



Promoting Better Locational Outcomes for Households Receiving Rental Assistance through TRA FY2011 Funding

This paper discusses HUD’s proposed uses of funds requested as part of the fiscal year 2011 budget for the Transforming Rental Assistance (TRA) initiative to improve locational outcomes for households receiving rental assistance and to encourage administrative consolidation of Housing Choice Voucher programs. The budget requested up to \$50 million of the \$350 million for TRA for these purposes. This funding is critical to achieving the TRA goal of enhanced resident choice and mobility.

HUD proposes that \$40 million of the FY2011 TRA funding be used for a competition directed at overcoming barriers to choice, with two components: \$15 million would fund PHA proposals for efforts to overcome portability barriers; and \$25 million would support a formal research demonstration that tests the cost-effectiveness of a predetermined set of housing search assistance services and related interventions.

Researchers from the Urban Institute recently conducted a scan of existing housing mobility programs, to assess what is known about effective strategies and their cost. They found a significant range in the types, intensity and cost of mobility services provided by PHAs. This research provided few evidence-based conclusions on the efficacy of which program strategies and services successfully help families move to neighborhoods of opportunity. Their review of the extant mobility literature found information on the effect of moves on families, but provided almost no information on the cost-effectiveness or impact of particular policies on the ability of families to move to opportunity neighborhoods. Sites also use substantially different criteria for destination neighborhoods, making comparison even more challenging.¹

In addition to the importance of knowing more about how to promote better locational outcomes in the voucher program for the TRA initiative, such knowledge is also vital to success on several key outcome measures in HUD’s FY 2010-2015 Strategic Plan. The Plan calls for HUD to measure success, in part, by the quality of neighborhood opportunities reported by residents and by the extent to which the proportion of HUD-assisted families living in low-poverty and racially diverse neighborhoods increases. Serving voucher holders with improved housing search assistance policies and programs will be essential in achieving these outcomes. To improve its policies and programs, HUD needs to first understand which housing search assistance services and strategies are cost-effective for whom and under what circumstances.

HUD proposes that \$40 million in one-time funding be directed at overcoming barriers to choice, focusing both on barriers created or exacerbated by the administrative structure of the voucher

¹ Presentation by Mary Cunningham, Senior Research Associate, Urban Institute, at the 4th National Mobility Conference, co-sponsored by Poverty & Race Research Action Council and the Urban Institute, July 11, 2010.



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program, and on barriers that result from families' lack of information and limited landlord participation in the program. These funds would be available through a competition with two components:

- **One component, with approximately \$15 million, would fund PHA proposals for efforts to overcome portability barriers.** Such efforts could range from proposals from a single PHA to streamline how it promotes and handles moves to opportunity areas that involve portability (i.e., voucher transfers to an area served by a different agency), to agencies seeking funding to offset the one-time costs of fully consolidating their operations, as well as variations along the continuum between such extremes. For example, several agencies could jointly propose to fund a portability coordinator, landlord outreach, or special briefing services for families seeking to make portability moves. The funds could be used for administrative costs as well as for services to families.

This option allows PHAs to craft customized solutions to specific challenges in their area that inhibit voucher holders' moves to neighborhoods of opportunity. It has the advantage of being PHA-driven, and could be open to agencies of all types, regardless of their level of sophistication. The competition could incentivize efforts that create administrative efficiencies *and* enhance choice. Grants could support multi-year efforts by grantees.

- **The second component, with approximately \$25 million, would fund a formal research demonstration testing the cost-effectiveness of a predetermined set of housing search assistance services. This set of services will include the leading types of interventions that contribute to households' moves to neighborhoods of opportunity.** Only well-functioning agencies would be eligible. Agencies could be allowed to apply for some funds from the first component if they were proposing some level of administrative consolidation as well as enhanced housing search services.

This component will produce concrete findings about which services make a difference and are most cost-effective. These findings will provide usable, evidence-based conclusions that can inform HUD voucher program policy in the future. This component builds on and tests existing anecdotal evidence about which services are most effective and allows HUD to compare the impact of specific housing search assistance services across different regions and in different types of rental housing markets.

With \$25 million, at an estimated average intervention cost of \$3,000 per household, approximately 6,000 households could receive assistance with opportunity moves (with an equal number of volunteers in control groups) and approximately 24 PHAs or groups of co-applicant PHAs could be funded. The evaluation of 24 sites would cost \$9 million over a 2-year period. The \$25 million cost figure assumes that \$7 million of the evaluation cost would be paid



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for out of the “mobility” funding and \$2 million out of the proposed set-aside of 3 percent of TRA funding for evaluation and technical assistance. Below is a draft of a research design for this component.

The results of this research demonstration would be available in 2013, at approximately the same time as the anticipated completion of the Voucher Administrative Fee study, enabling both sets of results to inform future policy on voucher program administrative fees. This coincides with the first opportunity residents of properties converted to long-term Section 8 contracts² will have to exercise the Choice Option to move with tenant-based assistance, and will inform the implementation of that policy.

Appendix: TRA FY 2011 Housing Search Assistance Demonstration Proposal Methodology

HUD would provide up to \$18 million³ in funding to a sample of PHAs to provide housing search assistance services by random assignment to a treatment group of households coming off the waiting list to receive available vouchers or who already have vouchers and are making subsequent moves.⁴ An additional \$9 million will be used to conduct an evaluation of the demonstration.⁵ HUD would evaluate the cost of service provision and its effectiveness at helping families move to neighborhoods of opportunity.

HUD would like to test the following hypotheses:

² Such conversion would be authorized by the Preservation, Enhancement and Transformation of Rental Assistance Act of 2010 (PETRA). HUD submitted draft legislation to the Congress in mid-May. The draft bill and other related materials can be found at: www.hud.gov/tra.

³ Assuming the package of benefits and services costs an average of \$3,000 per household, this level of funding could support 6,000 “treatments” -- 250 “treatments” at each of 24 sites -- and somewhat fewer moves (because not all families receiving services will in fact move).

⁴ There is significant anecdotal support for focusing this demonstration solely on families making subsequent moves after initial voucher lease-up, as they can take more time to move and will already have established a positive tenancy history. It would be desirable, however, to learn not only what works for this group but also for initial movers, and focusing on both groups will make it feasible for more agencies to be of sufficient size to be eligible to participate in the demo. HUD would need to determine whether the results from a demonstration focused solely on subsequent movers, would be applicable to families in converted properties using vouchers for the first time.

⁵ The budget requested up to 3% of the total TRA funds, or \$10.5 million, for technical assistance and evaluation, but a portion of the evaluation funding needs to be reserved for the conversion process. A significant share of these funds will be needed for technical assistance. Thus, we propose that only \$2 million of the estimated total research cost of \$9M be taken from the 3% set-aside, and the remaining \$7 million for the evaluation come from the Mobility funding.



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1. Providing security deposit funding and/or payment for moving expenses increases moves to target neighborhoods.
2. Providing pre-move counseling (standardized), landlord outreach and housing search assistance increases lease up rates in target neighborhoods.
3. Structured post-move follow-up increases retention in target neighborhoods.
4. Helping two voucher holder households with (a) an existing relationship, and (b) who agree to move to an opportunity neighborhood move at the same time (“buddy voucher”) increases moves to target neighborhoods and increases retention in target neighborhoods.
5. A voucher program that receives performance-based incentives increases moves to target neighborhoods.

These hypotheses, as well as the combinations of services below, include those whose efficacy HUD specifically wants to evaluate based on the Urban Institute report and staff judgment. We welcome further input on these hypotheses as well as the other components of the proposed research demonstration.

In the notice soliciting participants, HUD would offer PHAs six options for which to submit proposals:

1. #1 above (Security deposit funding and/or paid moving expenses)
2. Combination of #1 above (Security deposit funding and/or paid moving expenses) and #3 above (Structured post-move follow- up)
3. #2 above (Pre-move counseling, landlord outreach, and housing search assistance)
4. Combination of #1 above (Security deposit funding and/or paid moving expenses), #3 above (Structured post-move follow- up), and #4 above (buddy voucher system).
5. Combination of all 4 interventions.
6. # 5 above (performance-based incentives alone, with no specified basket of benefits or services for families).

Requirements for Participation in the Housing Search Assistance Demonstration

- (1) Applicants must have a well-functioning voucher program that offers services that support voucher mobility, including landlord outreach across a broad geographic area, effective program briefings, and flexible payment standards (including participation in the Small Area FMR Demonstration that will begin in 2011);
- (2) Applicants’ jurisdiction has concentrations of Housing Choice Voucher-assisted families in neighborhoods that are racially and economically segregated; and



- (3) Applicants must have at least 2,000 potential mover households annually, combining newly-issued vouchers and participants who may be interested in relocating.⁶ (PHAs may submit joint applications to meet this threshold and operate a joint mobility program.)

Geography and Housing Market Conditions

HUD recognizes that regions have distinct characteristics that affect their rental housing markets, including but not limited to, population density, income, concentrations and types of industry, presence or absence of regional planning, availability of land, and transportation infrastructure. All of these factors and more combine to determine whether a region’s housing market offers sufficient rental housing at reasonable rents to meet the needs of voucher holders. Absence of strong local housing laws and presence of discrimination can also affect voucher holders’ ability to utilize a voucher in a neighborhood of opportunity.

HUD needs to understand whether housing search assistance services have different success rates in different areas, and which types of services are most successful in which types of rental housing market. Therefore, participating PHAs will be selected to ensure a variety of regions with different types of rental housing markets are represented. This proposal assumes that 4 sites will be selected to test each of the 6 interventions/combinations of interventions.

⁶ This threshold assumes that each site would select 250 potential volunteers interested in moving to an opportunity area as a control group for the 250 households selected for “treatment,” and that only about ¼ of potential movers will express interest in a voluntary move to an opportunity area. (This is about half the rate of eligible households volunteering as in MTO, but this demonstration is offering only moving assistance and not special access to a voucher so it is likely that a smaller share of eligible households will volunteer.)