

ORIGINAL

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● First
Annual
Report
of the
Experimental
Housing
Allowance
Program

U. S. Department of Housing
and Urban Development

Office of Policy
Development and Research

Washington, D.C. 20410
May 1973

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FIRST ANNUAL REPORT
ON THE
EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

Pursuant to Section 504 of the Housing and Urban Development Act of 1970. In carrying out activities under Section 501, the Secretary shall undertake on an experimental basis a program to demonstrate the feasibility of providing families of low income with housing allowances to assist them in obtaining rental housing of their choice in existing standard housing units.

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EXPERIMENTAL STUDY

IN THE

DEPARTMENT OF EDUCATION

Abstract in Section 100 of the
Reading and Literacy Development Act
of 1966. In carrying out activities
under section 100 of the Act, the
Department has been conducting
a program in experimental
reading and literacy development
of low income children in selected
schools. This is a continuing effort
to assist in the reading and
literacy development of these
children.

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INTRODUCTION

This report is submitted pursuant to Section 504 of the Housing Act of 1970, which requires the Secretary to:

"as early as practicable in the calendar years 1972 and 1973 /to/ make a report to the respective Committees on Banking and Currency of the Senate and House of Representatives with respect to the administration of the program authorized by this Section, together with any recommendations that he may deem appropriate."

On January 5 of this year, the Administration suspended new activity under Federally subsidized housing programs. In a subsequent State of the Union Message to Congress, the President addressed the housing suspension by indicating that "one of my highest domestic priorities this year will be the development of new policies that will provide aid to genuinely needy families and eliminate waste."

A major housing study is now underway within the government, under the direction of James T. Lynn, Secretary of the Department of Housing and Urban Development. Secretary Lynn has invited members and staff of Committees of the Congress concerned with housing to participate in the review and evaluation by providing comments and relevant materials and discussing the issues presented. In addition, the Secretary officially extended invitations to interested groups and individuals outside the government requesting their participation in the Housing Policy Review. Over 400 individuals and organizations accepted that offer to provide written comments.

On March 8, the President announced that within six months he intended to submit to the Congress policy recommendations in this field, based upon the results of that study. The Housing Policy Review will focus on the following:

- First, the roles of government in housing and housing finance. Are they complementary or conflicting? What have been the effects of these roles? How efficiently have they been performed?
- Second, what should be the role of government in housing and housing finance?
- Third, what changes in policy and programs are necessary to achieve the appropriate role of government in housing finance?

The Experimental Housing Allowance Program complements this effort, analyzing and testing one alternative. The major policy questions addressed are (1) whether it is feasible and desirable to provide direct financial assistance to families to acquire decent housing in a suitable living environment, (2) the most efficient form of housing allowance payments in accomplishing these objectives, and (3) how and in what form a housing allowance program could best be administered.

This report describes (1) the policy issues involved in arriving at a decision on these questions, (2) the analytical and experimental projects underway, and (3) the progress to date in establishing and managing this Experimental Housing Allowance Program.

I. SUMMARY OF REPORT

Section 501 generally and Section 504 specifically of the Housing Act of 1970 directed the Department of Housing and Urban Development to establish an experiment to demonstrate the feasibility of a housing allowance program. Under the concept to be tested, allowance payments will be made available to families in need. The families may canvass the market to select housing of their choice. Because the payments are made to a family instead of being attached to a specific housing unit, they will follow a family that moves from one unit to another so long as its income is so low as to require assistance. This direct form of housing assistance has the potential for expanding a family's housing choice and providing for its free movement in the housing market.

A housing allowance program would place increased emphasis on use of the existing housing supply to provide adequate housing. Two housing allowance program demonstrations, established in 1970 under the Model Cities Program in Kansas City, Missouri and Wilmington, Delaware, are at present under evaluation.

Five major elements must be defined in evaluating a housing allowance program as an alternative to present programs and to unrestricted income assistance alternatives: (1) the allowance payment formula, (2) the conditions imposed upon the use of the housing allowance payment, (3) the non-monetary assistance provided to families receiving a housing allowance, (4) the mechanism for administering the housing allowance program, and (5) the coverage and scale of a housing allowance program.

The Experimental Housing Allowance Program is designed to provide credible information upon each of these issues. Answers are being sought to a series of important questions concerning (1) how families use their allowance, (2) how the housing market responds to allowances, and (3) how allowances can be administered.

These basic questions are being addressed in three sets of experiments on which operations have begun or are beginning at nine of twelve sites throughout the country and in which a total of approximately 15,000 to 20,000 families will receive allowances:

1. The Demand Experiment to analyze the use of housing allowances by up to 1,000 families in each of at least two metropolitan areas of over 500,000 population;
2. The Supply Experiment to analyze the housing market effects of housing allowance offers to some 4 to 8 thousand families in each of two metropolitan areas of approximately 250,000 population; and

3. The Administrative Agency Experiment to determine how to administer an allowance program by analyzing the effectiveness of various agencies (two local housing authorities, two metropolitan area county government agencies, two state community development agencies, and two welfare agencies) in administering housing allowances up to 900 families in each of eight locations.

Like other social experiments, the Experimental Housing Allowance Program has certain inherent problems: the significant cost of gaining the information, the lack of laboratory-type control over the experimental environment, the need to provide for the confidentiality of information collected, the difficulty of foreseeing and replicating in an experiment of limited duration and scope all the features of a national program, and the several years required to obtain information from an experiment. For questions like those involved here, however, there is no alternative other than an experiment, which can provide reliable information on important policy issues in advance of putting into operation a new program. An experiment can be a major source of evaluation data as to whether a major shift in housing policy is desirable. Moreover, in case of such a shift in policy, the potential savings from avoiding any wrong initial decisions in establishing an allowance program and from establishing a better program based on advance testing of alternatives justify this type of experimental effort as mandated by the Congress.

II. WHAT IS A HOUSING ALLOWANCE?

A. The Housing Allowance Defined

A housing allowance falls into the general class of income support programs designed to supplement the incomes of poor families in order to help them meet basic living requirements such as food, shelter, medical care and general subsistence.

One income support approach is a purely cash income maintenance program providing families the option of choosing how they spend their income maintenance payment. A second approach is an aggregative one which would rely upon the total income received by a family from a series of earmarked income transfer programs (such as food stamps, housing allowances, Medicaid) and from unearmarked welfare or income maintenance payments to provide a full income support level.

A trade-off exists between the cash and the aggregative approaches. The cash approach would maximize freedom of choice by families to consume as they see fit and would minimize government involvement. On the other hand, the aggregative approach might assure that expenditures were made by families for shelter, food and medical care, and thus could be directly related to meeting specific national goals.

As defined for the Experimental Housing Allowance Program, a housing allowance is a series of regular periodic payments (generally monthly) made directly to a family (or eligible individual) unable to afford a decent home in a suitable living environment. The allowance amount is determined by family need (family size and income) in relation to the cost of a standard, existing house or apartment located in a modest neighborhood. The allowance must be used by the family to pay rent or homeownership payments. By paying housing allowances directly to a family, the family is given a choice in selecting the house or apartment it wishes to rent or purchase. In this way, the government assumes only a secondary or enabling role. The family is provided with sufficient purchasing power to enter the market for decent housing. With information about the housing market and the enforcement of equal housing opportunity statutes barring discrimination, a family is placed in a position to take full responsibility for finding decent housing.

Few restrictions would be placed upon a family's choice. One possible restriction to be evaluated is whether the family's housing selection should meet basic minimum housing standards.

A housing allowance program would rely on the market supply of existing housing by providing families the economic ability and the information needed to compete effectively for decent housing. Because the allowance is aimed at modest, existing housing, the program would encourage the utilization of available housing units. The program would be expected to provide incentives for rehabilitation and maintenance of the existing housing stock as families receiving allowances increase the market demand for standard housing units.

B. Antecedents

The concept of housing allowances is not a new one; it has played a role in discussions of housing policies and programs since the 1930's. Debates prior to the passage of the Housing Act of 1937, the hearings on postwar housing policy before the Taft Subcommittee in 1944 and the protracted discussions leading to adoption of the Landmark Housing Act of 1949 all involved position papers and testimony for and against "rent certificates," as housing allowances were generally termed. The Report of the President's Advisory Committee on Government Housing Policies and Programs (1953) also discussed the concept at some length, before strongly rejecting the approach and supporting the continuation of the public housing program. The principal reasons given were that this form of assistance would be degrading to recipients, that it would not "add to the housing supply", that there was no feasible way of limiting the scale of such a program and that proper administration of the program would be organizationally complex and would deter participation by private enterprise.

A clear shift in housing policy to directions more along the lines of housing allowances was, however, made in the Housing and Urban Development Act of 1965. Two of the new programs added by that Act were the rent supplement program and the Section 23 leasing program. The rent supplement program, although it limited the subsidies to newly constructed or substantially rehabilitated housing, did establish the principle of income-related subsidies to residents of privately-owned housing units which vary in amount according to need. It also offered program recipients a flexibility not permitted by conventional public housing of being able to continue to occupy their housing at market rents when they no longer were eligible for rent supplement assistance. But unlike the allowance concept, payments were made to the owners of eligible housing projects and families benefited as long as they resided in the rent supplement projects.

The Section 23 leasing program as applied to existing housing is much closer in design and in effect to a housing allowance. It enables local housing authorities to lease modest but adequate privately-owned dwellings and then to sublease them to low-income families, with the

government paying the difference between the full cost of leasing the unit and a formula determination of what the family can afford. The pattern of subsidies made available in this manner is analogous to that under a "housing gap" form of housing allowance. Like a housing allowance program, the Section 23 leasing program may rely upon existing housing units scattered through a range of neighborhoods. The distribution of housing leased under Section 23 though may not be the same as housing selected by allowance families. One feature of this approach is that it provides substantial anonymity to recipients.

The Section 23 program does, however, differ from a housing allowance approach in several key respects. Normally, the local housing authority rather than the family locates and selects the housing; and the authority always negotiates rents and lease provisions with the landlord. In addition, a family does not receive its subsidy directly and cannot automatically take the subsidy with it if it decides to move to a new housing unit. Further, a family can only receive a subsidy if it lives in a local jurisdiction which has approved the use of the leasing program.

Following the 1965 legislative changes, the next critical re-thinking of federal housing policy took place in 1967 and 1968. A key role in that process was played by the President's Committee on Urban Housing, generally known as the Kaiser Committee. The Committee's report devoted extensive attention to the housing allowance approach; although the Committee did not recommend immediate adoption, it did recommend initiation of an experimental effort.

In 1969 and 1970 calendar years, HUD supported research by the Urban Institute on housing allowance issues, in particular the costs of a national program and the response of market rents to an increase in effective purchasing power brought about by an allowance program. That analysis, based upon available Census and Bureau of Labor Statistics data, pointed both to the potentials of an allowance program and to the scarcity of relevant data needed to systematically answer pressing policy questions. Preliminary estimates of the costs of a national program were made which indicated that the per-household subsidy cost through the allowance approach, which would enable household to consume adequate housing without expending more than a reasonable percentage of their income, would be significantly lower than the average subsidy cost per unit under other federal housing programs. Analysis about rent response to an increase of effective demand brought about by an allowance program pointed to the need for a more rigorous direct test, and tentatively suggested that in the long run the supply would respond with quantity increases and the inflation impact of an allowance program would be no different from that brought about by other housing subsidy programs. (For references see Urban Institute papers by de Leeuw and Heinberg cited in the Selected Bibliography Appendix C.)

The President's Committee recommendation was initially translated into action under the HUD's Model Cities program. Two local Model Cities

agencies, Kansas City, Missouri and Wilmington, Delaware, began programs in late 1970 designed to demonstrate the potential of housing allowances as a means of providing decent housing. In the Kansas City housing allowance demonstration, the initial families were enrolled in the program in December 1970. As of September 1972, when selection of families was completed, approximately 180 families were actively participating in the program. An additional 42 families had received allowances, but had dropped out or been terminated from the program.

To qualify for an allowance, a household had to be a family or an elderly individual living in the Kansas City Model Neighborhood having an income which would have qualified the household for the federal rent supplement program. Within this general target population, first priority was given to households initially living in substandard units and those living in public housing. The latter group could, however, not exceed 20 percent of the total. The large majority of recipients are low-income black families.

Participating households are free to move to rental housing anywhere in the Kansas City SMSA. They were, however, required to move from the unit in which they were initially living into a unit which is "standard" according to project criteria. Participants are not allowed to occupy units receiving other HUD subsidies.

Allowance payments are computed under a variant of the "housing gap" payment formula described in Section II, C of this Report. Participating families receive the difference between 25 percent of their adjusted income and the estimate cost of rental housing appropriate to their family size and composition. The amount of the allowance cannot exceed rent paid; but if households are able to find an acceptable unit renting for less than the maximum subsidy to which they are entitled, they may reduce their out-of-pocket expenditures on rent. The average allowance currently being paid to a family is approximately \$1,140 annually or \$95 per month.

The Kansas City program is being evaluated by the Midwest Council of Model Cities, initially under contract to the Kansas City Model Cities Agency and later supplemented and expanded by a HUD Research and Technology contract. This evaluation focuses on the uses of the housing allowance by recipients. This very small scale demonstration produced the following initial insights, but did not provide information to generalize about an overall program:

1. A housing allowance program can be used to permit a relatively large number of families to move from substandard to standard housing in a short period of time.
2. A housing allowance program can attract participants with extremely low socioeconomic characteristics and can be used to reduce the concentration of poor families in the most blighted areas of the inner city.
3. A housing allowance program can substantially increase the quality of housing of participants in terms of obtaining standard housing and reducing overcrowding.

4. Participants of low socioeconomic characteristics in a housing allowance program will maximize the benefits by exercising sound consumer instincts in renting housing.
5. A housing allowance by itself will not necessarily increase racial integration. Rather, the tendency of the minority population may be to follow the movement trend of the rest of the minority group.

In the Wilmington, Delaware demonstration, the initial families were enrolled in December 1970. As of July 1972, 82 families were participating in the program. An additional 15 families had dropped out or were terminated from the program. Although the absolute size of the Wilmington program is smaller than Kansas City, its size relative to the Model Neighborhood is substantially larger.

In most important respects the program design and operations are similar to Kansas City. The average annual subsidy per household is approximately \$960 or \$80 per month.

Evaluation of the Wilmington program was begun in February 1972, when HUD contracted with the Midwest Council of Model Cities to broaden its Kansas City evaluation effort to include Wilmington. The Wilmington effort was also a small scale demonstration which produced the following initial insights and like Kansas City did not provide information to generalize about an overall program.

1. As in the Kansas City Housing Allowance program, the Wilmington program demonstrates that housing allowances can be used to move relatively large numbers of families from sub-standard to standard housing in a short period of time and that it does attract participants with extremely low socioeconomic characteristics.
2. The first-come, first-served method of selection used in Wilmington will attract some participants who will move quickly and qualify for allowances, but as in the Kansas City program, the majority have difficulty in finding and renting standard housing. Supportive services in this area and for other purposes, therefore, have to be provided for in the program design.
3. Advance payments for utility, security deposits and moving expenses were not made in Wilmington, but the need for these advances did exist and required program staff to negotiate with landlords to waive the deposits or to allow clients to pay them over a period of time.
4. As in Kansas City, Wilmington participants tended to follow the movement pattern of their ethnic groups and in fact, showed more of a proclivity for staying in the model neighborhood. The families who stayed in the model neighborhood,

however, obtained larger housing at less cost to themselves and probably made a logical choice in retaining the option of other model neighborhood services, the support of family and friends and the security of known environment.

5. The option to purchase housing in the Wilmington program seems to be a viable one with higher income families taking advantage of the option and obtaining more housing at less costs to themselves and to the funding agency in subsidy payments. (Note: This analysis does not consider the additional subsidy costs under Section 235 which was used in all 15 cases to facilitate purchases.) However, other expenses such as repairs may cause problems that are not measureable at this time.

C. Major Elements of a Housing Allowance Program

A housing allowance program might have five major elements: (1) an allowance formula, (2) the conditions imposed upon the use of the housing allowance payment, (3) non-monetary assistance provided to families receiving housing allowance, (4) the mechanism for administering housing allowance, and (5) the coverage and scale of a housing allowance program.

1. Housing Allowance Formulae. Two principal ways have been identified to calculate the amount of a housing allowance to be paid to a family: "housing gap" and "percentage of rent". The "housing gap" formula calculates the allowance amount to be paid to a family based upon its size and income. Under it, an eligible family would be offered an allowance equal to the difference between the fair market rent in the specific housing market for a modest existing house or apartment (matched to family size) and a specified percentage of the family's income adjusted to reflect disposable income after taxes and possibly other expenditures like work-related expenses. The payment formula is:

$$H.A. = C* - bY$$

Where: H.A. = Annual housing allowance amount.
C* = Estimated annual fair market rent for a modest existing standard house in a modest neighborhood.
b = Fraction of annual adjusted family income allocated to housing (household contribution rate).
Y = Annual adjusted family income.

When the annual fair market rent for a two bedroom unit is \$1,600 or \$133 per month and the Smith family of four has an annual adjusted income of \$4,000 and is determined by the formula to pay 25 per cent of it toward its housing, the Smith family's annual allowance amount would be \$600 ($\$1,600 - 4,000 \times .25$) and its monthly allowance payment would be \$50.

The "percentage of rent" formula calculates the allowance amount as a fraction of the rent paid by an eligible family. Under it, the government shares the cost of the housing with the participating family. The price reduction to the family is accomplished by paying eligible families some fraction of their actual rent expenditure, up to a specified maximum amount. The payment formula is:

$$H.A. = a R \quad R \wedge R^*$$

Where: H.A. = Annual housing allowance amount.
R = Annual rent paid by family.
a = Percentage of rent paid by government.
R* = Maximum rent upon which an allowance will be paid.

The percentage, "a", is established at a level so that families will contribute enough of their own income to afford decent housing. It could be a function of income, family size, market rent or some combination of these three. If the above example the Smith family of four rented a two bedroom apartment for \$1,600 a year and the government had determined to pay 37.5 percent of that cost, the Smith family's annual housing allowance would be \$600, and its monthly housing allowance payment would be \$50.

2. Conditions Imposed Upon the Use of Housing Allowances Payments.

A housing allowance is distinguished from cash assistance (such as income maintenance) by the requirement that a family use its housing allowance to help meet its housing cost. The allowance is "earmarked" for housing. Two types of earmarking are being studied: "minimum standards" and "minimum rent".

Under a minimum standards requirements, an otherwise eligible family would only receive an allowance payment if it rents or purchases housing meeting minimum housing standards. These housing standards could be based either on locally defined codes or on a national code such as the American Public Health

Association code. The requirement is either enforced through inspection by an authorized agency, through certification by allowance recipient or landlord, or through reliance upon the findings of an effective, community-wide housing code enforcement program.

Under a minimum rent requirement, an allowance family is required to pay a high percentage of the fair market value (C*) used to calculate its allowance payment for the rental of modest existing housing. The assumption, to be tested, is that there exists a sufficiently close correlation between rent and housing quality so that if a family is required to pay a rent amount sufficient to rent standard housing, in most cases it will in fact rent standard housing. The relative effectiveness of the two is not known a priori; thus; each will be tested as part of the Experimental Housing Allowance Program.

3. Non-Monetary Assistance. Money assistance is a necessary condition, but may not be a sufficient condition to assure that a large number of families do obtain decent housing at a reasonable assistance cost to the government. For some families, income may be the only obstacle to attaining decent housing. U.S. housing experience, however, indicates that for some families money may not be enough. Absence of market information about available opportunities, lack of knowledge about how to spot a good buy in terms of structural adequacy and financial soundness, and discrimination in the housing market by class and race may be expected to preclude many families from making effective housing choices. A housing allowance program may need to provide basic information to eligible families, designed to aid them in house selection and in maintenance of their housing.

It is difficult to determine the degree of need for this assistance or the effectiveness with which it can be provided in the absence of testing, and, thus, different kinds of assistance will be tried out in the Experimental Housing Allowance Program.

4. Administration of Housing Allowance. A housing allowance program requires the administration of means test, and the establishment of fair market rents for market housing in different housing market areas. It may also require determination that the housing is standard through inspection or certification, the determination of amounts of rents paid by recipients,

determination and verification of family income, and the provision of non-monetary assistance. These functions could be carried out potentially by a number of existing agencies at different levels of government; local, county, state, federal.

The housing allowance is in many respects a hybrid of income maintenance assistance and housing assistance. As such, it offers the potential for joint administration with a income maintenance program. Under this arrangement, it would be efficient to administer the means test functions (i.e. the definition of income would be the same and only one determination and verification per family would be needed) and payment functions through the income maintenance system. The housing related functions (i.e., determination of fair market rental values, and the inspection or certification of housing units, if required, and non-monetary assistance) might need to be administered separately.

5. Program Coverage and Scale. A housing allowance program could be established in one of two ways: either as a program of universal coverage assisting all income eligible families or a program of partial coverage assisting income eligible families on a first-come, first-served or other priority-setting basis.

Universal entitlement of all income eligible families follows the pattern of most of the nation's income transfer programs aimed at providing a minimum level of income or essential services (e.g., welfare payments, food stamps, Medicaid). The national costs of such a housing allowance program, could mitigate against a program of universal entitlement.

The cost of a housing allowance program varies tremendously depending upon a variety of factors and constraints. Illustrations of such considerations which affect program cost are the cost of modest standard existing housing used for estimating the allowance amount, the contribution from income families must make to participate, the willingness of eligible families to participate and the program eligibility requirements. Though a number of estimates of program size and cost have been made to date, good data on expected costs do not as yet exist. The cost of various allowance programs is one of the principal questions being asked in the Experimental Housing Allowance Program.

In either case, it should be realized that because of cost housing allowances can be made applicable only to offset the rents or sales prices of existing housing. The effect is to shift the demand curve for modest, existing standard housing. As such, the program is unlikely to fulfill the objectives of a new housing program (1) by adding directly to the housing supply, (2) by meeting special housing needs not adequately met by the existing supply, such as elderly units or units for large families, or (3) by providing housing opportunities in newer suburban areas where little moderate income housing is being constructed and little or no modest housing exists. This is not to suggest the need for continuation of present programs.

III. THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

A. Background and Overview

An Experimental Housing Allowance Program was specifically provided for by Section 504 of the Housing and Urban Development Act of 1970. The present program is an outgrowth of that mandate and is built upon early analysis supported by HUD research funds that indicate potential benefits of a housing allowance approach. The analysis work, conducted primarily by the Urban Institute, was also the basis for four of the papers on housing alternatives submitted to the Housing Panels of the House Banking and Currency Committee in June 1971.

Immediately upon passage of the 1970 Act, HUD began preliminary definitional work and by March 1971 the Urban Institute began work for HUD to develop the initial design of a set of housing allowance experiments. By November 1971 work defining the experiments had sufficiently progressed to permit HUD to begin a major competitive procurement through the issuance of a Request for Proposal. Of six proposers, two were awarded contracts for the design of different parts of the experiment: Stanford Research Institute (Demand Experiment design) and Abt Associates (Administrative Agency Experiment design) who began work in March and April 1972 respectively. Rand Corporation was subcontracted by the Urban Institute in October 1971 to conceptualize a Supply Experiment. Based upon that work, completed in December, Rand was requested by HUD in February 1972 to begin work on the full design, operations and analysis of the Supply Experiment. Operations and analysis of the Demand and Administrative Agency Experiments will be evaluated by Abt; the Supply Experiment by Rand.

At an early point, a decision was made to test the basic questions raised by housing allowances in three sets of experiments each designed to get at a principal cluster of issues: (1) how families use their allowances? (Demand Experiment); (2) how the housing market responds to allowances? (Supply Experiment); (3) how allowances can be administered? (Administrative Agency Experiment). Thus, the Experimental Housing Allowance Program has three main elements:

1. The Demand Experiment to analyze the use of housing allowances by up to 1,000 families in each of at least two metropolitan areas of over 500,000 population;

2. The Supply Experiment to analyze the housing market effects of housing allowance offers to some 4 to 8 thousand families in each of two metropolitan areas of approximately 250,000 population; and
3. The Administrative Agency Experiment to evaluate the effectiveness of various agencies -- two LHAs, two metro-area county government agencies, two state community development agencies, and two welfare agencies -- in administering housing allowances up to approximately 900 families in each of eight locations.

The design of the Administrative Agency Experiment is complete. Designs for the Demand and Supply Experiments are nearing completion.

Twelve sites have been selected for the three experiments. These are shown in Figure 1. The Demand Experiment is being run in the Pittsburgh, Pennsylvania, and Phoenix, Arizona, metropolitan areas. The Supply Experiment will be run in two Standard Metropolitan Statistical Areas of approximately 200,000 - 250,000 population each. The potential sites at Green Bay, Wisconsin and Saginaw, Michigan have been initially selected and discussions are currently underway with local officials to arrive at agreements necessary to set up the experiments. HUD has contracts with eight agencies to run Administrative Agency Experiments in the area of Salem, Oregon (Salem Urban Renewal and Housing Agency); Tulsa, Oklahoma (Tulsa Housing Authority); Jacksonville, Florida (Department of Housing and Urban Development, Consolidated City of Jacksonville); San Bernardino County, California (San Bernardino County Government); Springfield, Massachusetts (Massachusetts Department of Community Affairs); Peoria, Illinois (Illinois Department of Local Government Affairs); the rural counties of Burlingame, Stutsman, Morton and Stark in North Dakota (Department of Social Services) and the County of Durham, North Carolina (Department of Social Services).

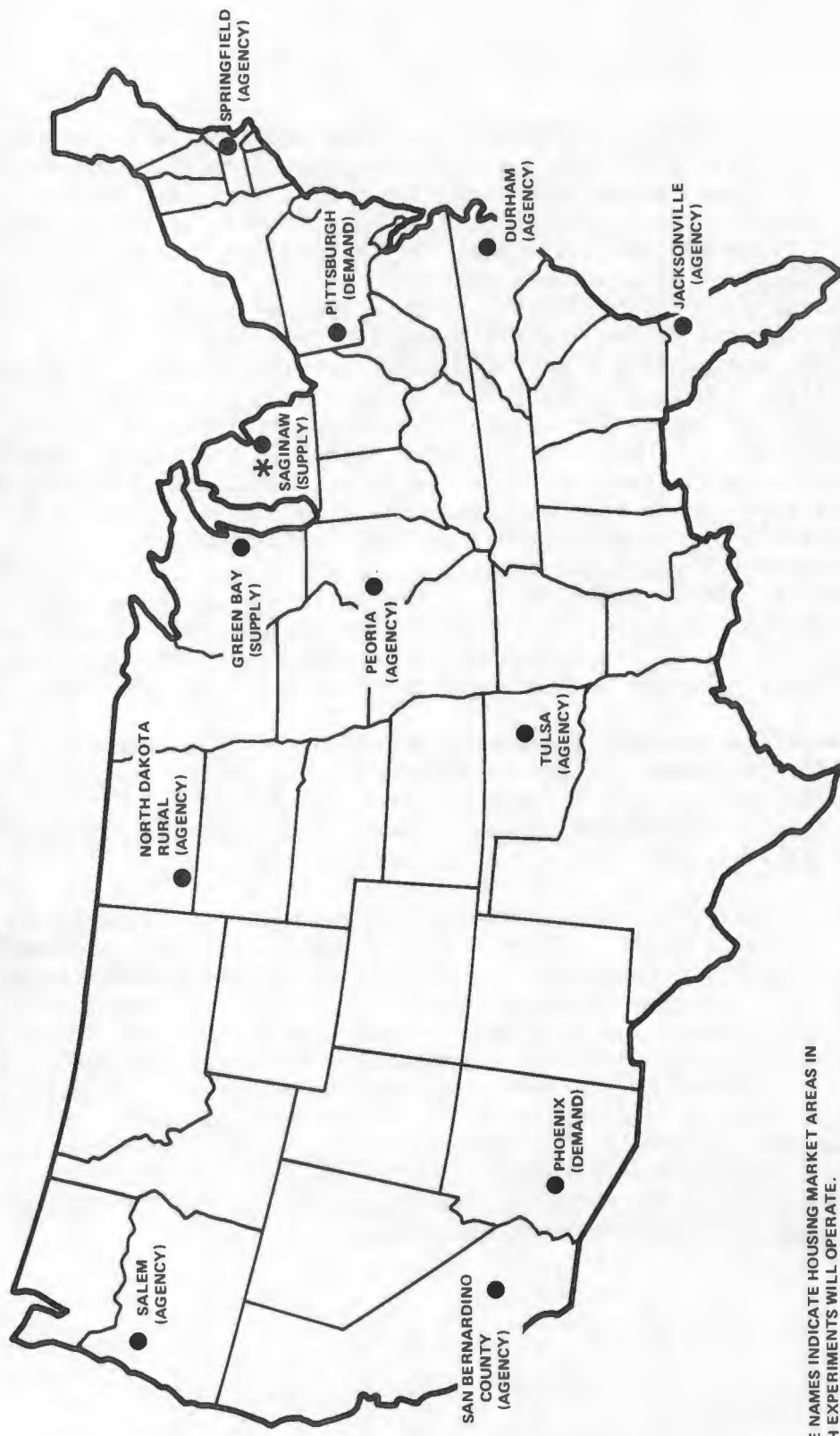
Allowance payments to families began in April 1973 in Pittsburgh and in May to Phoenix families. Allowance payments by Administrative Agencies also began early in 1973 in Salem and Jacksonville. The intensive survey work necessary for the Supply Experiment is planned to begin in early 1973 with enrollment of families planned for late summer 1973. Overall, HUD, through its contractors or local agencies, is planning to make housing allowance payments to approximately 15,000 to 20,000 families at the twelve sites.

Findings from the experiment will flow from the periodic surveys of families, landlords and administrative agencies. Although the experiments are scheduled to run two, three and five years, (Administrative Agency, Demand and Supply respectively), analysis will begin in the first year. Major findings, though, will probably not be available until the second and following years. (Participating families will not be dropped at the end of the experimental period. Where possible, they will be offered participation in one of HUD's other subsidy programs, principally Section 23 Leased Housing.) HUD expects usable analysis on many aspects of Agency performance from the Administrative Agency Experiment by the end of calendar year 1973 and initial information on family behavior from the Demand Experiment by about the same time. More reliable family data for analysis should be available by the end of calendar year 1974. Because of the investment horizons of landlords and other suppliers of housing services, first usable data on the inflationary and supply up-grading impact of an allowance program will not be available from the Supply Experiment until calendar year 1974, with more detailed data for analysis not expected until calendar year 1975.

Analysis of housing allowances based on the 1970 Census and welfare payments records is also underway. This work has been undertaken by the Joint Center for Urban Studies of MIT and Harvard. Preliminary findings based on this analysis should be available toward the end of calendar 1973.

Other major domestic social experiments designed to yield answers to important public policy issues include: (1) the Urban Graduated Work Incentive Experiment, conducted in New Jersey and Pennsylvania for the Office of Economic Opportunity (OEO), (2) the Rural Negative-Income-Tax Experiment, conducted in Iowa and North Carolina by the Institute for Research on Poverty for OEO, (3) the income maintenance experiments conducted in Seattle, Gary, Indiana, and Denver for the Department of Health, Education and Welfare, (4) the OEO education voucher demonstrations being conducted in San Jose, California and planned for Rochester and New Rochelle, New York, and (5) the OEO health insurance experiment in Dayton, Ohio.

EXPERIMENTAL SITES - EXPERIMENTAL HOUSING ALLOWANCE PROGRAM



NOTES:

1. PLACE NAMES INDICATE HOUSING MARKET AREAS IN WHICH EXPERIMENTS WILL OPERATE.

* TERMS OF EXPERIMENT BEING NEGOTIATED WITH LOCAL OFFICIALS

FIGURE 1

B. Policy Questions About Housing Allowances Addressed in the Experimental Housing Allowance Program

The objective of the Experimental Housing Allowance Program is to provide, through testing, reliable information about important issues concerned with the feasibility of a housing allowance program. These issues are what the advantages and disadvantages are of a housing allowance program; in what form would it best meet national housing needs; and how and in what form could a housing allowance program best be administered if it is determined to be desirable. These issues in turn have been broken down into a series of questions to which answers are being sought in the Experiment.

1. How much do families receiving housing allowances improve the quality of their housing?
2. Does a housing allowance encourage families to take responsibility in the operation and maintenance of their own housing?
3. Who does a housing allowance benefit and who bears the cost?
4. How do the locational choices of families receiving housing allowances compare with existing residential patterns?
5. What is the effect of allowances upon the market for assisted housing?
6. What effect, if any, does a housing allowance program have on housing prices?
7. Would a housing allowance program improve the maintenance and stimulate the rehabilitation of existing dwellings? Would it encourage new construction?
8. What are the total allowance and administrative costs of a housing allowance program?
9. What is the appropriate administrative and management means for operating a housing allowance program?
10. To what extent can the objectives of an allowance program be defeated through adverse actions by participants, landlords, market intermediaries and administrators and how can these be minimized, controlled or prevented?

Where appropriate for each of the above questions, information is being collected to compare the housing allowance to existing housing subsidy programs as well as to an expanded form of income maintenance. Moreover, because a housing allowance program can take differing forms, alternative allowance approaches are being compared.

Table I below shows which of the different experiments relate to each of these ten policy questions.

The following three subsections describe in greater detail each of the three components and explain how each is designed to provide information on these policy questions.

C. The Demand Experiment

1. Purpose. The objective of the Demand Experiment is to examine how households use their housing allowances. The principal questions of interest are: the participation rates of eligible households, changes in their expenditures for housing, the quality of housing they secure, the location of the housing they select, the satisfaction of households with the choices they made, and the housing allowance costs incurred by the Government. The experiment will test the effect of different forms of housing allowances on these types of household choices.
2. Profile. Initial enrollment of households for the Demand Experiment has begun in the Pittsburgh, Pennsylvania area in January, where next calendar year approximately 1,000 households will be enrolled and entitled to receive housing allowance payments for a three-year period. In addition, approximately 600 households will be selected to form a control group. Analysis has shown that a sample of this size is required to obtain the necessary precision to draw conclusions from the results with statistical confidence. Scientific sampling procedures are being used to insure that the results obtained from the 1,600 families will be representative of all eligible households in Pittsburgh and in the surrounding Allegheny County.

The Demand Experiment is being run to a second metropolitan area, Phoenix, Arizona, and surrounding Maricopa County. These two SMSAs have been selected to provide a contrast in urban housing conditions. Results will be obtained in both a slow growth, older eastern city with a significant black population and in a faster growing, newer western city with

TABLE I

RELATIONSHIP OF EXPERIMENTS TO POLICY QUESTIONS

	<u>DEMAND</u>	<u>SUPPLY</u>	<u>ADMINISTRATIVE AGENCY</u>
1. How much do families receiving housing allowances improve the quality of their housing?	X	X	X
2. Does a housing allowance encourage families to take responsibility in the operation and maintenance of their own housing?	X	X	X
3. Who does a housing allowance benefit and who bears the cost?	X		X
4. How do the locational choices of families receiving housing allowances compare with existing residential patterns?	X	X	X
5. What is the effect of allowances upon the market for assisted housing?		X	
6. What effect, if any, does a housing allowance program have on housing prices?		X	
7. Would a housing allowance program improve the maintenance and stimulate the rehabilitation of existing dwellings? Would it encourage new construction?		X	
8. What are the total allowance and administrative costs of a housing allowance program?	X	X	X
9. What is the appropriate administrative and management means for operating a housing allowance program?			X
10. To what extent can the objectives of an allowance program be defeated through adverse actions by participants, landlords, market intermediaries and administrators and how can these be minimized, controlled or prevented?	X	X	X

a significant Mexican American population. Both Standard Metropolitan Statistical Areas exceed 500,000 in population. This minimum size is necessary to insure that the families receiving allowances are sufficiently few in number to prevent the increased housing demand from having any significant effect on the housing market.

3. Overview of Design. Various alternative housing allowance plans, covering the range of program possibilities, will be tested. As described above in Section II C, there are different methods of specifying the allowance formula and of earmarking or channeling the federal assistance costs into housing expenditures. Either a housing gap (an income subsidy), or a percentage of rent (a price subsidy), or a combination of both can be run as a national program.

With these programs, the government can require attainment of minimum standard housing either through a minimum rent expenditure (which assumes a close correlation, which would be tested, between rent and housing quality) or an inspection to determine whether the unit meets a defined set of minimum standards. The design will specify a sufficient range of housing gap and percentage of rent plans along with associated earmarkings to permit extrapolation and direct estimation of program performance of any feasible national program.

In order to estimate national program characteristics, such as program cost and participation rates, specific economic parameters of family behavior must be estimated. In particular, estimates of income and price elasticities of demand for housing of specific groups of families are needed. To accomplish this, a number of families will be offered unearmarked housing gap and percent of rent allowance plans. Data on how these families use their allowances will also be used to estimate the incremental effects of earmarking on housing consumption.

A stratified random sample of families will be selected from the experimental site to reflect not only population characteristics of interest (income, age, race, and family size), but also the location of initial residence.

Once eligible families have been identified, through a two step survey process, a formal assignment process is used to obtain similar groupings of families to be offered each of the allowance plans (treatment groups). Families are then made offers of participation for the assigned allowance plan

which they are free to accept or reject. If they accept, they are enrolled into the program, receive counseling assistance, and participate subject to the rules of the specific allowance plan. If, for example, a family is on a housing gap with inspection plan, its unit or the unit being considered in case of a move, will be inspected to determine whether it meets housing standards.

In addition to meeting program requirements, a family will be interviewed semi-annually or annually for the duration of its involvement in the experiment. Data on demographic characteristics, housing expenditures, preferences, satisfactions, neighborhood and locational characteristics, maintenance, non-housing consumption and so forth will be obtained. In addition its dwelling unit will be evaluated periodically so that consistent time series data linking the family and its unit will be available for analysis. At the end of the experimental period the government will make its best efforts to provide regular program subsidies so as to minimize any disruptions to the family. This solves the possible problems of disrupting the lives of families participating at the end of the experiment and also minimizes the analytical problems associated with the three year period of the experiment.

To collect reliable information from families, HUD's contractors are providing confidentiality of both family identity and information obtained. This holds true not only in the Demand Experiment but also to all those families which provide information in the Supply and Administrative Agency Experiments. Confidentiality is critical not only in terms of preserving the anonymity and confidences of families, but also as a means of securing the best data available. The analysis leading to answers on policy questions rests on the accuracy of that data.

Operation of the experiment and analysis of data is being done by Abt Associates, Inc. The initial Phase I design phase was handled by the Stanford Research Institute.

D. Supply Experiment

1. Purpose. The Supply Experiment is designed to analyze the dynamics of the housing market response to a substantial addition of low income housing demand likely to be caused by an allowance program at the scale of a national program. During the experiment, data about specific residential structures and about specific households and their housing consumption will be collected from various sources to answer four

categories of research questions:

- a. Supply responsiveness. How will the suppliers of housing services -- owners and developers of rental housing -- respond to the attempts of allowance recipients to increase their housing consumption? Specifically, what mix of price increases and housing improvements will result? How long will these responses take to work themselves out to a new equilibrium?
 - b. Behavior of indirect suppliers and market intermediaries. How will mortgage lenders, real-estate brokers, and building service, repair, and remodeling contractors respond to an allowance program? Will they facilitate or resist the attempts of allowance recipients to obtain better housing and those of landlords to improve their properties? What seem to be the motives for any observed changes in institutional or industrial policy?
 - c. Mobility of allowance recipients. In their attempts to find better housing (or better neighborhoods), will many allowance recipients relocate within the metropolitan area? What types of neighborhoods will the movers seek and succeed in entering?
 - d. Impacts on nonrecipients. How will nonrecipients of housing allowances -- particularly those whose incomes are close to the upper limit of eligibility -- be affected by the program? Specifically, will the demand pressure exerted by allowance recipients cause an increase in housing prices for nonrecipients? Whether or not such price increases occur, do nonrecipients attribute adverse effects to the program?
2. Profile. The Supply Experiment is to be conducted in two contrasting medium-sized metropolitan areas, each selected by systematic procedures to represent an important class of metropolitan areas in the nation. One site is a metropolitan area with a rapidly growing central city and a low incidence of minorities. The other is a metropolitan area with a slower growing central city and a representative minority population.

At each site, HUD will fund an experimental housing allowance program open to lower income residents of the metropolitan area. Eligibility rules and the allowance formula will be the same at both sites, patterned on standards appropriate for a national program. They will also be specified to facilitate analysis with data drawn from the Demand Experiment.

3. Overview of Design. The experiment is designed to capture the dynamics of the urban housing market placing particular emphasis upon those submarkets most likely affected by an allowance program. The analysis of market response will distinguish between price (rent or sales price), and quantity and quality changes as landlords and other suppliers of housing services respond to the allowance program. The program will enable participants to spend more for housing; the increased demand may be absorbed either by price increases or by quantity increases in the supply of housing services. A combination of these effects with price increases is likely to stimulate suppliers to increase their output of housing services by making larger outlays for maintenance and operations and by installing capital improvements in existing structures. The increased supply of housing services will in turn absorb excess demand and thus restrain further price increases.

It is expected that supply response (price elasticity of supply) will differ by type of owner because the investment decisions by each one are influenced by different circumstances. To capture these differences the housing market, for purposes of analysis, will be stratified in terms of location, tenure, size of structure and value or rent with differing survey activity between strata depending upon their policy importance.

Mobility of allowance families will be tracked either through survey or administrative records. Questions of what locational choices families make and whether an allowance opens housing submarkets so that greater ranges of housing choice can be made are central to this analysis. The reactions of realtors, bankers, brokers, maintenance and "rehab" firms, and other market intermediaries will be picked up in tenant and landlord interviews as well as from systematic observation at the experimental locations.

Data for analysis of the foregoing questions will be sought by monitoring the housing markets of each experimental site for a period of five years after the commencement of the

allowance program. Three types of monitoring activity are contemplated:

- a. Sample Surveys. Formal surveys covering a sample of residential structures at each site will be conducted annually to gather data relating principally to Question 1 (supply responsiveness) and 4 (impacts on nonrecipients.) Three surveys will be addressed to each structure in the sample:
 - (1) Building Survey. A physical description of each residential structure in the sample will be obtained in the base year prior to enrollment. In each subsequent year changes in the structure's physical features and condition will be recorded. The baseline survey will include a market-value appraisal of the property.
 - (2) Landlord Survey. The landlord survey will provide a description of the ownership and management structure of the building and annual reports of rental revenues, vacancies, mortgage financing, maintenance and operating expenditures, and the costs of capital improvements. For owner-occupied structures, similar data will be gathered as part of the tenant survey.
 - (3) Tenant Survey. Each household living in a monitored residential structure will be interviewed annually to obtain a record of its social and demographic characteristics, its income and employment status, and its history of mobility and housing circumstances. Current attitudes toward the housing unit, the structure, and the neighborhood will be systematically explored. The surveys will also capture a physical description of the housing unit (as distinguished from the structure of which it is a part) and its condition, and a record of tenant inputs into the housing production function (e.g., repairs, painting).
- b. Administrative Records. The characteristics and housing choices of all those who enroll in the allowance program will be monitored through administrative records maintained by the local housing allowance office. The data gathered

from this source will relate principally to the issues raised in Question 3 (the mobility of allowance recipients).

- c. Systematic Observation. A resident observer will informally monitor events at each experimental site, providing a regular flow of information not easily captured by formal surveys or from administrative records. A major responsibility of the resident observer will be to gain insights into the issues raised in Question 2 (behavior of indirect suppliers and market intermediaries), and to gather data bearing on these issues.

E. Administrative Agency Experiment

1. Purpose. The purpose of the Administrative Agency Experiment is to learn about the various methods of administering a program of direct housing assistance. The experiment is intended to furnish information concerning problems which are likely to arise in normal housing allowance program operations. Experience with many federal programs clearly demonstrates that well-intentioned programs, even when well thought out conceptually in advance of implementation, can be diverted from their objectives by inadequate program guidelines, poor administrative planning, and administrative ineptitude or abuse. Moreover, with the number of differing types of agencies which are used at present to administer either housing assistance programs (federal agencies, local housing authorities, state housing agencies), or income transfer programs (state or local welfare agencies), it is clear that a number of administrative options are possible. It is important to determine agency operating approaches leading to the most efficient and effective provision of housing allowances. The experiment is designed, therefore, to focus on those issues which would be of major importance for the administration, management and operation of a national housing allowance program. These issues can be expressed in terms of four major concerns:
 - a. The costs of such a program. What are the administrative (management and services) costs of a housing allowance program? How are these costs best allocated to maximize program efficiency and effectiveness?

- b. The scope of services and methods of delivering such a program. What is the appropriate mix of administrative and organizational arrangements and services for operating a housing allowance program? Which of these optimize:
- Administrative simplicity
 - Efficiency
 - Free housing choice
 - Privacy and dignity
- c. The capability of such a program to treat people in equal need equally. How equitable is a housing allowance program?
- d. The amount of control. The amount of control required over such a program to assure that its resources are used towards the achievement of its intended purposes. How and to what extent can potential diversion of housing allowance program resources by beneficiaries, landlords, market intermediaries and administrators be minimized?
2. Profile. The Administrative Agency Experiment which HUD is carrying out with the assistance of its design and evaluation contractor, Abt Associates, Inc., is designed to allow a variety of operating agencies to administer a housing allowance program and then to evaluate the approaches used to accomplish the administrative tasks required.

Up to eight agencies of varying types (2 local housing authorities, 2 state agencies, 2 metropolitan area county government agencies and 2 welfare agencies) will plan and administer a program of housing allowances to recipients for a period of 24 months. Because the operation of the agencies and their efficiency in carrying out important administrative functions are the principal evaluation concerns, agencies are being given broad latitude in designing the administrative features of a housing allowance program in their jurisdiction. Only where consistency in program definition and implementation procedures would be required in a national housing allowance program is HUD limiting agency discretion. One such area, for example, is the housing allowance formula to be used. It will essentially follow the "housing gap" plan being tested in the Demand Experiment (the EHAP test of the percentage of rent approach will be in the Demand Experiment.)

The sites for the experiment are spread throughout the nation in cities, towns, counties and rural areas of differing size and population (75,000 - 500,000). By this type of geographical distribution, HUD has extended its range of test experiences into almost all types of urban settings. The number of families to receive allowances in each site will vary depending on the nature and size of the location ranging from 500 to 900. The size for each area will be large enough to provide a realistic environment for evaluation of administrative organization and performance of functions, but small enough to prevent rent increases caused by the increase in demand for housing created by the experimental program.

3. Overview of the Design. The objective of the evaluation design is to provide reliable data for analysis of appropriate administrative means for delivering direct housing assistance. To that end, data shall be collected on administrative and organizational activities of the operating agencies. To evaluate the effectiveness and equity of agency operations, data on allowance participants and the type of housing they select will be collected.

For purposes of program description and to facilitate analysis, the agency's activities have been divided into fourteen functions listed below. Questions specific to each function covering such issues as efficiency, effectiveness and equity have been specified and survey instruments developed to procure the needed data for analysis. Analysis of most of these functions will be conducted for all agencies. The functions are:

- a. Start-Up: the administrative and organizational activities undertaken by the agency to prepare for operating the experiment.
- b. Determination of Eligible Population: an examination of all households within the jurisdiction served by the experiment who may be eligible for participation in the program.
- c. Phase-In: the planning and monitoring of participants' enrollment in the program to assure that enrollee characteristics reflect the characteristics of the eligible population and that enrollment is timed to avoid overloading the housing market.

- d. Outreach and Screening. the dissemination of information about the program to the potentially eligible population, the gathering of applications, and the reviewing of applications in order to identify a group of applicants who may be enrolled.
- e. Enrollment: the processing of potential program participants from application to contract signing.
- f. Certification and Recertification: the verification of household size and income as reported on the application.
- g. Payment Operations: the selection of payment methods and the disbursement of benefit payments to program participants.
- h. Audit and Control: the fiscal and accounting procedures required to budget and control the funds of the experiment.
- i. Management Support: the administrative and operational tasks undertaken by the agency to assure the smooth functioning of the experiment.
- j. Maintenance of Records: the collection of data, the compilation of records, the storing of files and the reporting required to document the experiment.
- k. Counseling: the provision of information and nonfinancial aid to applicants and enrollees which assists them to participate successfully in the experiment.
- l. Inspection: the examination of a dwelling unit to determine if it meets specific health standard and safety codes.
- m. Relations with Suppliers and others: the communications between the agency and other market-related groups (such as landlords, rental agents, bankers, realtors, etc.) with whom enrollees may be in contact.
- n. Termination: the completion of the experiment, including termination of all enrollees and phase-out of all program-related activities.

Detailed case studies will be done describing the operations of each agency as a means of systematically characterizing the administration of a housing allowance program. In this way, functional interdependencies will be explicitly studied and site specific factors brought into the analysis. Findings from the functional and case study analyses are expected to lead to an identification of administrative organizations with associated costs able to operate a full-scale housing allowance program.

F. Analysis Across Experiments

While important design considerations made it necessary to conduct three distinct experiments, the policy analysis must use data from all three sources. The Urban Institute is presently developing the analysis plan for integrating data for analysis across the three experiments.

The core of this combined analysis involves the use of a micro-simulation model which can predict the cost and benefit patterns of alternative income transfer programs. The model will combine data on family housing choices from the Demand Experiment, data on market effects, which can be expected to have a feedback effect on those responses from the Supply Experiment, and data on administrative costs from the Administrative Agency Experiment for analysis of policy issues.

A second major focus of combined analysis is the measuring of housing quality and the satisfaction of families with their housing. The three experiments will involve families and housing units in at least twelve separate housing market areas of different sizes in all parts of the United States. A coordinated effort of this scope provides a unique opportunity to advance the state of the art in the development of precise and reliable measures of housing quality and satisfaction, measures upon which the housing goal is predicated.

The experiments should provide important insights into the standardness of housing acquired by recipient families and should add to our understanding of this important concept.

A third area of combined analysis is the measuring of changes in locational choices of families receiving allowances. Of special interest here will be a comparison of locational changes and effects of a small scale program such as is being run in the

Demand Experiment with those of a large scale program embodied in the Supply Experiment.

A fourth area of work ranging across the three experiments, is an appraisal of administrative procedures. These include procedures for estimating the fair market value of standard housing at experimental sites, housing inspection procedures and procedures for carrying out enrollment and payment operations.

To help insure that the proper data are available in a timely manner for these joint analyses, the Urban Institute is working with HUD and the other EHAP contractors to develop data and information systems that are capable of being integrated efficiently.

This effort has involved the task of specifying areas of information common to more than one of the three experiments. Examples are measures of housing expenditure, housing quality, household characteristics, household satisfaction, income and location. To insure necessary consistency, these areas of common information are being translated into either common or compatible information items, wording of survey questions, coding of survey responses, formatting of data files and, ultimately, data tapes for use by analysts.

G. Program Milestones and Budget

Figure II summarizes the major accomplishments and projected research and operations milestones by calendar year quarters. This begins with the HUD Research and Technology sponsored research on housing allowances at the Urban Institute and continues through calendar 1973. The solid triangles represent events already accomplished (including the major contracting activities and design work on the Demand, Supply and Administrative Agency Experiments). The M.I.T. - Harvard University Joint Center for Urban Studies contract activities are shown with major research papers based upon census and studies of welfare housing activities due during 1973. Also the Midwest Council of Model Cities evaluation of the Kansas City and Wilmington demonstration is indicated as completing by end of calendar 1973. Site selection and enrollment activities are shown in Figure III. At the time of this Report, the welfare agencies for the Administrative Agency Experiment have yet to be selected and discussions are underway with both Green Bay and Saginaw for the Supply Experiment. The Research and Technology Budget obligations for the Experimental Housing Allowance Program to December 31, 1972 are as shown on

EXPERIMENTAL HOUSING ALLOWANCE PROGRAM MAJOR PROGRAM MILESTONES

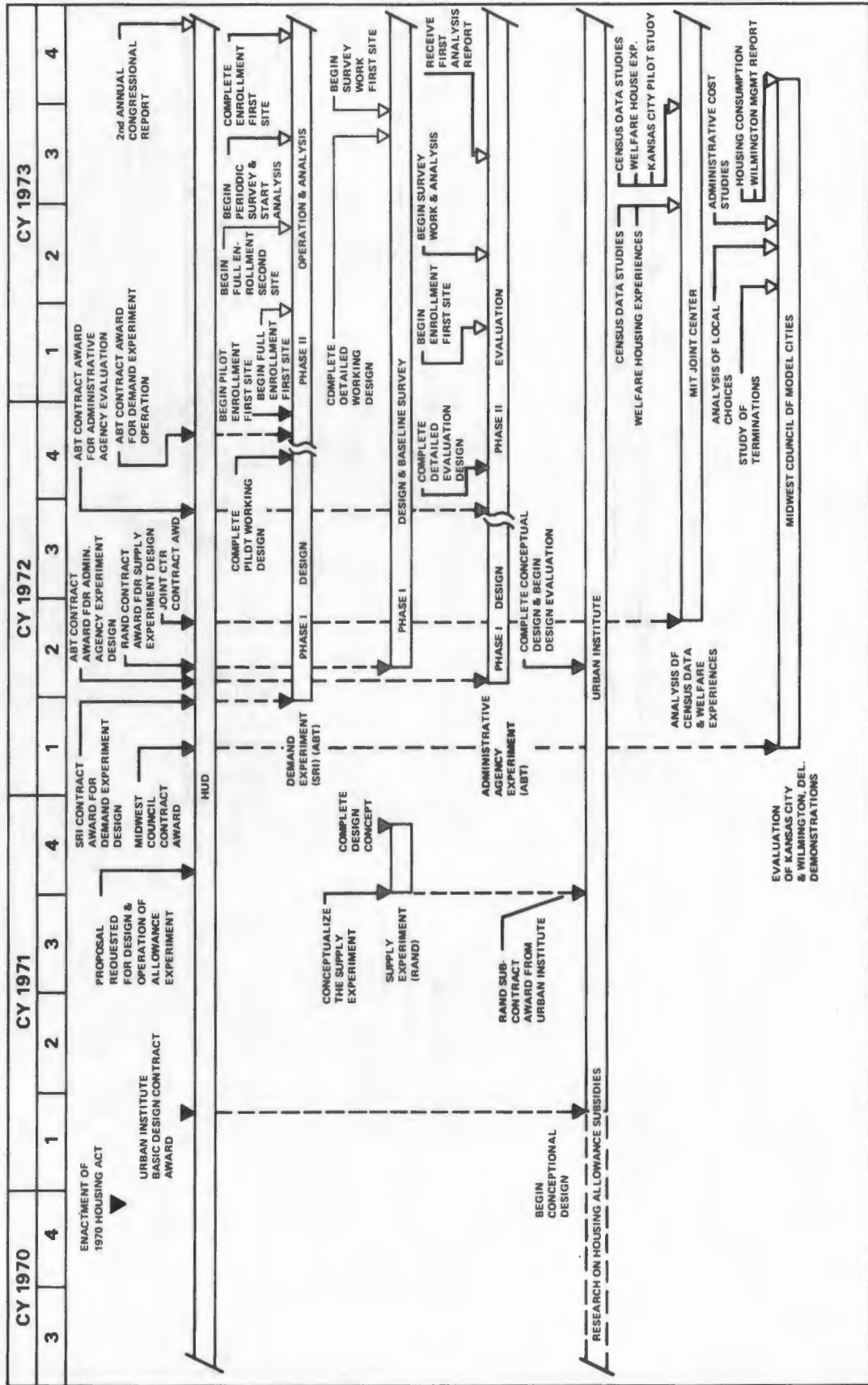


FIGURE II

EXPERIMENTAL HOUSING ALLOWANCE PROGRAM MAJOR MILESTONES AT EXPERIMENTAL SITES

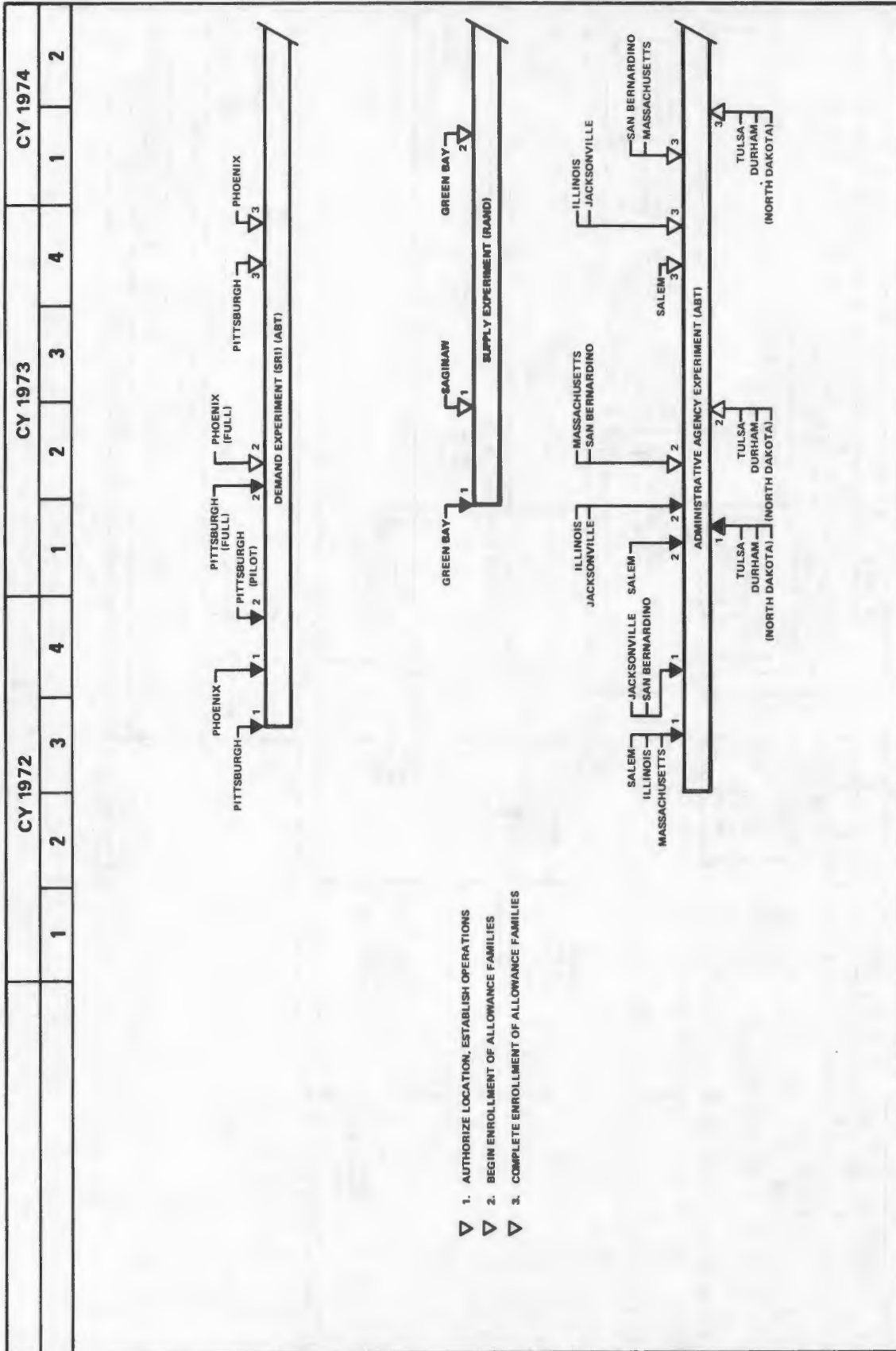


FIGURE III

EXPERIMENTAL HOUSING ALLOWANCE PROGRAM COST ESTIMATES

(Dollars in Thousands)

4/27/73

TASK	CONTRACTOR	FY-72	FY-73	FY-74
DEMAND EXPERIMENT				
Design -- (Phase I)			993	-
Review of Demand Experiment Procedures	Stanford Research Inst.		3	*
Conduct and Analysis -- (Phase II)	National Tenants Info. Service		4,275	
Payments to Families -- R & T Funds	Abt Associates		700	1,600
SUPPLY EXPERIMENT				
Design -- (Phase I)				
Amended Design and Operation	Rand Corporation	945	-	*
Payments to Families -- Section 23	Rand Corporation		1,874	14,500
Payments to Families -- Section 235				2,000
ADMINISTRATIVE AGENCY EXPERIMENT				
Design -- (Phase I)				
Conduct of the AAE (Phase II)	Abt Associates	378	-	*
Administrative Agency Planning	Abt Associates		1,769	*
Administrative Agency Operations	8 Agencies		289	*
Payments to Families -- R & T Funds	8 Agencies		1,200	*
Payments to Families -- Section 23			250	300
			9,283	-
GENERAL				
Preliminary EHAP Design	Urban Institute	345	-	-
Evaluation of Kansas City and Wilmington Housing Allowance Demonstration Programs	Midwest Council of Cities	85	90	-
Evaluation of Preliminary EHAP Design				
EHAP Analysis and Evaluation	Rand Corporation	101	-	-
Analytical Research	Urban Institute	315	500	-
Evaluation of San Francisco Development Fund	Joint Center for Urban Studies	363	-	-
	USC Law Center		99	-
TOTAL DESIGN, OPERATION AND ANALYSIS R & T FUNDS		2,920	11,092	9,675*
TOTAL PAYMENTS TO FAMILIES -- R & T FUNDS			950	1,900
TOTAL R & T FUNDS			12,042	11,575
TOTAL SECTION 23 CONTRACT AUTHORITY			9,283**	14,500**
TOTAL SECTION 235 CONTRACT AUTHORITY			-	2,000

Current estimated total allowance payments for the experimental period are \$7,000,000 to 2,400 families from R & T funds, \$50,700,000 to 16,000 families from Section 23 funds, and \$10,000,000 to 2,000 families from Section 235 funds.

* TOTAL ONLY SHOWN -- CONTRACTS TO BE NEGOTIATED IN 1974

** WITH ADDITION OF \$2,050,000 OF SECTION 23 CONTRACT AUTHORITY REQUIRED FOR POST-DEMAND EXPERIMENT LEASING OBLIGATIONS, TOTAL OF SECTION 23 CONTRACT AUTHORITY IS \$26 MILLION. BECAUSE OF ITS PRIOR AUTHORIZATION, SECTION 23 AND SECTION 235 CONTRACT AUTHORITY DOES NOT REPRESENT A NET ADDITION OF GOVERNMENT EXPENDITURES.

FIGURE IV

Table II. In addition, Section 23 funding for 7,000 units in fiscal year 1973 and 8,000 units for fiscal year 1974 has been set aside to help make payments to families in the Experiment.

H. Areas of Further Research

There are a number of broad research areas of interest to the research community that extend beyond that being undertaken in the Experimental Housing Allowance Program but for which EHAP establishes a base of data. These are:

1. The process of residential choice. This research would key on the aggregate movement patterns of families in terms of their impact upon the improvement or decay of urban sub-areas.
2. Financial structure of the supply of housing. This research would focus on such supply processes as flow of funds and financial decision making by the suppliers of housing services.
3. Dynamics of housing markets. This is the logical combination of #1 and #2 above. HUD Research and Technology is already funding several housing market modeling efforts. The EHAP experiments provide the data base for a theory testing, parameter estimation and model testing.
4. Work response to a housing allowance. Data on sources of income will be collected during the experiments. The data exist for additional research on the cumulative marginal tax rate effects of different transfer programs. This research could also pick up the interaction between various transfer programs.
5. Interregional mobility implications of a housing allowance program. If housing allowances were not equally applied across urban areas and between urban and rural areas, there would be an incentive for areas with relatively better benefit levels to attract population from areas of lower benefit levels. The research would generally focus upon the inter-regional effects of an allowance program built upon either the existing welfare system or an income maintenance system.
6. Analysis of housing experiences of welfare families. If warranted by the findings of the Joint Center for Urban Studies effort (R&T contract), additional analysis of welfare housing experiences could be undertaken. The present JCUS study focuses upon housing experiences and

administrative practices. Further research would probably expand the investigation from the limited number of case studies to a more representative group of urban areas and welfare agencies.

APPENDIX A

EUROPEAN HOUSING ALLOWANCE EXPERIENCES

The following discussion of European housing allowance programs is extracted from a recent HUD report written by Irving Welfeld entitled "European Housing Subsidy Systems".

European governments have introduced or expanded aid to lower income households in order to enable them to afford standard housing without regard to production. These housing assistance programs also had a number of other important subsidiary objectives.

1. Objectives

(a) Population Policy

In Europe during the thirties, as in the United States in this decade, population growth was a problem. But, whereas at present, the concern is a population explosion, in the thirties, it was fear of a static population. Zero population was not a goal to be pursued, but a peril to be avoided. Family and child allowances were designed both to provide an incentive for families to increase their size, and to remove the economic restraints for large families. Allowances are a means of achieving horizontal equity among individuals with equal incomes but unequal family obligations. Housing allowances were often a significant component of a population strategy. In Sweden, the national housing allowance system is limited to families with children. The connection between the allowance and population policy was clearly set forth by Alva Myrdal in "Nation and Family".

"... Children, and hence the population of the future, are subject to the most damaging effects of poor housing. Children increase family costs so much in other directions than housing as not to leave a family, even when enjoying aid, in a favored position compared with others of the same social strata or doing the same work... Finally, the population situation is such that if the community does not remove some of the costs for children from the parents, the parents will prefer a birth strike."

(b) Upgrading Housing Standards

Assistance programs are also used to encourage the upgrading of housing standards. Payment is often conditioned on residence in units that meet minimum standards of size, facilities, and even age. In Sweden, allowances were originally limited to units constructed after 1941. In The Netherlands, assistance is still limited to units built since 1960. In addition, allowances are often graded in accordance with the quality of the unit. In West Germany, a family occupying a unit that includes a bath and central heating qualifies for a larger subsidy than if the unit had either a bath or central heating. The occupant of the latter unit qualified for a larger subsidy than if he were to occupy a unit which had neither a bath nor central heating. Quality and other standards can often be so high as to exclude many dwelling units and, thereby, their occupants.

(c) Maintenance of Existing Housing

The granting of a subsidy is only one way a government can bring into line the price of an item and the purchasing power of the poor. Another is for the government to impose controls. In Europe, the latter approach, rent controls, has been the most common one used during the past thirty years. A heavy price in terms of housing disrepair and disinvestments is, however, usually exacted for use of the "free" rent control device by a government.

The allowance approach removes the inequity of requiring the landlord to pay for what the government is doing. It also assures that sufficient funds are available to keep the existing stock in a sound state.

(d) Equitable Resource Allocation

Housing assistance is also a strategy that is consistent with a policy of disengagement by governments from intervention in the housing market. In Denmark and West Germany, the decontrol of the housing market and the introduction of housing allowances went hand in hand. In the United Kingdom, the introduction of an assistance system and the removal of rent regulation are the crucial parts of the Conservative Government's "Fair Deal for Housing" plan.

One of the reasons for government disengagement from an active role is a growing realization that bureaucratic hands are no match for the invisible hand of the marketplace. Rent control and long term government subsidies led to a situation in Europe where occupants of rent controlled or subsidized units were often paying an inordinately small amount for rent and/or using far more space than they needed. A housing allowance system permits the government to disengage from its role as a resource allocator, and places it in the hands of a mechanism far more suited for the role.

(e) Fiscal Prudence

Housing assistance also promotes the objective of fiscally prudent government operations. By keying the subsidy to the need of the occupant, public funds can be used only to the extent necessary. This is particularly the case in Europe where rents of subsidized dwellings are set without regard to the economic and other circumstances of the residents.

2. Programs

The different weight given to the different objectives, as well as the different conditions in the various countries, result in very different types of systems. This section will compare the systems in West Germany, Denmark, Sweden, The Netherlands, France, United Kingdom (proposed) and Basel, Switzerland. The programs will be compared in terms of: (a) beneficiaries, (b) eligible housing, (c) amount of subsidy, and (d) form and frequency of payment.

(a) Beneficiaries

As a general rule, a household need only have a permanent residence to qualify for housing assistance. There are, however, different interpretations as to what constitutes a permanent residence. A student who has an apartment apart from his parent qualifies for an allowance in Denmark but not in West Germany. In Basel, a family must reside in the canton (state) at least three years to be eligible for an assistance payment.

Basel also limits the subsidy to a household with at least three minor children. The only other countries that have such a requirement are Sweden and France. To qualify in Sweden the household must have at least one child; elderly households are covered by an allowance entirely funded by municipalities. In

France, the housing allowance is only available to families that are already receiving a family allowance. A separate allowance is available to the low income, old and infirm living in very low cost units.

In France and Sweden, there is pressure to broaden the eligibility rules to cover the childless. The French Government, in June 1971, proposed doubling the size of the assistance coverage to bring in close to a million additional households, mainly among elderly, handicapped, and young worker families who are presently receiving next to nothing. There is increasing pressure in Sweden to broaden coverage to include all households in need rather than merely families. This presents something of a dilemma to Swedish policymakers. Housing officials have been able to keep the payment level fairly high, and thereby channel public funds into housing, by appealing to the idea that they are investing in the future by providing a safe and healthy environment for the nation's children. Although, they cannot deny the logic or the justice of extending the system to all those in need, there is concern that the payment level will be insufficient to serve as an inducement to upgrading housing. The present system in Sweden, in fact, reflects a compromise between the income transfer and the housing camp. A basic allowance is given regardless of the quality of the housing, and bonuses are provided for various levels of quality.

The income limits of the programs in most European countries permit participation by many households in the moderate and middle income categories. In Sweden, approximately 40% of households with children receive a housing allowance (90% of one adult households receive the allowance). The percentage by number of children, however, varies greatly. Twenty percent of the families with one child, 45% of the families with two children and 60% of the families with three or more children receive an allowance. In most of the other European countries, the income limits are quite high especially for larger families. However, unlike the production subsidy programs, the allowance is graded so that, in spite of the high limits, most of the benefits go to lower middle income households.

There is a good deal of variety with respect to defining family income. The English seem to be using gross income as the base. In most other countries, deductions are allowed from gross income, or taxable income is used. Income for eligibility and subsidy determination purposes ranges from 80% (in West Germany)

to approximately 50% (in Sweden) of gross income. The family or children's allowance is not considered as income in most countries, creating a further variation in definition. In Sweden, the prior year's taxable income is used; in The Netherlands it is the prior year's income plus a 5% upward adjustment.

The amount of the household's assets is a hurdle to entry in West Germany. The Swedes have another solution to the assets problem. For the non-elderly, 20% of assets in excess of 50,000 kroner (about \$10,000) is added to income. For the elderly, it is 10% of assets in excess of 30,000 kroner for a 1 person household, 45,000 kroner for a two person household.

The number of recipients varies considerably. In Basel, the recipients number less than 100 households out of a total population in excess of 250,000. In The Netherlands, the 35,000 recipients constitute less than 1% of the households. In West Germany, the recipients constitute 5% of the households. In France, the one million households under the allowance system represent approximately 6% of all households. In Denmark, approximately 10% of all households and 25% of all renters receive the allowance. In Sweden, family allowances are now granted to approximately 15% of all households (families with children constitute only 36% of all households).

(b) Housing Standards

In most of the countries considered, the allowance is available to both rented and owned units. The exceptions to this pattern are The Netherlands, Denmark and England. The rationale for excluding homeowners in the three countries is that homeowners are receiving a subsidy, albeit indirectly, via the taxation system because real estate taxes and mortgage interest payments are deductible for income tax purposes. However, only in the United Kingdom, as a result of the premium option (in which a homeowner can choose a direct interest reduction payment of up to 2½% in lieu of the interest deductions) are the benefits to the low income homeowner commensurate with those received by higher income households.

The age of the structure is a condition for eligibility in The Netherlands. The Dutch rental allowance is available only for units built after 1960. The Swedish allowance system, until January of 1969, was limited to units built after 1941 (all of the units built prior to that date being covered by rent

control). The adequacy of the dwelling is also a condition for receiving a subsidy. In Denmark, the unit must meet certain fixed standards as to size and facilities. There may not be more than two persons for each room (kitchens are not considered rooms). The apartment must have access to natural light and have water and electricity, a separate kitchen and a half share of an indoor toilet. In France, the rules are even more explicit. The unit must have minimal sanitary equipment (a water faucet, a drain, and a toilet on each floor) and a sufficient number of rooms. The latter item is set forth in terms of at least three habitable and one secondary room. A habitable room must meet the following standards: a heating installation, a surface area of nine square meters, a height of 2.5 meters and one or more openings (equal to at least 1/10 of the total area) to the exterior. A secondary room must have a surface area of 7 square meters, a height of 2.2 meters and at least one opening to the outside. In Sweden, a basic subsidy is available regardless of the size or quality of the unit. However, substantial bonuses are available if the unit meets certain size and amenity standards. In The Netherlands the limitation of the allowance to new buildings makes certain standards implicit. In other countries, the condition of the unit affects the amount of the subsidy rather than eligibility.

(c) Amount of the Subsidy

The objectives of a housing allowance are usually buried among dry rent formulas and subsidy tables. As a rule, the amount of the allowance is based on the amount by which the cost of accommodations exceed the claimant's fair share of the rent. However, there are exceptions to the rule.

In Sweden, the national allowance system does not take into consideration the cost of accommodations. Rather, families within the income limit receive a basic allowance which is increased by a fixed amount for each child. The latter amount is increased if the family occupies a dwelling that has a kitchen, is above a minimum size (based on the size of the family), and is supplied with water and drainage facilities. A further allowance is paid if the number of occupants does not exceed two persons per room (excluding the kitchen) and the household has access to a bath or shower situated in a non-living area in the building. The actual rent that is paid is taken into account in the municipal systems, such as Stockholm's, that supplement the national system. The latter system also illustrates the strong incentives for housing quality that are to be found in Sweden. The highest

percentage of rent is paid when the household seeks the most expensive (within rather wide limits) rather than the least expensive unit. Thus, a household with 2 children and a net annual income of 10,000 kroner receives a government subsidy of 120 kroner per month if it obtains a 400 kroner per month apartment. This amount represents 30% of rent. If it obtains a 600 kroner apartment the government subsidy and share goes to 240 kroner and 40%. At 725 kroner, the subsidy and share are 310 kroner and 42.75%. The latter is the maximum subsidy so as the rent increases the percentage declines.

In West Germany, the cost of accommodations is the lesser of the actual rent, or an amount based on the size and the age of unit, the size of the locality in which the housing is located, and the equipment within the unit. Since there are three options within the latter three categories, there are 27 different rents for every size household, and within each community, a choice of nine different levels of quality and rent.

The French also have a complex table for calculating rent and setting rent ceilings. The French table has eighteen different rent levels depending on when the building was constructed, whether the building was occupied when purchased, whether the building's rent was controlled in 1948, and whether the building is subsidized. The base rent is established using a 2 child household, with an additional 15% permitted for each additional child.

The rent ceiling in Basel, Switzerland, is simple in comparison to the French and West German systems. The rent used in allowance calculations is the lesser of the actual rent, or a rent based on the number of children in the household, and the size of the unit. The Swiss, of course, have two advantages that permit a simple approach -- a compact and homogeneous area compared to West Germany, and the absence of massive government involvement in the housing field as in France.

There are additional variations in what is to be included as rent. Most of the countries exclude utilities. The Danes exclude the cost of heat, hot water and glass insurance, but include the cost of maintenance. The Dutch exclude the cost of heating and the operating expenses.

The other crucial variable is the tenant's fair share. A common feature of European plans are variable rent-to-income ratios. The lowest percentage will usually correspond to the lowest income and/or the largest family. The Dutch set a figure at one-sixth at the upper end of the income scale of eligible recipients and one-seventh at the lower end. The French table combines income and children, with the percentage starting at 5% for the lowest income, and rising to 25% at the upper levels.

The difference between the latter figure and the actual rent is, however, not the amount of the subsidy. The allowance is rather a percentage of that amount depending on the size of the family. A one child household receives 60% of the difference. A 6 child household receives 85% of the difference.

Many of the countries achieve the same result by calculating the amount of the subsidy as a percentage of defined rent -- the percentage being dependent on income and size of the household. The Danes have a system in which the allowance is the lesser of: (1) $\frac{3}{4}$ of the difference between actual rent and a statutory calculated rent, or (2) an amount equal to a percentage of rent, plus an additional percentage of rent for each child. The statutory calculated rent represents a progressively graded rent-to-income ratio. At a taxable income of 12,000 kroner, it is 9%; at an income of 25,000 kroner, 16.8%; and at the maximum income of 49,000 kroner, 25.7%. Conversely, the percentages of rent used in the second method are inverse to income. At 12,000 kroner, the subsidy equals 25% of rent, plus an additional 19% of rent for each child. At 25,000 kroner, the percentages are 15 and 13. At 49,000 kroner, they are 1 and 1.

The Swiss have a formula that does not require extensive tables. It, nevertheless, follows the progressive rent/income ratio pattern. The family is required to pay at least one-sixth of its income in rent. The maximum subsidy is further limited in that as income rises, the government percentage of rent drops in the following manner: less than 15,000 Swiss Francs -- 30%; between 15,001 and 15,750 -- 25%; between 15,751 and 16,500 -- 20%; between 16,501 and 17,250 -- 15%; and between 17,251 and 18,000 -- 10%.

The proposed English system has the rent-to-income ratio going to zero at the lowest incomes. At the center of the plan is a minimum budget which corresponds to the amount received by a household on welfare, plus the cost of going to work. The minimum level is set at 13.5 pounds per week plus 2.5 pounds for each child. At that income, the tenant is expected to pay 40% of the rent with the government subsidizing the balance. If his income falls below that point, the rent is reduced by 25 cents for each pound below his minimum budget (100 cents to the pound). If his income is above the minimum his rent is increased by 17 cents for each pound above his minimum budget.

If one uses a family of four and weekly rent of 5 pounds, (the example set forth in "Fair Deal for Housing" the White Paper

describing the proposed system), the subsidy to the family with an income of 30 pounds per week would be a little over a pound and the family would have to pay 13% of its income for rent. At 25 pounds, the subsidy would be 1.9 pounds, and the rent-to-income ratio 12%. At the minimum budget level of 18.5 pounds, the subsidy would be 3.6 pounds, and the ratio, 8%. At 13 pounds, the subsidy would rise to equal the rent, and the ratio would drop to zero. A maximum weekly subsidy of 6.5 pounds (8 pounds in London) is, however, set under the system.

In most systems, the government allowance does not cover the full difference between the tenant's fair share and the actual rent. This provides a check against unrestrained expenditure for housing when the public must pay the bill. The Dutch and English, have established maximum subsidy amounts, and the Danes require that household income must be equal to at least twice the rent. Another such check on tenant prodigality is the requirement that a tenant pay a certain percentage of rent. In West Germany, the formula is progressive, starting at 10% at the lowest income levels, and exceeding 70% at the highest levels.

The Swedish allowance is unlike most of the other European systems since it does not peg the subsidy to any rent level. Rather the subsidy is constant up to a level approximating the 30th percentile of income, and then begins to drop. Prior to 1967, the drop was quite precipitous. At present, the slope is far more gradual. The leveling of the slope was a result of placing more emphasis on the size of the household as opposed to the income. As a result, the percentage of households with three children receiving the subsidy is three times the percentage of households with one. It is interesting to note that the municipal elderly systems in Sweden still retain a steep slope -- the allowance is decreased by one-half the amount by which the income exceeds the income limit.

A recent reform of the German allowance system took a completely opposite tack. Previously, the German system had much lower rent-to-income ratio requirements for large as opposed to small families. Having decided that families were being overcompensated in that not only were they receiving tax breaks but, also, children's allowances and special privileges in the housing allowance, the latter were excluded, and families with comparable incomes have comparable income ratios.

(d) Form and Frequency of Payment

As a general rule, it is the tenant rather than the landlord who receives the payment. The problem of the non-paying tenant is not deemed of sufficient importance to outweigh the recipients' privilege of receiving the payment directly from his government.

This results from the greater value given to considerations of privacy, discretion and dignity.

A more general problem is devising a system in which the number of people who are eligible for the subsidy and the number of people who actually receive aid correspond closely. There will always be a gap because of a lack of information or an aversion by some recipients to answer questions about their income. The Swedes attempt to eliminate the former by automatically sending to every household that has filed a tax return, indicating the presence of a child in the house, a housing allowance application. The Germans take care to distinguish between the allowance, which is a matter of "right", and welfare, which is a matter of government beneficence.

The Swedish emphasis on universal coverage and low administrative costs (which are less than 5%) does have some drawbacks. At present, it relies on taxable income. A time lag of up to 20 months, however, exists between current income and the income reported for tax purposes. During a period when most incomes are rising, the time lag means the government is oversubsidizing households.

In most European countries, the cost of the allowance is borne in whole or in part by the local government. In Basel, it is borne entirely by local government. The same is true of the allowance for the elderly in Sweden. In West Germany, costs are split on an equal basis between the federal and state governments. In Denmark, it was on a two-thirds national and one-third local basis. It is now on an equal basis. In Denmark, the allowance is paid monthly by the local government, and the national share is refunded on an annual basis. In Sweden, a more complex system exists. The municipalities may supplement the national allowance. The national government in high cost areas will match up to a 50% of local outlays in certain well-defined situations. However, where a municipality, such as Stockholm, provides a special supplement to families with one child (on the theory that the birth of a first child is likely to require a major adjustment in living arrangements), the national government does not match funds. In the United Kingdom, the national government will share losses accruing to local housing authorities as a result of required rebates. The National government will initially cover 90% of the losses. This percentage will be reduced to 75% in 1975/76. In the case of private tenants, local authorities will be expected to pick up the administrative tab. Until 1975/76, the national government will pay the whole amount of the allowance. Thereafter, it presently plans to pay 80% of the allowance as long as the

local system is in accord with the national system. Only in France and The Netherlands does the national government pay the full allowance.

The rent allowance is paid monthly in cash rather than by a certificate or voucher. However, in cases where the sum is small, it will be made quarterly. In West Germany, allowances are paid in advance. In Sweden, the payments are made in arrears.

Table B summarizes in tabular form the major features of the major housing assistance programs discussed.

Table B		France	Switzerland (Basel)	Germany	Denmark	Sweden	Netherlands	England (proposed)
1. Beneficiaries								
A. Residency Requirement	A. None	A. 3 years in canton	A. None	A. None	A. None	A. None	A. None	A. None
B. Family Status	B. Must be receiving family allowance (elderly exception)	B. Family with 3 or more children	B. All households	B. All households	B. Family with one or more children	B. Family with one or more children	B. All households	B. All households
2. Eligible Housing								
A. Physical Standards	A. Must satisfy specific physical standards	A. None	A. Suitable as place of abode	A. Must satisfy certain physical standards	A. None	A. None	A. Subsidized dwelling built after 1960	A. None
B. Tenure Requirement	B. None	B. None	B. None	B. Rental	B. None	B. None	B. Rental	B. Rental
3. Amount of Subsidy								
A. Tenant Contribution	A. Amount varies with income	A. 1/8 of income	A. 20% rent to income ratio	A. Amount varies with income (expressed as statutory rent)	A. Rent not a factor	A. Rent not a factor	A. Between 1/8 and 1/7	A. 40% of the rent at minimum budget level. 17% above that amount
B. Maximum Rent	B. Lesser of actual rent or amount based on age and other factors	B. Lesser of actual rent or rent based on number of children	B. Lesser of actual rent or amount based on age, location and facilities of unit	B. Economic rent must be less than 50% of income	B. None	B. None	B. None	B. None
C. Maximum Subsidy	C. 60-65% of difference between rent and tenant's share % depends on number of children	C. Difference between rent and tenant's income. Maximum gov't. payment between 10 and 30% of rent depending on income.	C. Difference between rent and income varies with income.	C. Lesser of 3/4 of difference between rent and statutory rent or an amount equal to % of rent. % varies directly with income and inversely as far as children.	C. Dependent on quality of unit and income	C. Dependent on quality of unit and income	C. 900 guilder per annum	C. 8 pounds per week in London. 8.5 pounds elsewhere
4. Source of Funds	National gov't.	100% local	50% federal 50% state	2/3 national 1/3 local	A. 100% national	A. 100% national	National gov't.	Public units-local with national sharing if deficit. Private units - national with local share after 1975.
5. Number of Recipients	6% of all households	Less than 100 (population of canton - 300,000)	8% of all households	10% of all households (25% of renters)	15% of all households (40% of those with children)	15% of all households (40% of those with children)	1% of all households	

APPENDIX B

EHAP WORKING DESIGN AND OPERATING DOCUMENTS

The following list, by experimental element, is a selected compendium of research design reports or experimental field operating manuals prepared by the various research organizations under Phase I contract to HUD for the Experimental Housing Allowance Program.

DEMAND EXPERIMENT WORKING DOCUMENTS

Housing Allowance Household Experiment Design: Part I - Summary and Overview (Urban Institute, 22 May 1972)

Household Response, Program Variations, and Allotment to the Design Space for the Housing Allowance Experiment (Urban Institute, 7 March 1972)

Appendix "A" Household Responses to Experimental Treatments
(Urban Institute - No date)

Household Characteristics, Sample Size, and Allocation Requirements for the Housing Allowance Experiment (Urban Institute, 1 March 1972)

Response Measures, Scaling Approaches, and Measurement Instruments for the Housing Allowance Household Experiment (Urban Institute, 9 March 1972)

Analysis Plan for the Housing Allowance Household Experiment (Urban Institute, 4 May 1972)

Measurement and Operations Memoranda for the Housing Allowance Experiment (Urban Institute, 9 March 1972)

Rules of Operation for the Housing Allowance Experiment (Urban Institute, 28 April 1972)

EHAP Site Operating Procedures Handbook (3 Volumes) (Stanford Research Institute, 19 October 1972)

Preliminary Data and Information Systems Report (Stanford Research Institute, 28 August 1972)

SUPPLY EXPERIMENT WORKING DOCUMENTS

Preliminary Design for the Housing Assistance Supply Experiment,
(Rand Corporation, 8 June 1972).

Testing the Supply Response to Housing Allowances: An
Experimental Design (Rand Corporation, December 1971)

Draft - Appendix "A" of WN-7866-HUD Program Standards
for Housing Assistance (Rand Corporation, 30 June 1972).

Analysis Plan for Indirect Suppliers and Market Intermediaries,
(WN-8100-HUD), (Rand Corporation, January 1973).

Analysis Plan for Residential Mobility, (WN-8102-HUD), (Rand Corporation,
January 1973).

Analysis Plan for Measuring Supply Responsiveness, (WN-8110-HUD),
(Rand Corporation, January 1973).

Analysis Plan for Measuring Effects on Nonrecipients, (WN-8111-HUD),
(Rand Corporation, January 1973).

Sample Design for the Housing Assistance Supply Experiment, (Rand
Corporation, 4 December 1972).

Preliminary Description of Survey Instruments, (Rand Corporation,
13 October 1972).

Data Management System for the Housing Assistance Supply Experiment,
(Rand Corporation, 29 November 1972).

ADMINISTRATIVE AGENCY EXPERIMENT WORKING PAPERS

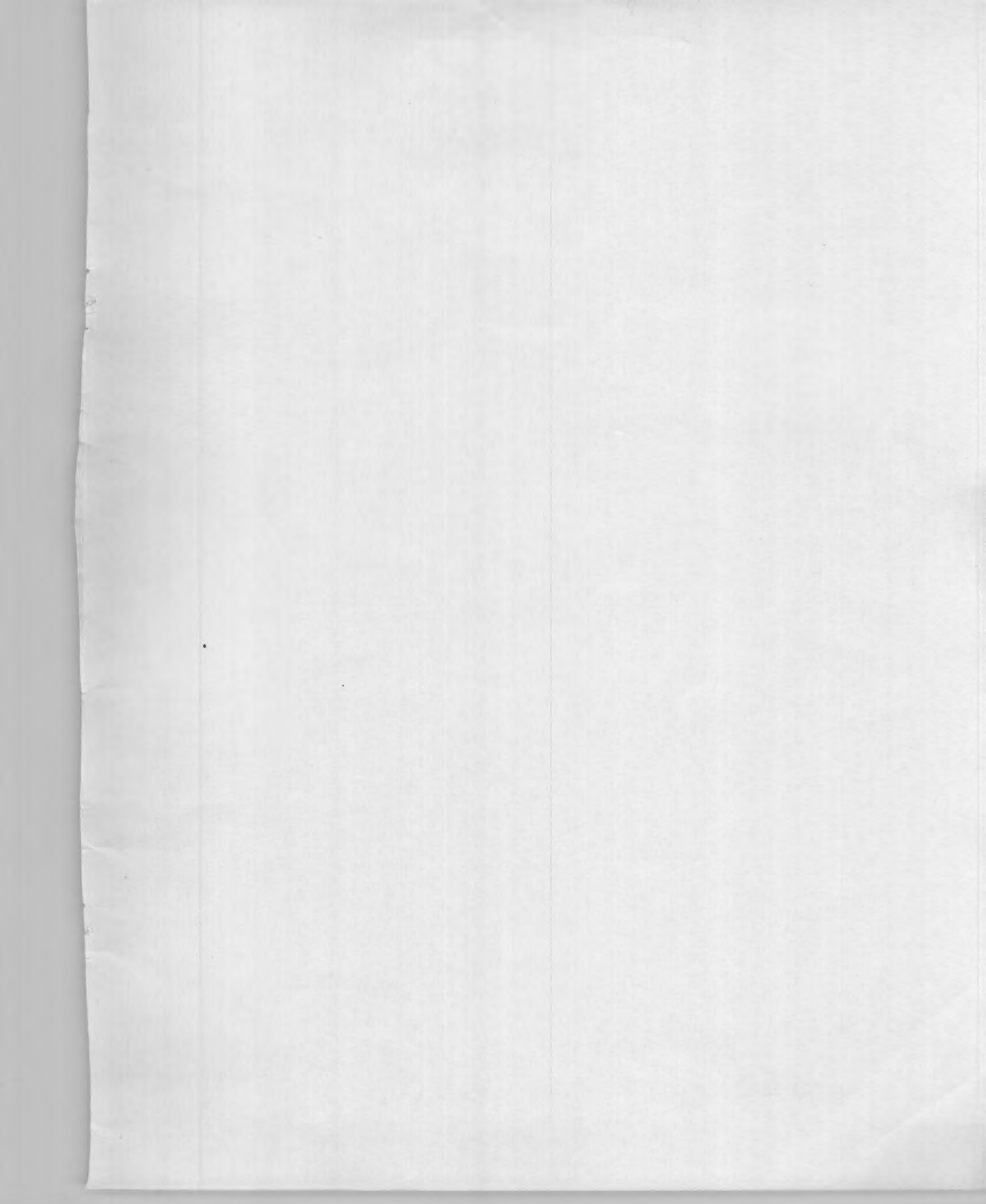
Evaluation Manual, Administrative Agency Experiment, EHAP (Abt
Associates, 8 December 1972).

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APPENDIX C

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