

Guest Editors' Introduction

Findings From PD&R's Multi-Disciplinary Research Team

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This symposium of *Cityscape* presents new information on the primary affordable rental assistance programs of the U.S. Department of Housing and Urban Development (HUD) from research produced under the Multi-Disciplinary Research Team (MDRT).

This introduction provides some basic policy context for how these important new additions to the positive evidence on federal housing programs fit with other major recent studies. A brief description of the key findings of the articles follows.

The symposium brings together four studies that are the product of an innovative public-private research delivery vehicle created by HUD's Office of Policy Development and Research (PD&R). This vehicle partners academic and research experts with a rapid procurement method, MDRT.

The studies—both on their own and when taken together as larger body of work—provide a valuable addition to the growing body of research on the importance and effectiveness of federal housing programs.

The symposium also includes an international perspective from Kwan Ok Lee of the National University of Singapore. Lee (2018) connects the symposium articles to related research in Asian countries with assisted housing programs, including Singapore, China, and Hong Kong.

Affordable housing advocates have described the need for affordable housing, especially among low-income families and persons, as a national crisis. The latest available HUD estimates show 8.3 million very low-income renter households with “worst case needs” for affordable housing. Watson

et al. (2017) found that, although the overall supply of rental stock grew substantially from 2013 and 2015, the supply of stock affordable to very low-income renters actually decreased.¹ The HUD estimates on housing needs are consistent with the findings from major academic institutions.²

The articles in this issue bolster the case for the importance and effectiveness of federal rental assistance programs, building on evidence from recent national studies.

HUD recently issued the long-term findings of a landmark study on the effectiveness of different programs in reducing and eliminating homelessness for families with children (Gubits et al., 2016). The **Family Options Study** gathered evidence through the scientific method of random assignment. The study compared the effectiveness of providing HUD rental assistance—Section 8 housing choice vouchers (HCVs)—with alternative approaches including *rapid re-housing* (shorter-term assistance with services), *transitional housing*, and more *usual care* that often includes emergency shelter assistance. The results were dramatic.

Although all four approaches helped families experiencing homelessness, families provided with HCVs had far better and longer-term outcomes than families provided with the shorter-term assistance options. Families receiving HUD rental assistance were far less likely to experience homelessness again, with less than one-half as many episodes of subsequent homelessness as families receiving the shorter-term alternatives. Families provided with HCV rental assistance also had positive outcomes in areas other than their housing situation, including many crucial for child development, such as fewer family-child separations, less psychological distress (usually the mother), less economic stress, less domestic violence, better school mobility, fewer behavior and sleep problems, and less food insecurity (Gubits et al., 2016).³

The findings from the Family Options Study built on HUD's previous large-scale evidence-gathering effort in the **Welfare to Work Demonstration Program**. This major demonstration was also based on random assignment. Although the primary goal of the demonstration was to measure outcomes for employment and self-sufficiency goals, it also provided key findings on the effectiveness of HUD rental assistance programs in achieving their core goals of affordability.

The results from the demonstration showed that HCV rental assistance significantly reduced the likelihood of homelessness, overcrowding, and doubling up among all types of low-income families (Mills et al., 2006). Homelessness was nearly eliminated for families offered a voucher. After 4 years of study, 45 percent of families in the control group (not offered vouchers) reported one of the following situations in the past year: homeless at some point, stayed in an emergency shelter, or doubled up with a relative or friend. This prevalence rate was cut to only 9 percent for families

¹ *Worst case needs* are defined as unassisted very low-income renters who either pay more than one-half their incomes for rent, or live in substandard physical conditions, or both. The estimate of 8.3 million households also does not include other key housing needs—those facing actual homelessness who aren't counted in the Census Bureau data used for the report, or very low-income homeowners who may face similar cost and conditions problems.

² See, for example, JCHS (2017).

³ Note also that shorter-term options, such as rapid re-housing, played an important role and did involve less cost. Longer-term assistance benefits did not add significantly to additional overall costs, however (\$3,800 total over 3 years). For additional discussion on the Family Options Study, see HUD PD&R (2016).

who were offered a voucher. In terms of the two groups' reported rates of actual homelessness (on the street or in a shelter), the decrease was from 13 to only 3 percent (a 74-percent drop; Wood, Turnham, and Mills, 2008).⁴

Further recent evidence on the effectiveness of federal rental housing assistance comes from a major and innovative data-matching study: **Childhood Housing and Adult Earnings: A Between-Siblings Analysis of Housing Vouchers and Public Housing**. This landmark effort combined and analyzed long-term, large-scale datasets for millions of households that received HUD housing assistance with U.S. Census Bureau data on household employment, earnings, and other major life outcomes (Andersson et al., 2006; HUD PD&R 2017a).

The study found that children whose families receive HUD rental assistance while the children are teenagers grow up to have higher earnings and lower incarceration rates in their early twenties. Public housing and housing vouchers were both found to have positive and significant effects.

The researchers analyzed the results for different groups (race or ethnicity and gender) and found positive and statistically significant benefits from childhood residence in assisted housing on young adult earnings for nearly all demographic groups. Specific results in terms of long-term earnings from employment found that, for females, each additional year with public housing assistance as a teenager generated a \$488 annual increase in earnings as a young adult. The increase in earnings for females with HCV assistance was a roughly similar \$468 per year of assistance. For males, the corresponding estimates are \$508 (public housing) and \$256 (vouchers) per year in additional earnings as a young adult.

Thus, contrary to some speculation or stereotypes, the study found positive effects on later earnings for housing assistance. Both types of affordable housing assistance had positive outcomes relative to not receiving any assistance. Perhaps this finding should not be surprising, as a higher likelihood of such factors as homelessness, housing instability, or reduced family budgets for other necessities would seem likely to have a negative effective on family and life outcomes. Furthermore, the positive outcomes for public housing—including some that were superior to housing vouchers for some groups—are encouraging and may show the need for a variety of affordable housing options and delivery mechanisms.

The study also found additional important positive effects on incarceration rates. Childhood participation in assisted housing was found to reduce the likelihood of incarceration across all household race and ethnicity groups.

This large-scale dataset produced by the Childhood Housing and Adult Earnings study will continue to be a source for additional research findings and thus has the potential to increase its return on federal investment. That is because of a PD&R request, consistent with other HUD-funded

⁴ Of the 9 percent of voucher users who experienced housing insecurity, most had left the program willingly or unwillingly due to personal crisis, stints in residential drug treatment or jail, or misunderstandings or noncompliance with program rules.

studies, to make the resulting matched dataset available to other researchers through the U.S. Census Bureau's Center for Administrative Records Research and Applications (CARRA).⁵ The privacy and access controls employed by the Census Bureau made such an arrangement possible.

The Census Bureau's own data, through the **Supplemental Poverty Measure** (SPM), provide further evidence for the importance and effectiveness of federal rental assistance programs. Briefly, SPM provides a powerful analytic tool for an alternative means of estimating the magnitude, extent, and character of poverty in America. It measures the rate and the demographics of poverty when other key factors, such as taxes and benefits programs, are taken into account. Under this measure of poverty, housing programs lift more than 3 million people, at least one-third of them children, above the poverty line. Put another way, if federal housing assistance were eliminated altogether, the national poverty rate would increase by a full percentage point, from 15.5 to 16.5 percent (as of 2013) with an even greater increase for children in poverty—a 1.4-percent increase from 16.4 to 17.8 percent (Short, 2014).⁶

PD&R's Multi-Disciplinary Research Team

One way that PD&R has sought to more quickly and cost-effectively add to the body of HUD evidence-based research and to create information on which to improve policies and programs is through MDRT. PD&R developed the MDRT vehicle to assemble a team of qualified researchers that could be on call to deliver sound, objective research on high-impact policy issues. Researchers are selected for their expertise to produce an array of high-quality, short-turnaround research. MDRT researchers use a variety of HUD and external data sources to answer research questions relating to HUD's priority policies and strategic goals.

Reports produced by MDRT are intended to have a high impact. They provide sound, data-based research and analysis to answer highly relevant policy questions in a timely manner and produce results that can be applied in practical ways to federal programs for affordable housing and economic development.⁷

⁵ For additional background on CARRA and PD&R's participation and encouragement of its research opportunities, see HUD PD&R (2017b, 2017c). For PD&R's encouragement of the use of CARRA for cooperative agreements issued under the Research Partnerships vehicle, see huduser.gov/portal/oup/research_partnerships.html. For a list of working papers produced through the Census Bureau's Center for Administrative Records Research and Applications, see <https://www.census.gov/library/working-papers/series/carra-wp.html>.

⁶ For percentage increases in poverty rate, see Short (2014: 12), Table 5a. Although the SPM measure includes housing subsidies from federal, state, and local governments, the vast majority of assistance is from the federal government. For additional findings on the effectiveness of housing assistance using the SPM, see GAO (2015). For additional private research findings on the effectiveness of housing assistance, including through use of SPM, see Fischer (2015) and Sherman, Trisi, and Parrott (2013).

⁷ Reports from the MDRT are all available in a single location on PD&R's HUDUSER website at huduser.gov/portal/publications/mdrt_reports.html. In addition to MDRT, PD&R implemented another vehicle for relatively rapid research results with a high return on investment of federal taxpayer funds, through cooperative agreements with colleges, universities, and other outside nonprofit research organizations—the Research Partnerships program. For more information, see HUD PD&R (2017d).

Discussion of Symposium Articles

The article by Kirk McClure not only builds on previous research on the length of stay in assisted housing, but adds a critical piece that has been missing in past attempts (largely due to the limited scope and lack of complex methodology in previous attempts). Using MDRT resources, McClure (2018) is able to analyze HUD administrative data over a 20-year period, from 1995 through 2015. He applies a critical survival function analysis that analyzes the proportions of a specific cohort (by year of entry) of assisted households that remain in assisted housing (that is, “survive”) after any specified length of stay over a 13-year period.

McClure finds that, although a substantial number of households stay 13 or more years in assisted housing, the typical household in assisted housing stays an average of 6 years. Length of stay also varies by household type. Elderly households stay about 9 years, and nonelderly households with children stay approximately 4 years. The article also finds that the average length of stay in assisted housing has been generally increasing over time for most cohorts of assisted households, influenced by factors such as household characteristics and market conditions.

Casey Dawkins and Jae Sik Jeon examine trends in housing cost burden for HCV households between the years 2003 and 2015. They use HUD administrative data for a cohort analysis of those households that initially leased up in 2003 and 2008. The research aims to identify household, housing, and geographic factors associated with housing cost burden in the HCV program.

Dawkins and Jeon (2018) find that housing cost burdens have risen among HCV households since 2003; the year-to-year changes in housing cost burden roughly follow trends in the recent housing market cycle. Housing cost burdens have been particularly high for households with the lowest incomes. Households headed by females, nonelderly persons, non-Hispanic Black persons, and persons without a disability were more likely than other households to exhibit severe housing cost burdens.

Anne Ray, Jeongseob Kim, Diep Nguyen, Jongwon Choi, Kelly McElwain, and Keely Jones Stater address the continuing loss of the assisted housing inventory and raises the question on the long-term sustainability of affordable housing, particularly for families with children. This article updates Econometrica (2006), a study of the risk of loss of affordable housing from HUD’s multifamily portfolio between 1998 and 2004. Ray et al. (2018) update the 2006 study by replicating the cross-tabulation and multivariate analyses for HUD’s multifamily portfolio, of 18,000 developments and 1.5 million housing units, for 2005 through 2014.

This updated analysis shows a continuing transition from HUD’s older mortgage programs toward greater reliance on Section 8 rental assistance to provide affordable units. More owners made active decisions to opt in to Section 8 assistance in the latter period, and HUD reduced enforcement and foreclosure actions. Factors such as for-profit ownership and low rent-to-FMR (Fair Market Rent) ratios continued to be associated with higher risk of affordability loss, but these factors were less influential in 2005-to-2014 than in the original study.

Ray et al. (2018) also assess the stability of housing for elderly residents and persons with disabilities, funded by HUD’s Section 202 program. They also explore the use of low-income housing

tax credits and HUD refinancing to preserve affordability in Section 8 developments. The analysis finds that these preservation tools are associated with extended affordability for thousands of HUD-assisted properties. Additional preservation initiatives and improved targeting may be needed to preserve other HUD-assisted properties, particularly smaller developments in strong real estate markets.

Finally, Sandra Newman and Scott Holupka focus on the quality of assisted housing and find that the government inspection and quality control systems play a role in providing physically adequate housing to assisted housing residents.

The authors use two separate and interesting measures of housing quality developed using data from the 2011 and 2013 American Housing Survey. Both indices indicate that the quality of assisted housing is comparable with that of unassisted housing (Newman and Holupka, 2018). The findings demonstrate that the current inspection and quality control systems appear to achieve the goal of providing physically adequate housing to assisted housing residents. Housing quality varied by the type of assisted housing; for example, disabled households had better housing quality using a voucher compared with living in multifamily housing. For large households, living in the South and living in public housing were associated with considerably worse housing quality.

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