Deitch, and Verma (2017); Riccio and Deitch (2019).
[33] The study did not include new voucher holders because it was expected that a substantial number would not successfully "lease up"—that is, find appropriate housing for which they could use the voucher within the time the public housing agencies gave them to do so. Because such families would forfeit their vouchers, they could not be subject to either the new or existing rent rules and, consequently, would not contribute to the goals of the evaluation.
[34] See exhibit 4.1 in Riccio, Deitch, and Verma (2017) for a complete list of reasons for exclusion.

The procedures for enrolling families into the study and conducting random assignment for the Rent Reform Demonstration are summarized below and discussed in detail in prior MDRC reports.[35]

Enrolling the Sample

The procedures for enrolling families into the study were incorporated into the regular income recertification process—the process that each of the four public housing agencies (PHAs) uses to review whether families are continuing to meet the voucher program's income and other requirements and to calculate their total tenant payments (TTPs) and housing subsidies. Once the study's eligibility criteria were set, the PHAs and MDRC identified qualifying families who were being scheduled for upcoming recertifications. Random assignment procedures were then used to enroll those families either in the new rent rules group that would be subject to the new policy for the duration of the demonstration or to the existing rent rules group that would continue to be subject to the traditional rent rules for voucher holders. These families would be the study's control group.[36] With the exception of Louisville, enrollment in the demonstration was mandatory. Families had their TTPs for rent and utilities and their housing subsidy amounts calculated according to the rules of their assigned rent policy group and remained subject to all the rent rules applicable to their group for the duration of the demonstration. Although families could not opt out of their assigned rent policy group (except in Louisville), they could refuse to allow their individually identified data to be shared with the researchers. Only 14 families (0.2 percent of those randomly assigned) across the four PHAs chose to do so. Further details on the random assignment and enrollment process can be found in the demonstration's baseline report.[37]

A total of 7,255 families were randomly assigned to the Rent Reform Demonstration. About 8 percent of families across the two research groups were subsequently found to be ineligible (for example, because they were disabled, moving to another PHA, or in the process of exiting the voucher program) for the study before the initial recertifications were completed. They were excluded from the analysis sample (before any findings were produced), yielding a final sample size of 6,665 families for the four PHAs combined.[38]

---

[35] Riccio, Deitch, and Verma (2017) and Riccio and Deitch (2019).

[36] Recertifying voucher holders were not asked to choose which rent policy would apply to them because the study wanted to mimic the ways that the new policy would be likely to operate in practice were it to be adopted as a new government policy. The new rent policy includes safeguards to minimize the risk of harm while also creating opportunities for substantial benefits for those subject to it; this was among the reasons why MDRC's Institutional Review Board deemed this random assignment design meets recognized ethical guidelines for human-subject research. These safeguards were also why HUD deemed the rent policy to be compliant with Moving to Work (MTW) regulations, which give MTW agencies statutory flexibility to implement new initiatives with the proper public notice and PHA board approval. In Louisville, however, community concerns led to an agreement with the PHA that families assigned to the new rent rules group would be allowed to opt out and have their rent calculated using existing rules. For more on this issue, see Riccio, Deitch, and Verma (2017).

[37] Riccio, Deitch, and Verma (2017).

[38] This number is slightly greater than the sample size of 6,660 reported in Riccio, Deitch, and Verma (2017) because of new information that became available after the baseline report was completed.

Characteristics of Enrolled Families at Baseline

The Rent Reform Demonstration is structured around a 2-group randomized controlled trial. This research design is powerful because, with an adequate sample size, random assignment ensures that the intervention and control groups will be similar in their distributions of observed and unobserved characteristics when the study begins. Thus, differences between the two groups that emerge later can be attributed with a greater degree of confidence to the intervention rather than to preexisting differences in families' characteristics. The effects of the new rent policy are, therefore, determined by comparing, over time, the labor market outcomes and other outcomes of the new rent rules group with the outcomes of the existing rent rules group.

Approximately one-half of the 6,665 families who enrolled in the study were randomly assigned to the group that was subject to the new rent policy, and one-half were assigned to the group that remained subject to the existing policy (the control group). Data on the families' background characteristics come from PHA administrative records (based on HUD's 50058 form) and a special background information survey administered to families by PHA housing specialists at the time of the initial recertification. (See the baseline report for a full discussion of these characteristics.)[39] As Table 2.1 shows, with the samples of all PHAs combined, the average household size was just over three family members. In addition, just over one-third of families (36.9 percent) had more than one adult living in the household, and nearly one-fourth (22.8 percent) had no children under the age of 18 years. Household composition varied considerably across PHAs. In Washington, D.C., nearly 50 percent of families had more than one adult in the household, compared with 27 to 34 percent in the other PHAs. In addition, 35 percent of families in Washington, D.C., had no children under the age of 18 years, compared with 14 to 22 percent of the other PHAs' families. This variation may partly reflect the fact that, as Table 2.2 shows, the heads of households in Washington, D.C., were older: More than 40 percent were 45 years of age or older, compared with 18 to 22 percent of the heads of other PHAs' households.

[39] Riccio, Deitch, and Verma (2017).

Table 2.1. Characteristics of Families in the Impact Sample, by Public Housing Agency (PHA)

Characteristic	Lexington	Louisville	San Antonio	Washington, D.C.	All PHAs
Average number of family members	3.2	3.3	3.6	3.2	3.4
Families with more than one adult (%)	26.7	33.9	32.7	49.4	36.9
Number of children in the family (%)					
None	17.3	21.6	14.0	35.3	22.8
1	24.4	22.4	20.3	25.6	23.0
2	28.4	24.0	27.7	18.0	23.9
3 or more	29.9	32.0	38.1	21.1	30.3
Among families with children, age of the youngest child (%)					
0-2 years	16.9	16.7	17.8	16.0	16.9
3-5 years	17.9	17.5	21.7	19.4	19.3
6-12 years	47.3	43.0	42.7	35.7	41.8
13-17 years	17.9	22.7	17.8	28.9	21.9
No earned income[a] (%)	53.6	61.8	53.1	60.1	57.7
Income sources[a] (%)					
Wages	46.4	38.2	46.9	39.9	42.3
Welfare	5.1	5.8	3.2	37.7	14.1
Social Security/SSI/pensions	19.4	25.8	23.0	23.9	23.5
Other income sources	49.8	44.3	53.1	17.9	40.0
Child support	35.2	28.6	38.0	13.7	28.0
Unemployment benefits	1.0	1.3	2.1	3.4	2.1
Other	17.6	17.0	15.8	1.3	12.2
Average annual income from wages, among families with any wage income[a] ($)	16,625	16,741	12,925	26,853	18,267
Sample size	979	1,908	1,869	1,909	6,665

SOURCE: MDRC calculations using PHA data.

NOTES: Sample sizes for specific outcomes may vary because of missing values.
Rounding may cause slight discrepancies in calculating sums and differences.
Data were collected at the most recent recertification before random assignment.
[a]Income-source categories are as defined on the HUD-50058 form. Wages include one's own business, federal wages, PHA wages, military pay, and other wages. Welfare includes general assistance, annual imputed welfare income, and Temporary Assistance for Needy Families. SSI is Supplemental Security Income. Other income sources include child support, medical reimbursement, Indian trust/per capita, unemployment benefits, and other nonwage sources.

Table 2.2. Characteristics of Heads of Households in the Impact Sample, by Public Housing Agency (PHA)

Characteristic	Lexington	Louisville	San Antonio	Washington, D.C.	All PHAs
Female (%)	96.8	95.6	93.8	90.9	94.0
Age in years (%)					
18-24	3.5	0.9	5.7	1.4	2.8
25-34	39.0	32.3	38.9	18.6	31.2
35-44	39.8	44.7	35.6	39.4	39.9
45 or older	17.7	22.1	19.8	40.5	26.1
Average age (years)	36.9	38.7	36.7	42.2	38.9
Race (%)					
White	18.6	18.2	77.0	2.0	30.2
Black/African-American	81.1	80.3	22.2	97.2	68.9
Other	0.3	1.5	0.8	0.8	0.9
Ethnicity (%)					
Hispanic or Latino	1.9	1.2	74.9	3.1	22.5
Not Hispanic or Latino	98.1	98.8	25.1	96.9	77.5
Sample size	979	1,908	1,869	1,909	6,665

SOURCE: MDRC calculations using PHA data.

NOTES: Sample sizes for specific outcomes may vary because of missing values.
Rounding may cause slight discrepancies in calculating sums and differences.
Data were collected at the most recent recertification before random assignment.

Nearly all (94 percent) of household heads in the study sample are female and, on average, household heads were about 39 years of age when they entered the study (shown in Table 2.2). The majority (69 percent) are Black. Almost one-fourth (23 percent) of household heads are Hispanic/Latino (of any race). In Lexington, Louisville, and Washington, D.C., most heads of households are Black, while the majority (75 percent) in San Antonio is Hispanic/Latino.

Table 2.3 shows that most of the other adults in the study households were apparently the young adult children of household heads. About 80 percent of the non-heads of households were 18 to 24 years of age, and 14 percent were 25 to 34 years of age. A very small proportion (about 7 percent) of the adults who were not household heads were spouses or co-heads of households. This is a consistent pattern across all four PHAs. About 47 percent of the non-heads of households were female, with their race and ethnicity closely paralleling that of the household heads (not shown in Table 2.2).

Table 2.3. Characteristics of Adults Who Are Not Heads of Households, by Public Housing Agency (PHA)

Characteristic	Lexington	Louisville	San Antonio	Washington D.C.	All PHAs
Age in years (%)					
18-24	74.3	80.4	78.8	80.4	79.5
25-34	13.9	10.8	12.1	16.7	14.0
35-44	8.4	5.8	5.4	1.4	4.0
45 or Older	3.4	3.1	3.7	1.5	2.5
Relationship status (%)					
Spouse or co-head of household	9.8	7.2	13.5	2.1	6.6
Sample size	296	815	784	1,502	3,397

SOURCE: MDRC calculations using PHA data.

NOTES: Sample sizes represent individuals who were at least 18 years of age at the time of random assignment.

Foster children and live-in aides have been excluded.

Sample sizes for specific outcomes may vary because of missing values.

Rounding may cause slight discrepancies in calculating sums and differences.

Data were collected at the most recent recertification before random assignment.

Economically, the study sample was substantially disadvantaged at the time of random assignment (as shown in Table 2.1). According to PHA data, more than one-half of the study families (58 percent) had no earned income at that time (from any household members, not just household heads), ranging from 53 percent of families in San Antonio to 62 percent in Louisville. Even among families who did have earned income, earnings were generally low: Average annual earnings (among families with earnings) ranged from about $13,000 in San Antonio to roughly $27,000 in Washington, D.C. Almost 24 percent of families had income from Social Security, the Supplemental Security Income (SSI) program, or pensions, according to PHA data. In most cases, SSI income was received on behalf of children or other adults living in the household, not the household head. (In households receiving SSI, that income was evident for only 3 percent of household heads.) The Washington, D.C., families (38 percent) were the most likely by far to have received cash welfare payments compared with fewer than 6 percent of the families from the other PHAs.[40]

According to a brief survey of study families at the time of study enrollment, many were contending with significant barriers to employment and material hardships.[41] For example, 26 percent of household heads reported having no high school diploma or its equivalent, while only 12 percent had 2-year or 4-year college degrees. In addition, 54 percent of survey respondents reported facing potential impediments to employment such as physical, emotional, or mental health problems they believed limited their ability to work or the kind of work they could do (31 percent of all respondents) or difficulty affording childcare (21 percent of all respondents).

[40]Cash welfare includes income from TANF and state general assistance programs.

[41]Riccio, Deitch, and Verma (2017).

Almost 70 percent of baseline survey respondents said that they had experienced financial hardship at some time in the last year, for example, an inability to pay utility bills (46 percent), telephone bills (34 percent), or rent (20 percent). About 28 percent indicated that they sometimes did not have enough money to buy food.

For the results of the impact analysis to be unbiased, the new rent rules group and the control group must have a similar distribution of measured and unmeasured characteristics; if outcomes between those groups differ, then the differences can be attributed with confidence to the intervention itself rather than to "selection bias"—in other words, to differences in preexisting characteristics of the two research groups that may be related to the outcomes of interest. Random assignment is the most effective mechanism for ensuring comparability between the intervention and control groups. Sometimes, however, differences between the groups can emerge by chance, a risk that is greater the smaller the sample size. Thus, assessing the extent to which the two groups at least have similar distributions of measurable characteristics (are in "balance") is important before the followup period begins.

MDRC completed such an assessment for the Rent Reform Demonstration and presented results in the baseline report.[42] As that report shows, when the samples of all four PHAs are combined, only minor and inconsequential differences are evident between the characteristics of families randomly assigned to the new rent rules group and those of families assigned to the existing rent rules group. Further analyses using administrative data on employment and earnings trends leading up to the time of random assignment provide further reassurance that, overall, the two research groups are well balanced and that the estimated impacts of the new rent policy will be unbiased.[43]

Data Sources and Followup Period

The current report, like MDRC's prior report, uses unemployment insurance wage records obtained through the National Directory of New Hires (NDNH), which captures employer-reported employment and earnings on adults in the sample, and PHA administrative records (data collected in the normal course of administering PHA programs). It also includes several new data sources: administrative records data on families' receipt of Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits obtained from state agencies, and their use of housing and services for homeless families entered into the Homeless Management Information System obtained from the local Continuum of Care. This report also includes qualitative data from indepth interviews with PHA staff and voucher families from two separate points in time.

Box 2.1 describes these data sources in greater detail. While the PHA data are available for all households, the NDNH data are available for individual household members, but not for the household as a whole. TANF and SNAP benefits are available at the case level for the household as defined by the TANF and SNAP programs: these household benefits were analyzed separately

[42]Riccio, Deitch, and Verma (2017).
[43]Riccio and Deitch (2019).

for heads of household and other adults. Homeless Management Information System (HMIS) data are available at the individual level. In addition, indepth interviews were conducted with a subsample of household heads.

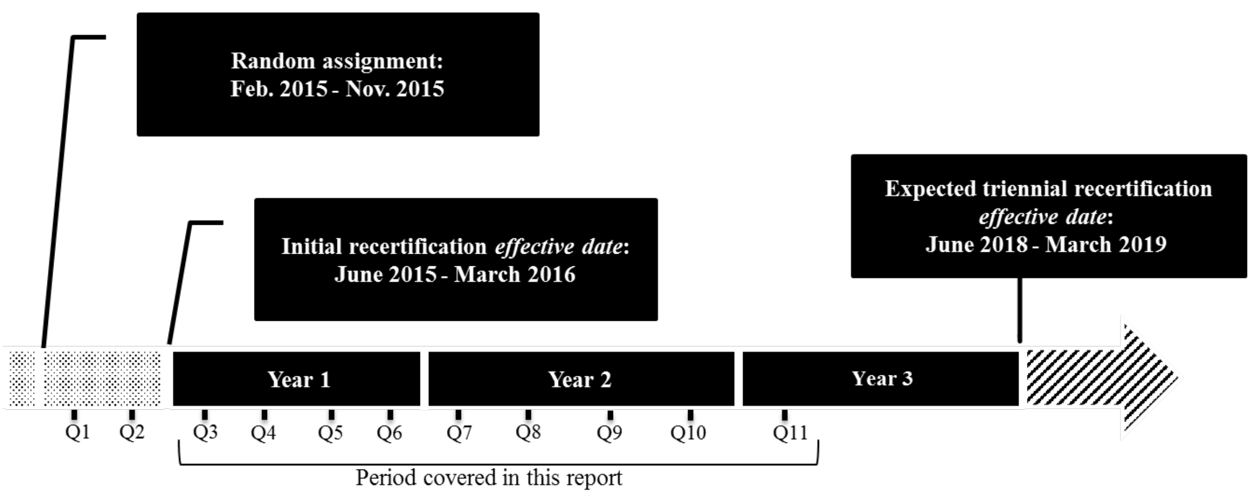
Box 2.1. Data Sources for this Report

- **Public housing agency (PHA) records.** All families receiving a housing voucher complete or update a 50058 form as part of their initial or recertification interview; the information collected by the PHA includes their incomes and income sources, their total tenant payment (TTP) amounts, family share, and their total housing subsidy payment. The study team is collecting this information for all study participants for 1 to 3 years before study enrollment (depending on the PHA) and during the study followup period. For families who are subject to the new rent policy, the study team is collecting information on grace-period TTPs, interim recertifications, hardship remedies, and retrospective income.
- **Wage records.** Employment and earnings data were obtained from the National Directory of New Hires (NDNH), a national database of wage and employment maintained by the Office of Child Support Enforcement. The NDNH includes data on employment and earnings in all work covered by unemployment insurance (UI), including across state lines and on federal employment that is not captured in state UI records. NDNH records do not cover earnings from self-employment, some agricultural work, and informal jobs. Other research suggests that administrative data may miss relatively more employment for low-income populations than for higher-income groups, given the former group's greater prevalence of work in informal jobs.* NDNH records also do not provide information about hours worked or about the characteristics of jobs held. For this reason, the study team will (in a future report) supplement NDNH records data with data from a long-term followup survey.
- **Homeless Management Information System (HMIS). The HMIS** tracks information on homelessness services accessed. The HMIS is maintained by a local Continuum of Care for each local area, and other service providers in the area may submit information to the HMIS. Not all service providers participate in the HMIS; however, information is available on the expected coverage of the HMIS for certain categories of services. Individuals are not required to give personally identifiable information to receive services, so some services for specific individuals may be under counted. The study team is collecting information on overnight stays and other homelessness services.
- **Temporary Assistance for Needy Families (TANF) records.** TANF primarily provides cash assistance to families with children. States are able to provide other services through TANF, but the type of services provided varies by state. The study team is collecting TANF benefit amount for each month from each state's agency that administers TANF.
- **Supplemental Nutrition Assistance Program (SNAP) records.** SNAP provides money to families that can only be used to purchase food. The study team is collecting SNAP benefit amounts for each month from each state's agency that administers SNAP.
- **Implementation and process data.** Two rounds of in-person interviews were conducted with PHA staff and with a small number of participants subject to the new rent rules. The staff interviews focus on documenting the PHAs' experiences implementing the new rent policy. The interviews with participants focus on documenting their experiences with and perspectives on the new rent policy, including any hardships that appear to be created by the new policy.

NOTE: *Abraham, Haltiwanger, Sandusky, and Spletzer (2009).

The administrative records data are available for all families starting from the time of random assignment in the case of PHA records, from three quarters before the quarter of random assignment in the case of NDNH data, and from the year prior to random assignment for TANF, SNAP, and HMIS data. For the purposes of this report, the "first year of followup" is *not* defined as beginning at the time of random assignment as would normally be expected. (See Figure 2.1, which is a simplified depiction of the sample random assignment, enrollment, and followup period.) For the TTP to be recalculated (under the new or existing rent rules) and to take effect, 4 to 5 months were usually needed after a family's random assignment date. Families did not know right away which rent policy would apply to them or what their new TTP would be, and they would not begin paying the new TTP until the designated "effective date." When examining effects on housing-related outcomes (for example, on TTPs, subsidies, and transactions with PHA staff), focusing only on the outcomes during the period that begins *after* the effective date makes sense because, before that date, both research groups are still subject to the regulations and guidelines of the existing rent policy. If, for example, families' subsidy receipt patterns and interactions with the PHAs change for the new rules group, those changes will occur only after new rules take effect.

Figure 2.1. Simplified Depiction of Random Assignment and Followup Period



Thus, for outcomes related to families' housing subsidies and the actions of the PHAs, which are available from monthly PHA data, the first followup year for a family is defined as *the period that begins in the month after the month in which the family's new TTP was expected to take effect.* For example, if a family's recalculated TTP became effective on October 1, 2015, the first followup year would begin in November 2015 and end in October 2016; the second followup year would begin in November 2016 and end in October 2017.[44] Generally, the effective dates occurred within 4 to 6 months after random assignment.

This definition of Year 1 for PHA outcomes aligns closely but not exactly with the definition of Year 1 for the employment-related outcomes based on NDNH data. Overall, for about

[44] Beginning Year 1 in the first month after the month of the effective date avoids counting that initial recertification as a "followup" action during the first followup year, although a very small number of late initial recertifications fall into that followup period for both research groups.

82 percent of families, Year 1 as defined for NDNH outcomes and Year 1 as defined for PHA outcomes began in the same quarter. As seen in chapter 3, the quarter in which a family was randomly assigned is referred to as Quarter 1. For most families, the new TTP effective date occurred in Quarter 3. Thus, Quarter 3 is deemed the beginning of the first followup year for the analyses based on NDNH data, because it is the "post-effective date" for most families; Quarters 6 and 10 are deemed the end of the first and second years, respectively.[45]

Table 2.4 shows the months when study families' revised TTPs took effect. Across the four PHAs, the effective dates spanned a 10-month period from June 2015 through March 2016. Accordingly, the impact study's first 2 years of followup (the focus for many of the outcome measures for this report) ended for the earliest enrolled families in June 2017 and in March 2018 for the last families enrolled.

Table 2.4. Random Assignment Period, New Rent Effective Dates, and Last Month of Followup Period, by Public Housing Agency (PHA)

PHA	Random Assignment Period[a]	New Rent Effective Date[b]	Last Month of 27-Month Followup Period (employment, TANF, SNAP, homelessness)[c]	Last Month of 30-Month Followup Period (housing outcomes)[d]
Lexington	March 2015 – August 2015	July 2015-December 2015	September 2017 – March 2018	January 2018 – June 2018
Louisville	February 2015 – August 2015	July 2015-January 2016	September 2017 – March 2018	January 2018 – July 2018
San Antonio	February 2015 – November 2015	June 2015-March 2016	September 2017 – June 2018	December 2017 – September 2018
Washington, D.C.	April 2015 – June 2015	October 2015-December 2015	December 2017	April 2018 - June 2018
All PHAs	February 2015 – November 2015	June 2015-March 2016	September 2017 – June 2018	December 2017 – September 2018

SOURCE: PHA and MDRC records.

NOTES: [a]Random assignment is when households were randomly assigned to the new rent rules or existing rent rules group. Households were notified that they were in the demonstration in their recertification packet from their public housing agency, and details about their research group assignment and the study were explained in their recertification meeting.

[b]The expected new rent effective date is the date that the new total tenant payment and housing assistance payment were expected to go into effect for the annual or triennial recertification.

[45] For about 62 percent of families, Quarter 3 is the quarter in which the new TTP became effective. For about 38 percent of families, Quarter 3 is the quarter after the quarter in which the new TTP became effective. Thus, for some families in the new rules group, defining Quarter 3 as the beginning of the Year 1 followup period for the NDNH data analysis means that they will have had some exposure to the new rent rules before Year 1. Some analyses in Chapter 3, however, include results for every quarter, starting with the quarter of random assignment.

(Table 2.4 continued)

[c]For employment, TANF, SNAP, and homelessness outcomes, followup is relative to random assignment, and to have better alignment with housing outcomes and when the new rents became effective, the quarter of random assignment and the quarter following random assignment are not considered followup. For example, if random assignment occurred in the first quarter of 2015, then the first and second quarters of 2015 would not be considered followup; followup would begin in quarter 3 of 2015 and end 27 months later in quarter 3 of 2017. There are 9 quarters of followup, or 27 months of followup for all families randomly assigned for the employment, TANF, SNAP, and homelessness outcomes.

[d]For housing outcomes, followup starts the month after the expected new rent effective date. For example, if the new rent effective date was June 2015, the last month of followup is 30 months after June 2015: December 2017.

In Washington, D.C., the effective dates fell within a single calendar quarter—between October and December 2015—consequently, the end of the second followup year also fell within those months 2 years later (October through December 2017). For families in the other PHAs, the initial effective dates stretched over a longer period, as did the end dates for the second followup year (through as late as March 2018 in San Antonio). Across all PHAs, because about 90 percent of families began paying their newly calculated rents by December 2015, the second followup year ended by December 2017 for most families. The total amount of followup data available for this report stretched into the third followup year, however. For example, all sample members had at least 27 months (11 quarters) of followup for NDNH data used to measure employment and earnings effects and for analyses of receipt of TANF, SNAP, and homelessness services, and at least 30 months of followup for PHA data on housing-related outcomes.[46] For the impact analysis, this report thus uses 27 months and 30 months as the "full period" of followup common to all sample members—depending on the data source.

Issues and Strategies for the Impact Analysis

Units of Analysis

In examining the effects of the new rent policy on labor market outcomes based on NDNH data, chapter 3 of this report gives primary attention to the heads of households, who make up 66 percent of all adults in the study. The report also examines, secondarily, the effects on other adults (non-heads) as well as all adults combined (heads plus non-heads of households). The main reason for giving top priority to household heads is that most other adults in the research sample (nearly 80 percent across all PHAs combined) were 18 to 24 years of age at the time of random assignment and are very likely the young adult children of the household heads. Very few (6.6 percent) are the spouse or co-head of household (see Table 2.3). This pattern generally prevails across the four PHAs. San Antonio had the largest number of non-heads who are spouses or co-heads (13.5 percent), and Washington, D.C., had the fewest (2.1 percent). Other data (not shown) indicate that more than 25 percent of all other adults in the sample were no longer listed as household members in PHA records by the end of the second year of followup, although their families were still voucher

[46] Because the followup period for PHA data ends prior to the 36-month triennial recertification for the new rules group, the PHAs do not have current information on changes in family income that occur prior to recertification for all families in that group still receiving vouchers.

holders. It is not known whether these individuals had moved out of the household (for example, to attend college or to begin their own households) or remained in the household but not on the lease. This rate is sure to rise over the course of the followup period, meaning that fewer other adults will be exposed to the new rent policy (or the existing rules) over time, making it progressively less likely that their behavior would be shaped by the new policy. For similar reasons, the analyses of other measures of self-sufficiency, such as TANF and SNAP receipt rate and use of homelessness services (based on HMIS data), focus on household heads, although TANF and SNAP benefit amounts pertain to all members of a household head's case. Of course, *any* exposure to the new rent policy may affect the employment outcomes of other adults in the household, and possibly even their likelihood of continuing to live with their initial households or remaining on the lease. For that reason, the labor market results for non-heads should not be ignored. These results, along with findings for all adults combined, are presented in appendix B.

In examining the effects of the new rent policy in chapter 4 on housing-related outcomes (such as housing subsidies, exits from the voucher program, and transactions with the PHA), which are based on PHA data, the household is the unit of analysis.

Pooled and PHA-Specific Impacts

The impact analysis examines the effects of the new rent rules using a pooled sample, which combines the samples of all four PHAs, and for each PHA separately. Pooling increases the precision of impact estimates; such precision becomes especially relevant when estimating effects for subgroups of the study sample, because of the limited size of subgroups within each PHA's sample. PHA-specific estimates allow the analysis to test the "robustness" of the new rent model; that is, each site provides a type of independent replication test. However, important differences in control group policies and some local adaptations in the new rent policy across PHAs, as discussed further in a following section, mean that the PHA-specific tests are not all equivalent. Chapter 3 of this report shows that some differences in impacts have emerged in the first 2 years of followup. These are still interim findings, however, and the cross-site patterns may change over time. Determining whether they hold over the longer followup period will be important. In addition, survey data, available for the final report, will be used in efforts to understand the cross-PHA variation in impacts. Hence, this report focuses primarily on describing rather than trying to explain those early patterns.

Regression Adjustment

The basic estimation strategy used to assess the impacts of the new rent policy is analogous to the method that researchers have used in many social experiments over the last few decades to generate credible results. The analysis will compare the average outcomes of the new and existing rent rules groups of specified followup periods by using regression adjustments to increase the precision of the statistical estimates.[47] A linear regression framework is being used to adjust impacts, with the following basic impact model:

$$Y_i = \alpha + \beta P_i + \delta X_i + \varepsilon_i$$

where: Y_i = the outcome measure for sample member i; P_i = one for program (or intervention) group members and zero for control group members; X_i = a set of background characteristics for sample member i; ε_i = a random error term for sample member i; β = the estimate of the impact of the program on the average value of the outcome; α = the intercept of the regression; and δ = the set of regression coefficients for the background characteristics.

Adjusting for Multiple Outcome Measures

The evaluation design includes several "confirmatory" outcome measures related to tenants' earnings, housing subsidies, and material hardships. These confirmatory outcomes reflect the most important variables for judging the intervention's effectiveness. Given their primacy, statistically significant impact findings on those outcomes are subjected to further statistical adjustments that hold them to a higher standard of evidence. These adjustments account for the likelihood that in a study using many outcome variables, some impact estimates may emerge as statistically significant simply by chance and do not reflect true intervention effects. For example, if 10 outcomes are examined in a study of an ineffective treatment, one of them is likely to be statistically significant at the 10-percent level by chance. One can have more confidence in any confirmatory impact estimates that remain statistically significant after adjusting for the total number of confirmatory outcome measures. The current report treats cumulative pooled impact estimates for household heads' earnings and families' housing subsidy amounts as preliminary confirmatory measures. It subjects them to adjustment using the Benjamini-Hochberg method.[48] The final evaluation report will present the final confirmatory impact estimates and adjustments—using longer-term data on these cumulative measures. It will also include a survey-based family hardship scale as a confirmatory outcome measure. MDRC's first impact report more fully describes the evaluation's confirmatory measures and its approach to adjusting for multiple outcomes.[49]

Variation in Rent Policies Across PHAs

As discussed in Chapter 1, the four PHAs largely implemented the same new rent policy for the demonstration. Some exceptions exist, however, and have implications for the interpretations of the pooled and site-specific impact findings. Also important are some differences in the existing rent rules operating at each of the participating PHAs at the start of the demonstration. These rules

[47] In making these adjustments, an outcome—such as "employed" or "received housing subsidy"—is regressed on an indicator for intervention group status, site (for all-sites analysis), and a range of background characteristics at random assignment, including race, ethnicity, age, number of adults in the household, age of the youngest child, family share, type of income reported for the HCV program certification, number of years of subsidy receipt through the HCV program, and whether gross rent exceeds the payment standard. When estimating effects for the pooled sample, site covariates are also included in the model.
[48] Benjamini and Hochberg (1995).
[49] See appendix B of Riccio and Deitch (2019).

largely mirror HUD's traditional rent rules used by non-Moving to Work (MTW) agencies across the country.[50] As Chapter 1 indicated, however, the PHAs that were selected for the demonstration had already implemented some policy changes before they joined, which means that the control group policy is not the same across all of them. (See Appendix Table A.1.)

An important difference in the new rent policies across PHAs concerns minimum TTPs. As mentioned previously, Lexington had already introduced a $150 minimum TTP before the demonstration began, with few exemptions permitted. Because it continued that policy for both the new rules group and the control group, any impacts that were estimated for Lexington reflect only the other features of the new rent rules, not any possible effects of a minimum TTP. In the other PHAs, a differential between the two research groups on the minimum TTP element of the policy does exist, although to different degrees. Two of the four PHAs—Louisville and Washington, D.C.—introduced a minimum TTP for the first time ($50 and $75, respectively), while San Antonio increased its existing $50 minimum TTP to $100. Although the levels vary, impacts of the new rent policy at these three sites may at least partly reflect the effects of the minimum TTP.

Furthermore, when PHAs were selected for the Rent Reform Demonstration, the PHA in Washington, D.C., had already adopted a biennial recertification policy that held that a working-age/nondisabled family whose anticipated income from the same income source increased by up to $10,000 per year would not have its TTP recalculated until its next biennial recertification; those with larger income increases (which, for example, would include tenants going to work full time at a minimum wage) would continue to have their TTPs adjusted when the increases occurred. This policy was changed in June 2016 (during this study's first followup year) to eliminate all income-reporting requirements before the required biennial recertification. Consequently, estimates of the impacts of the new rent rules in Washington, D.C., over the first 2 years of followup will not yet reflect the extension of the recertification period beyond the traditional annual schedule under the new policy. Because the triennial recertification is the most important financial work incentive under the new rent policy and cannot yet be tested in Washington, D.C., the impact estimates that are presented in chapters 3 and 4 include supplementary pooled estimates combining results for the three other PHAs, for which the annual recertification policy remained in place for the full control group. The three other PHAs maintained HUD's traditional policy of annual recertifications but differed in their requirements for income reporting between those recertifications.[51]

[50] The traditional rent rules referred to in this report are those in effect before the July 2016 passage of the Housing Opportunity Through Modernization Act of 2016.

[51] As Appendix Table A.1 shows, Lexington requires families in the existing rules group only to report income increases from new sources (for example, a new job or a new TANF case), and they must do so when those increases occur. The family's TTP will then be recalculated immediately and take effect 30 days later. Families with increased income from the same source (for example, more earnings from the same job), do not report that income until the next annual recertification. In Louisville, families are required to report all income increases when they occur. The TTP will be recalculated immediately in cases where a family with zero income begins having some income (for example, when a tenant is not working and has no other income and then begins working). For families who already have some income, however, TTPs are not recalculated for income increases until the next annual recertification. San Antonio (starting in 2017) does not require families to report any earnings increases until the next annual recertification.

These variations across PHAs in some aspects of the new rent policy and in the existing rules to which the control group families are subject are important to keep in mind when reviewing this study's impact findings.

Louisville Opt-Outs

As explained previously, families in Louisville who were randomly assigned to the new rent policy group were permitted to opt out of that group and continue to be subject to the existing rent rules. About 22 percent chose to do so. Those who chose to opt out differed in important ways from those who did not. For example, they were more likely to have lower household incomes and were less likely to have any earned income, both statistically significant differences. They also had somewhat lower TTPs (and somewhat higher housing subsidies) under the existing rules than they would have had under the new rent rules. In addition, the heads of these households tended to be older than the heads of those households who did not opt out. PHA staff members reported that some families simply favored whichever policy would leave them paying the lowest initial rent. Some families may not have expected to increase their earnings and so may not have expected to benefit from the new policy.[52] Some families may simply have felt more comfortable sticking with a set of rules they already knew and were used to following.

Few families who opted out of the new rent policy chose to opt out of the evaluation. To avoid introducing selection bias into the impact analysis—in other words, to ensure that the same types of families are included in each research group when the outcomes of these groups are compared—the evaluation still treats the opt-out families as members of the new rent rules group even though they are subject to the existing rent rules. This decision ensures that the evaluation's estimated impacts will be unbiased, which is essential for determining whether the new rules have a causal impact on the outcomes of interest. This decision also means, however, that the magnitude of the estimated effects of the new rent policy may be somewhat diluted because not all members of the new rent rules group were exposed to the new policy.

Given the substantial opt-out rate in Louisville and recognizing that any effects on outcomes can be attributed solely to families who did not opt out, this study includes a set of supplementary estimates that adjust the impact to account for the fact that some members of the new rent rules group were not exposed to the new rent rules. These estimates are derived from what is commonly referred to as a "treatment-on-treated," or TOT, analysis. For a specified outcome measure, the TOT result was computed by dividing the estimated impact by the proportion of families assigned to the new rent rules group who chose to remain with the new policy. The TOT estimates do not affect levels of statistical significance of the impact estimates. Thus, if the original estimated impact (reflecting an "intent-to-treat," or ITT, analytical approach[53]) is not statistically significant, the TOT estimate will also not be statistically significant even if the *magnitude* of the

[52] See appendix B of Riccio, Deitch, and Verma (2017) for a detailed analysis comparing families in Louisville who opted out of the new rent policy with those who did not opt out.
[53] An ITT analysis captures the average impact on the entire group intended to receive the intervention, whether or not every member of that group actually received it.

difference in outcomes is larger than the original estimate. Thus, a TOT adjustment cannot offer any more assurance that an estimated effect is not a result of chance.

Chapter 3.

Early Impacts on Employment, Earnings, TANF, and SNAP

This chapter looks at the interim effects of the new rent policy on voucher holders' employment rates and average earnings during the first 2 years of followup after the newly calculated total tenant payments (TTPs) took effect for families after they entered the study and for one extra quarter—for a total of 27 months. This followup period thus covers a period during which most families in the existing rent rules (control) group who remained on the voucher program had completed two annual recertifications since their initial recertification at the beginning of the study. Control group families in Washington, D.C., are the exception, because they are subject to a biennial recertification policy.

This chapter focuses on the adult heads of households at the time of random assignment for the four public housing agencies (PHAs) in the study—Lexington, Kentucky; Louisville, Kentucky; San Antonio, Texas; and Washington, D.C. As explained in chapter 2, most "other adults" in the families were the young adult children of the household heads, with a quarter of them leaving the household or no longer on the lease within the first 2 years of followup although their families are still in the voucher program. Appendix B presents the findings on employment and earnings for those individuals as well as for all adults in the combined sample (household heads plus non-household heads).

As will be seen, the new policy led to some increases in average earnings of heads of households in the new rules group (compared with the control group) in two of the four PHAs—Lexington and, especially, San Antonio—within the first 2 years of followup. In Washington, D.C., the control group's biennial recertification schedule means the impact findings for that site do not yet reflect the potential effects of the new policy's extended recertification period; it is not surprising that few effects are evident so far. In contrast, the effects on average earnings are negative in Louisville, a result difficult to explain at this time. When the results for all PHAs are pooled, they show little effect on employment and earnings over the full followup period. As explained below, when interpreting the pooled findings, the variations across PHAs in some features of the model and in the policies affecting the control group must be kept in mind.

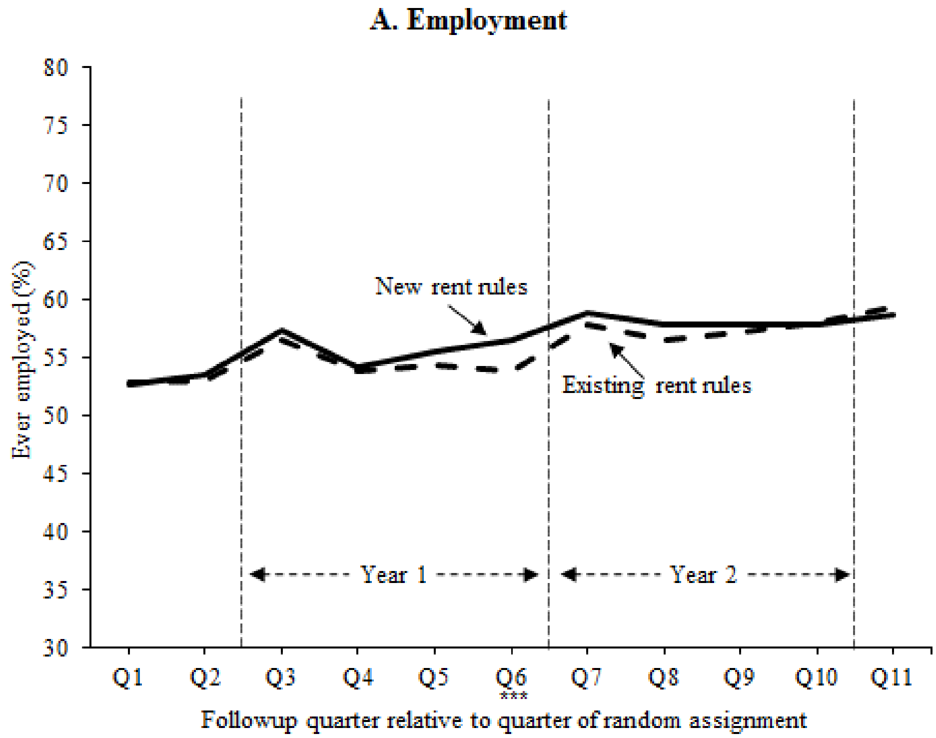
Early Impacts for Heads of Households

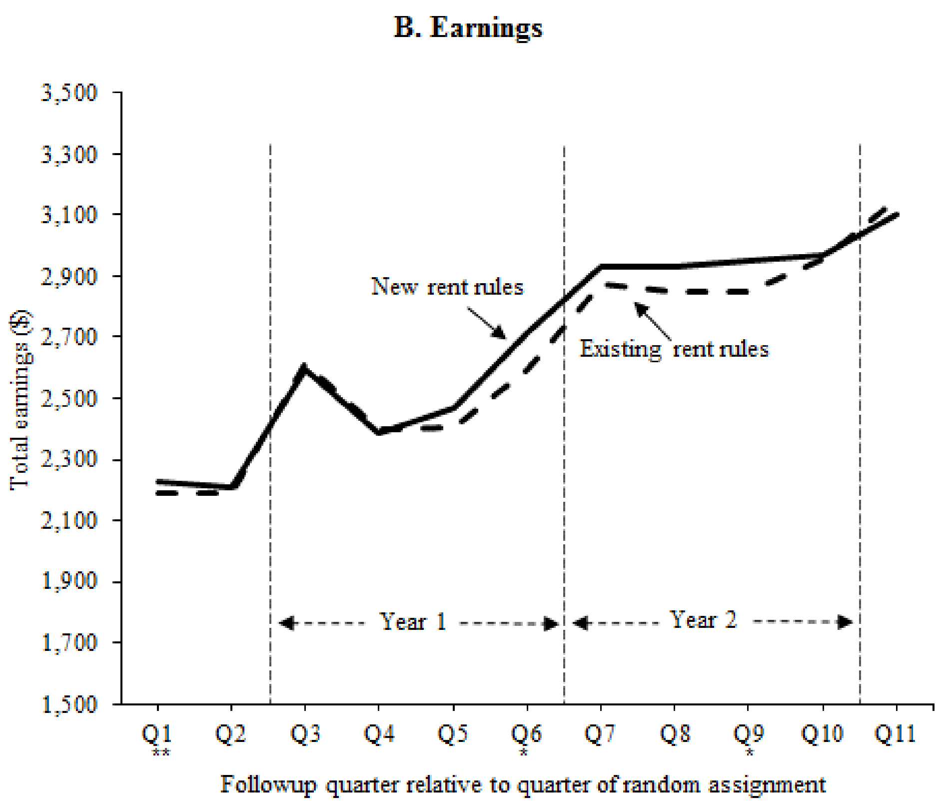
To measure the effects of the new rent policy on adults' labor market outcomes, the evaluation uses administrative records from the National Directory of New Hires (NDNH), which collects wage data that employers in each state report quarterly to their state unemployment insurance (UI) systems. As discussed in chapter 2, the pooled impact estimate for average total earnings over the first 27 months of the followup period represents a preliminary confirmatory outcome measure for the evaluation.

Results for the Pooled Sample

Figure 3.1 shows trends for employment and earnings outcomes for the new rent rules group and the existing rent rules group for the pooled sample, with families from all four PHAs combined. The results cover the period from the time of random assignment (Quarter 1) through the second year of followup (defined here as Quarter 3 through Quarter 10 after the quarter in which random assignment occurred) and through the first quarter of the third year of followup (Quarter 11). The first year of followup begins in Quarter 3 because it is the quarter in which most families' newly calculated TTPs took effect under the new or existing rent rules (see Chapter 2). The differences between the lines in the graphs represent the effects, or "impacts," of the new rent policy. Any quarter in which the size of that difference is statistically significant is indicated by one, two, or three asterisks (representing statistical significance levels of 10 percent, 5 percent, and 1 percent, respectively) under the relevant quarter.

Figure 3.1. Quarterly Impacts on Household Heads' Employment and Earnings Within First 27 Months of Followup, All Public Housing Agencies (PHAs)





(continued)

(Figure 3.1 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Quarter 1 (Q1) is the quarter of random assignment.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

Overall, the pooled results show that heads of households in the new rules group had employment rates generally similar to those in the existing rules group during the first 11 followup quarters. For both research groups, average earnings climbed substantially more than did employment rates. This result likely reflects an increase over time in the number of hours worked per quarter (including, for example, a shift from part-time to full-time employment), or an increase in average hourly wages, or a combination of the two. (It is not possible to distinguish between those patterns with the quarterly NDNH data.) The improving economy over the full followup period covered in this report, and some increases in the hourly minimum wage, may have contributed to the earnings growth experienced by both research groups.[54] Average earnings were somewhat higher for the new rules group than the control group, but the differences are not statistically significant.

Table 3.1 shows the results in more detail. (See Box 3.1 for an explanation of how to read the tables showing impacts in this report.) The table shows, for example, that through the latest followup quarter (Quarter 11), with all four PHAs combined, just over 75 percent of household heads in either the new rent rules group or in the existing rent rules group had worked at any point during that period in a job covered by the UI system. Moreover, about 57 percent of the new rules group had worked in an average quarter, which was nearly the same as the level for the existing rules group.

[54] Over the course of the followup period for this report, unemployment rates in the metropolitan areas in which the PHAs are located were relatively low and generally stable or falling by a small degree, although Lexington's and Louisville's rose slightly from January 2018 through the end of the followup period. From February 2015 through September 2018, they ranged from 4.1 percent to 3.0 percent in Lexington-Fayette; 4.8 percent to 3.3 percent Louisville/Jefferson County; 3.9 percent to 3.2 percent San Antonio-New Braunfels; and 4.7 percent to 3.3 percent in Washington-Arlington-Alexandria. Some changes in the minimum wage were also introduced. In Louisville, the minimum wage rose in July 2015 from $7.25 per hour to $7.75 and increased in July 2016 to $8.25. In October 2016, however, the Kentucky Supreme Court struck down the local ordinance, and the minimum wage returned to $7.25. In Lexington, in July 2016, the minimum wage rose from $7.25 to $8.20, but the same court action returned it to $7.25. No changes were made to the minimum wage in San Antonio, where it remained at $7.25. In Washington, D.C., in July 2015, it rose from $9.50 to $10.50, to $11.50 in July 2016, to $12.50 in July 2017, and to $13.25 in July 2018 (U.S. Department of Labor, 2019).

Table 3.1. Impacts on Employment and Earnings Within First 27 Months of Followup: Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
All PHAs					
Ever employed (%)					
Year 1 (quarters 3-6)	68.1	66.9	1.2		0.180
Year 2 (quarters 7-10)	68.0	67.9	0.2		0.859
Last quarter (quarter 11)	58.6	59.3	-0.7		0.505
Full period	75.4	75.6	-0.2		0.848
Average quarterly employment[a] (%)					
Year 1 (quarters 3-6)	55.8	54.6	1.3	*	0.095
Year 2 (quarters 7-10)	58.1	57.3	0.7		0.415
Last quarter (quarter 11)	58.6	59.3	-0.7		0.505
Full period	57.1	56.3	0.8		0.270
Total earnings ($)					
Year 1 (quarters 3-6)	10,133	9,973	159		0.415
Year 2 (quarters 7-10)	11,747	11,486	260		0.294
Last quarter (quarter 11)	3,102	3,156	-53		0.474
Full period	24,917	24,548	370		0.425
Sample size (total = 6,665)	3,312	3,353			
All PHAs except Washington, D.C.					
Ever employed (%)					
Year 1 (quarters 3-6)	72.7	71.4	1.2		0.232
Year 2 (quarters 7-10)	71.5	71.8	-0.3		0.775
Last quarter (quarter 11)	61.3	62.3	-1.1		0.370
Full period	79.1	79.5	-0.4		0.654
Average quarterly employment[a] (%)					
Year 1 (quarters 3-6)	61.4	59.9	1.6	*	0.093
Year 2 (quarters 7-10)	61.2	60.7	0.6		0.589
Last quarter (quarter 11)	61.3	62.3	-1.1		0.370
Full period	61.3	60.5	0.8		0.350

(continued)

(Table 3.1 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Total earnings ($)				
Year 1 (quarters 3-6)	10,047	9,737	311	0.160
Year 2 (quarters 7-10)	11,146	10,862	284	0.309
Last quarter (quarter 11)	2,914	2,969	-55	0.511
Full period	24,038	23,508	530	0.310
Sample size (total = 4,756)	2,368	2,388		

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .425 for the impact on total full period earnings for all four PHAs combined and the adjusted p-value = .31 for the impact on total full period earnings for all PHAs combined excluding Washington, D.C.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

Box 3.1. How to Read the Impact Tables in This Report

In the context of this evaluation, an "impact" is a measure of how much the intervention — the new rent rules policy implemented in the Rent Reform Demonstration — changed outcomes for program participants. The program group outcome for the intervention is compared with that of the control group. The top row of the excerpted table below, for example, shows that an average of 55.8 percent of the new rent rules or program group was working in an average quarter in Year 1, compared with 54.6 percent of the existing rent rules or control group.

Because participants were assigned randomly to either the program group or the control group, the effects of the intervention, or program, can be estimated by the difference in outcomes between the two groups. The "Difference" column in the table excerpt shows the differences between the two research groups' outcomes — that is, the program's estimated impacts on the outcomes. For example, the estimated impact of the program on the average number of individuals employed can be calculated by subtracting 54.6 percent from 55.8 percent, yielding a difference, or estimated impact, of 1.3 percentage points.

The p-value shows the probability that this impact arose by chance. In the table excerpt below, the difference between the program and control groups in average quarterly employment in Year 1 has a 9.5 percent probability of arising as a result of chance rather than as a result of the program. In contrast, the difference on the measure of average quarterly employment in Year 2 has a 41.5 percent probability of having arisen by chance. For this evaluation, only differences that have a 10 percent probability or less of arising by chance are considered "statistically significant" and therefore represent true program effects. The number of asterisks indicates whether the impact is statistically significant at the 1 percent (***), 5 percent (**), or 10 percent (*) level, meaning that there is only a 1, 5, or 10 percent probability, respectively, that the impact arose by chance.

Outcomes	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
<u>All PHAs</u>					
Average quarterly employment (%)					
Year 1 (quarters 3-6)	55.8	54.6	1.3	*	0.095
Year 2 (quarters 7-10)	58.1	57.3	0.7		0.415

Average earnings, although rising, were low. For example, average earnings for the entire new rules group (including household heads with zero earnings) were $11,747 during Year 2. This amount translates to an average of $17,275 per person for those who ever worked in Year 2. The new rent policy's impacts on earnings (indicated by the differences between the two study groups) were small and not statistically significant for the full pooled sample.

As mentioned previously, the pooled results can be difficult to interpret because of differences across the PHAs in their minimum TTPs and control group conditions. Particularly important is the biennial recertification policy in effect for the control group in Washington, D.C. Because of that policy, the new rules group will experience no meaningful advantage in terms of the triennial recertification (the new policy's most important financial work incentive) until the third year of followup. (TTPs are reset for the control group at the end of 2 years, and at the end of 3 years for the new rules group.) Thus, as discussed in chapter 2, it is useful to consider labor market impacts for a pooled sample without Washington, D.C., so that all families in the pooled control group are subject to an annual recertification policy. The second panel of Table 3.1 presents those results. It shows somewhat larger estimated earnings effects for the three-PHA pooled sample (without Washington, D.C.) than for the four-PHA sample. The magnitude of the impact is lower, however, in Year 2 than in Year 1 for the three-PHA sample (owing to a negative impact in Louisville that year) and is not statistically significant. The total cumulative earnings impact for the full followup period is also not statistically significant.

Results by PHA

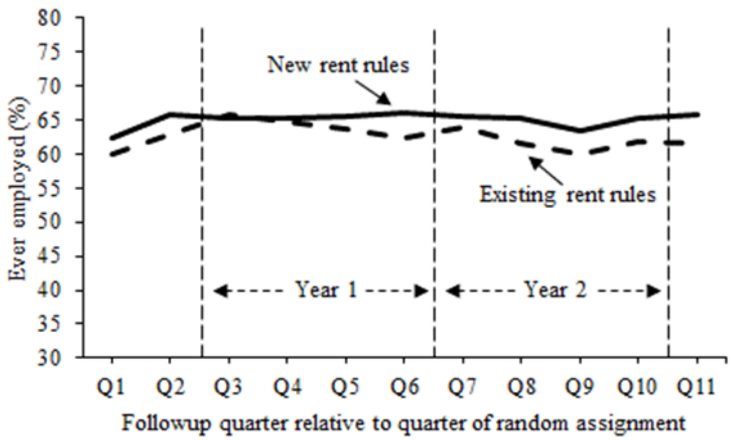
Striking differences by PHA lie behind the general patterns of early labor market impacts for the pooled sample. Figure 3.2 and Table 3.2 show that the new rent rules produced some positive results in Lexington and, especially, in San Antonio, but not in Louisville and Washington, D.C.[55] In Lexington, the new policy boosted the proportion of household heads who ever worked during the 27-month followup period by 3.6 percentage points above the control group rate of 79.4 percent. In addition, in that PHA the effects of the new policy on average earnings began to grow midway through Year 1 and remain positive in Year 2 (and statistically significant in two of the four Year 2 quarters). Lexington's high minimum TTP policy could not have contributed any of the positive labor market impacts in that PHA because that same minimum TTP applied to the control group. Thus, it most likely reflects the new policy's effect of extending the recertification period from 1 year to 3 years, which offers a substantial financial incentive to work.

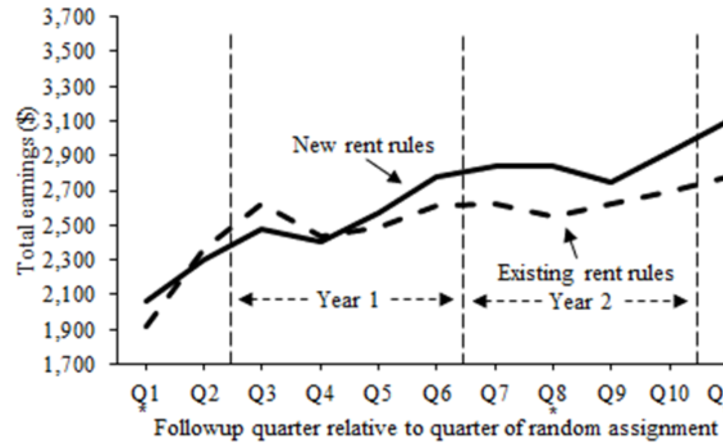
[55] As outlined in Riccio and Deitch (2019), an H-statistic test was applied to the confirmatory impact on earnings for the full period to assess whether there are differences in impacts across sites. The variation across the four PHAs in estimated impacts on total earnings in the full period is not statistically significant at the 10-percent level based on an H-statistic test (p-value = .218).

Figure 3.2. Quarterly Impacts on Household Heads' Employment and Earnings Within First 27 Months of Followup, by Public Housing Agency (PHA)

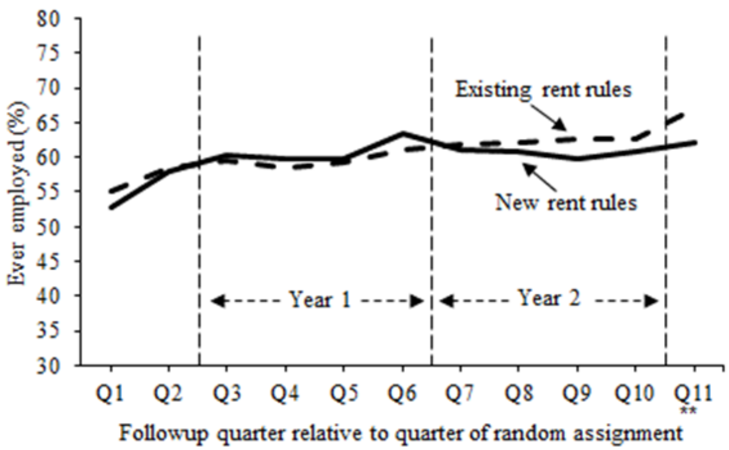
Employment | Earnings

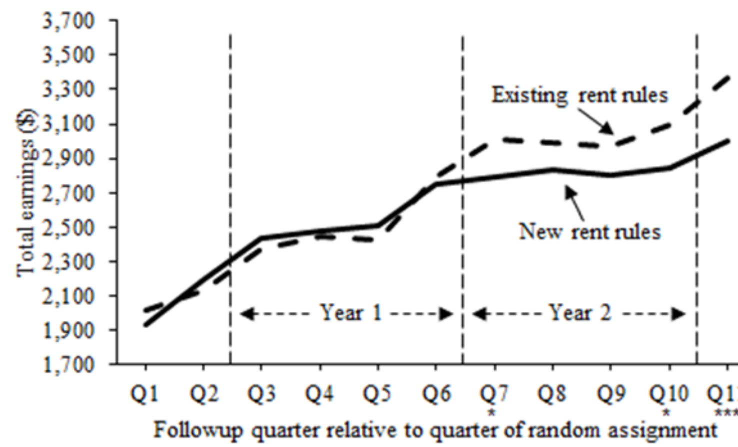
A. Lexington





B. Louisville



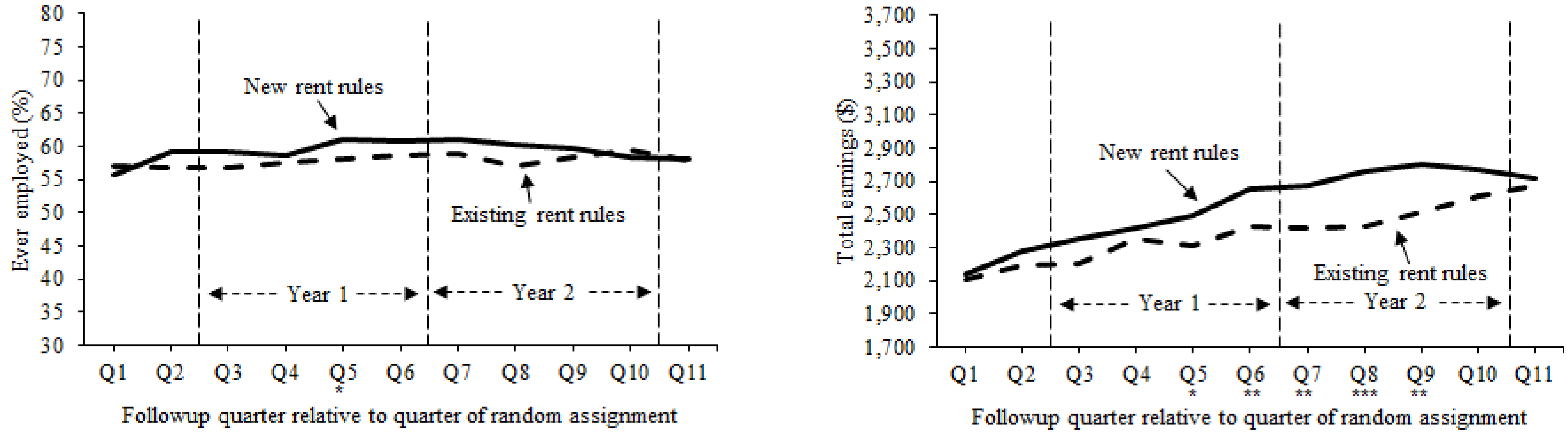


(continued)

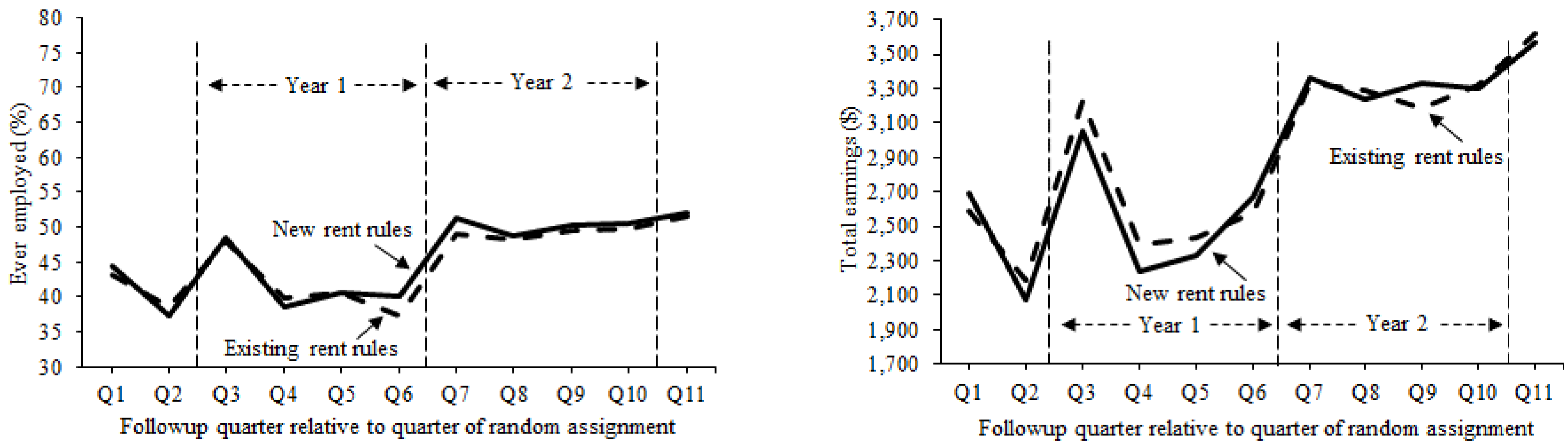
(Figure 3.2 continued)

Employment **Earnings**

C. San Antonio



D. Washington, D.C.



(continued)

(Figure 3.2 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Average quarterly employment rate is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

Quarter 1 (Q1) is the quarter of random assignment.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

Table 3.2. Impacts on Employment and Earnings Within First 27 Months of Followup, by Public Housing Agency (PHA): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
Ever employed (%)				
Year 1 (quarters 3-6)	78.3	76.1	2.2	0.296
Year 2 (quarters 7-10)	75.4	73.0	2.4	0.302
Last quarter (quarter 11)	65.8	61.4	4.3	0.102
Full period	83.0	79.4	3.6 *	0.086
Average quarterly employment[a] (%)				
Year 1	65.5	64.2	1.3	0.505
Year 2	64.8	61.8	3.1	0.167
Quarter 11	65.8	61.4	4.3	0.102
Full period	65.2	62.8	2.4	0.196
Total earnings ($)				
Year 1	10,204	10,102	102	0.827
Year 2	11,346	10,489	857	0.145
Quarter 11	3,104	2,780	324 *	0.076
Full period	24,622	23,305	1,317	0.229
Sample size (total = 979)	486	493		
Louisville				
Ever employed (%)				
Year 1 (quarters 3-6)	71.9	72.1	-0.2	0.903
Year 2 (quarters 7-10)	71.9	73.4	-1.6	0.377
Last quarter (quarter 11)	62.2	67.0	-4.8 **	0.012
Full period	78.5	81.2	-2.7 *	0.088
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	60.9	59.6	1.2	0.412
Year 2 (quarters 7-10)	60.7	62.3	-1.7	0.303
Last quarter (quarter 11)	62.2	67.0	-4.8 **	0.012
Full period	60.9	61.6	-0.7	0.598
Total earnings ($)				
Year 1 (quarters 3-6)	10,164	10,029	135	0.716
Year 2 (quarters 7-10)	11,236	12,027	-791 *	0.088
Last quarter (quarter 11)	3,005	3,364	-359 ***	0.010
Full period	24,380	25,393	-1,013	0.242
Sample size (total = 1,908)	947	961		

(continued)

(Table 3.2 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
San Antonio				
Ever employed (%)				
Year 1 (quarters 3-6)	70.7	68.2	2.5	0.139
Year 2 (quarters 7-10)	69.3	69.4	-0.1	0.953
Last quarter (quarter 11)	58.1	57.8	0.3	0.887
Full period	78.0	77.4	0.7	0.695
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	60.0	57.8	2.2	0.145
Year 2 (quarters 7-10)	59.8	58.4	1.4	0.408
Last quarter (quarter 11)	58.1	57.8	0.3	0.887
Full period	59.7	58.0	1.7	0.258
Total earnings ($)				
Year 1 (quarters 3-6)	9,849	9,240	609 *	0.084
Year 2 (quarters 7-10)	10,909	9,900	1,009 **	0.024
Last quarter (quarter 11)	2,713	2,670	43	0.744
Full period	23,330	21,729	1,602 *	0.057
Sample size (total = 1,869)	935	934		
Washington, D.C.				
Ever employed (%)				
Year 1 (quarters 3-6)	56.7	55.4	1.2	0.459
Year 2 (quarters 7-10)	59.4	58.0	1.4	0.458
Last quarter (quarter 11)	52.1	51.7	0.4	0.823
Full period	66.4	65.8	0.5	0.756
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	41.9	41.4	0.5	0.703
Year 2 (quarters 7-10)	50.2	49.1	1.1	0.502
Last quarter (quarter 11)	52.1	51.7	0.4	0.823
Full period	46.7	45.9	0.7	0.573
Total earnings ($)				
Year 1 (quarters 3-6)	10,285	10,620	-335	0.408
Year 2 (quarters 7-10)	13,200	13,083	117	0.823
Last quarter (quarter 11)	3,569	3,624	-55	0.724
Full period	26,998	27,243	-245	0.801
Sample size (total = 1,909)	944	965		

(continued)

(Table 3.2 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

The variation across the four PHAs in estimated impacts on total earnings in the full period is not statistically significant at the 10 percent level based on an H-statistic test.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

In San Antonio, the impact on average earnings for Year 1 was $609 (an increase of 7 percent relative to the control group's earnings). In Year 2, it grew to $1,009 (an increase of 10 percent). The impact shrinks and is not statistically significant in Quarter 11. Longer-term data will show whether that change reflects a temporary dip or the beginning of a sustained decline in San Antonio's effects.

In Louisville, a quite different pattern emerges. The effects on earnings are *negative* in Year 2, meaning that the control group earned more than the new rules group. This is not because the earnings of those in the new rules group fell over time; indeed, both group's earnings were higher in Year 2 than in Year 1. The Year 1 to Year 2 growth in earnings was greater for the control group, however. As Table 3.2 shows, this trend resulted in a statistically significant impact on earnings of -$791 in Year 2, indicating that the new rules group's earnings were about 7 percent lower than they would have been in the absence of the new rent policy. For the full followup period, the impact is -$1,013 (a reduction of about 4 percent) and is not statistically significant. The reason for the negative results, and whether they will persist into future years, is not clear at this time. It does not appear to be related to the opt-out option uniquely available to families in the new rules group in that PHA, however.

In Louisville, because 22 percent of families opted out of the new rent policy, the estimated impacts shown in Table 3.2, which are averaged over all heads of households, including those from the opt-out families, may be understated. Therefore, as explained in chapter 2, treatment-on-treated (TOT) adjustments were made, which attribute all effects to only those individuals who were exposed to the policy. The TOT adjustments, however, do not alter statistical significance levels.[56] Appendix Table B.1 presents the results of the TOT analysis. As it shows, the TOT impact on the average earnings in each year is slightly larger than the original intent-to-treat (ITT) impact

[56] The treatment-on-treated analysis adjusts the impact to account for the fact that some members of the new rent rules group were not exposed to the new rent rules, but no new statistical test was run. Statistical significance will remain the same as in the intent-to-treat analysis.

estimate.[57] For the full followup period, the estimated TOT impact is -$1,013, compared with the ITT estimate of -$1,305.

In Washington, D.C., few differences in employment and earnings outcomes are evident during the followup period, and none is statistically significant. These findings, however, do not speak to the effects of extending the recertification period under the new rent policy. Because the control group is subject to biennial recertifications, it has not yet faced the work disincentive believed to be associated with the 30-percent-of-income rent rule, and, therefore, the new rent rules group has not yet experienced a more favorable work incentive from the triennial recertification feature of the new rent policy. Possibly just knowing that the recertification period is a year longer might have increased work effort within the new rules group. Still, that is a somewhat distant advantage and is probably less compelling than an actual differential incentive that begins sooner. Furthermore, because the eventual difference in recertification periods will be only 1 year longer for the new rules group than for the existing rules group in that PHA, any impacts of the triennial recertification on tenants' employment and earnings are likely to be smaller in Washington, D.C., than would be the case if the control group were subject to annual recertifications.

More relevant for the analysis in Washington, D.C., at this time is the PHA's new minimum TTP. Unlike the control group, the new rules group is subject to a $75 minimum TTP. This feature may serve as an inducement to increase work effort because it represents a new obligation for families regardless of their income level (although a time-limited hardship exemption is available). The absence of positive short-term impacts of the new rent policy on employment and earnings in this PHA suggests that the $75 minimum TTP did not produce better employment or earnings outcomes in the first 2 years of followup.

The patterns of employment and earnings trends for heads of households in Washington, D.C., for both research groups also deserve comment. The quarter-to-quarter variability, especially for earnings, is much more pronounced than in any of the other PHAs. As Figure 3.2 illustrates, the trend lines in Washington, D.C., show striking peaks and troughs. The peaks occur in the 3rd, 7th, and 11th quarters relative to families' random assignment dates. As it turns out, this pattern reflects a seasonality phenomenon, resulting from the random assignment within a single calendar quarter (April to June 2015) of the entire sample in this PHA.[58] That variability does not affect the accuracy of the impact estimates.

Subgroup Results

It is possible that different types of voucher holders will respond differently to the new rent policy's financial incentives that reward work. For example, even if inspired by the new policy to work or earn more, some adults may have greater difficulty doing so because of certain disadvantages such as low education and skill levels, personal and family problems, childcare issues, transportation problems, health issues, or other work impediments. Others may seek and achieve employment outcomes even without the added inducement of a more favorable rent policy. For such tenants, the

---

[57] An ITT analysis captures the average impact on the entire group intended to receive the intervention, whether or not every member of that group actually received it.
[58] See Riccio and Deitch (2019) for further discussion of this phenomenon.

new rent policy may have little effect. In contrast, other tenants—who have been discouraged from trying to work or to increase their earnings because they are concerned that much of their earnings gains will be offset by reductions in their housing subsidies—may respond well to a policy that addresses that disincentive.

This report examines differential responses to the new rent policy primarily for subgroups of voucher holders as defined by their employment status in the quarter before random assignment (using NDNH data) and by the age of the youngest child in the household at the time of random assignment (using PHA data).[59] Other studies of workforce interventions for voucher holders, including the Family Self-Sufficiency program, have shown that the degree of prior employment is often a good predictor of the likelihood of future employment and earnings. Moreover, a number of studies have found that impacts on future employment and earnings are greater for individuals with less prior employment, because programs often find helping individuals who are not employed to get jobs to be easier than helping those who are already working to increase their earnings or advance to higher wage jobs.[60] In the Rent Reform Demonstration sample, about 46 percent of the heads of households (for all PHAs combined) were not working in the quarter prior to random assignment.

The common perception is that low-income parents with young children have greater difficulty working at all, or working full-time, because of the difficulty they have in finding affordable childcare. Moreover, concerns about leaving older children and teenagers unsupervised after school may discourage parents with older children from working or working full-time. In the Rent Reform Demonstration sample, about 77 percent of household heads had children who were under the age of 18; 28 percent had a child 5 years of age or younger at the time of random assignment.

Table 3.3 shows the early impacts of the new rent policy for household heads according to their employment status in the quarter prior to random assignment. In reviewing these results, considering the variation in the control group's outcomes according to their pre-random assignment employment status may prove useful. The table shows stark differences in labor market experiences among those who were working and those who were not working at that time. For example, although about one-half of household heads in the existing rules group who were not already employed did work in a UI-covered job at some point in the full followup period, the average quarterly employment rate during that period was only about 28 percent. In contrast, the quarterly employment rate was nearly 81 percent for tenants who were already working. The average total earnings for the two subgroups during that time were $8,791 and $38,359, respectively. (These averages include zeroes for individuals who had no earnings.) Thus, household heads in the control

[59] MDRC's analysis plan prespecified the prior employment subgroup as a confirmatory subgroup and the age-of-youngest-child subgroup as an exploratory subgroup (see MDRC, 2016). Results for other subgroups were also explored, including subgroups defined in terms of the number of children and the combination of single parenthood and employment status at baseline. No distinctive patterns are evident in the first 2 years of followup. The evaluation will continue to examine effects for all subgroups as longer-term data become available.
[60] See Hendra et al. (2011); Nuñez, Verma, and Yang (2015); and Michalopoulos (2005).

group who were not already working remained substantially disconnected from the labor force during the followup period.[61]

[61]A similar pattern has been observed in other studies of voucher holders. For example, in MDRC's evaluation of New York City's Family Self-Sufficiency program, adults in control group families receiving housing choice vouchers who were not working at the time of random assignment had an average quarterly employment rate of 25.4 percent over a 6-year followup period, compared with 61.7 percent among those who were already employed at that time (Verma et al., 2017).

Table 3.3. Impacts on Employment and Earnings Within First 27 Months of Followup, by Employment Status at Random Assignment, All Public Housing Agencies (PHAs): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Not employed				
Ever employed (%)				
Year 1 (quarters 3-6)	39.4	36.5	2.9 *	0.070
Year 2 (quarters 7-10)	42.5	42.3	0.2	0.920
Last quarter (quarter 11)	32.8	33.5	-0.8	0.637
Full period	51.5	51.7	-0.1	0.948
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	26.2	24.5	1.8	0.151
Year 2 (quarters 7-10)	31.2	30.4	0.8	0.571
Last quarter (quarter 11)	32.8	33.5	-0.8	0.637
Full period	29.2	28.1	1.0	0.374
Total earnings ($)				
Year 1 (quarters 3-6)	3,063	2,984	79	0.723
Year 2 (quarters 7-10)	4,405	4,464	-60	0.841
Last quarter (quarter 11)	1,223	1,342	-119	0.174
Full period	8,691	8,791	-100	0.854
Sample size (total = 3,062)	1,520	1,542		
Employed				
Ever employed (%)				
Year 1 (quarters 3-6)	93.5	93.5	0.1	0.929
Year 2 (quarters 7-10)	90.5	90.2	0.3	0.738
Last quarter (quarter 11)	81.4	81.8	-0.4	0.755
Full period	96.5	96.6	0.0	0.961
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	82.2	80.9	1.2	0.200
Year 2 (quarters 7-10)	81.8	80.9	0.9	0.408
Last quarter (quarter 11)	81.4	81.8	-0.4	0.755
Full period	81.9	81.0	0.9	0.318
Total earnings ($)				
Year 1 (quarters 3-6)	16,316	16,118	199	0.520
Year 2 (quarters 7-10)	18,140	17,612	528	0.168
Last quarter (quarter 11)	4,745	4,740	6	0.961
Full period	39,096	38,359	737	0.306

(continued)

(Table 3.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Sample size (total = 3,527)	1,766	1,761		

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups. The differences in impacts across subgroup categories were not statistically significant.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

For all PHAs combined, as Table 3.3 shows, the pattern of impacts on average earnings suggests that they may have been growing larger for household heads who were already working at random assignment between Year 1 and Year 2. However, the impacts are not statistically significant for either subgroup, nor is difference in impacts across the subgroup categories, statistically significant (as indicated by the absence of daggers in the table). Thus, for the pooled sample, including all four PHAs, the impacts are not clearly and consistently stronger or weaker for household heads who were not already working compared with those who were already working.

The results for each PHA are more nuanced, as Table 3.4 shows. For example, in both Lexington and San Antonio, the estimated earnings effects are somewhat larger for the already-employed subgroup than for the non-employed subgroup, especially in Year 2, when they become statistically significant in San Antonio. However, the cumulative earnings impacts are not statistically significant for either subgroup, nor are the differences in those earnings impacts across the two subgroup categories statistically significant, suggesting uncertainty about whether the policy's earnings effects truly vary by subgroup. At the same time, impacts on various employment outcomes tend to be concentrated in the non-employed subgroup in these two PHAs, where control group employment rates are lower, leaving more room for the new rent policy to make a difference. Still, the differences in impacts across subgroup categories are not consistently statistically significant on the employment measures. In Washington, D.C., no statistically significant impacts are evident for either subgroup category.

Table 3.4. Impacts on Employment and Earnings Within First 27 Months of Followup, by Employment Status at Random Assignment and Public Housing Agency (PHA): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington - Not employed				
Ever employed (%)				
Year 1 (quarters 3-6)	53.2	48.2	5.0	0.257
Year 2 (quarters 7-10)	52.3	45.7	6.6	0.164
Last quarter (quarter 11)	42.8	34.1	8.6 *	0.065
Full period	63.0	54.8	8.2 *	0.067 †
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	36.5	34.2	2.2	0.536
Year 2 (quarters 7-10)	40.2	34.5	5.7	0.151
Last quarter (quarter 11)	42.8	34.1	8.6 *	0.065
Full period	38.8	34.3	4.5	0.197
Total earnings ($)				
Year 1 (quarters 3-6)	3,754	3,869	-115	0.855
Year 2 (quarters 7-10)	5,309	5,026	283	0.738
Last quarter (quarter 11)	1,580	1,325	255	0.306
Full period	10,642	10,220	422	0.787
Sample size (total = 416)	209	207		
Lexington - Employed				
Ever employed (%)				
Year 1 (quarters 3-6)	96.3	97.3	-1.0	0.523
Year 2 (quarters 7-10)	92.1	93.3	-1.2	0.582
Last quarter (quarter 11)	82.8	81.6	1.2	0.704
Full period	97.7	97.7	0.0	0.990 †
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	86.5	86.7	-0.1	0.947
Year 2 (quarters 7-10)	82.6	82.2	0.4	0.882
Last quarter (quarter 11)	82.8	81.6	1.2	0.704
Full period	84.4	84.1	0.2	0.908
Total earnings ($)				
Year 1 (quarters 3-6)	14,990	14,708	282	0.671
Year 2 (quarters 7-10)	15,713	14,626	1,088	0.183
Last quarter (quarter 11)	4,222	3,868	354	0.174
Full period	34,877	33,093	1,784	0.243

(continued)

(Table 3.4 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Sample size (total = 563)	277	286		
<u>Louisville - Not employed</u>				
Ever employed (%)				
Year 1 (quarters 3-6)	44.0	46.0	-2.0	0.527
Year 2 (quarters 7-10)	44.2	50.7	-6.5 **	0.049 †††
Last quarter (quarter 11)	36.0	42.1	-6.1 *	0.062
Full period	55.5	61.4	-5.8 *	0.070 †
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	30.4	31.8	-1.4	0.585
Year 2 (quarters 7-10)	31.9	37.7	-5.8 **	0.033 ††
Last quarter (quarter 11)	36.0	42.1	-6.1 *	0.062
Full period	31.7	35.6	-3.9 *	0.098 ††
Total earnings ($)				
Year 1 (quarters 3-6)	3,560	3,668	-108	0.806
Year 2 (quarters 7-10)	4,375	5,396	-1,021 *	0.071
Last quarter (quarter 11)	1,251	1,680	-429 **	0.015
Full period	9,187	10,744	-1,558	0.138
Sample size (total = 855)	405	450		
<u>Louisville - Employed</u>				
Ever employed (%)				
Year 1 (quarters 3-6)	94.6	93.1	1.6	0.302
Year 2 (quarters 7-10)	94.4	91.5	2.9 *	0.072 †††
Last quarter (quarter 11)	83.7	86.8	-3.1	0.169
Full period	97.3	97.2	0.1	0.931 †
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	85.7	82.0	3.7 **	0.039
Year 2 (quarters 7-10)	84.2	81.8	2.4	0.202 ††
Last quarter (quarter 11)	83.7	86.8	-3.1	0.169
Full period	84.8	82.4	2.4	0.135 ††
Total earnings ($)				
Year 1 (quarters 3-6)	15,575	15,173	402	0.475
Year 2 (quarters 7-10)	16,892	17,360	-469	0.505
Last quarter (quarter 11)	4,454	4,710	-256	0.215
Full period	36,883	37,202	-319	0.808
Sample size (total = 1,050)	541	509		

(continued)

(Table 3.4 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
San Antonio - Not employed				
Ever employed (%)				
Year 1 (quarters 3-6)	42.1	36.0	6.2 *	0.061 †
Year 2 (quarters 7-10)	45.4	44.4	0.9	0.784
Last quarter (quarter 11)	33.9	33.6	0.2	0.942
Full period	54.4	53.3	1.2	0.731
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	29.5	24.2	5.3 **	0.038 †
Year 2 (quarters 7-10)	34.7	31.6	3.1	0.274
Last quarter (quarter 11)	33.9	33.6	0.2	0.942
Full period	32.3	28.5	3.8	0.121
Total earnings ($)				
Year 1 (quarters 3-6)	3,115	2,583	533	0.176
Year 2 (quarters 7-10)	4,473	3,912	561	0.293
Last quarter (quarter 11)	1,053	1,156	-104	0.493
Full period	8,641	7,651	991	0.313
Sample size (total = 815)	418	397		
San Antonio - Employed				
Ever employed (%)				
Year 1 (quarters 3-6)	92.7	93.2	-0.5	0.734 †
Year 2 (quarters 7-10)	87.7	88.8	-1.1	0.567
Last quarter (quarter 11)	76.8	76.8	0.0	0.991
Full period	96.2	96.1	0.1	0.945
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	83.5	83.8	-0.3	0.857 †
Year 2 (quarters 7-10)	79.1	79.4	-0.3	0.905
Last quarter (quarter 11)	76.8	76.8	0.0	0.991
Full period	80.8	81.0	-0.3	0.880
Total earnings ($)				
Year 1 (quarters 3-6)	15,075	14,412	663	0.227
Year 2 (quarters 7-10)	15,874	14,600	1,274 *	0.060
Last quarter (quarter 11)	4,005	3,844	161	0.430
Full period	34,716	32,734	1,982	0.125
Sample size (total = 1,053)	517	536		

(continued)

(Table 3.4 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Washington, D.C. - Not employed				
Ever employed (%)				
Year 1 (quarters 3-6)	26.8	23.6	3.1	0.239
Year 2 (quarters 7-10)	34.1	31.6	2.5	0.389
Last quarter (quarter 11)	25.0	25.2	-0.3	0.922
Full period	40.9	40.0	0.9	0.771
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	15.2	14.2	1.0	0.594
Year 2 (quarters 7-10)	23.0	21.7	1.3	0.566
Last quarter (quarter 11)	25.0	25.2	-0.3	0.922
Full period	19.7	18.8	1.0	0.598
Total earnings ($)				
Year 1 (quarters 3-6)	2,294	2,322	-27	0.946
Year 2 (quarters 7-10)	3,801	3,998	-197	0.723
Last quarter (quarter 11)	1,165	1,216	-51	0.755
Full period	7,260	7,535	-276	0.787
Sample size (total = 976)	488	488		
Washington, D.C. - Employed				
Ever employed (%)				
Year 1 (quarters 3-6)	91.8	91.2	0.5	0.770
Year 2 (quarters 7-10)	88.4	87.9	0.5	0.815
Last quarter (quarter 11)	83.7	82.0	1.7	0.508
Full period	95.8	95.1	0.7	0.604
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	73.3	72.3	1.0	0.634
Year 2 (quarters 7-10)	81.9	80.3	1.6	0.493
Last quarter (quarter 11)	83.7	82.0	1.7	0.508
Full period	78.3	77.0	1.3	0.489
Total earnings ($)				
Year 1 (quarters 3-6)	19,656	20,225	-569	0.438
Year 2 (quarters 7-10)	24,156	23,477	679	0.456
Last quarter (quarter 11)	6,406	6,394	12	0.966
Full period	50,131	49,955	176	0.918
Sample size (total = 861)	431	430		

(continued)

(Table 3.4 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as: † = 10 percent; †† = 5 percent; and ††† = 1 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

The subgroup patterns are sharper in Louisville. In that PHA, the full-sample pattern of negative impacts on employment and earnings appears to have been driven mostly by negative effects for the initially non-employed subgroup. For example, over the full followup period, the impact on average quarterly employment is negative and statistically significant (-3.9 percentage points) for that subgroup, compared with a positive, although statistically insignificant, effect of 2.4 percentage points for household heads already employed at the time of random assignment. The difference in these impacts across the two subgroup categories is also statistically significant. The average earnings impact for the full followup period is -$1,558 for the non-working subgroup, compared with -$319 for the already working subgroup, although neither of these impact estimates, nor the differences between them, are statistically significant.

The overall pattern of negative effects in Louisville is puzzling, because tenants in the control group, who faced a 30 percent implicit marginal tax on increased earnings and were not subject to a minimum TTP, had a *weaker* economic incentive to improve their employment and earnings than tenants in the new rent rules group. Perhaps other considerations were at play. For example, one conjecture is that household heads in the new rules group in this PHA took a longer-term view of the value of the new rent rules and were more likely than their counterparts in the control group to reduce their work effort—to go back to school or take training courses to increase their earnings potential over time. Another is that they were more likely to have partners with income join their households, knowing that that extra income did not need to be reported to the PHA under the new rent policy. Perhaps they also—but mistakenly—believed that they did not need to report the change in household composition. Extra household income obtained in this way might have reduced the pressure on household heads to increase their earnings and, instead, allowed them to address other family needs or more easily engage in school or training. Again, these are conjectures only, and other factors may be at play. The survey will provide some evidence to assess their plausibility or point to other possible explanations for the Louisville findings.

To explore whether the early effects of the new rent policy differed for heads of households depending on the presence of children in the household at the time of random assignment, families were divided into four groups: (1) those who had no children under the age of 18 years; (2) those whose youngest child was 5 years of age or younger; (3) those whose youngest child was 6 to 12 years of age; and (4) those whose youngest child was 13 to 17 years of age. One hypothesis is that families with very young children may have more difficulty responding to the stronger financial work incentives embedded in the new rent policy, in part, because of childcare issues.

Interestingly, using the pooled sample with all four PHAs and looking first at outcomes for household heads in the control group, attachment to the labor force does not appear to vary greatly according to the age of the youngest child. For example, as Table 3.5 shows, control group parents whose youngest child was 5 years of age or younger had an average quarterly employment rate of about 56 percent over the full followup period, which is close to the rate for those with teenage children (about 58 percent) and for those with no children (about 53 percent). Their average earnings were somewhat less, however.

Table 3.5. Impacts on Employment and Earnings Within First 27 Months of Followup, by Age of Youngest Child in the Household at the Time of Random Assignment: Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
No children under age 18 years				
Ever employed (%)				
Year 1 (quarters 3-6)	64.3	62.3	2.1	0.251 †
Year 2 (quarters 7-10)	64.3	62.6	1.6	0.411
Last quarter (quarter 11)	54.3	54.7	-0.4	0.848
Full period	70.7	69.7	1.0	0.587
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	53.2	51.5	1.7	0.276
Year 2 (quarters 7-10)	53.8	54.1	-0.4	0.847
Last quarter (quarter 11)	54.3	54.7	-0.4	0.848
Full period	53.5	53.0	0.6	0.708
Total earnings ($)				
Year 1 (quarters 3-6)	9,868	9,990	-122	0.764
Year 2 (quarters 7-10)	10,850	11,317	-467	0.356
Last quarter (quarter 11)	2,923	3,037	-113	0.451
Full period	23,583	24,254	-671	0.481
Sample size (total = 1,517)	741	776		
Children ages 0-5 years				
Ever employed (%)				
Year 1 (quarters 3-6)	67.7	67.1	0.6	0.721 †
Year 2 (quarters 7-10)	67.2	69.7	-2.5	0.176
Last quarter (quarter 11)	55.7	60.5	-4.9 **	0.016
Full period	76.5	78.6	-2.1	0.209
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	53.0	53.3	-0.3	0.861
Year 2 (quarters 7-10)	55.6	57.3	-1.7	0.317
Last quarter (quarter 11)	55.7	60.5	-4.9 **	0.016
Full period	54.5	55.9	-1.4	0.315
Total earnings ($)				
Year 1 (quarters 3-6)	8,683	8,867	-184	0.596
Year 2 (quarters 7-10)	10,254	10,433	-179	0.681
Last quarter (quarter 11)	2,711	2,869	-158	0.238
Full period	21,594	22,072	-477	0.555

(continued)

(Table 3.5 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Sample size (total = 1,866)	910	956		
Children ages 6-12 years				
Ever employed (%)				
Year 1 (quarters 3-6)	71.7	68.4	3.2 **	0.039 †
Year 2 (quarters 7-10)	70.4	70.6	-0.2	0.900
Last quarter (quarter 11)	62.6	61.4	1.3	0.490
Full period	78.3	77.5	0.8	0.606
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	59.8	56.9	2.9 **	0.034
Year 2 (quarters 7-10)	61.5	59.3	2.3	0.145
Last quarter (quarter 11)	62.6	61.4	1.3	0.490
Full period	60.8	58.4	2.4 *	0.064
Total earnings ($)				
Year 1 (quarters 3-6)	10,690	10,421	270	0.454
Year 2 (quarters 7-10)	12,519	12,035	484	0.299
Last quarter (quarter 11)	3,289	3,373	-84	0.546
Full period	26,392	25,772	620	0.475
Sample size (total = 2,154)	1,076	1,078		
Children ages 13-17 years				
Ever employed (%)				
Year 1 (quarters 3-6)	66.6	70.3	-3.7 *	0.079 †
Year 2 (quarters 7-10)	69.4	67.2	2.1	0.345
Last quarter (quarter 11)	61.0	60.0	1.0	0.679
Full period	74.1	75.5	-1.4	0.510
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	55.9	57.0	-1.1	0.563
Year 2 (quarters 7-10)	60.6	58.5	2.1	0.315
Last quarter (quarter 11)	61.0	60.0	1.0	0.679
Full period	58.5	58.0	0.5	0.766
Total earnings ($)				
Year 1 (quarters 3-6)	11,697	11,011	686	0.172
Year 2 (quarters 7-10)	13,758	12,519	1,239 **	0.045
Last quarter (quarter 11)	3,595	3,400	195	0.294
Full period	29,031	26,930	2,101 *	0.073
Sample size (total = 1,128)	585	543		

(continued)

(Table 3.5 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as: † = 10 percent; †† = 5 percent; and ††† = 1 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

When the impact findings are compared across these four subgroup categories, statistically significant earnings gains are evident for parents whose youngest child was a teenager (13 to 17 years of age), but not for those with younger children or no children. For example, among the parents of teenagers, earnings for those in the new rent rules group increased by a statistically significant $2,101, or 8 percent) over the full followup period relative to similar parents in the control group. The impacts on employment are generally small and not statistically significant for those parents of teenagers, suggesting that they may have increased their earnings by increasing the number of hours they worked in an average quarter or securing higher wages per hour. Perhaps because their children were older, parents of teenagers, on average, may have found responding to the work incentive embedded in the new rent policy more feasible, compared with parents of younger children. Caution is urged, however, in drawing firm conclusions about these subgroup differences in earnings impacts because the variations in estimated earnings impacts across the four subgroup categories are not statistically significant. (A subgroup analysis that focused on the age of the youngest child was not conducted for each PHA separately owing to the small sample sizes of these subgroup categories at each site.)

Impacts on TANF and SNAP

When assessing a policy designed to help families progress toward self-sufficiency through work, it is important to consider the effects of the new rent rules on families' receipt of income-conditioned (or "means-tested") public benefits. Chapter 4 examines the effects on housing subsidies. The current chapter examines the policy's effects on two other benefits: Temporary Assistance for Needy Families (TANF), commonly known as "welfare," and the Supplemental Nutrition Assistance Program (SNAP), commonly known as "food stamps." Nationally, a relatively small proportion of housing choice voucher (HCV) families are TANF recipients, but over one-half receive SNAP benefits. The same is true among families in the demonstration.[62]

Because TANF and SNAP benefits are income-conditioned, an intervention that changes tenants' earnings should eventually lead to changes in their receipt of those benefits. So far, this

[62] See Eggers (2017).

has generally not occurred in the Rent Reform Demonstration. Although the new rent policy generated positive effects on household heads' earnings in Lexington and San Antonio and negative effects in Louisville, it had little effect on families' receipt of TANF or SNAP benefits during the first 27 months of followup.

Among all four PHAs combined, approximately 13 percent of families in the new and existing rules group had ever received TANF during the followup period, as Table 3.6 shows. Average benefit amounts received per family were also quite small. (These averages include zero values for families who did not receive TANF.) None of the differences between the two groups in receipt rate or amount of benefits received are statistically significant.

Table 3.6. Impacts on Household Benefits Receipt Within First 27 Months of Followup, All Public Housing Agencies (PHAs): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
TANF receipt				
Received TANF (%)	13.2	12.6	0.6	0.361
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	8.0	7.7	0.4	0.468
Year 2 (quarters 7-10)	7.8	8.3	-0.5	0.386
Last quarter (quarter 11)	6.4	6.9	-0.5	0.339
Full period	7.8	7.8	-0.1	0.839
Amount received ($)				
Year 1 (quarters 3-6)	192	183	8	0.594
Year 2 (quarters 7-10)	197	213	-16	0.376
Last quarter (quarter 11)	48	54	-6	0.295
Full period	437	450	-13	0.703
Food stamp receipt				
Received food stamps (%)	84.4	83.5	0.9	0.268
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	70.9	70.3	0.6	0.508
Year 2 (quarters 7-10)	66.0	66.0	0.0	0.979
Last quarter (quarter 11)	62.4	63.0	-0.6	0.581
Full period	67.8	67.6	0.2	0.803
Amount received ($)				
Year 1 (quarters 3-6)	3,352	3,315	37	0.558
Year 2 (quarters 7-10)	3,091	3,142	-51	0.439
Last quarter (quarter 11)	713	725	-12	0.488
Full period	7,156	7,182	-26	0.848
Sample size (total = 6,665)	3,312	3,353		

SOURCE: MDRC calculations using administrative records data.

NOTES: TANF is Temporary Assistance for Needy Families. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. A two-tailed t-test was applied to the differences between research group outcomes. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. Rounding may cause slight discrepancies in sums and differences. Dollar averages include zero values for sample members who did not receive TANF or food stamps.

In Lexington, Louisville, and San Antonio, as Table 3.7 shows, the proportion of families in the existing rules group who ever received TANF was extremely low—less than 6 percent—and the receipt rate fell to 2.7 percent or less in Quarter 11, leaving little room for the new rent policy to generate further reductions. Although San Antonio did produce statistically significant reductions in TANF receipt and average benefits received in Year 2, the magnitude of those effects is small in absolute terms (owing to the already extremely low levels of TANF receipt among control group families). In Washington, D.C., TANF receipt was much higher than in any of the other PHAs. Among the existing rules group in that PHA, 32.3 percent received TANF at some point during the followup period, and 19.6 percent were receiving it in Quarter 11. With no earnings impacts so far in that PHA, it is not surprising that TANF receipt rates and the amount of TANF benefits received were virtually the same for the two research groups.

Table 3.7. Impacts on Household Benefits Receipt Within First 27 Months of Followup, by Public Housing Agency (PHA): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
TANF receipt				
Ever received TANF (%)	7.8	5.5	2.3	0.121
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	2.7	2.3	0.4	0.625
Year 2 (quarters 7-10)	2.3	2.1	0.2	0.773
Last quarter (quarter 11)	1.2	1.2	0.0	0.992
Full period	2.4	2.1	0.3	0.661
Amount received ($)				
Year 1 (quarters 3-6)	64	58	5	0.802
Year 2 (quarters 7-10)	51	53	-2	0.923
Last quarter (quarter 11)	7	8	-1	0.851
Full period	122	119	3	0.938
Food stamp receipt				
Ever received food stamps (%)	83.9	82.8	1.1	0.619
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	71.8	70.2	1.6	0.512
Year 2 (quarters 7-10)	61.5	64.6	-3.1	0.259
Last quarter (quarter 11)	57.9	61.1	-3.2	0.296
Full period	65.7	66.7	-1.0	0.667
Amount received ($)				
Year 1 (quarters 3-6)	3,413	3,256	157	0.323
Year 2 (quarters 7-10)	2,952	2,985	-33	0.846
Last quarter (quarter 11)	695	695	0	0.999
Full period	7,060	6,936	124	0.721
Sample size (total = 979)	486	493		
Louisville				
TANF receipt				
Ever received TANF (%)	4.0	4.0	0.0	0.960

(continued)

(Table 3.7 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	1.7	1.9	-0.2	0.636
Year 2 (quarters 7-10)	1.4	1.2	0.2	0.639
Last quarter (quarter 11)	1.3	1.0	0.3	0.503
Full period	1.5	1.5	0.0	0.961
Amount received ($)				
Year 1 (quarters 3-6)	40	50	-10	0.482
Year 2 (quarters 7-10)	33	29	5	0.692
Last quarter (quarter 11)	7	7	0	0.894
Full period	80	86	-5	0.829
Food stamp receipt				
Ever received food stamps (%)	87.3	85.9	1.4	0.341
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	75.3	73.9	1.4	0.387
Year 2 (quarters 7-10)	64.1	62.0	2.2	0.257
Last quarter (quarter 11)	60.5	56.9	3.6*	0.092
Full period	68.7	66.7	2.0	0.220
Amount received ($)				
Year 1 (quarters 3-6)	3,497	3,471	27	0.820
Year 2 (quarters 7-10)	2,877	2,863	14	0.910
Last quarter (quarter 11)	657	627	29	0.367
Full period	7,031	6,961	70	0.782
Sample size (total = 1,908)	947	961		
San Antonio				
TANF receipt				
Ever received TANF (%)	5.0	4.8	0.2	0.855
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	1.9	1.3	0.6	0.200
Year 2 (quarters 7-10)	1.4	2.2	-0.9*	0.094
Last quarter (quarter 11)	1.4	2.7	-1.3**	0.046
Full period	1.6	1.9	-0.3	0.550
Amount received ($)				
Year 1 (quarters 3-6)	39	28	11	0.343
Year 2 (quarters 7-10)	26	53	-27**	0.029
Last quarter (quarter 11)	11	17	-6	0.191
Full period	75	98	-23	0.334

(continued)

(Table 3.7 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Food stamp receipt				
Ever received food stamps (%)	87.5	87.5	0.0	0.991
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	76.3	77.3	-1.0	0.536
Year 2 (quarters 7-10)	72.5	73.9	-1.5	0.384
Last quarter (quarter 11)	68.0	72.6	-4.6**	0.022
Full period	73.7	75.3	-1.6	0.291
Amount received ($)				
Year 1 (quarters 3-6)	3,980	3,955	26	0.834
Year 2 (quarters 7-10)	3,746	3,799	-52	0.684
Last quarter (quarter 11)	876	903	-27	0.434
Full period	8,602	8,657	-54	0.838
Sample size (total = 1,869)	935	934		

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Washington, D.C.				
TANF receipt				
Ever received TANF (%)	33.2	32.3	1.0	0.569
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	23.5	22.2	1.3	0.415
Year 2 (quarters 7-10)	23.6	24.2	-0.5	0.738
Last quarter (quarter 11)	19.1	19.6	-0.5	0.764
Full period	23.0	22.8	0.3	0.842
Amount received ($)				
Year 1 (quarters 3-6)	566	526	40	0.424
Year 2 (quarters 7-10)	610	630	-20	0.731
Last quarter (quarter 11)	147	157	-10	0.568
Full period	1,323	1,313	10	0.930
Food stamp receipt				
Ever received food stamps (%)	79.0	77.1	1.9	0.244
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	61.2	59.3	1.9	0.313
Year 2 (quarters 7-10)	64.5	62.4	2.1	0.231
Last quarter (quarter 11)	61.5	60.1	1.4	0.493
Full period	62.7	60.7	2.0	0.216

(continued)

(Table 3.7 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Amount received ($)				
Year 1 (quarters 3-6)	2,621	2,500	121	0.288
Year 2 (quarters 7-10)	2,806	2,789	17	0.886
Last quarter (quarter 11)	638	648	-10	0.731
Full period	6,065	5,938	127	0.579
Sample size (total = 1,909)	944	965		

SOURCE: MDRC calculations using administrative records data.

NOTES: TANF is Temporary Assistance for Needy Families.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to the differences between research group outcomes.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar averages include zero values for sample members who did not receive TANF or food stamps.

In contrast to TANF, most families across the four PHAs received SNAP during the first 27 months of followup. Table 3.6 shows that, with all PHAs combined, 83.5 percent of household heads in the existing rules group had a SNAP case during the followup period, and 63 percent had a case in the last quarter of that period (Quarter 11). The total average value of SNAP benefits received during the full followup period (counting zero for families who had not received those benefits) was $7,182. (This amount translates to $8,601 per family that had received SNAP at any time during the followup period.)

The SNAP receipt rates and amounts received were somewhat lower in Washington, D.C., than in the other PHAs, as Table 3.7 shows, but even there, over three-fourths of families received SNAP. In each PHA, SNAP outcomes over the full followup period differed little between the new and existing rent rules groups. Why have the new rent policy's positive Year 2 earnings impacts in Lexington and San Antonio not yet led to sizeable reductions in the amount of SNAP benefits received? Although a definitive answer is not possible at this time, one reason may have to do with how benefit rates are determined. The rules for calculating benefit amounts are such that a simple dollar-for-dollar relationship with income does not exist. For example, the benefit rules include earnings disregards (the exclusion of some amount of earnings from the income calculations on which eligibility and benefit amounts are based) and income thresholds that, when exceeded, cause benefits to drop to zero. Family size and other considerations also matter. In addition, increases in income need not be reported to the SNAP agency immediately. Thus, a dollar increase in income does not necessarily translate into an immediate dollar reduction in benefits.

Another important consideration is the question of why the negative Year 2 impacts on earnings in Louisville have not so far resulted in the new rent rules group having *higher* SNAP benefits than the control group. Here it is important to recall that the negative impact on earnings was not due to a decline over time in average earnings among the new rent rules group. Rather, as was true for the control group, this group's earnings increased over the course of the followup period—just not as much as they did for the control group. Possibly the negative impacts on earnings in Louisville did not generate a positive impact on SNAP benefit receipt for the same reasons that might explain why, so far, the positive earnings impacts in Lexington and San Antonio have not had much influence on benefit receipt in those sites.

The evaluation's final report will more fully explore the relationship between earnings gains and impacts on SNAP benefit receipt. In doing so, it will draw on longer-term earnings and SNAP data and information from the survey of household heads.

Impacts for Other Adults and All Adults in the Household

Approximately 37 percent of the study's households included adults who were not heads of households. As mentioned previously, these 3,397 "other adults" were primarily the young adult children of the household heads at the time of random assignment. Few were spouses or partners of the household heads; more than 25 percent were no longer on the household's lease 2 years after the initial recertification. Appendix B presents the findings on these adults.

Appendix Table B.2 shows the overall pooled employment and earnings impacts for the non-heads of households. Within the control group, employment rates for this group were roughly comparable with those of the heads of households, with nearly 80 percent having worked at some time in a UI-covered job during the 11 quarters of followup, and about 55 percent working in an average quarter, although their average earnings were somewhat lower. That table also shows that the new rent rules produced no impacts on employment for the non-heads of households. Average earnings are somewhat lower for those in the new rules group than in the existing rules group, but the differences are generally not statistically significant. In Louisville, San Antonio, and Washington, D.C., the impacts on cumulative earnings for non-heads of households are negative, and by a statistically significant amount in Washington, D.C. (see Appendix Table B.3). In contrast, the impact point estimate for this group in Lexington is positive, although not statistically significant. (It should be noted that smaller sample sizes for non-heads-of-households group, relative to the size of the household head sample, reduces the statistical power for detecting statistically significant impacts by PHA.)[63]

Additional analyses combine the heads of households with other adults in the households at the time of random assignment. For all PHAs combined, the results generally tell a story consistent with the pattern of results found for the heads of households (see Appendix Tables B.4 and B.5). Among the PHAs, the point estimates on cumulative earnings are positive for the combined samples in Lexington as well as San Antonio, although only statistically significant in Lexington. They are negative but not statistically significant in Louisville and Washington, D.C. (See Appendix Table B.5.)

[63] Impacts on TANF and SNAP outcomes were also estimated for non-heads of households. No statistically significant effects are evident for the full followup period.

Conclusion

Based on the experience of two PHAs—one in Lexington and one in San Antonio—it appears that the new rent policy can produce some modest positive effects on voucher holders' labor market outcomes during a followup period lasting more than 2 years and prior to families' triennial recertifications. Whether these encouraging early effects persist or continue to grow in the longer term remains to be seen. The findings also reinforce two insights suggested in the demonstration's initial impact report. First, the positive effects in Lexington cannot be attributed to the $150 minimum TTP, as that feature applied to the control group as well as to the new rent rules group. Rather, the extension of the income recertification period from 1 year to 3 years most likely accounts for the positive effects on earnings. Second, in Washington, D.C., the study is not able to assess the effects of the triennial recertification policy with a followup period of 27 months, because of the control group's biennial recertification schedule. Thus, the introduction of a $75 minimum TTP under the new rent policy is perhaps the most important distinction between the two research groups during this followup period. The finding of no earnings impacts in Washington, D.C., indicates that this component of the policy was not sufficient to change tenants' labor market outcomes at that PHA. The pattern of findings across Lexington and Washington, D.C., would also support (though not prove) the inference that San Antonio's positive earnings impact was driven primarily by the triennial recertification policy.

The negative impacts on labor market outcomes in Louisville, particularly among household heads not employed at the time of random assignment, is difficult to explain at this time. As the evaluation continues, it will assess whether that pattern persists. It will also explore, using information from the tenant survey, possible reasons why those in the new rent rules group worked and earned less than they otherwise would have under traditional rent rules.

The general absence so far of noteworthy spillover effects on the amount of TANF and SNAP benefits received in the three PHAs that had positive or negative effects on earnings is also noteworthy. This result may be due in part to how earnings increases are treated in calculating SNAP and TANF benefits. The evaluation's longer-term results will show whether this pattern persists.

Chapter 4.

Early Impacts on Housing-Related Outcomes

The new rent rules substantially change how the amount of money that families are expected to contribute toward their rent and utilities (called their "total tenant payments," or TTPs) is determined.[64] The new rules also modify the requirements for reporting income changes and adjusting families' TTPs over time. Now that those reforms have been implemented, what consequences have there been for families' actual TTPs and the duration and amount of their housing subsidies? In addition, what consequences have the new rules had for the frequency of families' transactions with the public housing agencies (PHAs)—that is, the actions or tasks that PHA staff had to execute for families? This chapter addresses these questions using PHA data covering the first 2.5 years (30 months) after the new rules took effect.

Overall, relative to the outcomes of the existing rent rules (control) group, the new rent rules modestly increased family members' likelihood of remaining in the Housing Choice Voucher (HCV) program, reduced their TTPs, and increased the total amount of subsidy they received through the 30th followup month. These findings reflect the expected short-term consequences of the policy's efforts to support work by allowing tenants who increase their earnings to keep more of those earnings until their TTPs and subsidies are reset at the triennial recertification. The findings also reveal substantial reductions in PHA staff actions, particularly those that are likely to be more time-consuming, such as regular and interim recertifications. Some important differences in impacts on staff actions exist across the PHAs, reflecting, in part, differences in site-specific preexisting PHA policies that affected the control group.

Calculating Families' Contributions to Their Housing Costs

Under HUD's traditional rent rules, the recertification process entails reassessing a family's continued eligibility for the voucher program, recalculating its expected contribution to its rent and utilities, and redetermining its housing subsidy. This process typically begins several months before the 1-year anniversary of the family's soon-to-be-expiring TTP. PHA housing specialists collect and verify the information that families submit on their current income and the income they anticipate having in the upcoming year, and on changes in household composition or other pertinent circumstances. The housing specialists enter the data into the rent-calculation software system, have the system estimate the TTPs, and notify families 30 days before their new rent "effective dates"—that is, the dates when their new TTPs go into effect.[65] These recertification activities take different amounts of time at different PHAs. For example, in Lexington, the process takes about 90 days from beginning to end, and twice as long (180 days) in Washington, D.C.

---

[64] See chapter 1 for a full summary of the new rent policy, and Table 1.1 for a side-by-side comparison of the features of the new and traditional rent policies.
[65] For the initial recertification under the study, the PHA in Louisville included an additional 30-day period to allow families the option of opting out of the new rent policy.

Under the new rent policy, families assigned to the new rules group were required to document the income they had received from jobs or other sources during a defined 12-month period leading up to their initial recertification meetings after random assignment (see chapter 1 and the MDRC's baseline report for details[66]). This information was used to calculate the families' retrospective incomes to determine their TTPs. The retrospective or 12-month look-back period ended the month before the family's recertification date. For example, if a family was scheduled for a recertification meeting on February 21, 2015, the 12-month period used to determine retrospective income was February 1, 2014, through January 31, 2015.[67]

The Rent Reform Demonstration did not change the rules about the types of income counted in calculating TTPs and rent subsidies.[68] Families were required to make a good-faith effort to provide proof of countable income for the requested period. When families were unable to provide appropriate income documentation, or when the PHAs were unable to verify past income using their standard methods,[69] the PHAs followed agreed-upon procedures to impute gaps in reported household income.[70]

The PHA pays the difference between the family's gross rent (the contract rent for the unit, plus utilities that are not included in the contract rent) and the family's TTP, as long as the gross rent is no higher than the PHA's payment standard for the local area. This subsidy is referred to as the housing assistance payment (HAP). If the landlord charges a rent that exceeds the payment standard, the family is responsible for that extra amount in addition to its TTP.[71] The TTP plus that extra amount make up the family's total housing cost, which HUD calls the "family share" of rent and utilities. Box 4.1 offers a simple illustration of these concepts in the case of Paige, a fictional voucher holder.

Impacts on Families' Housing Expenditures and Subsidies

As explained in chapter 2, this report defines "Year 1" for the analysis of PHA data as the 12-month period beginning in the first month after the month in which a family's newly recalculated TTP was expected to take effect (the "effective date") after entering the study, with each subsequent year following suit. Depending on a family's initial expected TTP effective date (which occurred sometime between June 2015 and March 2016), the 30th and final month in the 2.5-year followup

[66] Riccio, Deitch, and Verma (2017).
[67] For a fuller discussion of estimating retrospective incomes, see Riccio, Deitch, and Verma (2017).
[68] Nonwage income that was set to expire by the end of the look-back period, such as TANF or unemployment insurance benefits, was not counted when calculating base income, however, because a family would not be able to count on such income going forward.
[69] Retrospective income was verified using the HUD Verification Hierarchy and the guidance provided in HUD Notice PIH 2010-19 (HA) and the PHA Administrative Plan (HUD, 2013).
[70] The MDRC study team and the PHAs anticipated scenarios where families would struggle to obtain the required income documents—for example, pay stubs from early in the retrospective period—and developed rules and guidance for staff members to use in such situations.
[71] Voucher holders are allowed to rent units for which the contract rent exceeds the payment standard as long as those units do not require them to pay more than 40 percent of their incomes toward rent and utilities when they sign the lease. Under HUD's traditional rent rules, that 40 percent means 40 percent of their current/anticipated *adjusted* incomes. Under the new rent rules, it is 40 percent of their current/anticipated *gross* incomes.

period for the current report ended between December 2017 and September 2018. As discussed in chapter 2, the pooled impact estimate for average cumulative housing subsidy payments during this period represents a preliminary confirmatory outcome measure for the evaluation.

Box 4.1. Total Tenant Payment and Family Share

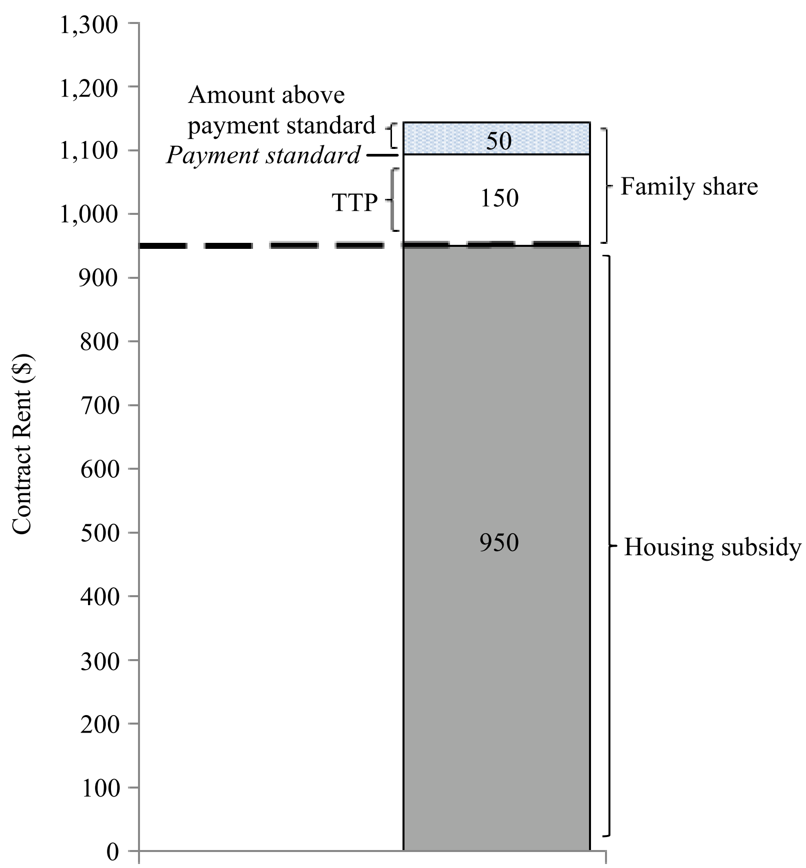
Total tenant payment (TTP) is the amount a family must contribute toward its rent and utilities. TTP is based on 28 percent of gross income for families in the new rent rules group of the Rent Reform Demonstration.

Housing assistance payment (HAP) is the housing subsidy (for rent and utilities) paid by the housing agency.

Family share includes the TTP and any extra housing costs above the payment standard, paid by the family.

Payment standard is the maximum combined rent and utilities subsidy that public housing agencies (PHA) will pay for families of given sizes, specific to each area and its fair-market rent. If a landlord charges a rent that exceeds the payment standard, the family is responsible for that extra amount in addition to its TTP.

> *Example:* Paige is renting a housing unit that has a $1,150 contract rent. The payment standard for her housing subsidy is $1,100. She is responsible for paying a total of $200 (the family share), which includes her TTP of $150 (based on 28 percent of her income of $536 per month) and an additional $50, the amount by which the contract rent exceeds the payment standard. Thus, her rent is subsidized by $950 ($1,150 contract rent minus $200 family share)



Impacts for All PHAs Combined

The new rent rules have, so far, increased the likelihood of remaining in the voucher program. The top panel of Table 4.1 distinguishes four dispositions: (1) currently enrolled in the voucher program and leased up (family is renting a unit and using the voucher); (2) currently enrolled in the voucher program but not leased up (not renting a unit); (3) officially exited the voucher program; and (4) ported out (transferred to) another PHA. The table shows that 78.7 percent of families in the existing rules group (the control group) were still in the voucher program and leased up at the end of the 30-month followup period for this report. In contrast, 84.9 percent of the new rent rules group remained in the voucher program and leased up—an increase of 6.2 percentage points above the control group rate.[72] Looked at another way, by the end of the followup period, 13 percent of the new rent rules group had officially exited the voucher program, compared with nearly 18 percent of the existing rules group—a reduction of 5 percentage points. (Very few families in either research group had a voucher but were not leased up or had ported out.)

[72] Families still formally enrolled in the voucher program but who received zero HAP, zero Family Share, zero TTP, and had zero Gross Rent in Month 30 were considered "active and not leased up" in that month for the purposes of this analysis.

Table 4.1. Impacts on Families' Housing Costs and Subsidies Within First 30 Months of Followup, All Public Housing Agencies (PHAs)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Enrollment status in Month 30 (%)					
Currently enrolled in HCV program and leased up	84.9	78.7	6.2	***	0.000
Currently enrolled in HCV program, not leased up	0.9	1.9	-1.0		n/a
Exited HCV program	13.0	17.9	-5.0	***	0.000
Ported out to another housing agency	1.2	1.5	-0.3		n/a
Gross Rent					
Gross rent in Month 30 if received HCV[a] (%)					- -
Less than $1,000	*30.7*	*31.0*	- -		
$1,000 - $1,499	*46.4*	*44.8*	- -		
$1,500 or more	*22.9*	*24.2*	- -		
Average gross rent in Month 30 if received HCV in that month ($)	*1,310*	*1,319*	- -		- -
TTP					
TTP in Month 30[b] (%)				***	0.000
Exited HCV program or not leased up in Month 30	15.1	21.3	-6.2		
$0	1.5	7.3	-5.7		
$1 - $50	3.8	7.9	-4.2		
$51 - $75	9.0	2.4	6.6		
$76 - $100	7.4	1.7	5.7		
$101 - $150	10.5	7.7	2.9		
$151 - $300	22.6	17.7	4.9		
$301 - $700	24.8	24.1	0.7		
$701 or above	5.4	10.0	-4.6		
Average monthly TTP in months received HCV[b] ($)	*291*	*319*	- -		- -
Has a utility allowance in Month 30 (%)	77.6	71.5	6.1	***	0.000
Average utility allowance in Month 30 if received utility allowance in that month ($)	*209*	*211*	- -		- -
Family Share					
Family share in Month 30[c] (%)				***	0.000
Exited HCV program or not leased up during study period	15.1	21.3	-6.2		
$0	1.0	5.9	-4.9		
$1 - $100	15.4	10.5	4.9		
$101 - $300	31.1	23.2	7.9		
$301 - $700	29.8	26.8	3.0		

(continued)

(Table 4.1 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
$701 or above	7.6	12.3	-4.7		
Average monthly family share in months received HCV[c] ($)	*335*	*363*	- -		- -
Family share as percentage of gross rent in Month 30, if received HCV (%)	*27.2*	*30.9*	- -		- -
Paid above the payment standard in Month 30, if received HCV (%)	*42.9*	*37.4*	- -		- -
<u>Housing Subsidy</u>					
Average number of months received housing subsidy[d]	27.4	26.2	1.2	***	0.000
Average monthly housing subsidy in months received HCV[d] ($)	*890*	*863*	- -		- -
Total housing subsidy ($)					
Year 1	9,977	9,719	258	***	0.008
Year 2	9,942	9,442	500	***	0.000
Last month	828	741	88	***	0.000
Full period	24,886	23,555	1,332	***	0.000
Total housing subsidy, full period (%)				***	0.000
Exited HCVprogram or not leased up during full period	1.3	2.0	-0.7		
$0	0.3	0.6	-0.3		
$1 - $9,999	11.4	15.5	-4.2		
$10,000 - $19,999	31.2	30.1	1.1		
$20,000 - $34,999	36.8	32.9	3.9		
$35,000 or more	19.0	18.9	0.1		
Average housing subsidy in Month 30, if received HCV ($)	*981*	*936*	- -		- -
Sample size (total = 6,665)	3,312	3,353			

(continued)

(Table 4.1 continued)

SOURCE: MDRC calculations using PHA data.

NOTES: HCV = Housing Choice Voucher. TTP = total tenant payment.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test for continuous variables and selected outcomes expressed as proportions. For categorical variables a chi-square test was used to determine whether there is a difference in the distribution of related outcomes for the new rent rules group compared with the existing rent rules group. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. When categorical variables are part of a distribution, the statistical significance levels, which apply to the distribution, are shown above the distribution.

A statistical test was not performed on differences in the percentage of households currently enrolled in the HCV program but not leased up, or differences in the percentage of households that ported out to another housing agency due to small sample sizes within those categories.

Rounding may cause slight discrepancies in calculating sums and differences.

Italic type indicates comparisons that are nonexperimental. Statistical tests were not performed; therefore, there are no impacts or p-values to report.

Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .000 for the impact on the total full period housing subsidy for all four PHAs combined.

[a]Gross rent is the contract rent plus the utility allowance for the unit.

[b]Total tenant payment is the amount a family must contribute toward rent and utilities regardless of the unit selected. Under the new rent rules TTP is 28 percent of prior-year gross income, and under existing rent rules TTP is 30 percent of adjusted income.

[c]Family share is the family's contribution toward its gross rent. It may be higher than the TTP if the family rents a unit with a gross rent that exceeds the payment standard.

[d]Housing subsidy is the full subsidy amount paid by the housing agency and includes any utility allowance payments made to the tenant in addition to rent paid to the owner by the housing agency.

While they were in the voucher program, families in the new rent rules group were living in housing units where the gross rent (the total contract rent plus utilities) averaged $1,310 in Month 30, which was only $9 lower than the amount for the existing rules group. In both groups, nearly all families except in Washington, D.C., were renting units costing less than $1,500 per month, as explained in the following discussion.

Over the course of the 30-month followup period, the new rent rules group paid an average monthly TTP of $291 while in the voucher program, or $28 less than the control group households paid while still receiving vouchers.[73] As was true after the initial recertifications at the beginning of the study, 2.5 years later the new rent rules group was less likely than the existing rules group to be paying a very low TTP ($0 to $50) because of the minimum TTP of the new rent policy. They were also somewhat less likely to be paying a very high TTP (more than $700).[74]

---

[73] The table does not present impact estimates on these measures, because differences between the two research groups in the average length of time receiving vouchers in the first year mean that the full samples of each group could not be included in the 12-month averages. Excluding families who exited the voucher program could bias the impact estimates for these measures.

[74] At the time of initial recertification, when the base income for calculating TTPs was known for both groups, the new rent rules led to a reduction in the proportion of families in the highest base monthly

The average monthly family share (which includes payments by tenants above their obligated TTP contribution) was also lower by $28 for the new rules group than for the existing rules group ($335 versus $363,) while the families were still in the voucher program. Overall, at the end of the followup period, families in the new rules group were covering 27.2 percent of their average gross rental cost (including utilities) out of their own pockets; those in the existing rules group were covering 30.9 percent of their gross rent.

The lower average TTP for the new rules group combined with a longer duration in the voucher program means that tenants in that group received a somewhat larger total housing subsidy than they would have received in the absence of the new policy (represented by the control group's subsidy amount). On average, the new rules group received $24,886 in housing subsidies during the 2.5 years of followup, which is $1,332 (or 5.7 percent) more than the control group average ($23,555). This impact is statistically significant and remained statistically significant when adjusted for multiple outcomes.[75]

As explained in previous chapters, Washington, D.C., stands somewhat apart from the other three PHAs because it applied a biennial recertification schedule to the control group rather than HUD's traditional annual schedule. A consequence of that decision: TTPs and housing subsidies were capped for *both* research groups for the first 2 years of followup. Thus, control group families whose incomes had increased would only begin to see corresponding increases in their TTPs and reductions in their subsidies within the last 6 months of the 30-month followup period. This would dampen the effects of the new rent policy's triennial recertification feature on these outcomes during the early followup period. For that reason, it is helpful to estimate the pooled effects for all PHAs combined excluding Washington, D.C. Table 4.2 presents those results on selected measures. For example, it shows that the impact on the rate of exiting the voucher program is somewhat larger, at 6.5 percentage points, for the three-PHA pooled sample. The impact on total subsidy payments, at $1,530 (or 9.3 percent), is also larger when Washington, D.C., is excluded.

---

income bracket relative to the control group, thus reducing the proportion with very high TTPs (see Riccio, Deitch, and Verma, 2017). Although base income is not routinely recalculated for the new rules group until the triennial recertification, the TTP estimates in Month 30 suggest a continuation of this pattern.

[75] The impact estimates were adjusted using the Benjamini-Hochberg method described in appendix B of Riccio and Deitch (2017). The adjustment considers that impacts were also estimated for a second preliminary confirmatory outcome measure. The impact estimate remains statistically significant, with an adjusted p-value = .000.

Table 4.2. Impacts on Tenants' Housing Costs and Subsidies Within First 30 Months of Followup, All Public Housing Agencies (PHAs) Except Washington, D.C.

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Currently enrolled in HCV program and leased up in Month 30 (%)	80.4	73.6	6.9 ***	0.000
Exited HCV program	17.3	23.7	-6.5 ***	0.000
Average monthly TTP in months received HCV[a] ($)	*260*	*295*	- -	- -
Total housing subsidy in full period ($)	18,031	16,501	1,530 ***	0.000
Any action that requires staff response[b]	74.3	89.9	-15.6 ***	0.000
Sample size (total = 4,756)	2,368	2,388		

SOURCE: MDRC calculations using PHA data.

NOTES: HCV = Housing Choice Voucher. TTP = total tenant payment.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .000 for the impact on the total full period housing subsidy for all four PHAs combined.

[a]Total tenant payment is the amount a family must contribute toward rent and utilities regardless of the unit selected. Under the new rent rules TTP is 28 percent of prior-year gross income, and under existing rent rules TTP is 30 percent of adjusted income.

[b]Certification actions that require staff interaction include annual reexaminations, interim reexaminations (except for end of grace period and end of hardship records), and change-of-unit actions.

This general pattern of results—a somewhat longer tenure on the voucher program, somewhat lower TTPs, and small increases in the total subsidy amount that the new rent rules group received relative to the control group—is to be expected during the 3-year period until the next recertification under the new rent rules is done. Although several factors are relevant, changes in how much money families earned over time and how the new and existing rent policies treat income changes help explain this pattern of effects.

The control groups' earnings trends—which indicate what the new rules group *would have earned* in the absence of rent reform—are key. The earnings of household heads in the control group continued an upward trajectory through the first 2 years of followup. (See, for example, chapter 3, Tables 3.1 and 3.2)[76] Except in Washington, D.C. (where the control group faced a

[76] Ideally, to understand the alignment between earnings and housing subsidies, earnings would be measured at the household level, counting the earnings of all adults in any given household. As discussed in chapter 3, however, this evaluation is unable to estimate household-level earnings using National Directory of New Hires (NDNH) data (because in that database linking non-heads of households with the appropriate

biennial recertification policy), families in the control group were expected to report those earnings increases to the PHAs by the end of the first followup year. Unless they had left the voucher program, their TTPs would be increased and their subsidies would be lowered after their annual recertification at the end of Year 1 and Year 2.

In contrast, families in the new rent rules group (and in the control group in Washington, D.C., through the end of Year 2) whose earnings grew over the followup period did not report those increases to the PHAs; consequently, their TTPs were not raised nor subsidies reduced. As any income gains did not need to be reported to the PHAs, any increase in income would not make families ineligible for the voucher program during this period—no matter how much their incomes grew. The policy was designed this way so families would experience the benefits of their increased work effort during the 3 years between recertifications. This feature resulted in an increase in the amount the PHAs spent on housing subsidies during this period; they had to forgo the normal opportunity to save on subsidy expenditures (until the triennial recertification) for families in the new rules group who increased their incomes. An important open question: Will the PHAs recoup those forgone subsidy reductions after the triennial recertifications are completed? They may if, by that time, more tenants in the new rules group than in the control group are working steadily and begin paying a higher TTP for the subsequent 3 years than they paid in the prior 3-year period. The evaluation's longer-term analysis will determine whether this turns out to be the case.

Impacts by PHA

In considering the variation in effects across the four PHAs—in Lexington, Kentucky; Louisville, Kentucky; San Antonio, Texas; and Washington, D.C.—keep in mind the big differences between the housing market in Washington, D.C., and in the other sites. This is reflected in the differences in gross rents charged to families and in the payment standards and subsidy levels paid by the PHAs. In the tight Washington, D.C., housing market, gross rents in Month 30 (for families still in the voucher program at that time) averaged $1,919 for the new rules group and only slightly higher for the existing rules group (see Table 4.3). Indeed, 67 percent of those voucher holders in the new rules group were renting units that cost $1,500 or more per month. In contrast, families in Lexington, Louisville, and San Antonio were renting units that cost roughly $1,000 per month, on average—almost none were renting units costing $1,500 or more.

household heads was not possible). Thus, household heads' NDNH earnings should only be viewed as an approximation of household-level earnings. The evaluation's survey will eventually provide some information on earnings and other income at the household level.

Table 4.3. Impacts on Families' Housing Costs and Subsidies Within First 30 Months of Followup, by Public Housing Agency (PHA)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
Enrollment status in Month 30 (%)				
Currently enrolled in HCV program and leased up	78.9	74.0	4.9 *	0.073
Currently enrolled in HCV program, not leased up	0.0	0.0	0.0	n/a
Exited HCV program	18.2	23.3	-5.1 **	0.048
Ported out to another housing agency	3.0	2.7	0.2	n/a
Gross Rent				
Gross rent in Month 30 if received HCV[a] (%)				- -
Less than $1,000	*47.9*	*47.9*	- -	
$1,000 - $1,499	*51.1*	*51.6*	- -	
$1,500 or more	*1.0*	*0.6*	- -	
Average gross rent in Month 30 if received HCV in that month ($)	*980*	*982*	- -	- -
TTP				
TTP in Month 30[b] (%)			[***]	0.001
Exited HCV program or not leased up in Month 30	21.2	26.0	-4.9	
$0	0.0	0.0	0.0	
$1 - $50	-0.1	0.7	-0.7	
$51 - $75	0.0	0.2	-0.2	
$76 - $100	0.0	0.0	0.0	
$101 - $150	26.1	27.9	-1.8	
$151 - $300	24.8	16.5	8.3	
$301 - $700	26.1	24.1	2.0	
$701 or above	1.9	4.7	-2.8	
Average monthly TTP in months received HCV[b] ($)	*279*	*321*	- -	- -
Has a utility allowance in Month 30 (%)	73.3	68.1	5.2 *	0.072
Average utility allowance in Month 30 if received utility allowance in that month ($)	*212*	*222*	- -	- -
Family Share				
Family share in Month 30[c] (%)			[**]	0.036
Exited HCV program or not leased up during study period	21.2	26.0	-4.9	
$0	0.0	0.0	0.0	
$1 - $100	0.0	0.4	-0.5	

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
$101 - $300	38.7	38.2	0.5		
$301 - $700	35.6	28.6	6.9		
$701 or above	4.7	6.8	-2.1		
Average monthly family share in months received HCV[c] ($)	*334*	*366*	- -		- -
Family share as percentage of gross rent in Month 30, if received HCV (%)	*35.0*	*37.0*	- -		- -
Paid above the payment standard in Month 30, if received HCV (%)	*60.2*	*48.1*	- -		- -
Housing Subsidy					
Average number of months received housing subsidy[d]	26.4	25.4	1.0	*	0.066
Average monthly housing subsidy in months received HCV[d] ($)	*607*	*568*	- -		- -
Total housing subsidy ($)					
Year 1	6,777	6,418	359	**	0.029
Year 2	6,403	5,853	550	***	0.009
Last month	501	460	41	*	0.052
Full period	16,214	15,009	1,204	***	0.008
Average annual housing subsidy (%)				[**]	0.028
Exited HCV program or not leased up during full period	1.2	1.2	0.0		
$0	0.3	1.0	-0.7		
$1 - $4,999	17.3	24.2	-6.9		
$5,000 - $9,999	50.0	44.6	5.4		
$10,000 - $14,999	31.2	29.1	2.1		
$15,000 or more	0.0	0.0	0.0		
Average housing subsidy in Month 30, if received HCV ($)	*637*	*620*	- -		- -
Sample size (total = 979)	486	493			
Louisville					
Enrollment status in Month 30 (%)					
Currently enrolled in HCV program and leased up	82.7	73.6	9.1	***	0.000
Currently enrolled in HCV program, not leased up	0.5	0.4	0.1		n/a
Exited HCV program	15.8	24.0	-8.2	***	0.000
Ported out to another housing agency	0.9	1.9	-1.0		n/a

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Gross Rent					
Gross rent in Month 30 if received HCV[a] (%)					- -
Less than $1,000	*42.8*	*42.9*	- -		
$1,000 - $1,499	*56.3*	*55.5*	- -		
$1,500 or more	*0.9*	*1.6*	- -		
Average gross rent in Month 30 if received HCV in that month ($)	*1,016*	*1,015*	- -		- -
TTP					
TTP in Month 30[b] (%)				***	0.000
Exited HCV program or not leased up in Month 30	17.3	26.4	-9.1		
$0	3.4	9.0	-5.7		
$1 - $50	12.2	10.9	1.3		
$51 - $75	4.8	3.0	1.8		
$76 - $100	4.4	0.8	3.6		
$101 - $150	7.1	3.3	3.8		
$151 - $300	23.6	17.6	6.0		
$301 - $700	26.2	23.6	2.6		
$701 or above	1.2	5.5	-4.3		
Average monthly TTP in months received HCV[b] ($)	*238*	*271*	- -		- -
Has a utility allowance in Month 30 (%)	80.0	71.0	9.0	***	0.000
Average utility allowance in Month 30 if received utility allowance in that month ($)	*210*	*208*	- -		- -
Family Share					
Family share in Month 30[c] (%)				***	0.000
Exited HCV or not leased up during study period	17.3	26.4	-9.1		
$0	1.6	4.5	-2.9		
$1 - $100	16.2	13.4	2.8		
$101 - $300	28.7	19.8	8.9		
$301 - $700	32.4	27.1	5.3		
$701 or above	3.9	8.9	-4.9		
Average monthly family share in months received HCV[c] ($)	*309*	*345*	- -		- -
Family share as percentage of gross rent in Month 30, if received HCV (%)	*28.7*	*34.1*	- -		- -

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Paid above the payment standard in Month 30, if received HCV (%)	*63.3*	*61.2*	- -		- -
Housing Subsidy					
Average number of months received housing subsidy[d]	27.4	25.9	1.5	***	0.000
Average monthly housing subsidy in months received HCV[d] ($)	*693*	*653*	- -		- -
Total housing subsidy ($)					
Year 1	7,898	7,659	239	*	0.066
Year 2	7,647	6,802	845	***	0.000
Last month	592	494	99	***	0.000
Full period	19,146	17,446	1,700	***	0.000
Average annual housing subsidy (%)				***	0.009
Exited HCV program or not leased up during full period	1.0	1.8	-0.8		
$0	0.1	0.1	0.0		
$1 - $4,999	12.8	18.7	-6.0		
$5,000 - $9,999	40.1	39.0	1.1		
$10,000 - $14,999	45.3	39.6	5.7		
$15,000 or more	0.7	0.8	-0.1		
Average housing subsidy in Month 30, if received HCV ($)	*721*	*665*	- -		- -
Sample size (total = 1,908)	947	961			
San Antonio					
Enrollment status in Month 30 (%)					
Currently enrolled in HCV program and leased up	78.9	73.3	5.6	***	0.004
Currently enrolled in HCV program, not leased up	1.1	1.3	-0.2		n/a
Exited HCV program	18.3	23.7	-5.4	***	0.004
Ported out to another housing agency	1.7	1.8	-0.1		n/a
Gross Rent					
Gross rent in Month 30 if received HCV[a] (%)					- -
Less than $1,000	*46.0*	*46.7*	- -		
$1,000 - $1,499	*52.2*	*49.9*	- -		
$1,500 or more	*1.8*	*3.4*	- -		
Average gross rent in Month 30 if received HCV in that month ($)	*1,032*	*1,040*	- -		- -

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
TTP					
TTP in Month 30[b] (%)				***	0.000
Exited HCV program or not leased up in Month 30	21.1	26.7	-5.6		
$0	0.1	0.1	0.0		
$1 - $50	0.8	6.8	-6.0		
$51 - $75	0.1	4.8	-4.7		
$76 - $100	16.3	3.1	13.2		
$101 - $150	9.3	6.3	3.0		
$151 - $300	26.6	21.1	5.5		
$301 - $700	23.8	26.4	-2.6		
$701 or above	2.0	4.8	-2.8		
Average monthly TTP in months received HCV[b] ($)	*270*	*306*	- -		- -
Has a utility allowance in Month 30 (%)	70.8	66.0	4.8	**	0.025
Average utility allowance in Month 30 if received utility allowance in that month ($)	*155*	*160*	- -		- -
Family Share					
Family share in Month 30[c] (%)				***	0.000
Exited HCV program or not leased up during study period	21.1	26.7	-5.6		
$0	0.0	0.0	0.0		
$1 - $100	7.4	10.5	-3.1		
$101 - $300	36.8	24.6	12.2		
$301 - $700	29.6	29.5	0.0		
$701 or above	5.1	8.6	-3.5		
Average monthly family share in months received HCV[c] ($)	*317*	*359*	- -		- -
Family share as percentage of gross rent in Month 30, if received HCV (%)	*31.2*	*34.8*	- -		- -
Paid above the payment standard in Month 30, if received HCV (%)	*58.1*	*50.9*	- -		- -
Housing Subsidy					
Average number of months received housing subsidy[d]	26.1	24.7	1.5	***	0.000
Average monthly housing subsidy in months received HCV[d] ($)	*679*	*640*	- -		- -

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Total housing subsidy ($)					
Year 1	7,507	7,088	419	***	0.002
Year 2	7,041	6,236	805	***	0.000
Last month	557	495	62	***	0.000
Full period	17,906	16,257	1,649	***	0.000
Average Annual housing subsidy (%)				**	0.021
Exited HCV program or not leased up during full period	1.9	3.3	-1.4		
$0	0.5	1.1	-0.6		
$1 - $4,999	15.3	19.7	-4.4		
$5,000 - $9,999	37.9	38.5	-0.6		
$10,000 - $14,999	44.1	37.3	6.8		
$15,000 or more	0.4	0.1	0.4		
Average housing subsidy in Month 30, if received HCV ($)	*708*	*674*	- -		- -
Sample size (total = 1,869)	935	934			
Washington, D.C.					
Enrollment status in Month 30 (%)					
Currently enrolled in HCV program and leased up	96.1	91.5	4.6	***	0.000
Currently enrolled in HCV program, not leased up	1.7	5.0	-3.3		n/a
Exited HCV program	2.2	3.5	-1.3	*	0.096
Ported out to another housing agency	0.0	0.0	0.0		n/a
Gross Rent					
Gross rent in Month 30 if received HCV[a] (%)					- -
Less than $1,000	*1.3*	*1.6*	- -		
$1,000 - $1,499	*31.5*	*29.2*	- -		
$1,500 or more	*67.2*	*69.2*	- -		
Average gross rent in Month 30 if received HCV in that month ($)	*1,919*	*1,931*	- -		- -
TTP					
TTP in Month 30[b] (%)				***	0.000
Exited HCV program or not leased up in Month 30	3.9	8.5	-4.6		
$0	1.8	16.2	-14.4		
$1 - $50	0.5	9.5	-9.0		
$51 - $75	26.5	0.7	25.8		
$76 - $100	5.6	1.8	3.7		
$101 - $150	7.0	3.4	3.6		
$151 - $300	16.5	15.0	1.5		

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
$301 - $700	23.8	22.3	1.5	
$701 or above	14.6	22.7	-8.1	
Average monthly TTP in months received HCV[b] ($)	*366*	*382*	- -	- -
Has a utility allowance in Month 30 (%)	84.0	79.0	5.0 ***	0.005
Average utility allowance in Month 30 if received utility allowance in that month ($)	*252*	*251*	- -	- -
Family Share				
Family share in Month 30[c] (%)			***	0.000
Exited HCV program or not leased up during study period	3.9	8.5	-4.6	
$0	1.8	16.0	-14.2	
$1 - $100	30.8	12.3	18.5	
$101 - $300	23.9	17.7	6.2	
$301 - $700	24.5	22.9	1.6	
$701 or above	15.1	22.6	-7.5	
Average monthly family share in months received HCV[c] ($)	*374*	*388*	- -	- -
Family share as percentage of gross rent in Month 30, if received HCV (%)	*19.3*	*22.8*	- -	- -
Paid above the payment standard in Month 30, if received HCV (%)	*6.4*	*2.8*	- -	- -
Housing Subsidy				
Average number of months received housing subsidy[d]	28.9	28.4	0.6 **	0.016
Average monthly housing subsidy in months received HCV[d] ($)	*1,444*	*1,431*	- -	- -
Total housing subsidy ($)				
Year 1	16,211	15,953	258	0.319
Year 2	16,988	16,963	25	0.933
Last month	1,506	1,364	142 ***	0.000
Full period	42,143	40,950	1,193 *	0.085
Average annual housing subsidy (%)				0.857
Exited HCV program or not leased up during full period	1.2	1.4	-0.2	
$0	0.3	0.3	0.0	
$1 - $4,999	3.0	3.9	-0.9	
$5,000 - $9,999	5.9	6.0	-0.1	

(continued)

(Table 4.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
$10,000 - $14,999	24.0	23.9	0.0	
$15,000 or more	65.7	64.6	1.1	
Average housing subsidy in Month 30, if received HCV ($)	*1,561*	*1,497*	- -	- -
Sample size (total = 1,909)	944	965		

SOURCE: MDRC calculations using PHA data.

NOTES: HCV = Housing Choice Voucher. TTP = total tenant payment. n/a = not available.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test for continuous variables and selected outcomes expressed as proportions. For categorical variables a chi-square test was used to determine whether there is a difference in the distribution of related outcomes for the new rent rules group compared with the existing rent rules group. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. When categorical variables are part of a distribution, the statistical significance levels, which apply to the distribution, are shown above the distribution.

A statistical test was not performed on differences in the percentage of households currently enrolled in the HCV program but not leased up, or differences in the percentage of households that ported out to another housing agency due to small sample sizes within those categories.

Rounding may cause slight discrepancies in calculating sums and differences.

Square brackets indicate that the chi-square test may not be valid due to small sample sizes within the cross-tabulation distribution.

Italic type indicates comparisons that are nonexperimental. Statistical tests were not performed; therefore, there are no impacts or p-values to report.

The variation across the four PHAs in estimated impacts on total housing subsidy in the full period is not statistically significant based on an H-statistic test.

[a]Gross rent is the contract rent plus the utility allowance for the unit.

[b]Total tenant payment is the amount a family must contribute toward rent and utilities regardless of the unit selected. Under the new rent rules TTP is 28 percent of prior-year gross income, and under existing rent rules TTP is 30 percent of adjusted income.

[c]Family share is the family's contribution toward its gross rent. It may be higher than the TTP if the family rents a unit with a gross rent that exceeds the payment standard.

[d]Housing subsidy is the full subsidy amount paid by the housing agency and includes any utility allowance payments made to the tenant in addition to rent paid to the owner by the housing agency.

In all four PHAs, the new rent policy increased families' likelihood (relative to the control group) of still being in the voucher program and leased up at the end of the 30-month followup period and reduced the likelihood of officially exiting the program. (A small number of families in all sites remained enrolled in the voucher program but were not using their vouchers.) Among control group families, exit rates were lowest in Washington, D.C., where only 3.5 percent had exited by Month 30. Among the other three locations, control group exit rates were comparable, about 24 percent. The new rent rules reduced families' likelihood of exiting the voucher program within the followup period by rates that ranged from 1.3 percentage points in Washington, D.C., to 8.2 percentage points in Louisville. The small effect in Washington, D.C., may largely reflect biennial recertification for the control group in that PHA.

The new rent policy's impacts on average total housing subsidy amounts during the followup period were statistically significant in all four PHAs, ranging from an increase of $1,193 in Washington, D.C., to $1,700 in Louisville. In Washington, D.C., the increase in subsidy primarily emerges after the end of Year 2. As previously explained, the control group's TTPs in that PHA were readjusted for income increases only at the end of the biennial recertification period, rather than annually as in the other PHAs.

In Louisville, because 22 percent of families opted out of the new rent policy, the estimated intent-to-treat (ITT) impacts shown in Table 4.3 may be understated because they are averaged over all families who enrolled in the new rules group, whether or not those families were actually subject to the new rules. Therefore, as explained in chapter 2, treatment-on-treated (TOT) adjustments were made that attribute all effects to only those families who were exposed to the policy. (Similar adjustments were produced for selected employment outcomes, as discussed in chapter 3.) Appendix Table B.1 presents the results of the TOT analysis. It shows, for example, that the TOT impact on the average total subsidies in the 2.5-year followup period was $2,190 (compared with the $1,700 ITT estimate).

In each of the four PHAs, families in the new rent rules group paid a somewhat lower average monthly TTP than did their counterparts in the control group while they were enrolled in the voucher program. The actual patterns, however, varied across different levels of TTPs. At the lower end, as Table 4.3 shows, in Louisville and Washington, D.C., the proportion of families not contributing anything toward their rent and utilities ("zero-TTP families") at the end of the followup period was lower in the new rules group than the control group. This finding reflects the institution of a minimum TTP for the new rules group in PHAs that previously had no minimum TTPs. Some families in the new rules group could still pay a zero TTP as part of a hardship remedy, however. In addition, in Louisville, some families in the new rules group paying a zero TTP may have been families who opted out of the new rules and, therefore, would not be subject to a minimum TTP. In Lexington and San Antonio, because of preexisting minimum TTP policies, virtually no families in the new rent rules group or the existing rent rules group had a zero TTP at the end of the followup period.

Table 4.3 also shows that families' total contributions toward their housing costs, as indicated by the estimate of family share (that is, TTP plus additional family payments for rent and utilities above the payment standard), varied across the four PHAs. For families in the existing rules group, contributions ranged from a low of $345 per month while in the voucher program in Louisville to a high of $388 in Washington, D.C. In each of the PHAs, families in the new rules group paid a lower family share than did families in the existing rules group—compared with the control group, they were covering, out-of-pocket, a smaller percentage of their average gross rental cost.

Paying the Minimum TTP

Table 4.4 shows how the TTPs paid by the new rent rules group compared with the PHAs' minimum TTP levels. For all PHAs combined, only 8.6 percent of families in the new rent rules group ever paid *less* than the minimum TTP during the 2.5-year followup period. Those who did pay less generally were families who received a time-limited hardship remedy (although not all families with a hardship remedy paid below the minimum TTP). Most families (78.3 percent) paid above the minimum TTP sometime during the followup period, and 32.3 percent had paid exactly the minimum. Across the PHAs, Lexington stands out, with more than one-half (51.8 percent) of its families having paid exactly the minimum TTP. This rate is considerably higher than in the other PHAs (where the rate ranges from 24.3 percent to 35.9 percent) and reflects Lexington's relatively high $150 per month minimum TTP and its limited exemptions policy. No Lexington families ever paid less than the minimum. In the other three PHAs, a higher proportion of families than in Lexington had paid above the minimum TTP because the minimum TTP thresholds were set at lower levels.

Table 4.4. Total Tenant Payment (TTP) Relative to the Local Minimum TTP and Use of Safeguards Within First 30 Months of Followup, by Public Housing Agency (PHA), New Rent Rules Group Only

Outcome	Lexington	Louisville	San Antonio	Washington, D.C.	All PHAs
Minimum TTP ($)	150	50	100	75	
Family TTP relative to the local minimum TTP (%)					
Ever paid below the minimum TTP	0.0	8.9	9.9	11.5	8.6
Ever paid the minimum TTP	51.8	24.3	24.8	35.9	32.3
Ever paid above the minimum TTP	67.8	86.6	79.5	76.0	78.3
Number of months paid[a]					
Below the minimum TTP	*0.0*	*6.5*	*6.5*	*8.9*	*7.5*
The minimum TTP	*18.5*	*15.9*	*21.2*	*20.1*	*19.2*
Above the minimum TTP	*24.5*	*26.4*	*25.4*	*27.1*	*26.1*
Ever had grace-period TTP[b] (%)	21.6	21.4	19.2	27.1	22.5
Ever received a restricted interim recertification (%)	7.5	3.6	4.2	5.2	4.8
Ever received a hardship remedy (%)	9.3	18.6	8.8	18.7	14.1
Received hardship remedy in Month 30, if received HCV in that month (%)	*0.8*	*4.1*	*2.3*	*4.6*	*3.3*
Average number of months of a hardship (for those who received hardship)	*4.7*	*8.1*	*8.4*	*10.0*	*7.7*
Sample size	486	735	935	944	3,100

(continued)

(Table 4.4 continued)

SOURCE: MDRC calculations using PHA data.

NOTES: HCV = Housing Choice Voucher.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Total tenant payment is the amount a family must contribute toward rent and utilities regardless of the unit selected. Under the new rent rules TTP is 28 percent of prior-year gross income, and under existing rent rules TTP is 30 percent of adjusted income.

The minimum TTP varies by site and research group. The measures are created using the relevant minimum TTP.

Italic type indicates comparisons that are nonexperimental. Statistical tests were not performed; therefore, there are no impacts or p-values to report.

[a]The "number of months paid" measures limit the sample to those who ever paid that family TTP relative to the local minimum TTP. For example, the number of months paid below the minimum TTP is shown only for those who ever paid the minimum TTP.

[b]At the initial recertification, families receiving grace-period TTPs have their TTPs calculated based on current/anticipated income for 6 months, rather than retrospective income. The grace-period TTP is used if a family's current/anticipated income is more than 10 percent lower than its retrospective income.

In the other three PHAs, families paying below the minimum TTP did so for roughly seven to nine months over the course of the available followup period. Some families will continue doing so after month 30, so the average duration may grow as more followup data become available.

Use of Safeguards by the New Rent Rules Group

Grace-Period Rents

Some families in the new rent rules group found that their retrospective gross incomes were substantially higher than their current/anticipated gross incomes at the time of their initial recertifications. The new rent policy includes several critical safeguards (described in chapter 1 and summarized in Table 4.5) to help protect such families from excessive rent burdens. The grace period is one such safeguard. If at the initial recertification, a family's current/anticipated gross income is more than 10 percent lower than its retrospective income, the family automatically qualifies for (and receives) a 6-month grace-period TTP based on 28 percent of its current/anticipated gross income. The family would need to pay the minimum TTP if that 28 percent were less than the minimum TTP threshold set by its PHA unless the family applies for and receives a hardship exemption. Only available at the beginning of the 3-year period (and at any subsequent triennial recertifications), the 6-month grace period temporarily protects the household from a high rent burden while the family tries to restore its income to its prior level. At the end of the 6-month grace period, the TTPs for these families automatically revert to the TTPs that were based on the retrospective income originally calculated. If the family cannot restore its current income to that original retrospective gross income level, however, it may request interim recertification (limited to one per year) or a hardship remedy.

Table 4.5. Safeguards Built into the New Rent Rules Policy

Safeguard	Timing	Eligibility Criteria	Modified TTP
Grace-Period TTP	At triennial certification	Current or anticipated monthly income is more than 10 percent less than retrospective monthly income.	Based on 28 percent of the current or anticipated monthly income. The modified TTP lasts for 6 months and then automatically switches back to being based on retrospective income.
Interim Recertification[a]	Upon family's request, up to once per year.	The family's retrospective income at the time of the request for the interim recertification is more than 10 percent below its previously established income.	Set at 28 percent of retrospective income based on the 12 months before the request.
Hardship Remedies	At any time	TTP is more than 40 percent of current or anticipated monthly income *or* the family is at risk of eviction.	Set at 28 percent of a family's current or anticipated income (which may be less than the minimum TTP, except in Lexington) for up to 180 days (can be renewed), *or* set at the minimum TTP for up to 180 days (can be renewed), *or* based on an additional interim recertification beyond the normal one-per-year option, *or* supplemented with a "transfer voucher" to help a move to a more affordable unit.

NOTES: TTP = total tenant payment.

The new rent policy uses gross income regardless of whether using current, anticipated, or retrospective income. Gross income is income without making adjustments for deductions.

[a]Interim recertification refers to restricted interims to reduce TTP.

Almost one-fourth (22.5 percent) of families had received a grace-period TTP at the initial recertification when the study period began. The substantial degree of reliance on this safeguard testifies to its importance in protecting families from difficult-to-afford TTPs, at least temporarily, in a rent system that bases TTPs primarily on retrospective income.

Interim Recertifications

As another safeguard, the new rent policy allows families one interim recertification per year. For the new rent rules group, these are referred to as "restricted interim recertifications," because of the numerical restriction placed on them. A family qualifies for this mechanism to lower its TTP only if its income drops by more than 10 percent of its retrospective income over the 12 months immediately prior to the time it requests an interim adjustment. Table 4.4 shows that, during the 2.5-year followup period, 4.8 percent of the new rent rules group received a restricted interim recertification for this purpose. The rate ranged from 3.6 percent in Louisville to 7.5 percent in Lexington. In general, the new rules group was less likely to receive an interim recertification for the purpose of reducing a family's TTP than the existing rules group, as discussed later in this chapter.

Hardship Remedies

As Table 4.5 shows, in addition to grace-period TTPs and interim recertifications, the new rent policy offers potential further relief to families whose TTPs exceed 40 percent of their current/anticipated gross income. Such families are considered to have excessive rent burdens and are generally eligible to request a hardship remedy. In Lexington, however, families are eligible for a hardship remedy only if they are paying TTPs that exceed the PHA's $150 minimum and still meet the 40-percent threshold. No families can pay below the $150 minimum except in cases where households become classified as disabled.

Earlier in the demonstration, when very low rates of hardship requests became apparent after the initial recertifications were completed, the PHAs, HUD, and MDRC discussed the possibility that some families might be eligible for but not be sufficiently aware of the hardship provisions of the new rent policy. To address that concern, the PHAs sent flyers to all families in the new rent rules group reminding them not only of the benefit of not needing to report earnings increases until the triennial recertification, but also that if they were experiencing difficulty meeting their rent obligations, they might qualify for hardship remedies or interim recertifications to reduce their TTPs, and that they should contact their housing specialists to find out whether they qualified. In addition, the agencies mailed a special letter to families that MDRC identified (using PHA data) as having initial TTPs that might qualify them for a hardship remedy. The letters encouraged those families to contact the PHA to see whether they did, in fact, qualify. Of course, it is possible that not all families who qualify for a hardship remedy will want to apply for one, because doing so may require them to interact with the PHA more than they would like. Some potentially eligible families may also have had an increase in income after the initial recertification, which they realized would disqualify them from receiving a hardship remedy. Other considerations may have been factors as well. (Chapters 5 and 6 provide more detail on staff's and participants' experiences and views of the hardship policy and the other safeguards.)

A hardship remedy can be issued at any time during the 3-year period. Across all PHAs, about 14 percent of families requested and received a hardship remedy by the end of the followup period, ranging from 8.8 percent in San Antonio to 18.7 percent in Washington, D.C. (see Table 4.4). This rate is higher than the rate at the time of initial recertification, when, as shown in the baseline report, only 0.5 percent of families across the four PHAs received a hardship remedy.[77] The small increase over time may reflect the possibility that a growing proportion of families experienced a substantial post-recertification loss of income. It could reflect a growing awareness among already-qualifying families of the availability of this safeguard and their willingness to request it.[78]

Table 4.4 also shows that a somewhat smaller proportion of families had received a hardship remedy in Month 30, compared with the proportion who ever received a hardship remedy during the 30-month followup period. For example, in Washington, D.C., the rate fell to 4.6 percent, indicating that, for at least some families, those time-limited remedies expired and were not renewed.

Impacts on PHA Actions for Families

One goal of the new rent policy is to simplify the rent-determination process. Doing so, it was hoped, would reduce the administrative burden and costs for the PHAs and lighten the burden on families. Toward that goal, as discussed previously, the new policy eliminates deductions from income in calculating TTPs (focusing on gross rather than adjusted income); ignores any income from (and documentation requirements for) assets that were valued at less than $25,000 (rather than the traditional $5,000 limit); simplifies the approach to estimating utilities costs; switches from an annual to a triennial recertification process; and limits to one per year the number of interim recertifications permitted as a result of income reductions (and only when a decrease in income exceeds 10 percent of retrospective income).

To some degree, these burden-reducing features are counterbalanced by the new policy's reliance on retrospective income in the prior 12 months in setting a family's TTP (except for grace-period and hardship TTPs), which can be more time-consuming for certain types of families than relying on a family's current/anticipated income (as called for by HUD's traditional rent policy).[79] In addition, the institution of minimum TTPs where none existed before (in Louisville and Washington, D.C.) and the new policy's hardship remedies, when requested, worked against a reduction in administrative burden. Chapter 5 explores the PHAs' experiences in operationalizing these features based on indepth qualitative interviews with staff and provides some nuanced insights into those experiences. The current chapter uses PHA data to examine quantitatively the new policy's effects on the frequency of formal actions that staff must complete to address changes in families' circumstances.

Under HUD's traditional rent policy, PHA housing specialists conduct annual income recertifications for families and take certain actions when families report changes in particular circumstances—for example, if a family moves to a different housing unit; if its income falls; if its

[77] Riccio, Deitch, and Verma (2017). At the time of initial recertification, the rates were zero in Lexington, 1.6 percent in Louisville, 0.2 percent in San Antonio, and 0.2 percent in Washington, D.C.
[78] Determining the proportion of all families in the new rules group who might be eligible for a hardship remedy is not possible, because, under the policy's triennial recertification feature, they are not required to report their incomes for 3 years.
[79] For details on how retrospective income is determined, see Riccio, Deitch, and Verma (2017).

income increases before its annual recertification takes place (although this reporting requirement can be waived under current HUD rules);[80] if its household composition changes (for instance, if individuals move out of or into their housing unit, a child is born, or a family member passes away); if the rent charged by the landlord for the family's unit (the contract rent) changes; or for a number of other reasons. Under the new rent policy, mandatory annual recertifications and interim reporting of income increases are eliminated,[81] and no more than one recertification per year is permitted for income reductions. Families must continue to report all other types of changes in circumstances required by traditional HUD rules.

Table 4.6 compares the likelihood and frequency of these types of actions across the two research groups during the 2.5-year followup period for this report for all four PHAs combined. It shows that 89.5 percent of the existing rules group had an action that required a response from PHA staff, compared with 71.9 percent of the new rules group—a reduction of 17.6 percentage points. More striking is the reduction in regular recertifications (annual in three PHAs and biennial in Washington, D.C.), which were 68 percentage points lower for the new rules group. Also contributing to the overall reductions in PHA actions were reductions in the likelihood of interim recertifications for decreases in income (by 19.8 percentage points) and reductions in interim recertifications for increased income (by 24.1 percentage points).[82] Although the new rent rules generally eliminated interim recertifications for increased income, some families in the new rules group (4.2 percent) had received such an action, including families in Louisville who opted out of the new rent rules. Other cases may reflect coding inaccuracies in the PHAs' data systems.

[80] The Housing Opportunities Through Modernization Act of 2016, among other changes, eliminates the requirement for families to report increases in earned income between annual recertifications (codifying an option that had previously been left to local PHA discretion) and eliminates interim recertifications for families whose incomes drop by less than 10 percent. However, as of mid-2019, HUD had not issued implementation guidance on this issue, and these provisions had not yet gone into effect.

[81] An exception would be cases where another adult moves into the household, allowing the household to qualify for an increase in the voucher size (for example, if a new spouse moves in with his or her own children). That new adult's income would prompt an increase in the household's TTP when the housing agency begins paying HAP on the larger unit, although any increases in the original household members' income since the initial certification still would not be counted until the triennial.

[82] The reasons for interim recertifications listed in Table 4.6 are not mutually exclusive. Thus, the same family could have had two reasons for an interim recertification, sometimes occurring concurrently (for example, a change in household composition and an income increase). These actions are counted separately, except in "any action" measures.

Table 4.6. Impacts on Public Housing Agency (PHA) Actions Within First 30 Months of Followup, All PHAs

Outcome (%)	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
<u>Ever Had Type of Action (%)</u>					
Any action that requires staff response[a]	71.9	89.5	-17.6	***	0.000
Regularly scheduled recertification[b]	12.9	81.1	-68.1	***	0.000
Move/change of unit[c]	23.0	21.8	1.2		0.226
Interims[d]					
Decreased income	20.0	39.8	-19.8	***	0.000
Restricted interim	4.6	n/a	- -		- -
Hardship exemption[e]	11.8	0.1	11.7	***	0.000
Household composition change[f]	4.1	11.0	-6.9	***	0.000
Increased income	4.2	28.4	-24.1	***	0.000
Household composition change	14.8	17.6	-2.8	***	0.001
Contract rent change[g]	37.1	18.4	18.8	***	0.000
Other action[h]	16.7	8.0	8.7	***	0.000
<u>Number of Actions</u>					
Average number of actions	1.5	2.7	-1.2	***	0.000
Any action that requires staff response[a] (%)				***	0.000
None	28.1	10.5	17.6		
1	26.1	12.8	13.3		
2	25.4	25.3	0.1		
3-4	17.7	37.5	-19.8		
5 or more	2.7	14.0	-11.2		
Annual[b]				***	0.000
None	87.1	19.0	68.1		
1	9.0	36.7	-27.7		
2 or more	4.0	44.4	-40.4		
Move/change of unit[c]					0.513
None	77.0	78.3	-1.2		
1	20.6	19.4	1.2		
2 or more	2.4	2.3	0.0		
Decreased income (%)				***	0.000
None	80.0	60.2	19.8		
1	15.0	28.4	-13.4		
2 or more	5.0	11.4	-6.5		

(continued)

(Table 4.6 continued)

Outcome (%)	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Increased income (%)				***	0.000
None	95.8	71.6	24.1		
1	3.6	20.7	-17.1		
2 or more	0.7	7.7	-7.0		
Household composition change[f] (%)				**	0.011
None	85.2	82.4	2.8		
1	12.9	14.8	-1.9		
2 or more	1.9	2.8	-0.9		
Contract rent change[g] (%)				***	0.000
None	62.9	81.7	-18.8		
1	23.8	15.4	8.4		
2 or more	13.3	2.9	10.4		
Other action[h] (%)				***	0.000
None	83.3	92.0	-8.7		
1	12.2	7.2	5.0		
2 or more	4.4	0.8	3.6		
Sample size (total = 6,665)	3,312	3,353			

(continued)

(Table 4.6 continued)

SOURCE: MDRC calculations using PHA data.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test for continuous variables and selected outcomes expressed as proportions. For categorical variables a chi-square test was used to determine whether there is a difference in the distribution of related outcomes for the new rent rules group compared with the existing rent rules group. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. When categorical variables are part of a distribution, the statistical significance levels, which apply to the distribution, are shown above the distribution.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Certification actions that require staff interaction include annual reexaminations, interim reexaminations (except for end of grace period and end of hardship records), and change-of-unit actions.

[b]Regularly scheduled recertification reflect actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[c]"Move/change of unit" actions reflect actions recorded as "Action code 7: other change of unit" on the 50059 form. If a move was recorded through an annual or interim action, it is not reflected in this outcome.

[d]Interims reflect all actions recorded as "Action code 3: interim reexamination" on the 50058 form, except interim reexaminations to end a grace period or hardship rent. Types of interim actions are not mutually exclusive. Any action counts as each action once. At the same interim certification event, a household may have reported changes in its situation that fell into more than one of the categories displayed in this table.

[e]Households in the existing rent rules groups in Louisville and Washington, D.C., were not subject to a minimum rent. Thus, there was no hardship exemption available to them. This only includes hardships received through an interim recertification.

[f]This outcome indicates a decrease in income that occurred at the same time that household composition changed. When household members are removed, so is their income.

[g]The "existing rent rules" group often has contract rent changes included in their annual reexaminations, and in that case the contract rent increase is not included in this category.

[h]Other actions include interims (or some other reason but not end of grace or hardship), which are difficult to classify from the available data.

At the same time, some types of actions were more frequent for the new rules group than for the existing rules group, thus offsetting somewhat the larger reduction in actions resulting primarily from the reduction in annual recertifications. Among these were staff actions to process changes in rent contracts with landlords, typically when landlords raised the rent. For control group families, these changes were usually addressed as part of the annual recertification process. For the new rules group, which was subject to triennial recertifications, changes in contract rents during the 3-year period required a separate action. These actions primarily required staff to determine that the increase was reasonable, update the contract rent amount, and notify the landlord and tenant about the changes to the rent calculations. This type of action does not require a review of a family's income, which is one of the more time-consuming aspects of processing recertifications.

Overall, the new rent policy decreased the average number of actions requiring a staff response by 1.2 during the followup period, from 2.7 for the existing rules group to 1.5 for the new rules group (Table 4.6). Much of the reduction, however, occurred among families likely to have a moderate or high number of actions. For example, the new rent policy reduced the likelihood of three to four actions by 19.8 percentage points and the likelihood of five actions or more by 11.2 percentage points. The three actions among the most likely to be reduced were: (1) annual/biennial recertifications, (2) interim recertifications for reductions in income, and (3) interim recertifications for increases in income. These three actions were generally the most time-consuming actions for staff, because they required reviewing household income to enable the PHA's software system to recalculate TTPs and subsidies.[83]

These patterns vary substantially across the four PHAs, as shown in Table 4.7. In reviewing these results, it is necessary to keep in mind that there are some important differences across the PHAs in the policies that applied to the control group. In Lexington, Louisville, and San Antonio, control group families remained subject to the traditional HUD requirements, including an annual schedule for regular recertifications. These three PHAs have different reporting requirements, however, if a family's income increased between annual recertifications.[84] In Washington, D.C., the control group members must only report income increases every 2 years.

[83] See the time estimates for staff actions collected for the cost analysis, discussed in chapter 5 (Table 5.3) and appendix D (Appendix Table D.1).
[84] See Appendix Table A.1 and chapter 2.

Table 4.7. Impacts on Public Housing Agency (PHA) Actions Within First 30 Months of Followup, by PHA

Lexington					
Ever Had Type of Action (%)					
Any action that requires staff response[a]	69.9	91.2	-21.3	***	0.000
Regularly scheduled recertification[b]	3.3	86.7	-83.4	***	0.000
Move/change of unit[c]	28.1	29.9	-1.7		0.548
Interims[d]					
Decreased income	15.9	50.9	-35.0	***	0.000
Restricted interim	*7.5*	*n/a*	- -		- -
Hardship exemption[e]	8.5	0.8	7.7	***	0.000
Household composition change[f]	2.6	11.2	-8.6	***	0.000
Increased income	6.4	37.5	-31.1	***	0.000
Household composition change	16.5	19.1	-2.6		0.290
Contract rent change[g]	29.6	27.9	1.7		0.555
Other action[h]	18.7	10.5	8.2	***	0.000
Number of Actions					
Average number of actions	1.3	3.7	-2.4	***	0.000
Any action that requires staff response[a] (%)				***	0.000
None	30.1	8.9	21.3		
1	31.9	6.7	25.1		
2	22.7	11.7	11.0		
3-4	14.2	41.2	-26.9		
5 or more	1.1	31.6	-30.5		
Sample size (total = 979)	486	493			
Louisville					
Ever Had Type of Action (%)					
Any action that requires staff response[a]	93.0	93.1	-0.1		0.929
Regularly scheduled recertification[b]	30.5	82.8	-52.3	***	0.000
Move/change of unit[c]	25.7	28.0	-2.3		0.258
Interims[d]					
Decreased income	24.2	47.3	-23.1	***	0.000
Restricted interim	*2.8*	*n/a*	- -		- -
Hardship exemption[e]	12.1	0.0	12.1	***	0.000
Household composition change[f]	5.5	11.8	-6.3	***	0.000

(continued)

(Table 4.7 continued)

Outcome (%)	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
Increased income	10.2	58.0	-47.7	***	0.000
Household composition change	16.0	20.7	-4.7	***	0.007
Contract rent change[g]	56.8	10.3	46.5	***	0.000
Other action[h]	38.7	17.5	21.2	***	0.000
Number of Actions					
Average number of actions	2.6	3.4	-0.8	***	0.000
Any action that requires staff response[a] (%)				***	0.000
None	7.0	6.9	0.1		
1	5.6	6.6	-1.0		
2	42.1	14.9	27.2		
3-4	38.1	48.1	-10.1		
5 or more	7.3	23.4	-16.2		
Sample size (total = 1,908)	947	961			
San Antonio					
Ever Had Type of Action (%)					
Any action that requires staff response[a]	57.7	85.8	-28.1	***	0.000
Regularly scheduled recertification[b]	12.9	83.0	-70.1	***	0.000
Move/change of unit[c]	20.0	10.2	9.8	***	0.000
Interims[d]					
Decreased income	13.0	31.3	-18.3	***	0.000
Restricted interim	*4.2*	*n/a*	- -		- -
Hardship exemption[e]	7.4	0.0	7.5	***	0.000
Household composition change[f]	2.4	9.6	-7.2	***	0.000
Increased income	0.5	3.6	-3.1	***	0.000
Household composition change	12.7	14.3	-1.7		0.289
Contract rent change[g]	21.6	6.4	15.2	***	0.000
Other action[h]	4.0	2.1	1.8	**	0.023
Number of Actions					
Average number of actions	0.9	2.2	-1.3	***	0.000
Any action that requires staff response[a] (%)				***	0.000
None	42.3	14.2	28.1		
1	33.6	7.5	26.1		
2	16.6	39.2	-22.7		
3-4	7.3	35.3	-28.1		

(continued)

(Table 4.7 continued)

Outcome (%)	New Rent Rules	Existing Rent Rules	Difference (Impact)		P-Value
5 or more	0.3	3.8	-3.5		
Sample size (total = 1,869)	935	934			
Washington, D.C.					
Ever Had Type of Action (%)					
Any action that requires staff response[a]	65.8	88.6	-22.8	***	0.000
Regularly scheduled recertification, Year 1	0.3	4.0	-3.7	***	0.000
Regularly scheduled recertification, full period[b]	0.4	74.5	-74.1	***	0.000
Move/change of unit[c]	20.7	22.4	-1.7		0.378
Interims[d]					
Decreased income	24.4	35.1	-10.8	***	0.000
Restricted interim	*5.2*	*n/a*	- -		- -
Hardship exemption[e]	17.4	0.0	17.4	***	0.000
Household composition change[f]	4.9	11.5	-6.6	***	0.000
Increased income	0.5	18.6	-18.0	***	0.000
Household composition change	14.7	17.0	-2.3		0.161
Contract rent change[g]	36.1	33.5	2.6		0.231
Other action[h]	6.0	3.2	2.8	***	0.003
Number of Actions					
Average number of actions	1.1	2.0	-0.9	***	0.000
Any action that requires staff response[a] (%)				***	0.000
None	34.2	11.4	22.8		
1	36.4	27.0	9.4		
2	19.0	28.7	-9.7		
3-4	9.3	27.3	-18.0		
5 or more	1.1	5.6	-4.5		
Sample size (total = 1,909)	944	965			

(continued)

(Table 4.7 continued)

SOURCE: MDRC calculations using PHA data.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test for continuous variables and selected outcomes expressed as proportions. For categorical variables a chi-square test was used to determine whether there is a difference in the distribution of related outcomes for the new rent rules group compared with the existing rent rules group. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent. When categorical variables are part of a distribution, the statistical significance levels, which apply to the distribution, are shown above the distribution.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Certification actions that require staff interaction include annual reexaminations, interim reexaminations (except for end of grace period and end of hardship records), and change-of-unit actions.

[b]Regularly scheduled recertification reflect actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[c]"Move/change of unit" actions reflect actions recorded as "Action code 7: other change of unit" on the 50059 form. If a move was recorded through an annual or interim action, it is not reflected in this outcome.

[d]Interims reflect all actions recorded as "Action code 3: interim reexamination" on the 50058 form, except interim reexaminations to end a grace period or hardship rent. Types of interim actions are not mutually exclusive. Any action counts as each action once. At the same interim certification event, a household may have reported changes in its situation that fell into more than one of the categories displayed in this table.

[e]Households in the existing rent rules groups in Louisville and Washington, D.C., were not subject to a minimum rent. Thus, there was no hardship exemption available to them. This only includes hardships received through an interim recertification.

[f]This outcome indicates a decrease in income that occurred at the same time that household composition changed. When household members are removed, so is their income.

[g]The "existing rent rules" group often has contract rent changes included in their annual reexaminations, and in that case the contract rent increase is not included in this category.

[h]Other actions include interims (or some other reason but not end of grace or hardship), which are difficult to classify from the available data.

In the three PHAs where regularly scheduled recertifications were held annually for the control group, the reduction in those recertifications over the 30-month followup period was largest in Lexington (83.4 percentage points) followed by San Antonio (70.1 percentage points), and then Louisville (52.3 percentage points), where the opt-out families remained subject to the existing rules (see Table 4.7).[85] In Washington, D.C., where regular recertifications were conducted biennially for the control group, the new rent rules reduced the regular recertification rate by 74.1 percentage points.

Table 4.7 also shows that not all control group families in Lexington, Louisville, and San Antonio completed an annual recertification during the followup period, although these are required under traditional HUD rules. In a small number of cases, the families had exited the voucher program or moved to another PHA before they were due for an annual recertification. In

[85]In Louisville, the TOT adjustment, which averages impacts only over the non-opt-out families, shows a reduction in annual recertifications of 67.3 percentage points. See appendix Table B.1.

some cases, the family moved to another unit, and the full income review conducted by the PHA when it processed that move (a "move action") substituted for the annual recertification.

The reduction in the number of interim recertifications caused by the new rent policy for increased income was largest in Louisville (47.7 percentage points), despite the opt-out option for the new rules group. In that PHA, 58.0 percent of control group families received an interim recertification for increased income, compared with 37.5 percent in Lexington, 3.6 percent in San Antonio, and 18.6 percent in Washington, D.C. These control group rates were distinctly lower in San Antonio, which did not require control group families to report interim income between annual recertifications, and in Washington, D.C., which instituted a biennial recertification policy for the control group.[86]

Use of Housing and Services for the Homeless

As part of the effort to assess whether the new rent policy has increased or decreased families' material hardships, the evaluation will include data on a variety of family well-being measures. Most of this information will come from the survey of heads of households scheduled for fielding in 2019. Data are also being collected from the Homeless Management Information System (HMIS).[87] This system is used by localities around the country to track the use of homeless shelters and other housing for homeless individuals and families and their receipt of homelessness services. For this report, the evaluation sample for the Rent Reform Demonstration was matched to the HMIS database in each of the four study sites to determine whether the new rules group was any more likely than the existing rules group to use housing and services.

Table 4.8 shows that among household heads pooled across the four PHAs, very few in either the new rent rules group or the existing rules group had received housing assistance for homeless families or individuals or services for the homeless. For example, less than 1 percent had spent at least one night in an emergency shelter or other types of housing for the homeless during the first 27 months of followup.[88] Table 4.9 shows that, in the three PHAs (Louisville, San Antonio, and Washington, D.C.) where data on other homelessness services are available, the proportion of control group household heads receiving other services is also very low.[89] Service receipt rates

[86] See Appendix Table A.1 and chapter 3 for differences in income report requirements across the PHAs.
[87] As explained on HUD's website, "A Homeless Management Information System (HMIS) is a local information technology system used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. Each Continuum of Care is responsible for selecting an HMIS software solution that complies with HUD's data collection, management, and reporting standards" (HUD Exchange, 2019).
[88] A stay is defined as an individual's use of any of the following types of housing assistance: emergency shelter, transitional housing, safe haven, or various forms of permanent housing, such as permanent housing without services, permanent housing with services, permanent supportive housing, or rapid re-housing.
[89] Use of a service is defined as an individual's use of any of the following services: street outreach, day shelter, homelessness prevention, coordinated assessment, services only, or other project type. "Services only" and "other" project types indicate that the project only provides services, not including street outreach. "Services only" projects have associated housing outcomes while "other" projects provide "stand alone supportive services" (U.S. Department of Housing and Urban Development, HMIS Data Standards

among control group members during the full followup period were higher in San Antonio (10.4 percent) than in Louisville (0.1 percent) and Washington, D.C. (1.3 percent). However, virtually no substantive difference on this outcome measure exists between the new and existing rules groups in any of these locations. Similar low-use patterns (not shown in the tables) are evident for non-household heads. In general, the use of homelessness housing and services is low at this stage of the evaluation because, as previous sections of this chapter have shown, most families were still receiving housing subsidies at the end of the followup period for this report. Future reports will show whether the rates climb over time as more families exit the voucher program and whether the new rent policy affects those rates.

Data Dictionary, Version 1.3, 2018). Any records without a project type or with a retired project code are also included as a service, except in the few cases where project type was inferable from the associated provider name.

Table 4.8. Impacts on Use of Homelessness Services Within First 27 Months of Followup, All Public Housing Agencies (PHAs): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
All PHAs				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.4	0.5	-0.1	0.557
Year 2 (quarters 7-10)	0.7	0.7	-0.1	0.764
Full period (quarters 3-11)	0.8	1.0	-0.2	0.438
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.2	0.2	0.0	0.839
Year 2 (quarters 7-10)	0.5	0.5	0.0	0.837
Full period (quarters 3-11)	0.6	0.6	-0.1	0.788
Sample size (total = 6,665)	3,312	3,353		
All PHAs except Washington, D.C.				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.3	0.4	-0.1	0.421
Year 2 (quarters 7-10)	0.6	0.6	0.0	0.965
Full period (quarters 3-11)	0.7	0.8	-0.1	0.772
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.2	0.2	0.0	0.914
Year 2 (quarters 7-10)	0.5	0.3	0.1	0.415
Full period (quarters 3-11)	0.5	0.5	0.1	0.769
Sample size (total = 4,756)	2,368	2,388		

SOURCE: MDRC calculations using Homeless Management Information System data.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to the differences between research group outcomes. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent, ** = 5 percent, * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a]A stay is defined based on the individual's use of any of the following types of housing assistance: emergency shelter, transitional housing, safe haven, or various forms of permanent housing, such as permanent housing without services, permanent housing with services, permanent supportive housing, or rapid rehousing.

Table 4.9. Impacts on Use of Homelessness Services Within First 27 Months of Followup, by Public Housing Agency (PHA): Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.2	0.2	-0.1	0.868
Year 2 (quarters 7-10)	0.2	0.2	-0.1	0.872
Full period (quarters 3-11)	0.4	0.5	-0.1	0.837
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.2	0.2	-0.1	0.868
Year 2 (quarters 7-10)	0.2	0.2	-0.1	0.872
Full period (quarters 3-11)	0.4	0.5	-0.1	0.837
Any use of services[b] (%)				
Year 1 (quarters 3-6)	NA	NA	NA	
Year 2 (quarters 7-10)	NA	NA	NA	
Full period (quarters 3-11)	NA	NA	NA	
Any stay or use of services (%)				
Year 1 (quarters 3-6)	NA	NA	NA	
Year 2 (quarters 7-10)	NA	NA	NA	
Full period (quarters 3-11)	NA	NA	NA	
Sample size (total = 979)	486	493		
Louisville				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.841
Year 2 (quarters 7-10)	0.7	0.2	0.5*	0.095
Full period (quarters 3-11)	0.7	0.2	0.5*	0.095
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.841
Year 2 (quarters 7-10)	0.6	0.2	0.4	0.166
Full period (quarters 3-11)	0.6	0.2	0.4	0.166
Any use of services[b] (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.841
Year 2 (quarters 7-10)	0.1	0.1	0.0	0.841
Full period (quarters 3-11)	0.3	0.1	0.2	0.330
Any stay or use of services (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.841
Year 2 (quarters 7-10)	0.7	0.2	0.5*	0.095
Full period (quarters 3-11)	0.7	0.2	0.5*	0.095
Sample size (total = 1,908)	947	961		

(continued)

(Table 4.9 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
San Antonio				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.5	0.9	-0.4	0.341
Year 2 (quarters 7-10)	0.7	1.1	-0.4	0.342
Full period (quarters 3-11)	0.9	1.6	-0.6	0.211
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.2	0.2	-0.1	0.813
Year 2 (quarters 7-10)	0.5	0.5	0.0	0.925
Full period (quarters 3-11)	0.6	0.8	-0.2	0.603
Any use of services[b] (%)				
Year 1 (quarters 3-6)	7.3	7.9	-0.7	0.591
Year 2 (quarters 7-10)	6.6	6.0	0.6	0.625
Full period (quarters 3-11)	9.4	10.4	-1.0	0.466
Any stay or use of services (%)				
Year 1 (quarters 3-6)	7.5	8.2	-0.7	0.556
Year 2 (quarters 7-10)	6.8	6.4	0.5	0.688
Full period (quarters 3-11)	9.6	10.7	-1.1	0.439
Sample size (total = 1,869)	935	934		
Washington, D.C.				
At least 1 night stay[a] (%)				
Year 1 (quarters 3-6)	0.8	0.7	0.1	0.892
Year 2 (quarters 7-10)	1.0	1.1	-0.2	0.688
Full period (quarters 3-11)	1.2	1.5	-0.4	0.486
Any stay in an emergency shelter (%)				
Year 1 (quarters 3-6)	0.4	0.3	0.1	0.672
Year 2 (quarters 7-10)	0.6	0.8	-0.2	0.601
Full period (quarters 3-11)	0.7	1.0	-0.3	0.485
Any use of services[b] (%)				
Year 1 (quarters 3-6)	0.6	0.1	0.5*	0.060
Year 2 (quarters 7-10)	1.5	1.0	0.5	0.319
Full period (quarters 3-11)	2.0	1.3	0.7	0.253
Any stay or use of services (%)				
Year 1 (quarters 3-6)	1.1	0.7	0.4	0.399
Year 2 (quarters 7-10)	2.0	1.8	0.2	0.754
Full period (quarters 3-11)	2.5	2.3	0.2	0.799
Sample size (total = 1,909)	944	965		

(continued)

(Table 4.9 continued)

SOURCE: MDRC calculations using Homeless Management Information System data.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to the differences between research group outcomes. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent, ** = 5 percent, * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a]A stay is defined based on the individual's use of any of the following types of housing assistance: emergency shelter, transitional housing, safe haven, or various forms of permanent housing, such as permanent housing without services, permanent housing with services, permanent supportive housing, or rapid rehousing.

[b]Use of a service is defined based on the individual's use of any of the following services only, or other project type. "Services only" and "other" project types indicate that the project only provides services, not including street outreach. "Services only" projects have associated housing outcomes while "other" projects provide "stand alone supportive services" (U.S. Department of Housing and Urban Development, HMIS Data Standards Data Dictionary, Version 1.3, 2018). Any records without a project type or with a retired project code are also included as a service, except in the few cases where project type was inferable from the associated provider name.

Conclusion

As this chapter shows, the new rent policy had already begun to change families' experiences with the Housing Choice Voucher program during the first 2.5 years that the policy was in effect. On average, the new policy reduced families' TTPs and average family share relative to the control group's levels, and it increased their likelihood of still being on the voucher program by the end of the 30-month followup period for this report. These effects led to an increase in the average amount of housing subsidy received so far, which was intended by the policy design to support work. Relative to the existing rent rules, the new policy reduced the proportion of families paying zero TTP or very low TTPs as a result of the introduction of or increase in minimum TTPs in three of the four PHAs (excluding Lexington, which instituted the same high TTP for both research groups). At the same time, most families paid TTPs that exceeded the PHA's minimum. At some point during the followup period, a relatively small proportion of families had ever received the hardship remedies offered as a protection against excessive rent burden, but this cumulative rate grew over time. Few household heads in either research group were found to have used local housing or services for the homeless.

The new policy reduced the likelihood of certain transactions with staff, especially the most time-consuming ones that involved income reviews for adjustments to TTPs and subsidies (for example, annual recertifications and interim recertifications as a result of increases or decreases in family income). These trends are likely to grow while the new policy's TTP cap and restrictions on the number of interim recertifications remain in effect—until families reach their triennial recertifications and, if they are still receiving vouchers, have their TTPs recalculated and capped for the subsequent 3 years.

Chapter 5.

Implementing the New Rent Rules: PHA Experiences

Implementing the new rent policy placed new demands on the public housing agencies (PHAs) participating in the Rent Reform Demonstration. Their staff had to operationalize new procedures for the new rent rules group while continuing to operate the existing rent policy for the control group. They had to learn the details of the new policy and how the rent-calculation software systems had been modified to accommodate the new rules. They also had to understand the intent behind those rules and learn how to describe to families the new policy's benefits and safeguards. By mid-2016, all the PHAs had completed all families' initial recertifications under the new or existing rent rules, depending on the group to which families were assigned.[90]

Three years after beginning the new rent policy, what have been the PHAs' experiences putting the that policy into practice? What, if any, features of the policy have been difficult to implement? How do staff contrast their experiences with the new policy against the existing policy? Does the staff believe that families understand the policy requirements and its safeguards? Which aspects of the policy are most appealing to them? What costs are entailed in operating the new rent system? These and related questions are the focus of this chapter. (The next chapter will examine some of these issues from the families' perspective.)

The study's field research team conducted two rounds of indepth interviews with PHA managers, supervisors, and housing specialists for the Housing Choice Voucher (HCV) program. The specialists are the frontline staff who meet with tenants and process rent recertifications, rent adjustment requests, and other voucher-related matters for the housing agency.[91] The first round of interviews was conducted in mid-2016, roughly a year after the PHAs had started recertifying households under the new rent rules.[92] The second round was conducted in late 2018 and coincided with the triennial recertifications for families coming up on their 3-year mark. Taken together, observations from the two rounds of interviews provide a picture of program implementation experiences over distinct phases of the demonstration. The analysis also draws on the experiences of MDRC's technical assistance team, which prepared an operations manual for the PHAs' staff, trained them on the new rent rules, and monitored the implementation process. All of these

[90] Frontline staff were also responsible for explaining the evaluation to families and how it would affect them. See Riccio, Deitch, and Verma (2017) for more detail on staff training and how staff informed families about the new rent policy, their assigned rent group, and the evaluation process.

[91] The qualitative research team included MDRC staff, an independent consultant, and researchers at the Urban Institute. Round 1 interviews included 14 HCV specialists working with families in the new rules group and 8 managers and supervisors; interviews were also conducted with a small number of HCV specialists working with families in the existing rules group. Round 2 included 16 HCV specialists working with these families and, except for San Antonio that experienced staffing changes, the same managers and supervisors interviewed at Round 1.

[92] The exception is Washington, D.C., where the first round of field research was conducted about 7 months after the PHA started recertifying families under the new rent rules. This site recertified families between October and December 2015. Also see Table 2.4 for additional information on the study enrollment and followup period for all four sites.

qualitative data provide an opportunity to go behind the numbers discussed in chapter 4 and unpack some of the patterns from the perspective of agency staff.

PHA Staffing Arrangements and Operational Support

As described in earlier reports, each PHA developed staffing plans that best suited its needs. Leading up to the launch of the demonstration, San Antonio assigned a team of two housing specialists to conduct all the recertifications for families in the new rent rules group. Louisville devoted a team of four housing specialists, and Washington, D.C., assigned eight housing specialists to this group. Lexington devoted a team of seven to work on the demonstration, with each specialist conducting recertifications for families in both the new and existing rent rules groups. Staff assignments were guided by each PHA's assessment of the number of families eligible for each recertification cycle and the desire to limit the number of staff members who would need training to administer the new rent policy. Each PHA also assigned a dedicated manager or supervisor for the demonstration who worked closely with the specialists to oversee day-to-day activities and coordinate demonstration-related activities with the study team.

Over the 3-year implementation period, all the PHAs largely maintained their original staffing configurations, although some of them had to contend with staff turnover due to promotions or agency departures. Lexington and Washington, D.C., took a more integrated approach, having the same staff work on both the new and existing rules. In contrast, Louisville and San Antonio assigned separate staff to each group. Louisville started with four housing specialists assigned to the new rent rules group but had a team of only two specialists at the time of the triennial recertification.[93] As the PHA had not yet filled the vacancies, the smaller team needed more time than originally planned to process the triennial recertifications of the new rules group. Washington, D.C., which conducted recertifications for new rules families in a condensed, 3-month period, drew staff from other parts of the agency to help with this process.

Per the policy design, staff members were expected to have fewer contacts with families in the new rules groups (a pattern confirmed in chapter 4). Between the 2015 and 2016 initial recertifications at the beginning of the study and the triennial recertifications, which began in mid-2018, staff processed interims, hardship requests, and other actions for families in the new rent rules group. This effort also involved working with families looking to move or requesting contract rent changes and handling other issues that the families raised. In addition, as their schedules permitted, staff who specialized in working with families in the new rules group were often pulled into work with new HCV applicants, recertifying or processing requests for families under the existing rules or handling other PHA work unrelated to the Rent Reform Demonstration. Thus, staff working with families in the new rules group showed peaks and troughs of activity; when possible, their time was filled with other PHA-related activities in the period in between the triennial recertifications.

[93] The site also experienced delays processing triennial recertifications for families in the new rules group but was drawing on other HCV specialists for support with the process.

Following the initial training sessions, MDRC's technical assistance team continued to work closely with the four PHAs to support their implementation of the new rent policy. Through standing check-in conference calls and ad hoc calls, as necessary, MDRC and PHA staff discussed ongoing implementation experiences and issues, addressed special situations that had occurred, and reviewed policy interpretations when clarifications or refinements were needed.[94]

Leading up to the triennial recertifications, which started in early 2018, MDRC worked with the PHAs to review recertification packet materials.[95] These materials included reminders of the income documents families were required to submit, an updated "Frequently Asked Questions" document about the new rent policy, and a brief policy overview. MDRC also offered housing specialists customized refresher training on the policy. This training allowed new staff to learn how the new rent policy was to be implemented and, for those who had been involved in the initial stage, an opportunity to review the features of the policy, especially the retrospective income calculation and hardship remedies.

Unlike the initial recertification, for which the PHAs required most study participants to attend in person to learn about the demonstration and complete a baseline survey, the PHAs reverted to their pre-demonstration procedures for the triennial recertifications.[96] Two of the four PHAs conducted triennial recertifications by mail for both study groups.[97] Staff at these sites had mixed reactions to the shift back to the mail-in process for families in the new rules group. They found explaining documentation requirements easier with the head of household present in the room, rather than having to explain documentation needs by phone or mail.

Implementing Key Components of the New Rent Policy

As discussed earlier in this report, and summarized in Table 5.1, the changes introduced by the new rent rules include features that attempt to simplify the administration of the rent policy and others (such as reliance on retrospective income in setting total tenant payments, or TTPs) that could be somewhat more demanding. Moving to a 3-year (triennial) recertification period was also intended to reduce the volume of TTP recalculations and the number of contacts families had with the PHA between recertifications. Chapter 4 shows that the PHAs saw a reduction in the volume of TTP recalculations for families in the new rules group. This section looks more closely at staff experiences implementing the different features of the new policy and how they align with the design expectations.

---

94 During this period, MDRC's technical assistance team also updated the detailed operations manual to clarify procedures and policies.

95 Typically mailed out to families about a month before the start of the recertification process, which ranged from 90 days in Lexington to 180 days in Washington, D.C.

96 In Louisville, for the initial recertification, families in the traditional rent rules group were not required to attend in-person meetings to complete their annual recertifications, and they could complete their scheduled income reviews by mail. They were, however, required to complete the baseline survey either in person or by telephone.

97 These meetings were conducted in person for the initial recertification. For the triennial recertifications, Lexington and San Antonio continued to use in-person meetings. Louisville and Washington, D.C., reverted to a mail-in process, which had been their standard operational practice under traditional rules.

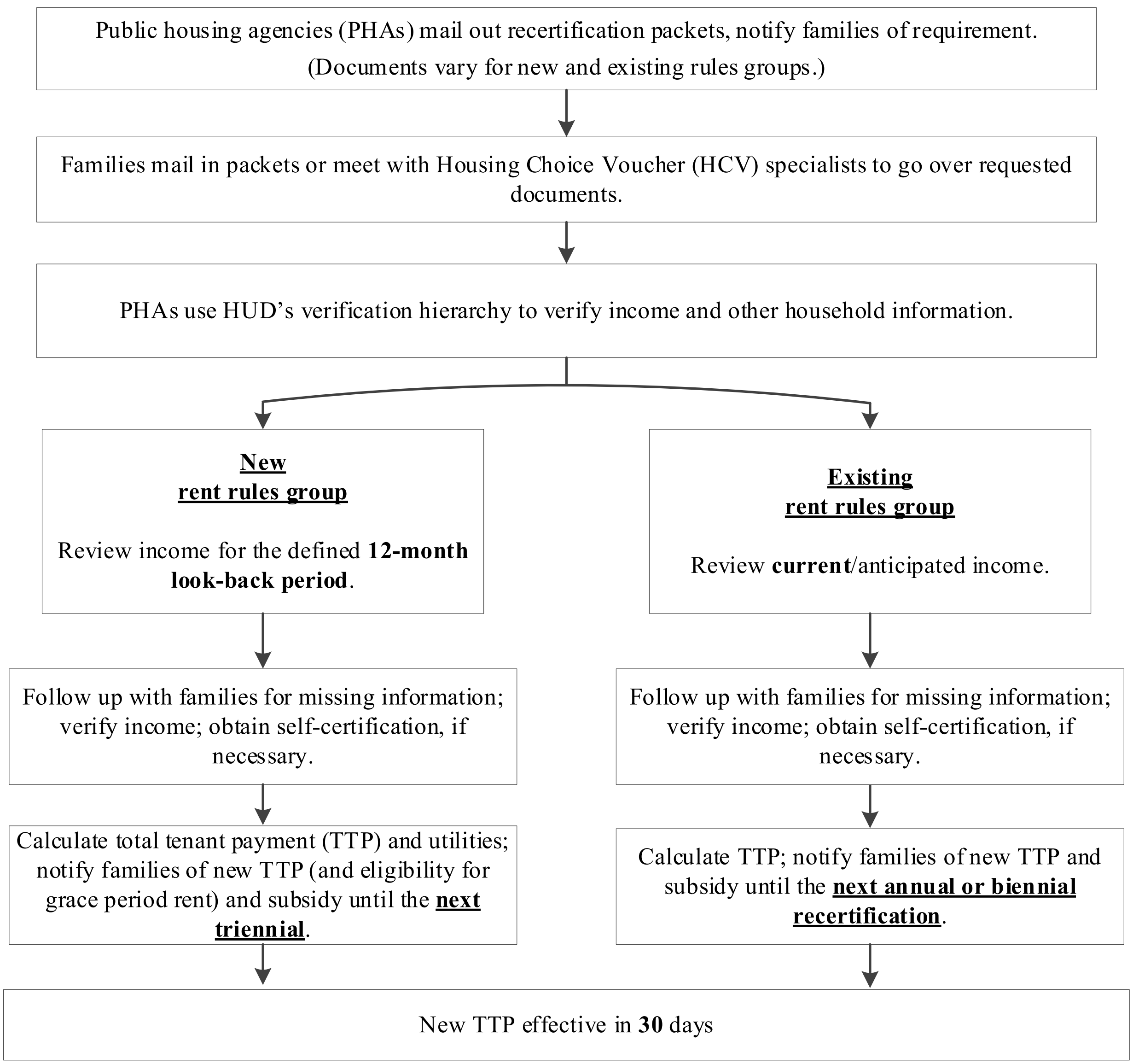
Table 5.1. Components of the New Rent Policy and Expectations for Staff Burden

Component	New Rent Policy	Implementation Expectations and Assumptions
Total Tenant Payment (TTP)	28 percent of gross monthly retrospective income, with no deductions or allowances. Countable income for setting TTP and housing subsidy are based on 12-month retrospective income.	Eliminating deductions or allowances would simplify calculations. Estimating retrospective income may impose some burden, but would vary by families' work history and ability to produce documentation.
Minimum TTP	All families pay a minimum amount of rent directly to their landlords.	Minimal computational burden on staff. Could increase communication burden for staff, clarifying the policy for families and landlords.
Assets	Family income from assets is ignored when total asset value is less than $25,000, and families do not need to document those assets.	Simplifies income calculation and reduces administrative burden on public housing agencies.
Recertification Period	Triennial recertifications. Earnings gains do not increase TTP for 3 years (that is, until the next triennial recertification).	Reduces administrative burden and staff time by greatly decreasing the adjustments to family TTP when income rises.
Interim Recertifications When Income Changes	Interim recertifications are limited to one per year, eligibility permitting.	Reduces the volume of interims conducted. Some interim eligibility-related determination burden.
Utilities	A simplified utilities policy	Reduces considerable administrative burden related to calculating utilities payments.
Hardship Policy	Families can qualify for hardship remedies.	Hardship reviews may add some administrative burden.
Grace Period	At the triennial recertification, eligible families will be automatically granted a grace period. Families can still qualify for a hardship-based remedy during this period.	Grace period status determination is automated by the system. Limited computational burden on staff.

Retrospective Income

HUD's traditional rent policy bases families' monthly TTPs on their current income and the average monthly adjusted income they *anticipate* having over the coming year. In contrast, the new rent policy looks back in time and bases TTPs on families' retrospective incomes. This requires families to document countable income received from all jobs or other sources in the 12-month period leading up to the recertification meeting (see Figure 5.1).

Figure 5.1. Illustration of Recertification for Study Groups



During the design phase, HUD, the PHAs, and MDRC recognized that the ease of calculating TTPs according to retrospective income would depend heavily on how many families had incomes that were unstable, not fully captured by third-party verification systems, and difficult to verify. They also recognized that using current and anticipated income for the new rent policy would be problematic. Such a procedure would mean, for example, asking PHA staff to predict families' income 3 years into the future—far harder to do than making 1-year predictions. Plus, it was hoped that families would increase their earnings in response to the 3-year cap on TTPs. Consequently, basing TTPs on anticipated income (including predicted increases in earnings due to the TTP cap) was conceptually incompatible with the new rent rules. At the same time, relying solely on current income would be problematic, not only because income in any month might not reflect "typical" future income patterns, but also because it could create an unintended incentive for families to reduce their current incomes to lock in a lower TTP for the next 3 years. Such actions would result in unnecessarily low TTPs for some families and unnecessarily high public subsidies. The extent to which voucher holders would resort to such practices is unknown; using the 12-month retrospective income to calculate TTPs would minimize the temptation, however.

Obtaining Income Documents

Families were mailed recertification packets and were informed about the types of income documents they would have to submit in advance of their recertification meeting. They were given a set number of days to return the information. Staff noted the receipt of many incomplete packets, engaging in more back-and-forth to obtain the income information from the families in the new rules group compared with the existing rules group. Incomplete packets are also common for families in the existing rules group, but the longer look-back period made tracking down that information more complicated for some families under the new rules.

Families were used to submitting recent pay stubs for recertification purposes, and some did not fully understand that income documentation requirements had changed under the new rent policy.[98] Families with volatile work histories struggled more with this requirement. As one staff member explained: "When there's a lot of jobs—or people aren't always cooperative to bring things in what you need. The most time-consuming is getting all the verifications back, getting the proof back, from how much they made."

Staff perceptions of the extent to which the families in the new rules group struggled to bring in complete documentation varied not only across but also within some sites. Most housing specialists had the sense that one-third to one-half of their cases submitted incomplete income documents and needed followup. In general, staff experiences varied depending on the types of families with whom they worked.

Staff also described the types of employers that presented more of a challenge for families. Their responses suggest that tenants working for smaller employers and "mom and pop" stores struggled to obtain the necessary employment information. In other cases, tenants who had jobs that ended during the retrospective period may not have left on good terms and were reluctant to ask a former employer for their paystubs. Furthermore, those working for large franchises, like McDonald's, sometimes found it hard to obtain copies of their pay stubs. Staff acknowledged that

[98] For instance, Washington, D.C., requires one of the following: (1) six most recent pay stubs for weekly pay; (2) three most recent pay stubs for biweekly pay; or (3) two most recent pay stubs for semimonthly pay.

families in the existing rent rules group also faced similar challenges, but the longer look-back period for the families in the new rent rules group compounded the problem.

Staff also reported that the documentation burden is largely related to obtaining information on earnings rather than other types of income. As one staff member noted: "The usual places like Social Security and child support—they're good about getting stuff back. That's no problem. …TANF [Temporary Assistance for Needy Families] is easy. Adoption assistance—they're good about that. Pensions are usually—they have that information. Be just like [out of] business or old employers where they got fired. Things like that—they just chuck those in the trash, I think. Especially when they don't work there any longer."[99]

Households with multiple earners also presented unique challenges. Staff also described situations where the head of household submitted incomplete or partial information about the employment of other adult household members, with the housing agency picking up employment information on these household members during the income verification stage. Sometimes, the other adult members in the household did not willingly comply with the agency's income documentation requirements, which not only delayed the rent determination process for the agency but also put some families at risk of termination. As a staff member at one of the PHAs said, "I think 9 of my 13 people have got termination letters because their adult household members won't provide their income." Again, this situation is not unique to families in the new rent rules group. In addition, only about one-third of families had any other adults living in their households (see chapter 2), and not all those adults (and not all heads of households) had worked in the prior year. Nonetheless, staff raised this issue as one of the challenges they faced in calculating retrospective income.

PHAs follow a strict income-verification process, relying on HUD's Verification Hierarchy,[100] which mandates the use of HUD's Enterprise Income Verification (EIV) system and offers guidance on the use of other verification methods. In general, HUD requires PHAs to use the most reliable form of verification available and to document the reasons when alternative forms of verification are used.[101] Although the new rent policy introduced a different procedure for estimating TTPs from the one used traditionally, the verification hierarchy or the types of income verified were consistent with HUD requirements and allowed families to self-certify that they had or did not have certain types of income.[102] Part of the verification burden described by staff is linked to the income-verification sources used by the PHAs, which appear to have less than complete information. Work Number, for instance, a non-HUD income verification system, used by three of the PHAs in the demonstration, does not include several types of employers. HUD's EIV, on the

---

[99] Staff in San Antonio and Washington, D.C., described challenges that some families faced in obtaining information from the child support agency.

[100] As provided in HUD Notice PIH 2010-19 (HA) and the PHA Administrative Plan (HUD, 2013).

[101] In order of priority, the forms of verification are: Income verification using HUD's Enterprise Income Verification, income verification (UIV) using a non-HUD system, written third-party verification (may be provided by applicant or resident), written third-party verification form, oral third-party verification, and self-certification, see Kansas City, Kansas Housing Authority (2016).

[102] Self-certifications (also called self-declarations) generally include affidavits signed by applicants to document their income and income sources. Self-certifications are used when the family is unable to provide HUD's preferred sources of income-verification documents.

other hand, has a reporting lag and does not include the most recent employment information. As a result, PHA staff report that they had to struggle to piece together 12-month retrospective income verification from multiple sources, making for a more burdensome process in the complicated cases.

In the end, most households were able to meet the PHAs' documentation requirements. Where families were unable to do so, the PHAs had them self-certify, allowed by HUD as the option of last resort. Staff in two of the four sites reported an increased use of self-certification for the new rules group.

Calculating Retrospective Income

PHA staff acknowledged that the process of calculating retrospective income was not uniformly challenging for every family. The extent to which it was burdensome was directly tied to the complexity of work history for the head of household and other members; for households with one income source or no income in the 12-month look-back period, rent calculation was generally "a breeze." The process was most complicated or time-consuming for families with multiple earners and those with multiple jobs over the course of the defined 12-month retrospective period.[103]

Staff who dealt with less complicated cases (or had fewer of them), and whose families did not have trouble tracking down income documents, appeared less stressed about the requirement to document retrospective income. As one HCV specialist said, "I only had a few. Most of them, they either had one job, maybe two, or they had the same job the last year as they do now. I've only had maybe three or four that actually had multiple jobs." In contrast, more complex cases could be quite time-consuming, as a staff member explained:

> It doesn't take long at all to just look at it and make sure you got everything and process it. But when you've got somebody like the [person] with the 18 jobs in a year. … That one—I've spent hours on hers. But someone who hasn't changed jobs or has just changed jobs from one to the other and has worked at the same job for the past 12 months in the retro period, it doesn't take long at all. Especially if they bring their stuff in. Those are the easy ones.

On the same issue, reflecting on a more challenging case, another staff member said:

> The most challenging part for me is figuring out what's going [to] be included in the previous 12 months and gathering the information for the previous 12 months and doing the calculation. 'Cause sometimes I could look at a file and I'll be on it for hours just trying to figure out what's going [to] be counted, what [information] I need to get."

Staff also noted that some families struggled to understand why their TTPs were based on retrospective income and that they had to keep reminding these families of the new policy and how it differed from the traditional one. As discussed in chapter 6, tenants with jobs (or better-paying

---

[103] MDRC and the PHAs anticipated scenarios where families would struggle to obtain the required income documents and developed calculation rules (including imputations) and guidance for staff members to use in such situations.

jobs) that ended in the retrospective period were most surprised (and concerned) that their TTPs were being based on income they no longer had. These concerns were not isolated to the initial recertification when families had less exposure to the new rent policy. The triennial recertification also surfaced similar questions from families. As one staff member said, "I think that was very confusing for them. 'I'm not there anymore. That makes no sense. Or, I don't make that anymore; I make this now.'" The staff interviews suggest that they used these moments to review the policy safeguards and features and encourage tenants to take advantage of the new rent policy's triennial recertification feature and use the time to find new jobs, increase their earnings, and not worry about having to report their earnings to the PHA until their next recertification.

Hardship Remedies and Safeguards

The new rent rules include important provisions to protect families from excessive rent burden that might result from TTPs based on retrospective income or from imposing the minimum TTP. In addition to "restricted interims"—which refers to a limit on interim recertifications to address income reductions to one per year—the new rent policy includes a temporary grace period and a set of hardship remedies that permit TTP reductions at any time during the 3-year period if required to protect households from excessive rent burdens.

Early in the demonstration, the PHAs, working with MDRC, adopted a multi-pronged communication strategy to help families understand that these types of safeguards are in place. The communication efforts started at the initial recertification meeting when tenants first heard about the new rent policy and continued over the next 3 years. Approximately 6 to 12 months after families had their initial TTPs calculated under the new rules, the PHAs followed up with a flyer, a simple one-page document that reinforced several messages including: (1) if they increased their earnings, they did not have to inform the PHA until their triennial recertification; (2) that their TTPs would not increase because of an increase in earnings before their triennial recertifications; and (3) that the policy offers safeguards and protections for which they may qualify. (See Figure 5.2 for a flyer mailed to families.)

Figure 5.2. San Antonio Housing Authority's Rent Reform Flyer

An important reminder for tenants having their rent calculated under the Rent Reform Demonstration's alternative rent policy

**For the next 3 years,
everyone in your household can
work more, earn more,
and not worry about rent going up!**

Remember, until your next recertification in 3 years:

- ***No need to report earnings increases*** to the housing agency
- Your ***rent & utilities will not increase*** because you are earning more*
- You may qualify for a rent reduction if your income decreases

*The overall rent may increase if the contract rent increases above the payment standard

Have questions about your rent rules & safeguards?

- See the Rent Reform information in your recent recertification packet
- Contact your housing specialist

Visit a Workforce Solutions Alamo Career Center
for help finding a job

www.workforcesolutionsalamo.org

4615 Walzem Road, San Antonio, TX 78218
4535 E Houston, San Antonio, TX 78220
6723 South Flores Street, San Antonio, TX 78221
1499 Hillcrest Drive, San Antonio, TX 78228
7008 Marbach Road, San Antonio, TX 78227-1940

SAHA | SAN ANTONIO HOUSING AUTHORITY
Opportunity Lives Here

818 South Flores Street | San Antonio, Texas 78204 | 210-477-6262 | www.saha.org

The PHAs continued to send out these types of reminders; a total of four flyers had been mailed to families through the time the field research for this report was completed.[104] Staff in some sites noted that contact with the families generally spiked after these flyers were mailed. For some families, these flyers sparked questions about hardship remedies and for others generated some confusion. Still other families seemed to be unaware of the flyers and may not have read them (see chapter 6).

Grace-Period TTP

Findings presented in chapter 4 shows that close to 25 percent of the families in the new rent rules group received a grace-period rent at their initial recertification. This safeguard offers families temporary relief from high rent burden, giving them 6 months to restore their income. At the end of the 6-month grace period, the temporary TTP expires, and the family is switched automatically to the "regular" TTP amount previously determined based on its retrospective income. Unless the family qualifies for and seeks an interim recertification or hardship option, no additional review is necessary.[105]

During the initial and triennial recertifications, staff relied on the rent calculation systems to flag a family's eligibility for grace-period rent and families were generally notified by mail if they qualified. According to program managers, the PHAs followed a standard notification policy, mailing two letters to families: one letter to indicate the temporary 6-month grace-period rent and another to show the TTP that would be in effect once the grace period ended. Staff also informed families that they could request a hardship remedy when their grace-period rent ended, but that the new TTP would automatically go into effect at the end of the grace period.

Families did not receive a separate notification near the end of the 6-month grace period to prepare for the TTP change. Staff expected families to use the two letters to keep track of when their rent would reset. Staff recalled early discussions about following up with families closer to the end of the grace period as a way of preparing them for the change but settled on upfront notification for practical reasons. Landlords also receive similar notifications, so, for each grace-period rent determination, the PHAs mailed out a total of four letters.

After the initial recertifications, some staff recalled receiving inquiries from families about the two letters and what the different start and end dates meant. A staff person in Washington, D.C., described one exchange: "…I got this letter. It's dated the same date as another letter and telling me my rent… Then you have to point out to them … the first letter is your rent for May and it's stating this, this, this. Then the second one in November, you start paying it." The PHAs also heard from some landlords, who called to check about the two TTP notices and wanted to be sure that the tenants were also aware.

---

[104] These flyers were mailed: March 2016, November 2016/January 2017, August/September 2017, and March/April 2018.

[105] A 6-month duration was chosen to align with the normal period allowed for recipients of federal unemployment insurance benefits to find new work.

Overall, staff reported few issues implementing this feature of the rent policy. Automating eligibility determination for grace-period rent also eased implementation of this safeguard. As families approached the end of the grace period, some reached out to their HCV specialists to discuss the new TTP that would go into effect, and staff at some sites reported somewhat higher activity (or hardship requests) around this time. Staff at two sites shared that some families constantly try to get their TTPs reduced, and their hardship requests are unrelated to the ending of the temporary safeguard or any other feature of the new rent policy.

Restricted Interim Recertifications

The new rent policy limits interim recertifications for reductions in income (before the required triennial recertification) to one per year. The idea is to reduce the volume of TTP adjustments PHAs make, while still protecting families when their incomes drop substantially. Staff is expected to first determine whether the rent burden can be remedied by the one interim (also known as the restricted interim) permitted each year. If interim recertification remains an option, that process is completed instead of having the family request a hardship remedy.

The quantitative analysis presented in Chapter 4 showed that during the 2.5-year followup period, less than 5 percent of the new rent rules group received restricted interim recertifications. The staff interviews conducted later in the followup period that coincided with triennial recertifications at all sites presented a consistent picture. As a staff member in San Antonio put it, "In all honesty, although we get a lot, I think it's a lot less than we used to get because we do emphasize one change. So, we get a lot more on the control group." Relieved by this policy, a Washington, D.C., manager said, "The one interim is definitely a savings. Our clients are used to coming in for an interim for anything."

At the same time, staff differentiated the volume of "requests" for interims from the numbers "processed and completed." Families did not always know whether they would qualify for an interim, but once they made a request, the PHAs had to review their income, both retrospective and current, to determine their eligibility for a restricted interim. This sequence of actions, from review to determination, for each interim request was not without burden. Thus, although the new policy clearly reduced the volume of completed interim recertifications, the eligibility determination process for interims did not necessarily relieve them of effort. Depending on when families requested an interim, they had to submit new retrospective income documents, and the PHA had to conduct a whole new income-verification process, raising the same types of issues that staff confronted at the initial recertification.[106] As a staff member from Lexington put it: "Again, it goes back to verification. Because even if you come in and request an interim, you've still got to get the employment verification. And you've still got to do a 12-month lookback. So it's still going to depend on who has got everything together. And, again, we've got to have 12 [months'] worth of check stubs. And unfortunately, like I said, EIV doesn't keep up."

[106] The computer systems modified for the new rent policy did not store detailed retrospective income; the result: depending on when an interim was requested, the staff would have to key in all the relevant data to complete the necessary calculations.

Staff also identified some families' confusion about their eligibility for interims. Some fail to understand that their average monthly retrospective income must drop significantly (more than 10 percent) for them to qualify for an interim adjustment. A staff member in one site also gave the example of a head of household who requested an interim and did not realize that the income of other household members would also be examined: "They're just looking at, hey, I no longer work, you have my income down, but when we go to look at everything, hey, [another] household member has income as well and this kind of offsets what you had, so you're not entitled." Staff use these and other types of interactions with families to explain how the rent rules work.

Hardship Remedies

In addition to grace-period rent and annual interims, the new rent policy offers further relief to families whose TTPs exceed 40 percent of their current/anticipated gross incomes.[107] Staff confirmed that they first determine whether a family's rent hardship can be remedied by the one interim recertification permitted each year. Where that is not the case, the software system produces a warning that the family may be eligible for a hardship remedy. Unlike grace-period rent, which is automatically determined, families must request a hardship remedy in writing by completing a hardship request form and supplying information to support the hardship claim. Each PHA determined its own process for reviewing hardship requests based on standing procedures for addressing tenants' grievances. Staff responsible for administering the hardship process determine which remedy to apply from a list of preapproved options (see Table 4.5).

According to staff, who also found the hardship remedies somewhat confusing, most families are not aware of the differences between the types of safeguards (interims vs. hardship remedies) available to them under the new rent policy. In their view, families call the PHA (or their housing specialist) and report that they have lost a job and are having trouble paying rent. As one staff member put it: "I would say that some of them probably do know that they're asking for a hardship, and some of them probably are just saying interim. Whichever one is appropriate is whichever one we process for. If they're not entitled to an interim, then we let them know that they can request a hardship."

As with interims, staff reported processing a high volume of hardship requests. Hardship requests that get denied are not systematically logged in the PHAs' computer systems, so the evaluation is unable to quantify the requests that were not approved. Staff at all levels did report that the hardship eligibility review process was time-consuming. One staff member explained —

> It's challenging because they have to do all the income calculations. They have to go back. They have to calculate. Is it 40 percent? Is there an eviction? Why is there an eviction? So, they have to do more probing on their end from the client so they can get a true picture of what's going on and why. And obviously, when we deny those hardships, probably 80 percent of them come back and challenge us on it.

[107] In Lexington, however, families are eligible for a hardship remedy only if they are paying TTPs that exceed the PHA's $150 minimum and still meet the 40-percent threshold. No family can pay below the $150 minimum except in cases where households become classified as disabled.

Staff, however, report approving most of the hardship requests they receive. The ones that are denied are those where the PHAs see that the TTP based on retrospective income is better for the family than a TTP based on current or anticipated income.

The actual processing time for hardship requests can range from about a week in Lexington to up to 30 days in Washington, D.C. The speed with which requests are processed is affected by whether staff have the information they need to review the request. Sites also have standing hardship review procedures, which the study did not change, and they followed them for purposes of deciding the types of hardship remedies to offer. For eligible households, the common remedy across sites was to set the hardship remedy at 28 percent of a family's current or anticipated income (which may be less than the minimum TTP, except in Lexington) for up to 180 days. Staff in San Antonio and Lexington reported offering 3-month hardship remedies, which could be extended to 6 months. Families could then reapply for a new hardship if their circumstances had not improved.

Reduced pay or loss of a job were the most common reasons for families requesting hardship remedies. "They lost their job. … Yeah, most of them are on zero income. … So that's the most [common] scenario. And then I cannot say the majority. Some lost, you know, because TANF has a certain cutoff time that they pay you, and then after that, they cut you off… Yeah, it's not all just their job, itself. Reduction in hours—they do have that, too."

As families get closer to the end of the hardship period, they often approach the PHA for another hardship remedy. Some families used the hardship remedy for temporary relief. As one staff member noted: "Well, some people have come back in to request another hardship because they're still in the same situation. But I've had quite a few families that when the lower portion stops after the 6 months, they went out and paid their higher portion for the following 6 months." This same specialist estimated that about 50 percent of her cases request another hardship. Another said, "They try to get it—because the one time it was set in June, they're coming in May to assess their decrease and then when December gets here they're requesting because it would be effective the first of January, which is going to end. So some they just ask when they come like clockwork and they request [another hardship remedy]."

One supervisor mentioned that their voucher program includes a lot of school workers (bus drivers, teachers, and crossing guards) who have trouble paying rent in the summer. Other staff noted that zero-income families (who were a small minority of voucher holders) more commonly requested multiple hardships. Also not clear from the staff interviews is the volume of cases that go from one hardship remedy to the next, but the few such cases staff see seem to stand out in their minds.[108] "Well, I have one right now that's still saying there's zero income because they don't have no income. … And even though we just did one, she's saying, 'well, I'm coming back in March.' … So that's why I'm trying to say, too. We have those that they're paying attention to that 6 months. They're like I'm going to come back…. It's like [if] you keep telling me, saying you're going to come back is telling me you're not even making an effort to look for something. So that's

[108] Future reports will examine this pattern.

the issue for some." Longer term evaluation data will show how typical this case is and whether there is a segment of families who received multiple or consecutive hardship remedies.

Other Changes

The new rent policy made other changes to try to simplify the calculation of TTPs. These included eliminating all deductions from income and changing how utility costs were determined. Staff welcomed those changes and did not raise major issues or concerns. The process for handling utilities was changed, eliminating the need to consider many idiosyncratic details of each housing unit's type of building, location in a building, heating system, and other special factors; staff noted that the process of determining utility costs was now quicker.[109]

Quality Control

Computing TTPs under the traditional rent rules is widely considered to be complex and error-prone. With the elimination of deductions and other simplifications in the new rent policy, one expected outcome was that PHAs would see fewer calculation errors. In the early stages of the demonstration, the PHAs took steps to ensure that the new rules were being implemented correctly and that TTP and housing subsidy payments were being calculated correctly. San Antonio integrated these types of checks into its standard quality control process. The other PHAs reviewed more cases than they typically had under their existing policies, especially early on.

PHAs' quality control efforts focused on correctly accounting for retrospective income; making sure the specialists had included all the sources of income; correctly implementing all the rent calculation rules; and correctly calculating household TTPs. As one supervisor said, "Maybe they didn't use the correct number of weeks that the family worked, something like that. Or maybe the family started working in the middle of the quarter and they would just use the whole quarter." Over time, supervisors saw computation errors decrease.[110] They attributed this decrease to staff becoming more familiar with the new rent rules and the ongoing feedback staff received as issues were uncovered during the quality control process. Supervisors also encouraged staff not to "rush" through the calculations, which they believed was happening because staff were trying to keep up with their caseloads.[111] Staff at a couple of sites mentioned that their reviews took longer than expected. For the initial recertifications, given the newness of the policy, one PHA's target was to

---

[109] The simplified utilities policy adopted for the Rent Reform Demonstration is based on an approach previously developed by the District of Columbia Housing Authority. Thus, this was not a new process for staff at that site.

[110] In Washington, D.C., where new housing specialists less familiar with the new rent rules were involved in conducting triennial recertifications, PHA staff reported seeing more errors.

[111] An independent, HUD-sponsored audit of the new rent calculations concluded that TTPs were being calculated as expected. De-identified data for 40 cases, 10 households from each of the four PHAs, were used for this review. The households selected represented a range of action types, including grace periods, interim recertifications, hardship remedies, and move actions. The report noted that discrepancies uncovered during the audit were potentially attributable to missing data or manual adjustments made to the data as PHAs were working their way through demonstration rules; grace periods were correctly identified by the software; and utility allowances under the demonstration were simpler to implement compared with the existing rules (see Climaco et al., 2017).

check 100 percent of the cases—it settled for 50 percent. Describing the complicated nature of some of the cases, one staff member said:

> [I]t's very time-consuming, because you have to go back sometimes several [times]—especially if you had a family that called for changes all the time. So then you go back to piece together the retrospective period, it could be like three prior appointments that they, "Oh, I'm working. Now I'm not working," all in the same year. So, I just know it would take me a long time—an hour a file. It should not take an hour a file. So, it was slower than what we wanted …

Landlords and Other Stakeholders

As discussed earlier in this report, although most voucher holders pay some rent directly to their landlords, in some cases, the housing authority pays the entire amount to the landlord. With the new rent policy, all families pay at least the minimum TTP amount to their landlords (unless they have received a waiver of the minimum TTP as a hardship remedy). This aspect of the policy was designed to prepare families for a responsibility they will face when they exit the voucher program.

Staff at all four PHAs reported few, if any, negative reactions from landlords. When the demonstration was first launched, staff assumed that they would be "flooded" with calls from landlords, but such calls did not materialize. The few landlord calls staff did receive stemmed from confusion about the rent policy. "We sent out letters to all the landlords and I think it was one landlord that called me and he was like 'Well, I'm not understanding why this is the case because she's supposed to pay me this. …' And I told him okay, we're in the rent reform now, you got a letter that explained that your payment is going to go down but the client is supposed to pay the residual. And he's like, 'Yeah, I didn't pay no attention to it.'"

Other landlord concerns centered around (1) having to receive two checks, one from the PHA and other from the tenant, and (2) the tenant's ability to pay minimum rent. On the first, a staff member in Washington, D.C., described a situation with a landlord who was used to getting a full rent payment from the PHA. "Because he is used to getting the full subsidy from housing, the full contract grant, so he doesn't want to go through the extra miles to request the rent from the tenant. I said, 'Well, that's just what has to happen now.'" Staff in San Antonio noted that it was standard practice for most of their families to pay something in rent, so the introduction of the minimum rent payment from tenants was not particularly new for these landlords. "It could have been two or three dollars, but they were paying something or SAHA [the housing agency] was paying the full rent. So really no impact to the landlords regards as far as the rent. They just want their money."

In Louisville, although the staff agreed that few landlords had raised concerns about the minimum rent payment, they believed that landlords preferred to get their housing assistance plan (HAP) paid directly by the PHA.

> Some landlords don't like the fact that they went from receiving all of the half [HAP] from us, to now the tenant [is] just supposed to pay some of it. And they say, "Oh, you know she's not going to be able to pay that." A lot of landlords

> prefer families that are zero income or very low income where we pay it all, ’cause then they don’t have to worry about getting after the families for it.

Landlords who were familiar with their tenants’ income situation also appeared to express concern about how families would come up with higher rent. Said one, “I definitely heard responses when their portions went higher for the client to pay.” One Lexington staff member described a call with a landlord who asked, “How do you think she’s going to pay this? She no longer has that income.” Describing a similar situation in Louisville, a staff member said that the landlord didn’t think the tenant would be able to meet the rent obligation. “And I think their concerns were more [about] ‘Well, she’s already paid me the rent late every month, so how do you expect them to be giving me twice as much?’ Or something like that.”

Even as staff described these types of concerns, they did not report an uptick in complaints from landlords or other stakeholders about the new rent policy.

Overall Reactions of Staff to the New Rent Policy

At a broad level, managers and supervisors at three of the four PHAs found the traditional rent rules “simpler” to implement. For some, it was the policy they (and their staff) were familiar with, and they felt that calculating TTPs based on current/anticipated income was less burdensome and time-intensive than estimating TTPs based on retrospective income (and having to redo those calculations as families returned for interims or made requests for hardship remedies). At the same time, most staff seemed to appreciate some of the simplifications offered by the new rent policy, such as the elimination of deductions and the triennial recertification period, but they seemed daunted by the retrospective income calculation process. If they had to pick between the traditional and new rent rules, managers and supervisors at two of the four PHAs said they would opt for the traditional rules, whereas staff at the two other PHAs voiced a strong preference for the new rules.

In favor of the new rules, a manager at one site said:

> Again, I think that it simplifies the process. You don’t have to worry about getting all the deductions. … I think it has encouraged families to work. And I think them being able to go out and make as much money as they want to in the 3 years—some of our families have taken advantage of that. Not a whole lot. But we probably have six households that have gone to zero-half [HAP]. And they’re making decent money. We have one household making over $60,000, which is good here. …

A manager at another site, also in favor of the new rent rules, focused on the policy’s goals of encouraging clients to work more than they would under traditional rules:

> I just really like the positive growth I’ve seen from clients that have been able to be successful with it. … And what I’ve seen so far, for the ones that it has worked for—I mean, it’s wonderful. They’re doing better than me, income-wise, but that comes with the job…. Yeah, because you see the positive stuff that’s happened from it, for families, and that’s the whole point of this program is to help people do better. You don’t want them to stay on it. You don’t want them to be here forever.

Managers and supervisors not in favor of adopting the new rules as their standard policy were particularly wary about rolling out a retrospective income as it is currently conceived and operationalized. As one manager who preferred the existing rules put it: "I'd still pick the regular. Yeah, I do because it's just a headache with the rent reform. I'm telling you. I wish there was a better way of doing—like I said, just get rid of that—either we get rid of that [the retrospective income] or we have an automated way of doing it, the calculation sheet. That is the headache."

Concerns about some of the administrative challenges, however, did not prevent staff at the study sites from recognizing the importance of some of the central principles motivating the design of the new rent policy. As one manager said, "I like the look-back. If the goal is to move families towards self-sufficiency and give them an opportunity to save that extra dollar amount that they'd be earning more. I like that part." Reducing the interims to one a year also resonated with staff members:

> I like the part of, for the study group, that you only get one interim a year. We have families submit changes all the time. We average just anywhere from 350 to 400 a month people submitting changes. It's crazy. So that part, that would reduce staff's workload tremendously.

Some staff also saw the policy's one restricted interim a year as a way for families to build their coping mechanisms and find other ways of meeting their rent obligations by looking for work or using other sources of support. One staff member said, "I really, really love the interim part. Again, that forces families to figure it out so to speak."

Finally, and although staff were likely to focus on their most complicated cases while describing their implementation experiences, their reflections indicate that not all their cases were uniformly challenging. Thinking broadly of families the PHA works with, this manager's reflection captures the reality of putting any type of rent policy into practice:

> I think that our participants who understand the program are good, every year, and about knowing what they need to bring, what they need to do. I think if it continues on, then those people who are always consistent will remain consistent. We have clients who are always inconsistent. Most of our specialists know their participants and they know who's going to not show up the first time or who is going to take a couple of times to get everything.

Finally, PHA staff also commented on how they see families reacting and responding to the new rent policy. As implementers of the new rent policy and through their interactions with the families, they were able to observe which aspects of the policy families understood and liked, and the aspects the families found too complicated or did not like. The next chapter addresses some of these same questions from the perspective of the families themselves. The staff's own observations provide another view of the operational and administrative issues staff experience and what future iterations of rent policy experimentation (or implementation) they might want to modify. From their vantage points, staff observed that some changes to the new rent policy were more salient and noticeable to families (see Table 5.2): they liked triennial recertifications, the idea of being able to keep more of their earnings and having more disposable income. Conversely, the staff also observed families who struggled with the idea of having to pay a minimum TTP and who were attempting to understand the rationale for having to provide proof of retrospective income.

Table 5.2. Families' Experiences with the New Rent Policy, as Viewed by Staff

Aspects	Families' Experiences
What families generally understand	They need to recertify every 3 years. They do not have to report additional income to the public housing agencies. (Some report, however, to be on the safe side.)
What families appear not to like	Minimum rent, especially zero-income families. Total tenant payment (TTP) based on retrospective income (the use of retrospective income at the triennial recertification). A higher TTP at the end of the grace period. Pulling together retrospective income documents.
What families find confusing or misunderstand	The duration of the new rent rules. Eligibility for hardship remedies and interims.
What families notice about other rent policy features	Most do not notice other changes. (Asset limits, for example, feel less consequential.) Loss of the child care deduction.
How families react to safeguards	Relieved that rent burden remedies are available.

Staff observations do not suggest starkly different experiences across the four PHAs. The next chapter revisits some of these aspects of the alternative rent rules from the participant or family perspective.

Preliminary Analysis of Administrative Costs

One of the goals of the new rent policy is to reduce the PHAs' administrative costs of operating the HCV program. This section examines their progress so far toward achieving that goal. It examines the costs of administering the new rent policy relative to the existing policy during families' first

2.5 years in the study. The overall cost estimates are considered preliminary; they will be updated and refined for the final evaluation report after longer-term data become available.

Methodology

The cost analysis uses quantitative information on the types of staff actions discussed in chapter 4, along with information from interviews with frontline staff about how they spent their time administering the new or existing rent rules. The estimation strategies were also informed by the qualitative analysis of staff practices described in the current chapter and by information obtained from the PHAs' Moving to Work (MTW) reports to HUD. Because the evaluation work plan and budget did not permit a comprehensive and rigorous time study, the effects of several potential sources of measurement error are assessed through sensitivity testing. (See appendix D for full details on the methods and data used for the cost analysis.)

The cost analysis focuses only on the costs associated with the aspects of the PHAs' voucher program administration that could potentially be affected by the new rent policy, such as actions related to recertification; it ignores administrative activities unlikely to be affected. Thus, the resulting cost estimates cover less than one-half of the total cost of administering the HCV program, leaving out expenses for activities such as household intake and lease-up processes and apartment inspections (on which the new rent policy has no effect).

A core part of the analysis involved producing *time estimates* of each type of recertification action completed for the families in the research sample (for example, an annual recertification or an interim recertification for a change in income, move, or contract rent change). Estimates were also made of additional time that staff spent working with families that did not result in a formal action and, thus, was not recorded in the PHAs' rent subsidy software system. For example, as described earlier in this chapter, housing specialists indicated that they often spent considerable time determining whether families in the new rent rules group who requested restricted interims or hardship remedies qualified for those safeguards. When the family did not qualify, no formal recertification action was completed or recorded. Consequently, staff engagement in such activities had to be inferred without software systems data.

The time estimates for staff efforts were based primarily on interviews with housing specialists from each site and their supervisors—individuals with extensive experience conducting recertifications under the new rules. Most were also experienced in conducting recertifications under the existing rules. The estimates were further informed by the PHAs' MTW reports to HUD, which provided a starting point as staff considered how their time use differed under the new and existing rent policies. Table 5.3 presents the time estimates for all PHAs combined, and for all PHAs excluding Washington, D.C.

Table 5.3. Estimates of Staff Time Use per Staff Action and Number of Staff Actions

	Staff Time Estimates Duration (Hours and Minutes)		Number of Staff Actions	
Type of Action	New Rent Rules	Existing Rent Rules	New Rent Rules	Existing Rent Rules
All PHAs				
Regularly scheduled recertification[a]	1:43	1:06	1.1	2.1
Move/change of unit[b]	1:20	1:16	0.3	0.3
Interims[c]				
Contract rent change[d]	0:26	0:18	0.5	0.2
Household composition change[e]	0:31	0:28	0.2	0.2
Increased or decreased income	1:15	0:42	0.3	0.9
Hardship exemption[f]	1:15	NA	0.2	0.0
Other action[g]	0:21	0:16	0.2	0.1
Sample size (total = 6,665)			3,312	3,353
All PHAs except Washington, D.C.				
Regularly scheduled recertification[a]	1:51	1:11	1.1	2.3
Move/change of unit[b]	1:35	1:30	0.3	0.3
Interims[c]				
Contract rent change[d]	0:22	0:20	0.5	0.2
Household composition change[e]	0:35	0:32	0.2	0.2
Increased or decreased income	1:13	0:48	0.3	1.0
Hardship exemption[f]	1:13	NA	0.1	0.0
Other action[g]	0:24	0:18	0.3	0.1
Sample size (total = 4,756)			2,368	2,388

(continued)

(Table 5.3 continued)

SOURCES: MDRC interviews of housing specialists and their supervisors. Number of staff actions are MDRC calculations using public housing agency (PHA) data.

NOTES: Staff were asked to be comprehensive in thinking about the amount of housing specialist time different types of recertifications took and to talk about the average amount of time (e.g. not best case or worse case scenarios).

In cases where recertifications were comprised of several action types, only the action with the greatest time estimate was counted. Therefore, some of the actions represented in the "number of actions" estimates may have been subsumed under the cost of another action.

[a]Regularly scheduled recertification reflects actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[b]"Move/change of unit" actions reflect actions recorded as "Action code 7: other change of unit" on the 50058 form. If a move was recorded through an annual or interim action, it is not reflected in this outcome.

[c]Interims reflect all actions recorded as "Action code 3: interim reexamination" on the 50058 form, except interim reexaminations to end a grace period or hardship rent. Types of interim actions are not mutually exclusive. Any action counts as each action once. At the same interim certification event, a household may have reported changes in its situation that fell into more than one of the categories displayed in this table.

[d]The "existing rent rules" group often has contract rent changes included in their annual reexaminations, and in that case the contract rent increase is not included in this category.

[e]This outcome indicates a decrease in income that occurred at the same time that household composition changed. When household members are removed so is their income.

[f]Households in the existing rent rules groups in Louisville and Washington, D.C., were not subject to a minimum rent. Thus, there was no hardship exemption available to them. This only includes hardships received through an interim recertification.

[g]Other actions include interims (or some other reason but not end of grace or hardship), which are difficult to classify from the available data.

To estimate the cost of these administrative efforts, hourly *unit cost estimates* were constructed to apply to each type of staff action and related efforts. In computing the unit costs, PHA financial reports and other financial information gathered from the PHAs were used to determine the hourly rate for staff salaries and fringe benefits and overhead costs related to office space, supplies, and general housing agency expenses. Information from HUD's Housing Choice Voucher Program Administrative Fee Study conducted with other housing agencies was used to estimate mark-up rates for supervision and staff support costs.[112]

Uncertainty surrounds the estimates of staff time use. Consequently, the analysis presents an overall "base estimate" of the average frontline administrative cost per family in each research group, plus a set of alternative estimates that test the sensitivity of the base estimates to different assumptions about staff time use. The alternative assumptions were based on information from HUD's Housing Choice Voucher Program Administrative Fee Study and other information.

It should also be noted that, in contrast to the analysis of impacts on housing-related outcomes in chapter 4, which focuses on the new rent policy's impacts *after* their new TTPs took effect, the cost analysis includes the month in which the recertifications are completed. This was

[112]Abt Associates Inc. conducted the Administrative Fee study. See Turnham et al. (2015).

done in order to take into account the cost of those initial recertifications, which are an important component of overall costs, and which involved different levels of staff effort for each of the two research groups. Thus, the cost analysis uses a 31-month, rather than a 30-month, followup period.

Base Estimates

The base estimate findings—which reflect the study's current "best estimate"—suggest that the new rent policy may have produced a small savings in pertinent administrative expenditures over the first 31 months of followup. As Table 5.4 shows, with all four PHAs combined, the average administrative cost was $22 less per family in the new rules group than in the existing rules group. When Washington, D.C., is excluded from the pooled sample, the reduction in administrative costs grows to $39 per family in the new rent rules group. As discussed in chapter 4, the differences in the frequency of recertification activities between the new and the existing rent rules groups were much smaller for Washington, D.C., compared with the other three sites because that PHA applied a biennial recertification schedule to the control group rather than the traditional annual recertification schedule in force at the other PHAs.

Table 5.4. Differences in Average Administrative Cost per Family of the New Rent Rules Versus the Existing Rules

	Base	Sensitivity Test			
	Estimate	1	2	3	4
All PHAs ($)	-22	22	-81	-89 to 46	-64
All PHAs except Washington, D.C. ($)	-39	-39	-101	-112 to -33	-74

SOURCE: MDRC interviews of housing specialists and their supervisors and data from the Housing Choice Voucher Administrative Fee Study conducted by Abt Associates (Turnham et al., 2015).

NOTES: The first and second sensitivity tests assume that the time frontline staff took to complete each type of action for the control group is the same as the median amount of time estimated by the Administrative Fee Study for other public housing agencies. They vary in that the first test assumes that the *percentage change* in time spent on those activities for the new rules group is accurately measured by the current study, while the second test assumes that the *absolute difference* in time spent is accurately measured.

The third sensitivity test assumes that the staff erred in their estimates of how much time they spent on each activity, for both research groups, by 22 percent.

The fourth sensitivity test assumes that the new rent rules group recertifications take the same amount of time as the existing rent rules group recertifications.

Overall, the reduction in estimated administrative costs attributable to the new rent policy is small, because, although families in the new rules group had fewer recertifications than the control group, some recertification activities under the new rules took more staff time to complete for certain types of families. This is primarily attributable to the switch from using current/anticipated income to retrospective income as the basis for calculating families' TTPs and changes in those TTPs. Still, the savings of $39 for the pooled sample excluding Washington, D.C., where the rent policies were much more comparable with the current national policy, indicates that more than one-fifth of the pertinent costs of HCV administration (that is, those costs that could be affected by the new rent rules) were eliminated by the new policy.

Sensitivity Analyses

The base administrative cost estimates are subject to uncertainty, especially in the amount of time each type of recertification activity took for each research group. Four sensitivity analyses were conducted that substituted assumptions for actual measurements of the amount of time needed for different types of certifications. These analyses, which are fully described in appendix D, included two tests that adjusted the staff time-use assumptions for the four PHAs by drawing in part on more meticulously collected time-use data obtained in the Administrative Fee Study conducted with other PHAs. A third test assumed a margin of error in the staff's estimates of their time spent on formal recertification actions. And the final test assumed that the average time staff spent per action was the same for the new rent rules group and the existing rules group. As Table 5.4 shows, the sensitivity tests generally point to cost savings attributable to the new rent policy, especially for the three-PHA pooled sample that excludes Washington, D.C.

Thus, a reasonable conclusion would be that, through the followup period available for this report, the new rent policy is unlikely to have cost more to administer than the existing policy but is also unlikely to have cut recertification-related administrative costs dramatically. The most likely result is that the new policy cut these costs by about 21 percent. It is important to keep in mind that longer-term data will be important in drawing a firmer conclusion.

Conclusion

This chapter has described how staff operationalized the new rent policy and implemented its core feature and the administrative costs of operating the policy. Relative to the existing rules, the staff found that the new policy came with both implementation advantages and complications. The reduction in the volume of families receiving interims was noticeable to them, and they also found the elimination of deductions and allowances, 3-year recertification timeframes, and changes to the income-reporting requirements were important enhancements and time-saving features. These features also contributed to administrative cost savings. The new rent policy's use of a 12-month retrospective period in calculating TTPs was a major departure from the process staff were used to, introduced new challenges and burdens, and partially offset some of the cost-saving effects of other aspects of the policy. Staff members' experiences highlight the challenges they faced implementing the retrospective income component, especially with families that had trouble obtaining the required income documents or those with more volatile work histories.

At the outset, the designers of the new rent policy recognized that some features of the new rules, such as the need to verify and calculate retrospective income, might impose additional staff burden for particular types of families. The goal was to calculate household rent based on a more stable picture of household income. This was particularly important given the policy's shift to triennial certifications and the goal of administering a policy that could achieve cost neutrality relative to HUD's traditional policy. The early implementation experiences suggest that efforts should be made to operationalize this important feature of the policy. Three ideas worth considering are offered here.

First, rent reform efforts could consider ways to further ease the income-verification burden on PHA staff. One alternative method that has been debated is the use of prior year's tax returns where possible (recognizing that some families may not have been required to file tax returns because of low income). This method has the advantage of avoiding the retrospective income-calculation burden described in this chapter, but as tax returns are based on the calendar year (April of the calendar year after the calendar year of income reflected in the tax return), the timeliness of the information (that is, how recent it is and how well it overlaps with the retrospective period) will vary greatly for households depending on when in the calendar year their recertification is scheduled. Where families' incomes have risen substantially to a degree not reflected in a prior year's tax return, PHAs may set TTPs lower than they might otherwise, and HAP subsidies may be higher. To get around this limitation and meet the simplification and cost-neutrality goals of the new rent policy, guidance that expands income verification options and allows greater scope for imputations when estimating retrospective income seems worth consideration.

Second, and if estimating TTP based on retrospective income were to become ongoing policy, it would be useful to assess whether there is a way to allow families to store or upload their retrospective income history in a more timely way.[113] This method could be designed around a PHA website or system that families could access and could help reduce the documentation burden on household members closer to recertification and make the information more easily accessible to staff for TTP calculations. PHAs could also consider storing retrospective income history in their computer systems, which could simplify and ease income verification for families that request interim recertifications within a year of recertification.

Finally, and related to the implementing hardship remedies, consideration should be given to eliminating the hardship request step for families. Hardship remedies could be handled in the same way as grace-period rent, which is an automatic provision for eligible families. Currently, eligibility for both grace-period TTP and hardship remedies is signaled by the PHA computer systems, but the process is automated only for the former. At recertifications, if hardship provisions could be automated, that would further simplify the process for staff and families. If eligible, families would not have to make a special request to be considered for a hardship remedy at recertification (though they would still need to submit requests to address income that occur at a later point).

The observations in this chapter are based on staff members' operational experiences. Families' experiences are also important to consider, and they are the subject of the next chapter.

[113] In July 2016, the federal government enacted a new law, the Housing Opportunity Through Modernization Act of 2016, to address some of the challenges imposed by HUD's traditional rent policy for voucher holders. The new law, which has not yet been implemented, might offer opportunities for exploring some of these implementation refinements. The implementation experience from the Rent Reform Demonstration is relevant to broader conversations about the best ways of providing rent subsidies to low-income families.

Chapter 6.

Navigating the New Rent Rules: Tenant Perspectives

What do families think of the new rent policy? Using qualitative data collected through indepth interviews of household heads in the new rent rules group, this chapter examines families' understanding and views of the new policy's core features, their experiences complying with its documentation requirements, and their perceptions of its built-in work incentives. The chapter also explores how families have coped with their rent obligations when they have lost income, their awareness of the policy's safeguards, and their assessments of their own overall material and financial well-being while receiving housing subsidies under the new policy.

The evaluation team conducted two rounds of indepth interviews with household heads in the new rent rules group.[114] The first round included 69 respondents and took place 6 to 12 months after the new policy took effect. The second round included 71 respondents and was conducted between August and November 2018, about 3 years after the new policy took effect. Most respondents interviewed in the second round had completed a triennial recertification and had started paying—or had been notified about—their new total tenant payments (TTPs) that would be capped for the next 3 years. Thus, the second round took place after the end of the followup periods used for the impact analyses presented in chapters 3 and 4.

Given the small number of tenants interviewed relative to the size of the overall new rent rules group, the experiences and perspectives documented in this chapter should not be considered representative of those of the full group. Rather, the analysis is meant to highlight the range of tenant experiences and perspectives, which may help in interpreting the study's impact findings and inform overall assessments of the new policy's core features.

Learning the New Rent Policy

Families in the new rent rules group first learned about the new rent policy in 2015 or 2016 during the process of recertifying their eligibility for the Housing Choice Voucher (HCV) program and having their TTPs updated. At that recertification meeting, they watched a 13-minute orientation video that introduced them to the new policy. The video explained that their TTPs would be based on 28 percent of average gross monthly income over the prior 12 months (or retrospective income) and that they would be required to pay at least a minimum TTP to their landlords. The video also highlighted the main benefits of the new rent rules: families would get to keep more of their earnings over 3 years and that they would not have to report to the public housing agencies (PHAs)

[114]The goal was to conduct interviews with 80 tenants per round (20 respondents, per PHA) for a total of 160 interviews over the study period covered in this report. For Round 1, the sample was stratified by baseline work status and receipt of grace-period rent or a hardship remedy. For Round 2, the process study prioritized families who had completed a triennial recertification (or likely to have been notified of their new TTPs). Within these eligibility criteria, random samples were selected. Office of Management and Budget (OMB) - and MDRC Institutionalized Review Board (IRB)-approved protocols were used for these interviews. Sample characteristics are shown in appendix E.

any increases in income during that period. Families also learned about the hardship protections and other safeguards that they might qualify for if they had trouble paying their TTPs. Most respondents to the field research interviews recalled watching the video. For some, the video was helpful in giving them a "big picture" understanding of the new policy. Others wished that it had been more detailed. A "Frequently Asked Questions" document was prepared for families to offer more details. Some respondents also mentioned that they had followed up with PHA staff after the initial recertification meeting to get more clarification about the policy.

Recognizing that families may find it helpful to be reminded of the policy's potential benefits and safeguards, MDRC worked with the PHAs to develop a simple one-page flyer, which the PHAs mailed out to families in the new rules group. As discussed in chapter 5 and illustrated in Figure 5.2, the flyers highlighted the fact that families did not have to inform the PHA if their earnings increased, that their TTPs would not increase because of an increase in earnings before the triennial recertification, and, if their incomes dropped, that they should reach out to their housing specialists to see whether they qualified for a TTP reduction. During the indepth interviews, few respondents said they remembered these flyers—but reached out to the PHA when they had questions. Through these types of contacts, the respondents clarified how the new policy applied to their circumstances.

Experiences with the New Rent Policy

Documentation Requirements

Chapter 5 described the types of issues housing specialists faced while getting families to provide all the necessary documentation of their retrospective income. The families interviewed reported that they were able to provide such documentation. As expected, the task was relatively straightforward for those who had not worked or had been in the same job in the 12-month retrospective period. Others who worked multiple jobs during this period, or had multiple wage earners in the household, described some of the same challenges reported by staff. One respondent in Washington, D.C., said, "… every pay stub for 12 months was the hard part, because I've never had to do that. It was just my current fixed pay stub with the regular program. … It took 2, 3 days and it was frustrating trying to go that far back and try to figure out which payment was for what, but she got [th]em." A mother in Lexington described her experience gathering this information for her son: " … I had to go to his employer and get his information, which I didn't have all of his check stubs, but it was more of a, okay, this is what his year-to-date is, you know, and this is how many hours, you know, 'cause you're not calculating it that way, but you know, that was my thing. That was the only thing of trying to find my son's information."

Although some families reported difficulty—or being inconvenienced—they did not flag this task as overly burdensome. This is in stark contrast to the experiences shared by staff. Possibly staff reflections focused more on the process and their back-and-forth with families to obtain complete income information for income-verification purposes, while the families focused more on the end-outcome and being able to fulfill the PHA's documentation requirements.

Retrospective Income

The baseline report for the Rent Reform Demonstration showed that, on average, the average monthly retrospective income used to set initial TTPs for the new rent rules groups at the beginning of the study was lower than the average current/anticipated income used to set initial TTPs for the existing rules group. Consequently, average TTPs were lower for the new rules group.[115] Most respondents interviewed in late 2018 had recently completed a triennial recertification and were paying a new TTP or had been notified of a new one. For most of them, the triennial recertification process was fresh in their minds and, for some, especially those whose TTPs had increased significantly, basing them on retrospective income was both a source of confusion and stress. Although, as part of the triennial recertification process, families received advance notification from the PHA that they were required to submit income information for the prior 12 months, some were surprised that the PHA *used* income from the 12-month look-back period to estimate their TTPs. Some respondents were under the impression that the Rent Reform Demonstration had ended, and that retrospective income no longer applied to their rent calculations. Even those who had a better understanding of the rent rules felt stress at having their TTPs based on retrospective income. Respondents who had changed or lost jobs during the 12-month retrospective period also voiced concerns. They thought that using retrospective income was not fair as it did not account for the unpredictability they face in terms of the hours they work or overtime that they cannot always count on being available. These types of reactions were heard from respondents in both rounds of interviews. Their broad concerns about retrospective income are reflected in the reactions of these Round 2 respondents:

> … I don't like that idea, because the job that you might have had and the job you might be getting might not be the same. So, it's kind of hard to keep the rent the same, all 3 years, if the income fluctuates.

> … it's kind [of] different because when you make that more money and not have to report it, that income gets counted whether you still have that job or not, and it still gets counted and your rent increases but it doesn't decrease regardless if you have that job or not because the income still gets counted. So that is kind of a no-win situation on that part of it.

> … Now I've had a steady job for the past 2 years. At that time also, I have a teenage son [who] was working. He's not working right now. He hasn't been working. He's not going [to] work until he finishes school 'cause he's in college, but I don't know how it's working because I believe they calculated the income that he used the past 3 years and my income for the past 3 years[116] … That's the only part that I'm not too crazy about.

A respondent in Washington, D.C., interviewed in mid-2016 and who had received a grace-period rent, which resets to the original TTP at the end of 6 months, said, "One little issue I did

[115] Riccio, Deitch, and Verma (2017).

[116] Retrospective income is based on income in the 12-month look-back period. The tenants' understanding of the look-back period is not consistent with the policy or its implementation at the four PHAs. Possibly the respondent was aware of that the new rent policy considered retrospective income without being fully aware of the duration covered by the exact retrospective period.

have with it is how it fluctuates, how often it fluctuates. It can go 3 months you only pay $75 and then it turns around and then it jumps to $700 because they go off of a previous income. I don't know how that, that's the only [thing I] dislike."

The hardship provisions of the new rent rules are designed to protect families from excessive rent burden. Accordingly, however high their retrospective income, no families should pay a TTP that exceeds 40 percent of their *current* or anticipated gross income. In cases where a family would, the hardship policy calls for the family's TTP to be set at 28 percent of its current income for up to 6 months; this hardship remedy can be renewed, if necessary. Some families may not have fully understood this protection. In some cases, the minimum TTP may also be waived. Some families may have seen a big jump in their TTPs at their triennial recertifications because their past earnings grew and remained high; they would have also seen a big jump in their TTPs under the existing rent rules, but their TTP increases would have gone into effect sooner.

Some tenants questioned the use of child support award amounts for estimating TTP.[117] They noted they could not always count on the award amount and that their payments could fluctuate. One tenant, who was interviewed in mid-2016, said, "They're counting it like whatever you're awarded is what you're receiving, and that's not always the case. Just because somebody is awarded, say, for $238 a month, the dad's not consistently paying it, it's not what you get. And that's how they calculate it." In the case of this tenant, the PHA's policy is to use the award amount instead of the amount received—the same policy would apply under the existing rent rules.

Other reactions to the use of retrospective income to calculate TTP also suggest that tenants may not have fully understood other aspects of the new rent policy. For example, as one of the above quotes suggests, some even thought that the PHA had counted income from the past 3 years rather than the past 12 months.

Triennial Recertifications

> It's like winning the lottery. You know, like wait, really. You can just work and make however much money you're going [to] make and your rent's not going [to] budge. That's just—that's too good to be true. It's just like—I mean, who gets free money, you know, and it's not penalized some type of way by receiving it. I mean, it's a good thing.

Extending recertifications from every year to every 3 years clearly appealed to most interview participants. Respondents focused on its many advantages, from the time saved from not having to recertify as frequently to having the chance to increase earnings without having to worry about paying more in rent. The opportunity to save for the future and just do better for themselves was also clear in many of their reactions. Some of the tenants interviewed in Round 1, about a year after the new rent policy went into effect, mentioned being somewhat skeptical when they first heard about the triennial recertification policy. A tenant in Lexington, for instance, said, "It sounded

[117] Each PHA has its own policy regarding the verification of child support—whether to use actual amounts received (tenant self-certification) or to use the state award letter or other document. They did not alter those policies for the new rent rules.

too good to be true. And I found it hard to believe how my rent [would] not be raised since it had continuously been raised despite me losing income, so I just found it hard to believe, that that was the actual case." Box 6.1 presents some common reactions from tenants in response to questions about the triennial recertification and its appeal to them.

Box 6.1. Common Reactions Among Tenants to the New Rent Policy's Triennial Recertification Feature

Tenants participating in the indepth qualitative interviews conducted by the MDRC research team generally viewed the triennial recertification policy quite positively. They expressed a variety of reasons why this feature appealed so strongly to them, which include the following:

Less burdensome and disruptive:

> Actually, I like that, the fact that we don't have to [recertify annually], because I'm employed, and I will have to take off of work. And it takes hours, when you're sitting there waiting, you know, you're waiting to be called on, you're doing all the documentation. And I think it's so much better for especially somebody who's working. So I like this.

Limits interaction with the PHA:

> The biggest feature that I like about it is not having to report so much to housing. Meaning if your job changes or any kind of status within that 3 years, you're not obligated to return until the date of recert. And that makes it kinda easy for a lot [of] families…Where, prior, you couldn't do that. You had to report it instantly. So I think the biggest one for me would be the convenience of not having to feel like they're holding your collar if you don't bring the information in.

A chance to focus on other goals:

> It gives you time to think about a lot of things that you can do. So, these 3 years that I'm coming up on – my goal is to basically start getting my credit repaired. Basically, I really want to buy a home at the end of these 3 years, so getting my money, saving more money, getting more on the credit counseling classes and stuff like that to really build my credit.

A chance to do better:

> They said that we're trying to help you, and I was like that's pretty nice, because before this 3-year thing, when I was on housing, I couldn't get another job, because my rent was going to go up. So, I just stayed with that job. Why get another job and kill yourself; so, I'd rather just stay. I couldn't – I'm just doing it for nothing.

Knowing that their rent would not increase also provided some respondents with a sense of stability and reduced the stress that they felt as they made work-related choices. These types of sentiments surfaced as tenants contrasted the new and existing rent rules. As one tenant said, "Because every year when I recertify, my rent would change. It would go up; then it would go down. It would fluctuate. And she [the housing specialist] said that it [rent amount] would be that way [stable] for 3 years." Another tenant noted, how, under the existing rules, she had figured out a way around her rent situation. "I always have to leave my job and then go find another one when I was having my recertification because I'm thinking, okay—they are going to kill me in rent, I'm not even going to be able to buy my kids clothes… So, you figure out ways to get around that."

Interestingly, even among those who shared positive views about the new rent policy and its 3-year recertification period, a few noted that it would be advantageous to have some contact with PHA staff during the intervening years. Following the initial recertification, unless families had subsidy-related issues to raise with the PHA, they were not required to meet with PHA staff until their next recertification in 3 years; they could, however, initiate contact with PHA staff as needed. The desire to maintain more consistent contact with the PHA is illustrated in the comment made by a tenant interviewed in 2018, who said, "I dislike that we don't get to see a person in those 3 years."

The preference for more contact with the PHA during the intervening years appears to stem from the belief that this may have helped them better prepare for the triennial recertification and anticipate how their TTPs were going to change. As one tenant said:

> I think what would be good is if there's some type of, something in place to say, "Okay well look Miss [X] this is what you've earned over the last year. This is your rent determination we project in the future—this is what it may look like for you..." Something in between times just to kind of give us an idea.

Thus, although the policy relieved them of the pressure of having to interact more frequently with the PHA, and tenants nearly universally liked the idea of not having to report earnings increases to the PHA, some saw a disadvantage in having no staff contact for 3 years.

The view that the PHA could have facilitated connections with service providers so that they could have taken more advantage of the extended recertification period also surfaced in the interviews. This perspective was voiced by some Round 2 respondents who struggled to find work and felt that access to work supports and services could have helped them take more advantage of the policy and improve their economic circumstances:

> Yeah, I think something like that just would be helpful … like if there was some of like class or training or something like that. Just like they have for if you're interested in buying a home something like that like, "Hey you're using this program, here's some good tips for you for it" or whatever.

Another theme, which was more pronounced in the Round 1 interviews, suggests that while 3-year recertifications were much welcomed by tenants (especially those used to annual recertifications) they also wondered—and worried—about what would happen when they approached their triennial recertification. Several respondents in Lexington and Louisville, for example, tried to balance generally positive reactions to the triennial feature with measured concerns about earning too much or being handed an unsustainable rent 3 years out. In some cases, they feared this outcome for themselves; in other cases, they shared with pride their children's successes in the labor market but worried about what it would mean for their household's future housing subsidy. This concern is articulated by a mother describing her daughter's situation:

> Well, like I said, it helped my daughter. It's helping her save money. But my only thing is, how much is she going to owe them before she moves out on her own? Because I don't know if they're counting up all 3 years that she worked or just counting up the last year that she worked before this was over. … That

> would defeat the purpose of even being on the voucher... But that doesn't mean I will continue, because at the end of the year they will count her income because she's part of my household. That means I may lose it as well.

It is unclear from the interview data whether families with such concerns followed up with PHA staff to understand how their future TTPs would be calculated. The interviews do not suggest that these respondents were drawing back on work effort because of their concerns, rather, their views, which sometimes reflect misinformation, represent a desire to be able to be prepared for the next recertification.

Changes to Income-Reporting Requirements

Under traditional rent rules, any increases in income must be reported to the PHA at least at the annual recertification, and, at PHAs' discretion, whenever increases occur prior to that recertification. The indepth interviews explored tenants' understanding of changes to the income-reporting requirement under the new rent policy, which does not require them to report earnings increases until their triennial recertifications. The interviews suggest that, despite tenants' overwhelmingly positive views about triennial recertification, some respondents did not fully understand the change in policy. Because the policy change was new, it is not surprising that families who were interviewed in Round 1 expressed some unfamiliarity with or misinformation about this feature. Even tenants who were aware that the policy had changed were wary about it, however, and informed the PHA when their household earnings increased—"just to be sure." Box 6.2 presents some common reasons for doing so.

Box 6.2. Some Reasons Why Families Reported Earnings Increases to the Public Housing Agency When It Was Not Required

Despite the fact that the new rent policy required no income reporting from tenants for the 3 years until their next triennial recertifications, some families reported their earnings increases anyway, for a variety reasons.

Initial confusion about the change:

> Yeah. At the beginning when we first started the program and I would work extra hours at work, and I was getting confused. I was like, "Should I report that I picked up an extra day at work or should I report that I stayed a couple hours over?" And then I had to go back and read the packet: "Oh, okay, I don't have to report this information." So for the first year I wasn't sure.

Misinformation:

> No, because you had to report your income regardless of. If you recertify every 6 months, every 12 months, every 24 months, you have to report your income. So, I mean, you know, if you don't, then you're breaking housing rules.

To be safe:

> I think just habit. You have certain assistance programs you've got to do those things with, and maybe just in case the rules did change, I did not want to get in trouble for not reporting that income.

Anticipating a catch down the road:

> What if I'm making $40,000 a year and my rent is just $300? I just feel somewhere down the line that you're going [to] be held accountable for something, so I don't agree with that, and that's why as soon as I received my benefits, I automatically reported them, because I'm just scared of that. I just feel somewhere down the line, something is going [to] come back and it's not going [to] be good.

The new policy did not change other reporting requirements, such as changes in household composition, for example, but families generally erred on the side of being safe. As noted in chapter 5, staff used their interactions with families between the 3-year recertification meetings to remind them about the triennial recertification policy and the types of changes they were required to report before their next triennial recertification. A tenant recounted one such interaction:

> Every time my husband got a new appointment, I would bring in that information. I guess I'm just used to doing that—reporting those things. And the worker would call me and say that it's no big deal, you don't need to bring these things in. You're on the rent reform, and so, you don't need to report this stuff, until this date …

Three years into the implementation of the new rent policy, some household heads were still wary of the changes to the income-reporting requirements. With continued reinforcement from the PHAs, and perhaps after seeing that their TTPs remained unchanged even when they reported earnings increases, tenants may embrace this policy change and not fear consequences for not reporting to the PHA. That said, lack of clarity about (and a possible lack of trust in) the income-reporting requirement does not necessarily mean families did not benefit from the new rent policy. Those who continued to report income increases to the PHA after the policy changed include respondents who went to work and increased their earnings and those who had no change in work status but had other income sources change.

Finally, and on the flip side, misunderstanding that TTP is *set* for 3 years, rather than *capped*, may deter some tenants from reporting a decrease in their income or seeking relief through a policy safeguard. A tenant in Washington D.C., for example, mentioned:

> I tried when I got a new job and he said I didn't need [to]. They took it but they didn't apply it because it's in the program rules. So I mean, I'm in between jobs now. I just recently lost a job. So I want to go down there and tell them, but nothing's going to happen. Nothing is going to change. My rent will still be the same. Nothing's going to change, but at least they'll know. That's my only fear. That we don't have to really report anything.

In this case, the respondent may have been eligible for an interim recertification or a hardship remedy. Her partial understanding of the policy, however, may have kept her from approaching the PHA—at least as of the time of the interview.

Minimum Rent and Landlord Interactions

Under the new rent policy, all families are required to pay at least the minimum TTP amount to their landlords directly. PHAs varied in their minimum rent payment levels, with Lexington at the higher end ($150) and Louisville at the lower end ($50). The idea that "everyone should pay something directly to the landlord" was intended to mirror the direct rent-paying responsibility they would have in the unsubsidized rental market when they exited the voucher program.

Reactions to the minimum TTP requirement varied. Some respondents openly worried about how they would pay it. Others thought that the requirement was reasonable. One respondent said, "[I]t's already very, very low and I'm still able to pay it." Another, who was not subject to minimum TTP under existing rules, described her struggle with this feature:

> The only difference now in any of it to me is you don't have the opportunity to be zero rent. You have to have some sort of rent. And sometimes even $75.00—it might not seem like a lot, but if you're not working and you have children, it's really hard to average that out. … 'Cause prior to the new rules, I paid no rent. I was zero rent. And now it's $75.00. So sometimes that can be very difficult with limited resources.

Another respondent said, "Even when I didn't have income, I'm still supposed to pay rent, but I don't have any negative thoughts about it." In all PHAs but Lexington, families with zero income are eligible for a hardship remedy and can request one. In the situation described above, it is unclear whether the tenant requested a hardship remedy or whether the hardship provision was not implemented properly. Based on the same tenant's reaction to the minimum rent policy, she may have been unaware of the hardship provisions that might have exempted her from paying the minimum TTP.

Respondents paying the minimum TTP did not describe themselves as being at risk of eviction or way behind on rent. As discussed later in this chapter, struggles with utilities and having enough money for food were more frequent. Their strategies to pay rent and utilities included: using the utility reimbursement check to pay rent; borrowing or receiving help from family members or friends; using tax refunds to pay rent; or putting utilities on a payment plan. One person received significant help from her children's father. Some respondents subsequently began working and were able to meet their minimum TTP obligation.

During the indepth interviews, most respondents also reported meeting their rent obligations, with few reporting disputes with their landlords over rent. A small number reported having trouble paying their portion of rent on time, but they were able to negotiate arrangements with their landlords or property managers, or get help from family, friends, or social service agencies. As one tenant said, "Like, on the 1st, he comes looking for it. I'm like, 'Just wait a minute. Give me till Friday.' No, he works with you. He's good. That's one of the main reasons I haven't moved." As described below, families also prioritized shelter costs over other types of costs to protect themselves from any type of housing hardship—another possible reason for less friction with landlords regarding minimum rent payments.

Safeguards and Hardship Remedies

Families were informed about the safeguards and hardship protections when they first enrolled in the demonstration through the video, discussion with their housing managers and the written documents provided to them (including a "Frequently Asked Questions" document). They were also sent flyers reminding them that protections were available if they had difficulty paying their rent.

Across all sites, less than one-half of those interviewed in 2018 said they would approach the PHA if they were in a situation where they could not pay their rent (Louisville was the exception). Those inclined to look elsewhere said they would first reach out to friends, family, or other community organizations to seek help. They described ways in which they would activate their support networks for assistance. As a respondent in San Antonio said, "What I usually do when I don't have any money is my brother. He is kind of like my bank, but I do have other resources. I know that there are programs out there that do help…"

Knowledge of the PHA's hardship provision may affect how families cope with rent burden. Few respondents recognized—or were able to differentiate between—the types of safeguards offered under the new rent rules. Some were aware of the restricted (one per year) interim recertifications; others were aware of hardship remedies; some were aware of both. This response pattern lines up with the staff's own assessment of families' understanding of the hardship remedies. As staff noted (see chapter 5), families experiencing rent hardship approached the PHA for help, without necessarily requesting a restricted interim or a specific hardship remedy, and generally let the PHA determine what type of help, if any, they could receive.

Some tenants, though, may not turn to the PHA for relief (an interim or hardship remedy) because they assume that they may not receive any help. One respondent, who was paying the minimum TTP and had recently experienced a loss in income, said, "So when I report my loss I don't expect anything to happen. … But when you report a loss, your rent normally goes down. …You know, so I don't know what they're going to do but they will know. …" This same tenant also said that she would call helplines (such as, Salvation Army or other service providers that help with emergency rental assistance) if she needed some emergency rental help.

Some tenants in Lexington reported approaching the PHA and not receiving a reduction in rent. As one respondent said:

> Yep. 'Cause I remember watching in the film about the program that she explained something, so I'm like, "Let me just call and see if I'm eligible for anything like that." Not wanting them to pay the whole thing; just to see if I could get help. Nothing…She [the specialist] was like, "I can just postpone your date for your rent, and give you a few more days for your landlord, saying that you can pay by the 15th instead of the 5th." And I was just like, "You know what, don't even worry about it. I'll just figure it out." And my mom ended up helping me, so I left it alone. I never called back about it or nothing.

In this case, the tenant's income may not have dropped enough to meet the interim eligibility criteria. (Lexington's safeguards cannot go lower than the $150 minimum TTP.)

Without fully understanding the range of safeguards available to them, it is possible that some tenants may have also heard the one interim per year limit and decided to "bank" their requests. As one tenant in San Antonio described her need for (and use of) interims, she said:

> At first, they came in and they went over my income, and they were like, "This is right." I said, "Well, I'm not getting those things [overtime or bonuses]," and they said, "You're going [to] have to do a change of income," and then you can only do a change of income once a year. So, that's why I'm kind of hesitant on it, because what if something happens, that's the one change that I have for the whole year.

At the time of the interview, this tenant was considering going back to the PHA to request an interim. She was debating whether it was the right move, however:

> I don't see my hours or anything changing or my job status changing, but I'm just hesitant on it, because once it gets approved, the day that it's approved is the year from that day. So, what I'm going [to] do is I'm going [to] go back and do the figuring, and see what the difference is from the timeframe that they told me from where they would do the change, and if it's significant enough, I'll do the change, but if it's—I'm pretty sure it's going [to] be significant.

Some respondents also indicated that they had requested a hardship remedy and did not hear back formally from the PHA—or that they received responses (mainly denials) that they did not find satisfying. They described the hardship review and determination process to be somewhat mysterious and puzzling, leaving those not receiving a remedy quite frustrated with the agency. One such tenant commented (referring to the "Frequently Asked Questions" document), "I remember from the written handout, it said that you could—I could arrange to meet my worker and talk to her about it if I needed to have a temporary decrease."

Responding to the Policy's Work Incentive

From the perspective of rewarding work, the new rent policy's most important feature is the shift from an annual recertification period to a triennial recertification period. In that 3-year period, families do not have to report earnings increases to the PHA and do not have pay any more toward their rent and utilities, no matter how much their earnings grow. How well families understand the policy's work incentive, and what they do in response, will in large part determine whether it influences their labor market behaviors while protecting them from excess rent burdens.

More than one-half of the respondents participating in the indepth interviews in 2018 indicated that they were working at the time of the interview. Self-reported employment rates were higher for the respondents in Lexington and San Antonio. Most of the respondents in Washington D.C., and San Antonio who said they were employed were likely to be working full time; Lexington and Louisville had more tenants reporting that they were working in part-time jobs. Across sites, the most common reason for not having a job was related to personal health issues or caring for a family member (more pronounced for the Washington, D.C., respondents not working at the time of the Round 2 interview); a few reported that they were not working because they were enrolled in school.

During the indepth interviews, respondents described their employment circumstances and reflected on how the 3-year triennial recertification policy influenced their decisions about work, their job search, whether they were looking to work more hours, take an additional job, stop work, and so on. Respondents tended to discuss the policy in the following ways.

While the triennial period easily stands out as a popular and distinctive feature of the new rent policy (and most acknowledge that it allows them to work more), few respondents give it credit for influencing their work behavior; they see their work efforts as driven by their need to pay bills and their desire to get ahead. For instance, when asked whether the new rent policy affected her work effort, a respondent in Louisville forcefully said, "No, heck no. My intentions were to better myself." Similar reactions echoed across all four sites.

Respondents in Lexington, however, were more likely than respondents from other sites to credit the policy for their efforts to take advantage of the new rules. They described trying to get new, better-paying jobs, looking for or working second jobs, or looking for more hours of work. Their responses also reveal a clearer understanding of a key goal of the 3-year recertification policy: to incentivize work. As one respondent from Lexington put it:

> I think it's made me want to get more jobs, where before, it was like I need a job, and I guess I was a little anxious about how much my rent was going to be, but now, it's like this is what my rent is going to be, no matter what. So, I can go out here and make whatever amount of money.

For a respondent from San Antonio, the new policy allowed her to see the benefit of working more or taking on a better job: she could keep her additional earnings without losing them to higher rent. She said:

> Because before this 3-year thing, when I was on housing, I couldn't get another job, because my rent was going to go up. So, I just stayed with that job. Why get another job and kill yourself; so, I'd rather just stay. I couldn't—I'm just getting myself—I'm just doing it for nothing. …When they said I was able to, yeah, I sure did. I took advantage of it. Like I said, before, I didn't want to work more. I mean, I wanted to, but I was just doing [it] under the table …

Recognizing that more work would pay more dividends under this policy, some respondents were frustrated that the job market did not necessarily give them control over the hours they worked. Their efforts to pick up more work or find a better job did not always result in the desired outcome.

Only a few respondents said they avoided—or had considered avoiding—increasing income because they feared their rent would go up as their earnings increased. This type of response was somewhat more pronounced in Washington, D.C., where families appear to be less clear about the rent rules, suggesting that additional outreach on and review of the work incentive feature might be in order. The reflections of two tenants illustrate a lack of understanding of key features of the new policy. One tenant appeared not to understand the three-year TTP cap:

> I've gotten offered jobs that pay more, but sometimes I'm scared because I'm like, if I get paid more and then what if I lose this job and then they kick me off because I get more money? Yeah, I have done that. Ms. X knows, from FSS (Family Self-Sufficiency program), she knows that's one of my main concerns is I don't know if I can afford to do this with all of my kids being older right now. So, I'm like, I don't know where to stay at. It's almost like a scary feeling, like you don't really know what to do.

Another tenant failed to understand the change in reporting requirements:

> No, because you had to report your income regardless of—I mean, regardless, if you recertify every 6 months, every 12 months, every 24 months, you have to report your income. So, I mean, you know, if you don't, then you're breaking housing rules.

Some respondents also described their efforts to find new or additional work and the challenges they faced. Their responses suggest that work supports might be necessary to further help families take fuller advantage of the work incentive—knowledge of the rent policy and its work incentive is insufficient for success. One tenant, for example, said, "I kept calling the agency: 'Look, I need some work. You got any work?' I put applications in different places. I still have my steady job. But I wanted to do something." Another said:

> Actually, I wanted to work. I wanted to work before my recert[ification] came up, but it didn't happen that way. But, no, I was truly trying to find employment. Because I think that's the whole reason of the program to help you to find employment in that 3 years so that you'll be able to pay rent. … I didn't want a zero income. I wanted to pay something, you know.

Even among those who were working, especially those with health issues or with caregiving responsibilities, some were looking for new jobs that would allow them to balance their work and other personal responsibilities. As one young mother put it:

> I want a different one. I mean, I love the work that I do. The hours that I work are not feasible with my child. I work nights. So, my child's away from home 4 or 5 days a week, so right now, I cannot just—I have to find a job that either pays the same or better, with good benefits. So, that's my main struggle, right now.

Finally, although some families did not directly credit the new rent policy for shaping their work behavior, they described other changes that suggest that they may have benefited from the rent policy's triennial recertification period. A few indicated that household earnings had increased significantly during the 3-year period and that they had been notified by the PHA that they were at zero housing assistance payment (HAP). Others reported seeing huge increases from the initial TTPs at the triennial. Some tenants voiced concerns about the longer-term effects of increasing work: that is, it would affect future rent. Such a reaction could potentially discourage work effort, especially if families worry about rent burden or losing their voucher. As one respondent noted:

> … [R]ight now, with my daughter, she's in school, and so, she's still within "no income." Not too concerned about that. And when she does get a job, I'm sure it's going [to] make a difference in the rent determination, I'm sure it's going [to] do that. But whether it be within that time or, you know, preferably it won't be, because it'd give her a chance to get a little start on what she's doing. So, it's just a matter of preparing.

How Families Are Faring

Many of the household heads who completed the baseline survey at study enrollment, both in the existing and new rules groups, reported substantial difficulty making ends meet and were contending at that time (before the new policy took effect) with important material hardships. The new rent policy includes safeguards to protect families from excess rent burden, but the minimum TTP, limited interims, or the use of retrospective income to determine TTP could create some financial difficulties for families and affect their ability to meet basic needs. At the same time, the new rent policy's triennial recertification also provides a generous work incentive, which may help increase disposable income for families, thus reducing their incidences of hardships. The evaluation is gathering both qualitative and quantitative data to document the circumstances of families under the new rent policy. The evaluation's long-term survey being conducted with the full study sample in mid-2019 will be used to estimate the policy's effects on a range of well-being outcomes. The indepth interviews discussed in this chapter, although not a representative sample, provide some important insights into the same topics.

This section draws primarily on the second round of interviews, conducted in late 2018, and can be regarded as a description of the families' circumstances about 3 years after they were subject to the new rent rules. As mentioned previously, the timing of these interviews extends past the timeframe covered by the quantitative results shared in chapters 3 and 4.

Housing and Utility Costs

Tenants interviewed in San Antonio and Louisville were more likely to report housing-related hardships, especially in covering their utilities. For some, shelter-related hardships were greater when income was low or when they were out of work; for others, these hardships appeared to be more constant.

Those who struggled to meet housing and utility costs turned to their support networks, including family, friends, and charities or social service agencies. Their coping strategies also encompassed selling things to meet housing costs (although this was not commonly cited) and negotiating with their landlord or the utility company from time to time. Describing her coping strategy, which also included relying on her utility allowance, one respondent in Louisville said:

> [I] had to reach out to the church. Or if they had the LIHEAP [Low Income Home Energy Assistance Program] program, you know. But that's not every [month]—you can't depend on the LIHEAP every month. So when that's not in session, then you have to reach out to the church. And my utility allowance, I knew straight off the top that my $50.00 rent payment had to come out of that. No matter what. And then what was left over was for LG&E [Louisville Gas and Electric] and sometimes my LG&E exceeds that, and so then you either figure out a way, or like, you know. If one of the kids was working, they can meet the extra money that had to be paid, or you know.

Another respondent in Lexington noted, "I'm mostly just begging. I asked a family member, but sometimes, they don't have it, or sometimes, my landlord will work with me, and maybe I'll get a job, and they'll let me double up on the rent or—I don't know."

A tenant who struggled but was able to make her rent payments described how she used her tax refund to cover her utilities: "When I file my taxes, this is the strategy I use. I drop as much of it on LG&E as I possibly can, and that's just what I did." This tenant also prepared for the scheduled rent increase expected after the grace period ended. "That grace period, I am going to tell you what that allowed me to do. I knew what my rent was going to be when it went up. The whole 6 months, I was putting money aside, as much money as I could to where, it basically really hasn't been hard for me since then, when I started putting my money aside, since it did go up, like even like right now I'm good until July." This tenant, who was interviewed in 2016, probably started working after qualifying for grace-period rent and was able to save during that time to meet the higher rent payments that would go into effect once the grace period ended.

Food and Other Material Hardships

Not having enough money to buy food for the family was cited by several respondents. Their coping strategies included relying on food stamps, going to soup kitchens and food pantries, and seeking help from family and friends. They also described doing with less, buying cheaper food, and not going for any extras. A few mentioned picking up an additional job or doing odd jobs every now and then to make ends meet. One tenant noted, "Yes. We've done community action for the church, for the food thing that they have. And before he ended up getting a good job, we had food stamps." Another tenant said, "I don't really like going to the school [for food supplies] very often, but my youngest son will bring home cans and stuff, and I don't do it as much as I used to, because, to be honest, I kind of felt ashamed that my son was bringing home all this food, so I told him just to quit. But whenever I go to the grocery store, I shop cheaper, I guess you can say, and less."

Respondents cited the critical role family and friends play in helping them cope with their food needs. A tenant in Washington, D.C., who was paying minimum rent and found herself in a tough spot, had this to say, "So, logically speaking, if you don't have some kind of help, you would be homeless. [I] would be [in] the same boat if I couldn't rely on even my kids' father or a family member or whoever …"

Most of the families interviewed in late 2018 had completed their triennials and many reported paying higher TTPs. Some of them noted that they were experiencing more hardship after their recent triennial recertification. One respondent, who had seen her TTP increase after the triennial, reflected on her family's circumstances in the context of her new and higher TTP. Her husband had become unemployed shortly before their recertification. She said, "We knew our rent was getting ready to go up, but then just some circumstances changed, and I think I'm just kind of like in shock, at this moment, with some of it, because there's another rent increase, in April (referring to the end of the grace period when their rent would reset to the original TTP, unless they qualified for a hardship remedy)." She spoke of their dinners becoming "a little more minimal than what they used to be" and feeling like "some of the healthier options were harder" for them to accommodate. She said, "I will say in the beginning, the first 3 years, it was better for us, but since this last recertification, it's gotten a little—it's more of a hardship on us, right now."

On a similar note, another tenant, who had seen his TTP increase from $300 to $750 at the triennial recertification, described how his family was coping. "We went a couple of times to the food banks, and we try to buy the cheapest stuff to make more out of it—rice and beans—make more out of it, so it can still last longer to make chili. You can make a lot of stuff out of one thing, … Right now, we don't have no stamps or nothing." This same tenant described how, following the initial recertification, he was able to pick up multiple jobs, make more money, build some savings, and even purchase a newer car for his wife. By the time of his triennial recertification, however, his employment situation had changed; although he was left with one job, the income from the other jobs he held during the retrospective period was counted in the calculation of his new TTP. The interview data suggest that this tenant and his family benefited from the 3-year recertification policy but did not understand the implications for their triennial recertification and were not able to anticipate how much their TTP would increase. Other respondents also shared similar experiences of being shocked or surprised by the amount by which their TTPs increased and reported ways in which they coped as they adjusted to their new rent payments. Of course, had such tenants increased their incomes under the existing rules after their initial recertifications, their TTPs would have jumped sooner, and, with their housing subsidies reduced sooner, they would have had less disposable income in total by the end of the 3-year period. Under the existing rules, however, they might not have acquired expenditure patterns that would be difficult to sustain in the longer term.

Financial Situation

The Round 2 indepth interviews were also used to gauge how families viewed their overall financial situation roughly 3 years into the Rent Reform Demonstration. Close to one-half of the tenants interviewed described their financial situation as "better" than before the new rent rules. Fewer respondents described their current financial situation as worse, relatively unchanged (mostly in Washington, D.C.), mixed, or did not respond to the question. Those with a more positive outlook on their financial situation liked that the new policy allowed them to work more, keep more of their earnings and that their rent didn't fluctuate as their earnings increased. Comments from two tenants capture this general sentiment.

> It's a little bit better [than] before they started the whole process of the 3 years being the same rent amount. It helped because, before then, it was every year it was a different rent amount. You know, the more I kept trying to find a second job to make ends meet, I felt like that second paycheck was also being taken away, so I wasn't making ends meet. I felt like I was just working just for them to take it away.
>
> My financial situation, overall—I was doing—I felt pretty good about myself. I was finally—you can say—out of the gutter. … I was able to take my family to a carnival or a show or something. I was able to have fun with them, instead of having free fun at the park just for the fun or something. I would be able to show them something new they could use. …

Those who rated their financial situation as worse were more likely to point out that their TTPs were higher now than what they had paid in the past. (Having recently completed their triennial recertifications, their new TTPs were foremost in their minds.) Similarly, some respondents rated their situation as mixed. "I will say in the beginning, the first 3 years, it was better for us, but since this last recertification, it's gotten a little—it's more of a hardship on us, right now." As previously mentioned, unlike members of the control group, who would have seen their TTPs increase as their earnings increased, or at least annually, members of the new rent rules group are able to increase their earnings and keep their TTPs unchanged until the 3-year recertification. In this way, they continued to benefit from a higher subsidy, unlike their control counterparts. Families who increased their earnings also reported building savings and having more disposable income.

Finally, to get an overall assessment of families' views on the new rent rules, respondents were asked whether they believed that the rent policy hurt or helped their families. Despite the various types of concerns respondents voiced during these interviews, they overwhelmingly reported that the policy had benefited them and their families. Overall, few said that they found the policy less beneficial. For some, the combination of the triennial, which incentivizes work, along with the 12-month retrospective look-back period to calculate TTPs at the end of the triennial, felt more like a mixed blessing.

Conclusion

The indepth interviews with a subsample of tenants subject to the new rent rules have begun to provide some insights into how families navigate the many facets of the new rent policy. The new rent policy was designed to encourage work and protect families from harm while minimizing routine interactions with PHA staff. For families with long housing subsidy tenures, the new policy was a significant departure from the rules they were used to. The experiences shared by families suggest that some core features of the new policy, the triennial recertification, for example, were well received and liked. Even among those who voiced concerns about having to pay a minimum rent, the new policy's 3-year recertification was a winner.

Families' understanding and awareness of some features of the policy, however, highlight some areas for strengthening policy implementation. The safeguards and hardship remedies, which were designed to protect families from harm, appear to be less well understood by families. This does not imply that families did not use the hardship protections (chapter 4 shows that families requested and received the remedies), but the qualitative data suggest that some families were confused about the types of hardship provisions available to them and they generally relied on PHA staff to help them navigate their hardship remedies and eligibility. Given the data available, what is unclear is whether families who might have been eligible for hardship remedies did not request them, and if they did not, whether it was because they did not fully grasp the safeguards or because they did not want to engage with the PHA. Nonetheless, ensuring that families fully understand the safeguards available to them should be a priority for all PHAs implementing the new rent policy. Future iterations of rent reform may also want to consider simplifications to the hardship policies, which may benefit both staff and families.

Another critical insight from the qualitative data involves the importance of helping families anticipate how their TTPs might change at triennial recertification. Such information might allow them to be better prepared for any rent increase. While the PHAs will not be in a position to provide families exact TTP estimates in advance (this would require new calculations to be made), they could provide them early reminders that a 12-month look-back period would be used to estimate TTP at their triennial recertification. Families could also be provided worksheets or tools that can help them estimate their new TTPs. In this way, families might end up being less surprised when PHAs use retrospective income for their rent calculations and be better able to plan for meeting their new rent obligations. Broadly speaking, families do not appear to be opposed to seeing their rents increase, especially the ones with rising incomes; additional tools and supports to help them navigate the policy would serve to strengthen the implementation of this policy and enhance the experiences of families exposed to it.

Chapter 7.

Summary and Next Steps in the Rent Reform Demonstration

This report updates and expands upon MDRC's prior reports examining the implementation and early effects of the new rent policy for recipients of housing choice vouchers (HCVs) being tested as part of the Rent Reform Demonstration sponsored by the HUD. The new rent policy changes the ways in which subsidies are calculated, introduces or increases the minimum contribution tenants are expected to make toward their rent and utilities, caps those contributions for a 3-year period even if earnings increase, and introduces a number of safeguards to protect tenants from excessive rent burden. The evaluation results so far present a mixed picture of the possible merits of this new policy. It is still too soon to draw firm conclusions, however.

Table 7.1 summarizes key impacts—that is, the *differences in outcomes* between the new and existing rent rules groups—within each of the four public housing agencies (PHAs), for all of them combined, and for the combined set excluding Washington, D.C. As explained throughout this report, the existing policy in Washington, D.C., included biennial recertifications for the control group; consequently, the results so far for that PHA generally do not reflect the effects of extending regularly scheduled recertifications beyond the traditional required annual recertifications (since neither research group was subject to an annual schedule during the first two followup years).

As illustrated in Table 7.1, the pooled results with the head-of-household samples from all PHAs combined (with or without Washington, D.C.) show that the new rent rules group did not have better employment rates or earn substantially more than the control group during the 27-month followup period for the labor market data available for this report. The pooled results mask important differences across the PHAs, however. Lexington and San Antonio produced some statistically significant positive effects on labor market outcomes, demonstrating that the new policy has some potential to improve such outcomes during interim period prior to families' triennial recertifications. Most noteworthy is San Antonio's positive impact on cumulative earnings, and Lexington's positive effects on the ever-employed rate for the full followup period. Lexington also produced positive impacts on earnings in two of the four quarters of Year 2, and on the cumulative earnings of the combined sample of all household heads and non-household heads (not shown in Table 7.1.) The negative earnings effects in Louisville, which are statistically significant in Year 2 (although not for the full followup period), and the absence of effects in Washington, D.C., add an important cautionary note.

Table 7.1. Summary of Impacts on Selected Outcome Measures

Outcome	All PHAs	All PHAs Except Washington, D.C.	Lexington	Louisville	San Antonio	Washington, D.C.
Household Heads						
Average quarterly employment[a] in full followup period (27 months) (%)	0.8	0.8	2.4	-0.7	1.7	0.7
Ever employed in full followup period (27 months) (%)	-0.2	-0.4	3.6 *	-2.7 *	0.7	0.5
Total earnings in full followup period (27 months) ($)	370	530	1,317	-1,013	1,602 *	-245
TANF amount received in full followup period (27 months) ($)	-13	-8	3	-5	-23	9
Food stamp amount received in full followup period (27 months) ($)	-26	-51	124	70	-54	131
Households						
Total housing subsidy[b] in full month of followup period (30 months) ($)	1,332 ***	1,530 ***	1,204 ***	1,700 ***	1,649 ***	1,193 *
Ever had a regularly scheduled recertification[c] in full followup period (30 months) (%)	-68.1 ***	-65.7 ***	-83.4 ***	-52.3 ***	-70.1 ***	-74.1 ***
Sample size	6,665	4,756	979	1,908	1,869	1,909

(continued)

(Table 7.1 continued)

SOURCE: MDRC calculations using PHA data, quarterly wage data from the National Directory of New Hires, administrative records data, and Homeless Management Information System data.

NOTES: PHA = public housing agency. TANF = Temporary Assistance for Needy Families.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

The variation across the four PHAs in estimated impacts on total earnings in the full period is statistically significant at the 10 percent level based on an H-statistic test.

The variation across the four PHAs in estimated impacts on total housing subsidy in the full period is not statistically significant based on an H-statistic test.

Confirmatory outcomes were tested for multiple hypothesis testing using the Benjamini-Hochberg procedure. The adjusted p-value = .425 for the impact on total full period earnings for all four PHAs combined. The adjusted p-value = .31 for the impact on total full period earnings for all PHAs combined excluding Washington, D.C. The adjusted p-value = .000 for the impact on the total full period housing subsidy for all four PHAs combined. The adjusted p-value = .000 for the impact on the total full period housing subsidy for all PHAs combined excluding Washington, D.C.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of follow-up, expressed as a percentage.

[b]Housing subsidy is the full subsidy amount paid by the housing agency, and includes any utility allowance payments made to the tenant in addition to rent paid to the owner by the housing agency.

[c]Regularly scheduled recertification reflects actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: annual, biennial, and triennial reexaminations are recorded under this action code.

It seems likely that the positive effects in Lexington primarily reflect the extension of the recertification policy from an annual to a triennial schedule, which reduces the implicit marginal “tax” on any increased earnings from 30 percent to zero during the 3-year period. This feature creates a strong financial work incentive. Minimum total tenant payments (TTPs) also create a work incentive, but, in the case of Lexington, that feature is irrelevant to the effects estimated in this study. Because Lexington’s $150 minimum TTP was implemented before the demonstration began and applied to both research groups, it cannot account for any of the subsequent differences in earnings between those groups.

In contrast, in Washington, D.C., because the control group was subject to a biennial recertification schedule, the triennial feature of the new rent policy would be unlikely to cause any differences in earnings between the two research groups during the first 2 years of followup. This circumstance makes it possible to assess the independent effects of that PHA’s $75 minimum TTP. The absence of interim impacts on labor market outcomes in Washington, D.C., suggests that a modest minimum TTP, by itself, may not be an effective work incentive. This evidence is limited, however, because it comes from only one site and for a minimum TTP of a particular dollar value.

In San Antonio, the possibility that both the increased minimum TTP and the triennial recertification features of the new rent policy contributed to positive earnings impacts cannot be ruled out. The results from Lexington, however, showing some positive labor market impacts independent of influence by a high minimum TTP, and from Washington, D.C., showing no earnings impact in the absence of a difference in recertification schedules between the new and existing rules groups during the first 2 years of followup, suggest the triennial recertification policy was likely the most important factor.

The negative trend in Louisville is puzzling. The control group faced weaker economic work incentives, yet it earned more than the new rules group. The negative effect was concentrated primarily among household heads who were not employed in the quarter before random assignment. What might be the reasons for this finding? Perhaps household heads in the new rules group, compared with their control group counterparts, were more likely to reduce their work effort to engage in education and training activities or were more likely to increase other sources of income. The evaluation's longer-term followup data will show whether the pattern persists; information from the survey of household heads, fielded in 2019, may offer insights into what may be driving it.[118]

The interim impact findings point to tentative subgroup patterns that are worth continuing to explore as longer term data become available. For example, the overall positive impacts on Year 2 earnings in San Antonio may have been driven largely by the subgroup of household heads who were already employed in the quarter prior to random assignment. In Lexington, positive impacts on employment outcomes were concentrated in the subgroup not employed prior to random assignment. The differences in impacts on employment or earnings across subgroup categories within the two PHAs are not consistently statistically significant, however, so the findings are just suggestive. At the same time, the negative earnings effects on employment and earnings in Louisville are clearly concentrated in the non-employed subgroup. For all four PHAs combined, earnings effects appear to be greater among household heads whose youngest child was a teenager at the time of random assignment, although the difference in impacts across subgroup categories is not statistically significant. Longer term data will show whether these patterns for both sets of subgroups, and others, become sharper and more robust.

An intervention that changes families' earnings should eventually lead to changes in their receipt of income-conditioned social welfare benefits, including the Transitional Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP). As of now, this turns out not to have occurred to any noteworthy degree in the Rent Reform Demonstration. For example, the positive impacts on earnings in San Antonio, especially in Year 2, generally had little consequence for the amount of TANF and SNAP benefits families received (relative to the control group), nor did Louisville's *negative* impact on earnings in Year 2 increase the amount of benefits the new rules group in that site received. Although a definitive answer is not possible at this time, one reason for this result, as chapter 3 discussed, may have to do with how benefit amounts are calculated—an immediate dollar-for-dollar relationship with income changes

[118]The survey firm Decision Information Resources, Inc., is administering the long-term followup survey, expected to cover 4 to 17 months after the second triennial, or 40 to 53 months after the initial expected effective date of families' initial recertification under the study.

does not exist. If the impacts on earnings increase, they may possibly affect benefit receipt over time.

Although housing subsidies are also income-conditioned benefits, the new rent policy purposely changed the relationship between earnings growth and subsidy receipt by capping TTPs for the 3-year prior to the triennial recertification. As expected, the new policy caused a small reduction in families' probability of exiting the voucher program in the first 2.5 years of followup using PHA data and a small increase in the average amount of subsidy families received. As 7.1 shows, with all PHAs combined, average subsidy payments increased by $1,332 per family, and each PHA produced a positive effect on this measure.

This effect is consistent with the new rent policy's intent to help "make work pay" by allowing families to refrain from reporting income increases to the PHA for a 3-year period. In Lexington and San Antonio, where the results show some evidence of positive impacts on earnings alongside increases in receipt of housing subsidies, plus little reduction in TANF or SNAP benefits, families may have had more disposable income as a result of the new rent policy during the interim period coved by this report.

All these patterns will be important to reexamine as the longer-term data become available—and especially once families in the new rent rules group have completed their triennial recertifications. At that point, families whose earnings in the 12 months prior to recertification are higher than they were at the initial recertification will begin paying higher TTPs and receiving smaller housing subsidies. This will allow PHAs to begin recouping their forgone savings in housing subsidy expenditures during the 3 years preceding the triennial recertifications. Families whose TTPs increase at that point will have less disposable income than they had in the period prior, but their new TTPs will be capped for another 3 years, allowing them to keep any further increases in earnings they achieve during that period.

Some features of the new policy have eased the administrative burden on PHAs of operating the rent subsidy program and were welcomed by staff and tenants alike, especially the extension of the recertification period and limits on interim recertifications. The new policy substantially reduced the proportion of families in the new rules group, compared with those in the existing rules group—who were subject to regularly scheduled and interim recertifications by the PHA for the purposes of reassessing their eligibility for the voucher program and their TTPs in the face of income changes. For example, as Table 7.1 shows, the new rent rules led to a reduction of 68 percentage points in the proportion of families having a regularly scheduled recertification.

At the same time, other features of the policy, particularly the need to estimate and verify retrospective income over a 12-month look-back period, which was used to set families' TTPs at the regular triennial recertification and in the application of the policy's safeguards, could be time-consuming for PHA staff. Reliance on retrospective income, rather than current/anticipated income, has a strong rationale in the context of a rent policy that includes a 3-year recertification schedule.[119] Finding ways to streamline the process for capturing retrospective income would go a long way toward reducing PHAs' overall administrative burden and cost of operating such a policy.

The preliminary cost analysis suggests that, despite the extra time spent on recertifications that required the calculation of retrospective income, the reduction in the volume of recertifications helped to reduce administrative costs. Overall, that analysis suggests that, so far, the new rent policy is unlikely to cost more to administer than the existing policy, and probably costs somewhat less (although not dramatically less). The preliminary cost findings presented in chapter 4 will be updated for the final report using longer-term data.

For their part, although household heads in the new rules group who took part in qualitative interviews tended to be confused about certain aspects of the new rent policy, they especially appreciated the triennial recertifications. They welcomed being relieved of the burden of reporting income gains to the PHAs. Few mentioned objections to the minimum TTP, but some raised concerns about having their TTPs based on retrospective income. Those who increased their earnings appreciated being able to keep more of their income. Some household heads, however, reported being caught off guard when the triennial recertifications occurred and their TTPs jumped; some had begun spending patterns that would be tougher to sustain once their TTPs were adjusted upward. Although their TTPs would have increased more quickly had they increased their earnings and been subjected to the existing rent rules, some families felt unprepared for the change. This suggests that PHAs that are implementing a new rent policy that includes triennial recertifications should consider finding ways to communicate better with families in advance of their triennials to help them prepare for the likely adjustments in their TTPs. The tenant survey will provide a more systematic opportunity to gauge tenants' experiences with and views of the new policy.

The subsequent report, fourth in the series of reports on the Rent Reform Demonstration and expected in 2021, will analyze the additional effects of the policy using data from the survey of household heads. The survey covers a wide range of outcomes, including job characteristics, reasons for not working, family composition, total family income, family poverty, housing stability, relationships with landlords, savings, debt, financial practices, material hardships, additional quality-of-life indicators, and tenants' perspectives on the rent policies. The final report on the Rent Reform Demonstration, expected in 2023, will examine the new policy's effects on the same outcome measures covered in this report, but over a longer followup period, which will extend through the triennial recertification for all families, and several months beyond for a subset of families. With this longer timeframe and more comprehensive set of data, making a more complete assessment of the new rent policy's success in achieving its multiple goals will be possible.

[119] See Riccio, Deitch, and Verma (2017) for a full discussion of design considerations for the new rent rules.

Appendix A. Supplementary Materials for Chapter 1

Appendix Table A.1. Existing Rent Policies of Public Housing Agencies (PHAs) Participating in the Rent Reform Demonstration

Rent-Policy Component	Lexington	Louisville	San Antonio	Washington, D.C.
Percentage of Adjusted Income for Total Tenant Payment (TTP)	30%	30%	30%	30%
Threshold of Asset Value Below Which Asset Income Is Ignored	$5,000; if assets total more than this amount, income from the assets is "imputed" and the greater of actual asset income and imputed asset income is counted in annual income.	None.	None; self-certification of assets sold for less than fair market value.	None; self-certification of individual assets less than $15,000.
Recertification	Working-age or nondisabled: annual. Elderly or disabled (on fixed income): triennial (proposed).	Working-age or nondisabled: annual. Elderly or disabled: biennial.	Working-age or nondisabled: biennial for some, annual for Rent Reform Demonstration existing rules group. Elderly or disabled (on fixed income): biennial (triennial proposed).	Working-age or nondisabled: biennial.[a] Elderly or disabled: biennial.[b]
Minimum TTP	$150	$0	$50	$0
Income-Reporting Requirements	Required to report income from new income sources; TTP recalculated immediately with new income factored in.	Required to report all income increases; TTP recalculated at next recertification except for zero-income households or those receiving external contributions that report increased income.	Not required to report income increases until next annual recertification (since 2017).	Not required to report income increases until next biennial recertification (since 2016).
Utility Policy	Uses the appropriate utility allowance for the size of dwelling unit actually leased by the family (rather than the family-unit size as determined under the housing authority subsidy standards).	Current HUD policy.	Current HUD policy.	Simplified by bedroom and voucher size (planned).

(continued)

(Appendix Table A.1 continued)

Hardship Policy for Minimum Rent	Suspension of minimum rent if a household experiences an increase in rent as a direct result of the Moving to Work Rent Reform Demonstration; reduction in rent if a household experiences a loss of income due to circumstances beyond the family's control.	(No minimum rent).	If the TTP calculated at recertification is lower than the minimum TTP, a hardship exists, and the family share is calculated at the highest of 30 percent of gross income, 10 percent of adjusted income, or the welfare rent.	(No minimum rent).

SOURCE: Housing agency Moving to Work annual plans and other agency documents.

NOTES: Current HUD utility policy is based on typical utilities costs in housing of similar size and type, on community consumption patterns, and on current utility rates.

[a] Starting in June 2016, income increases did not need to be reported between biennial recertifications. Before June 2016, a family had to report an increase in income even if it occurred before the family's next scheduled biennial recertification. If the increase was $10,000 or more, then the housing agency calculated a new TTP. If the increase was less than $10,000, then this income was excluded until the next biennial recertification.

[b] Starting in September 2016, disabled and fixed-income families were on a triennial recertification.

Appendix B. Supplementary Materials for Chapter 3

Appendix Table B.1. Treatment-on-Treated (TOT) Impacts for Selected Outcomes, Louisville

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	Impact per Participant
Employment and earnings for the head of household				
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	60.9	59.6	1.2	1.6
Year 2 (quarters 7-10)	60.7	62.3	-1.7	-2.2
Last quarter (quarter 11)	62.2	67.0	-4.8	-6.2 **
Full period	60.9	61.6	-0.7	-0.9
Total earnings ($)				
Year 1 (quarters 3-6)	10,164	10,029	135	173
Year 2 (quarters 7-10)	11,236	12,027	-791	-1,019 *
Last quarter (quarter 11)	3,005	3,364	-359	-462 ***
Full period	24,380	25,393	-1,013	-1,305
Housing subsidy				
Average number of months received housing subsidy[b]	27.4	25.9	1.5	2.0 ***
Total housing subsidy ($)				
Year 1	7,898	7,659	239	308 *
Year 2	7,647	6,802	845	1,088 ***
Last month	592	494	99	127 ***
Full period	19,146	17,446	1,700	2,190 ***
Public housing agency (PHA) actions				
Any action that requires staff response[c] (%)	93.0	93.1	-0.1	-0.1
Regularly scheduled recertification[d]	30.5	82.8	-52.3	-67.3 ***
Average number of actions	2.6	3.4	-0.8	-1.0 ***
TANF receipt				
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	1.7	1.9	-0.2	-0.3
Year 2 (quarters 7-10)	1.4	1.2	0.2	0.3
Last quarter (quarter 11)	1.3	1.0	0.3	0.4
Full period	1.5	1.5	0.0	0.0
Amount received ($)				
Year 1 (quarters 3-6)	40	50	-10	-12.9
Year 2 (quarters 7-10)	33	29	5	6.4
Last quarter (quarter 11)	7	7	0	0.0
Full period	80	86	-5	-6.4

(continued)

(Appendix Table B.1 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	Impact per Participant
Food stamp receipt				
Average quarterly receipt (%)				
Year 1 (quarters 3-6)	75.3	73.9	1.4	1.8
Year 2 (quarters 7-10)	64.1	62.0	2.2	2.8
Last quarter (quarter 11)	60.5	56.9	3.6	4.6 *
Full period	68.7	66.7	2.0	2.6
Amount received ($)				
Year 1 (quarters 3-6)	3,497	3,471	27	34.8
Year 2 (quarters 7-10)	2,877	2,863	14	18.0
Last quarter (quarter 11)	657	627	29	37.4 *
Full period	7,031	6,961	70	90.2
Homelessness services				
At least 1 night stay[e] (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.0
Year 2 (quarters 7-10)	0.7	0.2	0.5	0.6 *
Full period	0.7	0.2	0.5	0.6 *
Any stay in emergency shelter (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.0
Year 2 (quarters 7-10)	0.6	0.2	0.4	0.5
Full period	0.6	0.2	0.4	0.5
Any use of services[f] (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.0
Year 2 (quarters 7-10)	0.1	0.1	0.0	0.0
Full period	0.3	0.1	0.2	0.3
Any stay or use of services (%)				
Year 1 (quarters 3-6)	0.1	0.1	0.0	0.0
Year 2 (quarters 7-10)	0.7	0.2	0.5	0.6 *
Full period	0.7	0.2	0.5	0.6 *
Sample size (total = 1,908)	947	961		

(continued)

(Appendix Table B.1 continued)

SOURCES: MDRC calculations using PHA data, quarterly wage data from the National Directory of New Hires, and administrative records data.

NOTES: "Impact per participant" refers to the difference between the new rent rules group and existing rent rules group means divided by the participation rate (0.776).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Differences between the new rent rules group and the existing rent rules group were assessed using a two-tailed t-test. The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

[b]Housing subsidy is the full subsidy amount paid by the housing agency and includes any utility allowance payments made to the tenant in addition to rent paid to the owner by the housing agency.

[c]Certification actions that require staff interaction include annual reexaminations, interim reexaminations (except for end-of-grace-period and end-of-hardship records), and change-of-unit actions.

[d]Regularly scheduled recertifications reflect actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[e]A stay is defined based on the individual's use of any of the following types of housing assistance: emergency shelter, transitional housing, safe haven, or various forms of permanent housing, such as permanent housing without services, permanent housing with services, permanent supportive housing, or rapid re-housing.

[f]Use of a service is defined based on the individual's use of any of the following services: street outreach, day shelter, homelessness prevention, coordinated assessment, services only, or other project type. "Services only" and "other" project types indicate that the project only provides services, not including street outreach. "Services only" projects have associated housing outcomes while "other" projects provide "stand alone supportive services" (U.S. Department of Housing and Urban Development, HMIS Data Standards Data Dictionary, Version 1.3, 2018). Any records without a project type or with a retired project code are also included as a service, except in the few cases where project type was inferable from the associated provider name.

Appendix Table B.2. Impacts on Employment and Earnings Within First 27 Months of Followup: Adults Who Were Not Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Ever employed (%)				
Year 1 (quarters 3-6)	69.3	69.7	-0.4	0.769
Year 2 (quarters 7-10)	71.5	71.0	0.5	0.706
Last quarter (quarter 11)	58.3	58.8	-0.5	0.755
Full period	79.2	79.2	0.0	0.996
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	51.3	52.2	-0.9	0.442
Year 2 (quarters 7-10)	57.5	57.2	0.3	0.790
Last quarter (quarter 11)	58.3	58.8	-0.5	0.755
Full period	54.8	55.1	-0.3	0.773
Total earnings ($)				
Year 1 (quarters 3-6)	7,219	7,577	-358	0.153
Year 2 (quarters 7-10)	9,537	9,809	-272	0.418
Last quarter (quarter 11)	2,626	2,825	-199 *	0.063
Full period	19,314	20,157	-843	0.166
Sample size (total = 3,397)	1,737	1,660		

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of follow-up, expressed as a percentage.

Appendix Table B.3. Impacts on Employment and Earnings Within First 27 Months of Followup, by Public Housing Agency (PHA): Adults Who Were Not Heads of Households

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
Ever employed (%)				
Year 1 (quarters 3-6)	78.2	77.9	0.3	0.944
Year 2 (quarters 7-10)	76.7	74.9	1.8	0.680
Last quarter (quarter 11)	63.4	61.2	2.3	0.683
Full period	83.7	83.2	0.5	0.899
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	64.1	60.5	3.6	0.339
Year 2 (quarters 7-10)	62.4	61.2	1.3	0.766
Last period (quarter 11)	63.4	61.2	2.3	0.683
Full period	63.3	60.9	2.4	0.491
Total earnings ($)				
Year 1 (quarters 3-6)	8,678	7,603	1,075	0.184
Year 2 (quarters 7-10)	9,225	8,405	820	0.447
Last period (quarter 11)	2,374	2,107	267	0.424
Full period	20,277	18,114	2,163	0.270
Sample size (total = 296)	131	165		
Louisville				
Ever employed (%)				
Year 1 (quarters 3-6)	76.2	77.8	-1.6	0.536
Year 2 (quarters 7-10)	74.5	77.5	-3.0	0.272
Last quarter (quarter 11)	59.0	64.0	-5.1	0.113
Full period	82.4	85.6	-3.2	0.168
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	58.3	58.9	-0.7	0.764
Year 2 (quarters 7-10)	59.6	60.7	-1.2	0.651
Last period (quarter 11)	59.0	64.0	-5.1	0.113
Full period	58.9	60.4	-1.5	0.493
Total earnings ($)				
Year 1 (quarters 3-6)	7,018	7,508	-490	0.304
Year 2 (quarters 7-10)	8,602	9,146	-544	0.378
Last period (quarter 11)	2,573	2,706	-132	0.529
Full period	18,145	19,377	-1,232	0.282
Sample size (total = 815)	429	386		

(continued)

(Appendix Table B.3 continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
San Antonio				
Ever employed (%)				
Year 1 (quarters 3-6)	72.7	69.9	2.8	0.321
Year 2 (quarters 7-10)	72.4	69.4	3.0	0.313
Last quarter (quarter 11)	60.0	57.3	2.7	0.393
Full period	80.8	77.1	3.7	0.158
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	57.9	58.6	-0.6	0.801
Year 2 (quarters 7-10)	60.4	58.6	1.7	0.529
Last period (quarter 11)	60.0	57.3	2.7	0.393
Full period	59.2	58.4	0.8	0.746
Total earnings ($)				
Year 1 (quarters 3-6)	8,609	9,104	-495	0.347
Year 2 (quarters 7-10)	10,284	10,213	71	0.916
Last period (quarter 11)	2,651	2,778	-127	0.558
Full period	21,525	21,922	-397	0.750
Sample size (total = 784)	412	372		
Washington, D.C.				
Ever employed (%)				
Year 1 (quarters 3-6)	62.0	63.3	-1.3	0.577
Year 2 (quarters 7-10)	68.5	67.6	1.0	0.677
Last quarter (quarter 11)	55.7	56.6	-0.8	0.736
Full period	75.4	76.3	-0.9	0.666
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	41.6	43.6	-2.0	0.262
Year 2 (quarters 7-10)	53.8	53.9	-0.1	0.967
Last period (quarter 11)	55.7	56.6	-0.8	0.736
Full period	48.5	49.6	-1.1	0.532
Total earnings ($)				
Year 1 (quarters 3-6)	6,284	6,887	-603	0.133
Year 2 (quarters 7-10)	9,693	10,291	-599	0.282
Last period (quarter 11)	2,677	3,084	-407 **	0.020
Full period	18,521	20,230	-1,709 *	0.086
Sample size (total = 1,502)	765	737		

(continued)

(Appendix Table B.3 continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

Appendix Table B.4. Impacts on Employment and Earnings Within First 27 Months of Followup: Household Heads and Other Adults

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Ever employed (%)				
Year 1 (quarters 3-6)	68.5	67.7	0.8	0.292
Year 2 (quarters 7-10)	69.2	68.9	0.4	0.654
Last quarter (quarter 11)	58.6	59.0	-0.5	0.574
Full period	76.7	76.8	-0.1	0.934
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	54.4	53.7	0.7	0.291
Year 2 (quarters 7-10)	57.9	57.3	0.7	0.360
Last quarter (quarter 11)	58.6	59.0	-0.5	0.574
Full period	56.4	55.8	0.5	0.378
Total earnings ($)				
Year 1 (quarters 3-6)	9,157	9,154	3	0.984
Year 2 (quarters 7-10)	11,009	10,909	101	0.613
Last quarter (quarter 11)	2,946	3,039	-93	0.130
Full period	23,046	23,039	8	0.984
Sample size (total = 10,062)	5,049	5,013		

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment is calculated as total number of quarters with employment divided by total number quarters of followup, expressed as a percentage.

Appendix Table B.5. Impacts on Employment and Earnings Within First 27 Months of Followup, by Public Housing Agency (PHA): Household Heads and Other Adults

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
Lexington				
Ever employed (%)				
Year 1 (quarters 3-6)	78.2	76.6	1.6	0.384
Year 2 (quarters 7-10)	75.8	73.3	2.4	0.240
Last quarter (quarter 11)	65.2	61.4	3.8	0.109
Full period	83.3	80.3	3.0 *	0.097
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	65.1	63.3	1.7	0.316
Year 2 (quarters 7-10)	64.3	61.6	2.8	0.158
Last period (quarter 11)	65.2	61.4	3.8	0.109
Full period	64.8	62.3	2.4	0.141
Total earnings ($)				
Year 1 (quarters 3-6)	9,838	9,514	323	0.420
Year 2 (quarters 7-10)	10,897	9,966	931 *	0.070
Last period (quarter 11)	2,945	2,615	330 **	0.038
Full period	23,652	22,045	1,607 *	0.091
Sample size (total = 1,275)	617	658		
Louisville				
Ever employed (%)				
Year 1 (quarters 3-6)	73.4	73.6	-0.2	0.915
Year 2 (quarters 7-10)	72.8	74.5	-1.6	0.267
Last quarter (quarter 11)	61.4	65.9	-4.5 ***	0.006
Full period	79.9	82.3	-2.4 *	0.072
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	60.2	59.3	0.9	0.455
Year 2 (quarters 7-10)	60.5	61.7	-1.2	0.366
Last period (quarter 11)	61.4	65.9	-4.5 ***	0.006
Full period	60.5	61.1	-0.6	0.585
Total earnings ($)				
Year 1 (quarters 3-6)	9,236	9,255	-19	0.949
Year 2 (quarters 7-10)	10,468	11,147	-679 *	0.069
Last period (quarter 11)	2,885	3,160	-275 **	0.017
Full period	22,562	23,543	-981	0.159
Sample size (total = 2,723)	1,376	1,347		

(continued)

(Appendix Table B.5. continued)

Outcome	New Rent Rules	Existing Rent Rules	Difference (Impact)	P-Value
San Antonio				
Ever employed (%)				
Year 1 (quarters 3-6)	71.3	68.7	2.7 *	0.070
Year 2 (quarters 7-10)	70.1	69.4	0.7	0.663
Last quarter (quarter 11)	58.6	57.8	0.8	0.632
Full period	78.8	77.3	1.5	0.295
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	59.3	58.0	1.4	0.302
Year 2 (quarters 7-10)	59.9	58.5	1.4	0.332
Last period (quarter 11)	58.6	57.8	0.8	0.632
Full period	59.5	58.2	1.3	0.287
Total earnings ($)				
Year 1 (quarters 3-6)	9,452	9,221	231	0.432
Year 2 (quarters 7-10)	10,680	10,028	653 *	0.079
Last period (quarter 11)	2,690	2,704	-14	0.900
Full period	22,714	21,850	864	0.216
Sample size (total = 2,653)	1,347	1,306		
Washington, D.C.				
Ever employed (%)				
Year 1 (quarters 3-6)	59.0	58.9	0.2	0.905
Year 2 (quarters 7-10)	63.3	62.3	1.1	0.453
Last quarter (quarter 11)	53.7	53.7	0.0	0.996
Full period	70.3	70.4	-0.1	0.938
Average quarterly employment[a] (%)				
Year 1 (quarters 3-6)	41.8	42.3	-0.5	0.659
Year 2 (quarters 7-10)	51.8	51.2	0.6	0.655
Last period (quarter 11)	53.7	53.7	0.0	0.996
Full period	47.5	47.5	0.0	0.981
Total earnings ($)				
Year 1 (quarters 3-6)	8,548	8,951	-404	0.161
Year 2 (quarters 7-10)	11,671	11,835	-164	0.667
Last period (quarter 11)	3,185	3,376	-191 *	0.100
Full period	23,318	24,096	-778	0.265
Sample size (total = 3,411)	1,709	1,702		

(continued)

(Appendix Table B.5. continued)

SOURCE: MDRC calculations using quarterly wage data from the National Directory of New Hires.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between research groups.

The p-value indicates the likelihood that the difference between the new rent rules group and the existing rent rules group arose by chance. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Sample sizes for specific outcomes may vary because of missing values.

[a]Average quarterly employment rate is calculated as total number of quarters with employment divided by total number of quarters of followup, expressed as a percentage.

Appendix C. Supplementary Materials for Chapter 4

Appendix Table C.1. Bed Coverage Percentage on Homeless Management Information System (HMIS) for Emergency Shelter: Transitional Housing Combined, by Continuum of Care and Year

Outcome	2015	2016	2017
Lexington	62%	85%	84%
Louisville	100%	99%	100%
San Antonio	95%	98%	99%
Washington, D.C.	97%	97%	95%

SOURCE: The Homelessness Data Exchange.

Appendix D. Supplementary Materials for Chapter 5

Data and Methodology for the Administrative Cost Analysis

This appendix supplements chapter 5's description of the preliminary administrative cost analysis. It provides a fuller explanation of the data, methodology, and assumptions used in the analysis, including the full set of sensitivity tests.

Cost Estimation Methodology

The administrative costs on which the cost analysis focuses are only those related to the recertification process through which families' Total Tenant Payments (TTPs) and housing subsidies under the Housing Choice Voucher (HCV) program are determined and modified. This is because this process, which accounts for roughly 40 percent of the total administrative cost of providing vouchers, is the only aspect of operating the voucher program that is potentially affected by the new rent policy.[120] Consequently, many of the costs of administering vouchers, such as for intake, eligibility determination, apartment inspections, and support services, are excluded from the analysis.

These ***pertinent*** administrative costs were estimated separately in the following steps for the new rent rules group and the existing rules group (control group) at each public housing agency (PHA). The difference between each group's costs is the net administrative cost that can be attributed to the new rent policy, which indicates whether the policy, as implemented, was more expensive or less expensive to administer than the existing rules. Below is a summary of the major steps in the cost estimation process. More details about each step are presented later in this appendix.

<u>Estimation steps</u>

1. Make *time estimates* of each type of recertification action (for example, an annual recertification or an interim recertification for a change in income, move, or contract rent change) completed for the families in the research sample. [121]

2. Construct *unit cost estimates* for each type of recertification action. The unit costs are time estimates valued using these elements:

    - the average time per action;

    - the average frontline staff salary and benefits per hour;

[120] In the Housing Choice Voucher Administrative Fee Study, conducted by Abt Associates, Inc., administrative costs were divided into the core functions—intake, eligibility, and lease-up; ongoing occupancy, inspections, monitoring, and supervision; and support services—and non-core functions (Turnham et al., 2015). Ongoing occupancy accounted for 39 percent of administrative cost, and MDRC estimates that nearly three-fourths of activities in this function could be affected by the new rent policy. Supervision and non-core functions accounted for 11 and 19 percent, respectively, and MDRC estimates that about 40 percent of activities in these function categories were affected by the new policy.

[121] The cost analysis includes the initial regularly scheduled recertifications.

- the supervision and support labor[122] cost rates (applied to frontline salary and benefits);
- the overhead rate (applied to frontline, supervision, and support labor costs).[123]

3. Apply the unit cost to each action based on recertification type, PHA, and research group.

4. Add an estimate of the average cost for "additional personnel time," which refers here to time that staff spend on activities related to recertifications but that do not result in a formal action recorded in a PHA's rent software system. Other staff functions unrelated to recertifications is addressed through the estimate of support labor costs.

5. Estimate the total average cost per research group.

6. Subtract the estimated total average cost estimate for the existing rules group from the estimate for the new rules group.

These components of the cost analysis are discussed more fully in the following paragraphs.

Estimating Staff Time Use

The time-per-action estimates are based on interviews with housing specialists, supervisors, and program managers from each PHA.[124] The housing specialists provided estimates of the average time spent on different types of actions. For example, the estimates for scheduled recertifications took into account any time spent on the recertification-related activities from the time the recertification began until the time it was submitted. These activities included preparatory work for an income review, the recertification interview, reviews of documents supplied by the tenant or by others, income verification and calculation, utility allowance calculation, total tenant payment calculations, housing assistance payment (HAP) calculations, sending the recertification notice with any HAP changes to the family, and any other time spent on the recertification. In speaking with specialists and their supervisors, the research team distinguished between cases that were especially time-consuming (notably, households with multiple adult members) and "regular" cases, and developed average-time estimates that accounted for the proportion of all cases that were especially time-consuming at a particular site.

Appendix Table D.1 presents the time estimates for each PHA separately. (See Table 5.3 for the estimates for all PHAs combined.) The results shown in these exhibits quantify what the site staff reported

---

[122] "Support labor' refers to the non-core functions included in the Housing Choice Voucher Administrative Fee Study, such as general customer service, staff meetings, and other frontline staff activities not associated with core HCV functions (for example, ongoing occupancy).

[123] The overhead rate covers both non-labor expenses—including the costs of supplies—and management expenses.

[124] The research team attempted to speak with the primary staff members who had extensive experience with the new rent rules group. In two PHAs, two housing specialists were the primary staff members for the new rent rules group, so the research team spoke with them about the amount of time different types of recertifications required. In one PHA, one staff member was particularly knowledgeable and thoughtful in past interactions, and the research team requested that this housing specialist be included, while the PHA selected the other housing specialist. In the final site, the research team explained to PHA management what type of information was needed and asked them to suggest two housing specialists. In addition, the team spoke with staff who supervised and oversaw recertifications and related activities for both the new rules and the existing rules groups.

to the research team. Housing specialists across all four sites noted that triennial recertifications for the new rent rules group generally take longer than annual (or biennial in Washington, D.C.) recertifications, primarily because of the retrospective income calculation that is done for the new rent rules group. The need to spend extra time is exacerbated in cases where more adults are on the lease, because it means that more income needs to be tracked over the 12-month retrospective period. The burden is also increased when tenants provide contradictory information. Retrospective income calculations are sometimes complex enough to require spreadsheet calculations to be done outside of the PHAs' software systems. Louisville and Washington, D.C., conducted the most recent triennial recertifications by mail rather than in person. Nevertheless, specialists in all four sites indicated that the triennial recertification can take more time than annual recertifications to complete.

Appendix Table D.1. Estimates of Staff Time Use per Staff Action, by Public Housing Agency (PHA)

	Duration (Hours and Minutes)	
Type of Action	New Rent Rules	Existing Rent Rules
Lexington		
Regularly scheduled recertification[a]	1:32	1:00
Move/change of unit[b]	1:15	1:00
Interims[c]		
Contract rent change[d]	0:15	0:15
Household composition change[e]	0:45	0:45
Increased or decreased income	1:16	0:30
Hardship exemption[f]	1:16	n/a
Other action[g]	0:12	0:12
Louisville		
Regularly scheduled recertification[a]	2:05	1:35
Move/change of unit[b]	1:30	1:30
Interims[c]		
Contract rent change[d]	0:12	0:15
Household composition change[e]	0:32	0:32
Increased or decreased income	1:15	1:00
Hardship exemption[f]	1:15	n/a
Other action[g]	0:22	0:22
San Antonio		
Regularly scheduled recertification[a]	1:56	1:00
Move/change of unit[b]	2:02	2:02
Interims[c]		
Contract rent change[d]	0:40	0:30
Household composition change[e]	0:30	0:20
Increased or decreased income	1:10	0:55
Hardship exemption[f]	1:10	n/a
Other action[g]	0:40	0:20
Washington, D.C.		
Regularly scheduled recertification[a]	1:22	0:52
Move/change of unit[b]	0:35	0:35
Interims[c]		
Contract rent change[d]	0:37	0:15

(continued)

(Appendix Table D.1 continued)

	Duration (Hours and Minutes)	
Type of Action	New Rent Rules	Existing Rent Rules
Household composition change	0:17	0:17
Increased or decreased income	1:22	0:25
Hardship exemption[e]	1:22	n/a
Other action[f]	0:12	0:12

SOURCES: MDRC interviews of housing specialists and their supervisors.

NOTES: Staff were asked to be comprehensive in thinking about the amount of housing specialist time different types of recertifications took and to talk about the average amount of time (e.g. not best case or worse case scenarios).

[a]Regularly scheduled recertification reflects actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[b]"Move/change of unit" actions reflect actions recorded as "Action code 7: other change of unit" on the 50058 form. If a move was recorded through an annual or interim action, it is not reflected in this outcome.

[c]Interims reflect all actions recorded as "Action code 3: interim reexamination" on the 50058 form, except interim reexaminations to end a grace period or hardship rent. Types of interim actions are not mutually exclusive. Any action counts as each action once. At the same interim certification event, a household may have reported changes in its situation that fell into more than one of the categories displayed in this table.

[d]The "existing rent rules" group often has contract rent changes included in their annual reexaminations, and in that case the contract rent increase is not included in this category.

[e]Households in the existing rent rules groups in Louisville and Washington, D.C., were not subject to a minimum rent. Thus, there was no hardship exemption available to them. This only includes hardships received through an interim recertification.

[f]Other actions include interims (or some other reason but not end of grace or hardship), which are difficult to classify from the available data.

The staff time-use estimates also were informed by the PHAs' Move to Work (MTW) annual reports to HUD.[125] These reports provided general time estimates to which the interview results could be compared. They also offered specific estimates that were useful in instances where the housing specialists interviewed were uncertain. It is worth noting that, if multiple items were changed during an interim recertification, then time estimates were applied for the action type corresponding to the most time-consuming action, which defined the primary reason for the recertification.

Primary Frontline Personnel Costs

The staff time estimates were valued using salary and fringe benefit information obtained from the four PHAs. The pertinent average hourly staff salary and benefit rates are shown in Appendix Table D.2. The

[125] The four Rent Reform Demonstration sites, like all MTW PHAs in MTW, include in their MTW reports estimates of baseline and current staff time required for activities where policy changes are expected to affect administrative staff time (cost-effectiveness objective CE-2 is staff time savings). For the current cost analysis, the four PHAs' MTW reports were used as a starting point for MDRC's discussions with staff about their time use. Those discussions focused on refining and modifying the MTW estimates. The PHAs' MTW report estimates also provide some assurance that revised estimates MDRC used in the cost analysis are reasonable approximations.

salary and benefits per hour ranged from $23.51 to $33 across the PHAs. The frontline personnel cost (FPC) per transaction was estimated as:

$$FPC = h * s$$

where h is the average time in hours per action and s is the salary and benefits per hour. For example, a triennial recertification for the new rent rules group in San Antonio would require $49.45 in housing specialist time (1.93 hours at a rate of $25.58 per hour for salary and benefits).

Appendix Table D.2. Compensation and Agency Mark-Up Rates, by Public Housing Agency (PHA)

	Lexington	Louisville	San Antonio	Washington, D.C.
Staff hourly rate for salary and fringe benefits ($)	23.51	25.66	25.58	33.00
Supervision mark-up ($)	3.69	4.03	4.02	5.18
Support labor mark-up ($)	5.52	6.03	6.01	7.76

SOURCE: MDRC calculations using PHA fiscal records and data from the Housing Choice Voucher Administrative Fee Study conducted by Abt Associates (Turnham et al., 2015).

NOTES: Supervision and support labor mark-ups are 15.7% and 23.5% of personnel costs, respectively.

This calculation was made for each type of action, PHA, and research group, using the time-per-action estimates shown in Appendix Table D.1. The resulting FPC estimates were multiplied by the corresponding average numbers of actions, by type of action, conducted per family in the new rent rules group and separately per family in the existing rules group. For example, the FPC for triennial recertifications in San Antonio, calculated above, was multiplied by the average number of scheduled recertifications for the new rules group over 31 months at that site (see Appendix Table D.3)[126] to determine San Antonio's cost for that action and that research group. Similar calculations were done for all other actions across both research groups at the four PHAs, yielding the frontline personnel cost estimates that, together with additional personnel costs (discussed in the following paragraphs), make up the total personnel costs reported in Appendix Table D.4.

[126]Actions that were concurrent with other actions were treated as a single action. When multiple actions occurred at the same time, the single action that was included in the analysis was the most time-consuming action.

Appendix Table D.3. Average Number of Recertifications per Action Type, by Public Housing Agency (PHA)

Type of Action	New Rent Rules	Existing Rent Rules
Lexington		
Regularly scheduled recertification[a]	0.95	2.49
Move/change of unit[b]	0.33	0.35
Interims[c]		
Contract rent change[d]	0.37	0.35
Household composition change[e]	0.20	0.25
Increased or decreased income	0.28	1.32
Hardship exemption[f]	0.10	0.01
Other action[g]	0.22	0.12
Sample size (total = 979)	486	493
Louisville		
Regularly scheduled recertification[a]	1.29	2.12
Move/change of unit[b]	0.31	0.36
Interims[c]		
Contract rent change[d]	0.89	0.15
Household composition change[e]	0.18	0.25
Increased or decreased income	0.46	1.48
Hardship exemption[f]	0.16	0.00
Other action[g]	0.55	0.21
Sample size (total = 1,908)	947	961
San Antonio		
Regularly scheduled recertification[a]	0.98	2.40
Move/change of unit[b]	0.23	0.11
Interims[c]		
Contract rent change[d]	0.26	0.07
Household composition change[e]	0.15	0.17
Increased or decreased income	0.16	0.46
Hardship exemption[f]	0.09	0.00
Other action[g]	0.04	0.02
Sample size (total = 1,869)	935	934

(continued)

(Appendix Table D.3 continued)

Type of Action	New Rent Rules	Existing Rent Rules
Washington, D.C.		
Regularly scheduled recertification[a]	0.95	1.65
Move/change of unit[b]	0.23	0.26
Interims[c]		
Contract rent change[d]	0.48	0.41
Household composition change[e]	0.17	0.20
Increased or decreased income	0.34	0.70
Hardship exemption[f]	0.23	0.00
Other action[g]	0.08	0.03
Sample size (total = 1,909)	944	965

SOURCE: MDRC calculations using PHA data.

NOTES: [a]Regularly scheduled recertification reflects actions recorded as "Action code 2: annual reexamination" on the 50058 form. PHAs record all regularly scheduled reexaminations under this action code regardless of the frequency of reexaminations: Annual, biennial, and triennial reexaminations are recorded under this action code.

[b]"Move/change of unit" actions reflect actions recorded as "Action code 7: other change of unit" on the 50058 form. If a move was recorded through an annual or interim action, it is not reflected in this outcome.

[c]Interims reflect all actions recorded as "Action code 3: interim reexamination" on the 50058 form, except interim reexaminations to end a grace period or hardship rent. Types of interim actions are not mutually exclusive. Any action counts as each action once. At the same interim certification event, a household may have reported changes in its situation that fell into more than one of the categories displayed in this table.

[d]The "existing rent rules" group often has contract rent changes included in their annual reexaminations, and in that case the contract rent increase is not included in this category.

[e]This outcome indicates a decrease in income that occurred at the same time that household composition changed. When household members are removed so is their income.

[f]Households in the existing rent rules groups in Louisville and Washington, D.C., were not subject to a minimum rent. Thus, there was no hardship exemption available to them. This only includes hardships received through an interim recertification.

[g]Other actions include interims (or some other reason but not end of grace or hardship), which are difficult to classify from the available data.

Appendix Table D.4. Net Administrative Cost per Family for 31 Months: Base Estimate

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (Net)
All PHAs			
Personnel	110	127	-17
Overhead	33	38	-5
Total	143	165	-22
Sample size (total = 6,665)	3,312	3,353	
All PHAs except Washington, D.C.			
Personnel	112	142	-30
Overhead	34	43	-9
Total	146	185	-39
Sample size (total = 4,756)	2,368	2,388	

SOURCE: MDRC calculations using public housing agency data.

NOTES: Administrative costs refer only to those that could possibly be affected by the new rent policy.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.
All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.
Program costs are based on steady state of operation that excludes external research and start-up costs.
All costs are shown in constant 2019 dollars.

Additional Personnel Costs

To account for the full cost of pertinent time that staff spent working with families in the new and existing rent rules groups, it is important to take into account other types of efforts by frontline staff, their supervisors, and other personnel in the agency.

Additional time from frontline staff. One type of estimate, referred to as the cost of "additional frontline staff time," concerns activities directly affected by the new rent rules. In particular, housing specialists working with the new rent rules group had to spend time checking whether a family who thought they might qualify for a restricted interim or hardship exemption actually did qualify. In many cases, the family did not qualify, so no recertification was completed. Housing specialists in San Antonio and Louisville explained to MDRC researchers that they were spending a lot of time on activities such as these that do not typically result in a formal action. San Antonio housing specialists estimated that one-half of the hardship requests they receive are denied. Louisville housing specialists similarly pointed to hardship denials as a source of extra work, along with answering families' questions about changes in their rent obligations.[127] Because no formal action was taken, the housing specialists' efforts in response to families'

[127] Housing specialists also spend some time that is not reflected in recertifications for families who are subject to the existing rent rules. Louisville housing specialists said this happens when changes in income are reported but do not need to be entered into the system at that time—for example, changes that occur close to an annual recertification are often ignored until the annual recertification.

inquiries were not recorded in the software system, and, consequently cannot be measured directly for the cost analysis.

The approach used to estimate the cost of these kinds of additional personnel efforts is informed by the proportion of families who received a 6-month grace period TTP but did not qualify for further hardship remedies. Grace period TTPs were offered at the initial recertification at the beginning of the study and are offered at each subsequent triennial. For all four PHAs combined, 22.5 percent of families received a grace period TTP at the initial recertification (see chapter 4). This safeguard allows a family's TTP to be based temporarily (for 6 months) on current rather than retrospective income if its current income is more than 10 percent lower than its retrospective income (see chapter 2.) For the purposes of the cost analysis, the grace period TTP is used as a general proxy measure of a family's future probability of seeking a reduction in its TTP (through a restricted interim or hardship remedy) because of an income decline. This is an imperfect measure, of course. Changing economic conditions over time may mean that a different proportion of people experience income declines in the subsequent 3-year period before their next regular (triennial) recertification than the proportion who experienced an income decline in the 12 months prior to their initial recertifications. Moreover, some families may have experienced income losses and sought changes in their TTPs multiple times during the followup period. On the other hand, some families who would qualify for an interim recertification or hardship remedy may never seek one—for example, because they do not want to engage with the housing authority, do not have time to seek a reduction, are doubtful about getting a TTP adjustment, are unaware of the options available to them, or for some other reason. Some of these factors offset one other, suggesting that this proxy measure may be a reasonable one. It should also be kept in mind that most staff time is spent on formal actions that are directly measurable, so that error in estimating additional personnel costs should not have a substantial effect on the overall administrative cost estimates.

While the proportion of families receiving an initial grace period TTP is used to approximate the proportion of families who sought a reduction in their TTPs during the followup period, some would have qualified and received a formal action, whereas others would not qualify. To estimate how many were in the latter group (the ones who caused staff to spend time conducting income reviews that led to no formal actions), the percentage of families who ever received a hardship remedy was subtracted from the percentage of families who ever received a grace-period TTP.[128]

It was then assumed that the amount of time spent by PHA staff to review a hardship request, including the time needed to complete an income review, was the same as the amount of time required for an interim where a hardship was granted. This unit time estimate was then multiplied by the percentage of families estimated to have requested but were denied a hardship remedy. The final

[128] An additional adjustment could include subtracting the proportion of families who received a restricted interim recertification. This adjustment, however, was not made because only a small proportion of families received a restricted interim during the followup period (4.8 percent for all four PHAs combined), and because it is known from staff interviews that some families made requests but did not qualify for hardship remedies multiple times. Thus, not subtracting the likelihood of receiving an interim recertification is one way to offset the inability to estimate staff time spent reviewing multiple nonqualifying requests for TTP reductions.

step in estimating the average additional personnel costs was to multiply this product by the hourly salary and benefits rate, as described for action-related personnel costs earlier.

Supervision and support labor. Two other types of additional personnel costs are costs for supervision and support for frontline staff activities. (See Appendix Table D.2 for the average dollar value estimates for each PHA.) Here the estimates are based on the findings of the Administrative Fee Study. In that study, the personnel costs for supervision and monitoring of frontline staff involved in "ongoing occupancy" activities—of which the actions affected by the new rent policy are an important part—were found to be 15.7 percent of the costs for the frontline staff working on core HCV functions across the 60 PHAs covered in the study. Consequently, for the four PHAs in the Rent Reform Demonstration, the supervision costs associated with the frontline staff cost per transaction are also estimated as 15.7 percent of that cost.[129] In doing so, it is assumed that (1) the amount of supervision cost per dollar of frontline personnel cost is the same at the four sites as at the 60 PHAs in the administrative fee study, and (2) the amount of supervision needed for recertifications and the other transactions is the same as for other core HCV function activities. These assumptions imply that the impact of the new rent policy on supervision costs is proportional to its impact on the costs of frontline staff time devoted to core activities.

The personnel cost for general customer service, staff meetings, and other frontline staff activities not associated with core HCV functions (for example, ongoing occupancy) was found by the administrative fee study to be 23.5 percent of the time devoted to core functions. Consequently, the current analysis estimates the support cost as 23.5 percent of the frontline staff cost per transaction. This estimate involves similar assumptions to those made for supervision costs. The implicit argument, in this case, is that time needed for noncore activities is a function of the time needed for core activities. This is clearly true for noncore activities such as staff meetings and paid lunch and break time but is somewhat less clearly true for activities such as general customer service.[130]

The resulting estimates of additional personnel costs are included in the personnel costs shown in Appendix Table D.4.

[129] This percentage reflects both the amount of supervisor time needed and the higher level of compensation paid to supervisors compared to frontline personnel. See chapter 5 in Turnham et al. (2015).

[130] Some general customer service time is presumably occasioned by core activity interactions, but some may be independently determined by tenant experiences. See Turnham et al. (2015); chapter 5 of that report provides discussion of these activities, and appendix C lists specific activities in each core and non-core function.

Overhead Costs

Overhead includes both nonlabor costs and management costs. Nonlabor expenses include building costs (rent or mortgage, utilities, maintenance, security), computer and telecommunications costs, materials and supplies (including postage and travel), vehicles costs (including mileage), insurance, and capital outlays (depreciation). Management costs cover administrative functions, audit and legal services, training costs, and administrative and other contracts. Some expenses covered by overhead are directly affected by the new rules. Noteworthy examples are the costs of postage and photocopying, which are incurred in conducting recertifications. The other overhead expenses are assumed to be affected indirectly. For example, if the new rent policy reduces the need for frontline and supervisory personnel, this will correspondingly reduce the costs associated with office space and program administration.

PHA financial reports from 2017 were used to determine an appropriate overhead rate to apply, to account for the nonlabor and management costs enumerated earlier. The overhead rate of 30 percent based on those reports was multiplied by total personnel costs to estimate the overhead expense.

The overhead cost estimates for each site and research group are shown in Appendix Table D.4.

Discounting and inflation adjustments

All costs were discounted at a 3.0-percent discount rate. The dollar values are discounted to account for changes in the value of a dollar over the 31-month followup period; discounting converts dollars to their present values. A discount rate is used to account for the opportunity cost of money—that is, the investment foregone when dollars are spent.

The personnel rates used in this analysis are current rates from the first quarter of 2019 and thus did not require inflation adjustment.

Base Cost Estimates Per Family

Appendix Table D.4 summarizes the administrative costs per family for the new rent rules group and the existing rules group. As noted previously, "administrative costs" for the current study refer to the pertinent costs—the ones potentially affected by the new rent policy—not to total administrative costs. The top panel presents the results for all four PHAs combined. It shows that the average pertinent cost per family in the new rules group was $143 for the 31-month followup period, which is $22 less than the estimate for the existing rules group, representing a savings caused by the new rent policy. When Washington, D.C., is excluded, the three-PHA pooled results show savings of $39 for the new rules group.

Appendix Table D.5 presents the results by PHA. It shows that the new rent rules produced substantial administrative cost savings in Lexington and Louisville, eliminating nearly one-third of pertinent expenses. The effects in the other two sites, however, were small: There was a small saving in San Antonio and a small administrative net cost in Washington, D.C.

Appendix Table D.5. Net Administrative Cost per Family per 31 Months: Base Estimate, by Public Housing Agency (PHA)

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (Net)
Lexington			
Personnel	85	116	-32
Overhead	25	35	-10
Total	110	151	-41
Sample size (total = 979)	486	493	
Louisville			
Personnel	135	190	-55
Overhead	40	57	-17
Total	175	247	-72
Sample size (total = 1,908)	947	961	
San Antonio			
Personnel	103	107	-4
Overhead	31	32	-1
Total	134	140	-6
Sample size (total = 1,869)	935	934	
Washington, D.C.			
Personnel	104	88	17
Overhead	31	26	5
Total	136	114	22
Sample size (total = 1,909)	944	965	

SOURCE: MDRC calculations using PHA data.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.

All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.

Program costs are based on steady state of operation that excludes external research and start-up costs.

All costs are shown in constant 2019 dollars.

Sensitivity Analysis

The estimates of the average staff time required to complete recertification actions, which are shown in Appendix Table D.1, are key determinants of the administrative cost findings presented in chapter 5. These estimates, which were based on interviews with site staff as described previously, are subject to error—and more so than the other key elements in our cost estimation approach.[131] This section of appendix D tests the sensitivity of the cost findings to changes in the staff time estimates. The sensitivity tests are informed by the Housing Choice Voucher Administrative Fee Study.[132] This study, which covered voucher programs at 60 public housing authorities and used a rigorous data collection methodology involving random moment sampling, was able to make more precise estimates of the staff time required per action than is possible in this evaluation. Appendix Table D.6 shows the median time estimates from that study for three types of actions: regularly scheduled recertifications, interim recertification, and actions required when families move or change their housing units.

Appendix Table D.6. Alternate Time Estimates from HUD's Administrative Fee Study

Type of Action	Median Time Estimate (Hours and Minutes)
Annual recertifications[a]	3:07
Interim recertifications[b]	2:03
Moves[c]	3:07

SOURCE: Housing Choice Voucher Administrative Fee Study from the Housing Choice Voucher Administrative Fee Study conducted by Abt Associates (Turnham et al., 2015).

[a]Annual recertifications include preparing for and scheduling annual recertifications, conducting interviews, verifying income and household composition, reviewing EIV, and calculating total tenant payment and HAP.

[b]Interim recertifications include receiving and processing requests for interim recertifications, conducting interviews and verifying income, calculating total tenant payment and HAP, and processing vendor changes and notifications.

[c]Moves include receiving and processing move requests, determining eligibility for a move, and conducting move briefings.

The time estimates for the four PHAs in the Rent Reform Demonstration are consistently lower than estimates made in the Administrative Fee Study. The time estimates for annual recertifications, interim recertifications, and moves and changes of units in Louisville and Lexington are within the ranges reported by Abt for these types of transactions based on its sample of 60 PHAs. The estimates for San Antonio and Washington, D.C., are near or below the lowest estimates in the ranges for these transactions, but this is not surprising because these two demonstration sites (1) have sought to streamline administrative procedures as MTW participants, and (2) are larger scale programs than most of those in the Abt sample.[133]

[131] For example, these estimates are more likely to be faulty than the estimates of the number of actions completed for the new and existing rules groups, which are based on the impact results presented in chapter 4.

[132] Turnham et al. (2015)

[133] A regression analysis of the determinants of HCV administrative costs found large program scale to be a significant predictor of lower costs (Turnham et al. 2015).

One of the time estimates for San Antonio and all three of the time estimates for Washington, D.C., are below the ranges reported by Abt.[134] Calculated at 1 hour, the annual recertification estimate for San Antonio is below the range reported by Abt. Lower costs are to be expected for a large-scale program (San Antonio is larger than all PHAs in the Abt sample except Los Angeles), however, especially one participating in MTW, and 1 hour, although close to the bottom of the range, is still within the range. Also, 1 hour is the baseline value used by San Antonio in its estimation of staff time in one type of "cost-effectiveness estimate" (CE-2) [135] reported to HUD in its annual MTW reports.[136]

The time estimate for annual recertifications in Washington, D.C., at 52 minutes, is even further below the range reported by Abt Associates, Inc., and the estimates for interim recertifications and moves/changes of unit also are clearly below the range. The estimate of 52 minutes is also lower than the CE-2 baseline estimate reported by the housing authority in its MTW reports.[137] The median time by recertification type from the Abt study is shown in Appendix Table D.6.

Four sensitivity tests were conducted with different assumptions for time to complete different types of recertifications. Two of these sensitivity analyses use the median time estimates reported by the Abt researchers as the existing rent rules time estimates. Another sensitivity test is based on the means and confidence intervals that were reported. Detailed information on the sensitivity analyses conducted and their results are as follows.

- **Sensitivity Test 1:** Assume that the time frontline staff took to complete each type of action for the control group is the same as the median amount of time estimated by the Administrative Fee Study for other PHAs, and that the *percentage change* in time spent on those activities for the new rules group is accurately measured by the current study.

It is possible that staff members interviewed by MDRC researchers erred more in estimating the average amount of time they spent per action for each research group than in estimating the *relative difference* in effort required per action between the two groups. Therefore, for this sensitivity test, the time spent for each action for the new rent rules group was calculated by multiplying the relevant Abt time estimate (which was assumed for this sensitivity test to reflect staff time use for the control group) by the percentage change in the amount of time that staff said they spent for the new rules group. The formulas for this calculation are below:

Existing Rent Rules Time Estimates = Median time from Abt estimates

New Rent Rules Time Estimates = (Median time from Abt estimates * % change in MDRC estimated new rent rules compared with existing rent rules time estimate) + Median time estimate from Abt estimate.

[134] For interim recertifications, the San Antonio estimates are approximately at the bottom of the Abt study range (two estimates are slightly below the bottom and one is above the bottom).
[135] PHAs in the MTW demonstration are expected to make estimates of the effect of an implemented activity on four measures of cost-effectiveness if the activity is intended to help achieve the MTW's goal of cost-effectiveness. The second of these measures (CE-2) is staff time savings; the others (CE-1, CE-3, and CE-4) are cost savings, additional revenue generated, and leveraged resources.
[136] See San Antonio Housing Authority (2017).
[137] See District of Columbia Housing Authority (2015).

For example, in San Antonio, an annual recertification for the existing rent rules would take 187 minutes using the median estimates from Abt.

The new rent rules time estimate for a triennial recertification in San Antonio would be 361 minutes, and the detailed calculations are as follows:

> Percent change in new rent rules time from base assumptions: (116 minutes for the new rent rules – 60 minutes for the existing rent rules) / 60 minutes for the existing rent rules = 93%
>
> 93% * 187 minutes to complete an annual recertification per Abt + 187 minutes to complete an annual per Abt = 361 minutes

Under these alternative assumptions, the costs per family for both the new rent rules group and the existing rules group increased compared with estimates under the base assumptions: the full cost per family for each group is nearly double the amount under the base estimates. As Appendix Table D.7 shows, for the four-PHA pooled sample administrative costs per family increased by $22 over the 31-month followup period. As is the case with all cost analyses conducted, the results are more favorable for the new rent policy for the three-PHA pooled sample that excludes Washington, D.C. It shows a cost savings of $39 per family over the 31-month followup period.

Appendix Table D.7. Sensitivity Test #1 of Administrative Costs per Family

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (Net)
<u>All PHAs</u>			
Personnel ($)	378	361	17
Overhead ($)	113	108	5
Total ($)	491	469	22
Sample size (total = 6,665)	3,312	3,353	
<u>All PHAs except Washington, D.C.</u>			
Personnel ($)	331	361	-30
Overhead ($)	99	108	-9
Total ($)	430	469	-39
Sample size (total = 4,756)	2,368	2,388	

SOURCES: MDRC calculations using public housing agency (PHA) data and data from the Housing Choice Voucher Administrative Fee Study conducted by Abt Associates (Turnham et al., 2015).

NOTES: The first sensitivity test assumes that the time frontline staff took to complete each type of action for the control group is the same as the median amount of time estimated by the Administrative Fee Study for other PHAs, and that the *percentage change* in time spent on those activities for the new rules group is accurately measured by the current study.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.

All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.

Program costs are based on steady state of operation that excludes external research and start-up costs.

All costs are shown in constant 2019 dollars.

- **Sensitivity Test 2:** Assume that the time frontline staff took to complete each type of action for the control group is the same as the median amount of time estimated by the Administrative Fee Study for other PHAs, and that the *absolute difference* in time spent on those activities for the new rules group is accurately measured by the current study.

This sensitivity test differs from the first one by assuming that staff members interviewed by MDRC were better able to estimate absolute rather than relative time differences per type of action when comparing their efforts with the two research groups. Therefore, for this sensitivity test, the time spent for each action for the new rent rules group was calculated by adding to the relevant Abt estimate for the control group the difference in minutes per action that site staff said they spent for the new rules group. The formulas for calculating the time estimates for the new rent rules group under these assumptions are as follows:

Existing Rent Rules Time Estimates = Median time from Abt estimates

New Rent Rules Time Estimates = (Median time from Abt estimates + (New rent rules MDRC estimate – existing rent rules MDRC estimate).

For example, in San Antonio, annual recertification for the existing rent rules would take 187 minutes using the median estimates from Abt. The new rent rules time estimate for triennial recertification in San Antonio would be 243 minutes, and the detailed calculations are below:

> New Rent Rules Time Estimates = (187 minutes to complete an annual per Abt + (116 minutes to complete a triennial for the new rent rules per base estimate – 60 minutes to complete an annual for the existing rent rules per base estimate)).

Under this alternate set of assumptions, the costs per family for both the new rent rules and existing rules group increased compared with estimates under the base assumptions. The overall administrative costs for the new rent rules were lower under this sensitivity test compared with the first sensitivity test, however. With these alternate assumptions, there were larger cost savings when looking at the full pooled sample and the three-PHA pooled sample ($81 and $101 cost savings, respectively). See Appendix Table D.8 for results.

Appendix Table D.8. Sensitivity Test #2 of Administrative Costs per Family

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (Net)
All PHAs			
Personnel ($)	299	361	-62
Overhead ($)	90	108	-19
Total ($)	389	469	-81
Sample size (total = 6,665)	3,312	3,353	
All PHAs except Washington, D.C.			
Personnel ($)	283	361	-78
Overhead ($)	85	108	-23
Total ($)	368	469	-101
Sample size (total = 4,756)	2,368	2,388	

SOURCE: MDRC calculations using public housing agency (PHA) data and data from the Housing Choice Voucher Administrative Fee Study conducted by Abt Associates (Turnham et al., 2015).

NOTES: The second sensitivity test assumes that the time frontline staff took to complete each type of action for the control group is the same as the median amount of time estimated by the Administrative Fee Study for other PHAs, and that the *absolute difference* in time spent on those activities for the new rules group is accurately measured by the current study.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.

All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.

Program costs are based on steady state of operation that excludes external research and start-up costs.

All costs are shown in constant 2019 dollars.

- **Sensitivity Test 3:** Assume that the staff erred in their estimates of how much time they spent on each activity, for both research groups, by 22 percent.

Given that time estimates per action are based on interviews of a small number of housing specialists, supervisors, and managers, it is possible they understate or overstate the actual time required to complete the actions. To address this concern, the third sensitivity test assumes that staff are off in their judgment by 22 percent in either direction. This represents the 95 percent confidence interval around the mean time estimate for all interim recertifications measured in the administrative fee study, with the interval expressed as a percent of the mean (Turnham et al, 2015; Table 4.10).[138] The previous two sensitivity tests postulate error taking a specific form—error with respect to the absolute rather than relative time differences between the two research groups, and vice versa. This test advances the idea of less identifiable error of a magnitude suggested by the range of time estimates found in the Administrative Fee Study.

Under this set of alternate assumptions, the results show administrative cost savings of $89 to an increase in the net cost of $46 per family over the 31-month followup period for the four-PHA pooled sample. As was the case for the analysis using our base assumptions, the savings are greater for the three-PHA pooled sample that excludes Washington, D.C. The difference in administrative costs for that group of PHAs ranged from a savings of $112 to a cost increase of $33 per family over the 31-month followup period. Appendix Table D.9 shows the full results of this sensitivity analysis.

Appendix Table D.9. Sensitivity Test #3 of Administrative Costs per Family

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (net)
All PHAs			
Personnel ($)	86 to 134	99 to 154	-69 to 35
Overhead ($)	26 to 40	30 to 46	-21 to 11
Total ($)	111 to 174	128 to 201	-89 to 46
Sample size (total = 6,665)	3,312	3,353	
All PHAs except Washington, D.C.			
Personnel ($)	87 to 137	111 to 174	-86 to 26
Overhead ($)	26 to 41	33 to 52	-26 to 8
Total ($)	114 to 178	144 to 226	-112 to 33
Sample size (total = 4,756)	2,368	2,388	

SOURCE: MDRC calculations using public housing agency data.

NOTES: The third sensitivity test assumes that the staff erred in their estimates of how much time they spent on each activity, for both research groups, by 22 percent.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.

All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.

Program costs are based on steady state of operation that excludes external research and start-up costs.

All costs are shown in constant 2019 dollars.

[138] The confidence interval for annual certifications mean in the Abt study was +/- 16 percent.

- **Sensitivity Test 4:** Assume that the new rent rules group recertifications take the same amount of time as the existing rent rules group recertifications.

This sensitivity test explores what would happen if the true difference in the time for recertifications between the new and existing rent rules groups is zero. If the new rent rules were adopted, it is likely that over time PHAs would become more efficient in administering vouchers under the new policy, and that some aspects of the policy that are the most time consuming to complete (for example, calculating retrospective income) may be streamlined to decrease the amount of time needed. This test assumes that the time that staff spends per action for the new rent rules group is the same as the time they reported spending for the control group in the MDRC interviews. The difference between the two groups in this sensitivity test is thus driven entirely by the differences between the two groups in the likelihood of a specified action.

Under this set of alternate assumptions, both the four-PHA and three-PHA pooled samples had administrative cost savings (savings of $64 and $74, respectively), as shown in Appendix Table D.10. As was the case throughout all the cost analyses, the savings were greater when Washington, D.C. is excluded from the pooled sample.

Appendix Table D.10. Sensitivity Test #4 of Administrative Costs per Family

Cost Category ($)	New Rent Rules	Existing Rent Rules	Difference (Net)
All PHAs			
Personnel ($)	78	127	-49
Overhead ($)	23	38	-15
Total ($)	101	165	-64
Sample size (total = 6,665)	3,312	3,353	
All PHAs except Washington, D.C.			
Personnel ($)	85	142	-57
Overhead ($)	26	43	-17
Total ($)	111	185	-74
Sample size (total = 4,756)	2,368	2,388	

SOURCE: MDRC calculations using public housing agency data (PHA).

NOTES: The fourth sensitivity test assumes that the new rent rules group recertifications take the same amount of time as the existing rent rules group recertifications.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Tests of statistical significance were not performed.

All dollar values have been rounded to the nearest whole dollar. Rounding may cause slight discrepancies in sums and differences.

Program costs are based on steady state of operation that excludes external research and start-up costs.

All costs are shown in constant 2019 dollars.

Appendix E. Supplementary Materials for Chapter 6

Appendix Table E.1. Characteristics of Families in the Implementation Research Interview Samples and the Full Program Group

	Interview		New Rent
Characteristic	Round 1	Round 2	Rules
Average number of family members	2.8	2.9	3.4
Families with more than one adult (%)	24.6	32.9	38.4
Number of children in the family (%)			
None	27.5	30.1	22.4
1	30.4	23.3	23.2
2	20.3	24.7	23.9
3 or more	21.7	21.9	30.6
Among families with children, age of the youngest child (%)			
0-2 years	10.0	17.6	16.8
3-5 years	12.0	15.7	18.6
6-12 years	56.0	43.1	41.9
13-17 years	22.0	23.5	22.8
No earned income[a] (%)	56.5	56.2	58.1
Income sources[a] (%)			
Wages	43.5	43.8	41.9
Welfare	7.2	12.3	15.0
Social Security/SSI/pensions	31.9	15.1	24.7
Other income sources	40.6	39.7	39.9
Child support	34.8	23.3	28.4
Unemployment benefits	2.9	5.5	1.7
Other	5.8	12.3	12.1
Average annual income from wages, among families with any wage income[a] ($)	15,419	20,003	18,660
Sample size	69	73	3,312

SOURCE: MDRC calculations using public housing agency data.

NOTES: Sample sizes for specific outcomes may vary because of missing values.

Rounding may cause slight discrepancies in calculating sums and differences.

Data were collected at the most recent recertification before random assignment.

[a]Income-source categories are as defined on the HUD-50058 form. Wages include one's own business, federal wages, PHA wages, military pay, and other wages. Welfare includes general assistance, annual imputed welfare income, and Temporary Assistance for Needy Families. SSI is Supplemental Security Income. Other income sources include child support, medical reimbursement, Indian trust/per capita, unemployment benefits, and other nonwage sources.

Appendix Table E.2. Characteristics of Heads of Households in the Implementation Research Samples: Baseline Survey Data

Characteristic	Interview Round 1	Interview Round 2	New Rent Rules
Average age (years)	41	41	39
Marital status (%)			
Married, living with spouse	1.7	6.3	4.1
Cohabitating	0	0	0.6
Single, never married	72.9	66.7	70.1
Separated	8.5	7.9	10.7
Divorced or widowed	16.9	19.0	14.5
Education			
Highest degree is a high school diploma or equivalent (%)	64.4	76.2	61.2
Has a trade license or training certificate (%)	37.3	42.9	31.5
Employment status			
Currently employed (%)	30.5	52.4	47.5
Currently working 35 hours or more per week (%)	18.6	27.0	23.6
Total weekly earnings (%)			
$0	71.9	50.8	56.7
$1 - $200	5.3	8.5	11.0
$201 - $400	10.5	25.4	17.8
$401 or more	12.3	15.3	14.5
Average hours worked per week, among those currently employed	32	32	32
Average hourly wage, among those currently employed ($)	11	11	11
Average weekly earnings, among those currently employed ($)	397	360	345
Average number of months employed, among those who worked in the past 12 months	8	9	9

(continued)

(Appendix Table E.2 continued)

Characteristic	Interview Round 1	Interview Round 2	New Rent Rules
Barriers to employment			
Has any physcial, emotional, or mental health problem that limits work (%)	33.9	34.9	31.7
Child care			
Has a child under age 13 (%)	50.0	47.6	53.9
Sample size	59	63	2,715

SOURCE: MDRC calculations using HUD Rent Reform baseline survey data.

NOTES: Sample sizes represent respondents to the baseline survey.
Sample sizes for specific outcomes may vary because of missing values.
Rounding may cause slight discrepancies in calculating sums and differences.
Detail may sum to more than 100 percent for questions that allow more than one response.

Appendix Table E.3. Characteristics of Families in the Implementation Research Sample: Baseline Survey Data

	Interview		New Rent
Characteristic	Round 1	Round 2	Rules
Receives TANF (%)	6.8	7.9	11.3
Receives food stamps/SNAP (%)	74.6	73.0	74.7
Years receiving a Housing Choice Voucher (%)			
Less than 1	1.7	3.2	4.9
1 - 3	12.1	19.0	14.1
4 - 6	15.5	17.5	18.6
7 - 9	13.8	7.9	20.3
10 or more	56.9	52.4	42.1
Annual family income (%)			
$0	7.0	15.9	7.2
$1 - $4,999	14.0	14.3	24.9
$5,000 - $9,999	40.4	22.2	23.6
$10,000 - $19,999	28.1	41.3	28.8
$20,000 or more	10.5	6.3	15.5
End-of-month finances (%)			
Had some money left over	5.4	6.6	4.4
Had just enough money to make ends meet	39.3	41.0	45.6
Did not have enough money to make ends meet	55.4	52.5	50.0
Sample size	59	63	2,715

SOURCE: MDRC calculations using HUD Rent Reform baseline survey data.

NOTES: TANF is Temporary Assistance for Needy Families. SNAP is the Supplemental Nutrition Assistance Program.

Sample sizes represent respondents to the baseline survey.

Sample sizes for specific outcomes may vary because of missing values.

Rounding may cause slight discrepancies in calculating sums and differences.

Percentages may sum to more than 100 percent for questions for questions that allow more than one response.

References

Abraham, Katherine, John C. Haltiwanger, Kristin Sandusky, and James Spletzer. 2009. Exploring Differences in Employment Between Household and Establishment Data. Working paper No. 14805. Cambridge, MA: National Bureau of Economic Research. www.nber.org/papers/w14805.

Abt Associates Inc., the Urban Institute, and Applied Real Estate Analysis, Inc. 2010. *Study of Rents and Rent Flexibility.* Report prepared for the U.S. Department of Housing and Urban Development, Office of Public and Indian Housing. Washington, DC: U.S. Government Printing Office.

Benjamini, Yoav, and Yosef Hochberg. 1995. "Controlling the False Discovery Rate: A Practical and Powerful Approach to Multiple Testing," *Journal of the Royal Statistical Society* Series B Methodological 57: 289–300.

Climaco, Carissa, Tanya de Sousa, Larry Buron, and Utsav Kattel. 2017. Rent Reform Demonstration Software Implementation Assessment. Unpublished paper. Cambridge, MA: Abt Associates.

District of Columbia Housing Authority. 2015. *2015 Moving to Work Report*. Washington, D.C: District of Columbia Housing Authority.

Eggers, Frederick J. 2017. *Characteristics of HUD-Assisted Renters and Their Units in 2013*. Washington, DC: U.S. Department of Housing and Urban Development.

Government Accountability Office. 2012. *Housing Choice Vouchers: Options Exist to Increase Program Efficiencies*. Washington, DC: U.S. Government Printing Office.

Hendra, Richard, James A. Riccio, Richard Dorsett, David H. Greenberg, Genevieve Knight, Joan Phillips, Philip K. Robins, Sandra Vegeris, and Johanna Walter, with Aaron Hill, Kathryn Ray, and Jared Smith. 2011. *Breaking the Low-Pay, No-Pay Cycle: Final Evidence from the UK Employment Retention and Advancement (ERA) Demonstration*. Report 765. Leeds, United Kingdom: Department for Work and Pensions.

Kansas City, Kansas Housing Authority. 2016. "Admissions & Continued Occupancy Policy of the Kansas City, Kansas Housing Authority." www.kckha.org/uploads/6/8/4/9/68497415/acop-full.pdf.

MDRC. 2016. Rent Reform Data Collection and Analysis Plan. Unpublished design paper submitted to the U.S. Department of Housing and Urban Development. New York: MDRC.

Michalopoulos, Charles. 2005. *Does Making Work Pay Still Pay? An Update on the Effects of Four Earnings Supplement Programs on Employment, Earnings, and Income*. New York: MDRC.

Nuñez, Stephen, Nandita Verma, and Edith Yang. 2015. *Building Self-Sufficiency for Housing Voucher Recipients: Interim Findings from the Work Rewards Demonstration in New York City*. New York: MDRC.

Public Housing Authorities Directors Association. 2005. *Rent Reform: Fair and Simple Solutions.* Washington, DC: Public Housing Authorities Directors Association.

Riccio, James, and Victoria Deitch. 2019. *The Rent Reform Demonstration: Short-Term Effects on Employment and Housing Subsidies.* New York: MDRC.

Riccio, James, Victoria Deitch, and Nandita Verma. 2017. *Reducing Work Disincentives in the Housing Choice Voucher Program: Rent Reform Demonstration Baseline Report.* New York: MDRC.

San Antonio Housing Authority. 2017. *Moving to Work 2017 Annual Report*. San Antonio, TX: San Antonio Housing Authority.

Turnham, Jennifer, Meryl Finkel, Larry Buron, Melissa Vandawalker, Bulbul Kaul, Kevin Hathaway, and Chris Kubacki. 2015. *Housing Choice Voucher Program: Administrative Fee Study Final Report*. Washington, DC: U.S. Department of Housing and Urban Development.

U.S. Department of Housing and Urban Development (HUD). 2019. "Homeless Management Information System." https://www.hudexchange.info/programs/hmis/.

———. 2018. "HMIS Data Standards Data Dictionary." https://www.hudexchange.info/resource/3824/hmis-data-dictionary/.

———. 2013. "HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs." www.hud.gov. https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4350.3.

———. 2001. "Housing Choice Voucher Program Guidebook." https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/guidebook.

U.S. Department of Labor (Bureau of Labor Statistics). N.d. "Civilian Labor Force and Unemployment by Metropolitan Area, Seasonally Adjusted." https://www.bls.gov/web/metro/ssamatab1.txt.

Verma, Nandita, Edith Yang, Stephen Nuñez, and David Long. 2017. *Learning from the Work Rewards Demonstration: Final Findings from the Family Self-Sufficiency Study in New York City*. New York: MDRC.

U.S. Department of Housing and Urban Development
Office of Policy Development and Research
Washington, DC 20410-6000

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

EQUAL HOUSING OPPORTUNITY

November 2019