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# Performance of Small Public Housing Authorities: Opportunities and Barriers

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## Abstract

Most public housing authorities in the United States are relatively small, serving less than 1,000 combined households. Research on the performance and operations of housing authorities, however, focuses on very large housing authorities. This article examines small housing authorities' operational performance and discusses management strengths and challenges associated with running small housing authorities. We draw on HUD administrative data and a series of indepth interviews with housing authority administrators in Illinois to examine housing authority performance metrics and accountability structures. We find that program sociodemographic factors and population served influence the likelihood of receiving high performance designation. Small housing authorities, particularly those in rural areas are less likely to be designated as "high-performing," and regional heterogeneity affects small housing authority performance levels. Semi-structured interviews with nine executive directors and administrators of small housing authorities in Illinois reveal additional management and accountability challenges, suggesting the need for a more holistic means of assessing housing authority performance and service delivery.

## Introduction

Low-income housing assistance constitutes an integral part of the federal social safety net. HUD-assisted housing alone supports more than five million households annually. In 2015, HUD devoted \$42.7 billion to housing assistance, which is equivalent to one-half the federal spending on the Supplemental Nutrition Assistance Program (SNAP) and twice what was spent on the Temporary Assistance for Needy Families (TANF) program (Spar and Falk, 2016). Given the visibility of HUD housing assistance as a poverty alleviation strategy, extensive research has been conducted concerning the use of assisted housing in service of the spatial deconcentration of poverty, shaping labor market behaviors, supporting health and well-being, and facilitating the intergenerational transmission of wealth and income stability (for instance, see Finkel and Buron, 2001; Jacob, 2004; Jacob and Ludwig, 2012; Chetty et al., 2016). Despite the visibility of public and subsidized housing, much of the empirical and evaluation research concerned with assessing housing authority service delivery and related household outcomes focuses on a few large housing authorities in the nation's largest metropolitan areas.

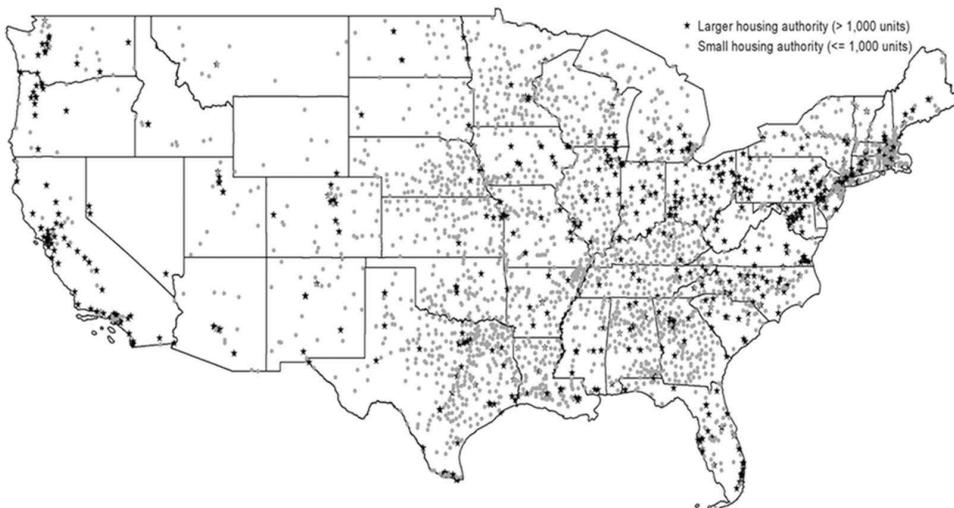
Most public housing authorities (PHAs) in the U.S. are relatively small in size—according to HUD's 2017 Picture of Subsidized Households (PSH), 83.4 percent of all PHAs in the 48 contiguous states administered 1,000 or fewer assisted housing units, representing 20.7 percent of subsidized units (exhibit 1). In this article, we focus on describing the types of operational and contextual challenges faced by small housing authorities. Specifically, we examine small PHA performance measures and the dynamics of accountability and compliance to local communities and to HUD. We ask these questions assuming potentially important differences in how small housing authorities are run and that size matters when it comes to the needs of local populations served and to accountability structures.

### Exhibit 1

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Spatial Distribution of the U.S. Small and Larger Public Housing Authorities

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Sources: HUD's Enterprise Geographic Information System (eGIS) and 2017 Picture of Subsidized Households

This assumption implies that successful programs in large urban housing authorities may not translate directly to small housing authorities. Given the renewed focus on small PHAs as reflected within the 2015 authorization of the expansion of the Moving to Work (MTW) program to partially target small housing authorities, the lack of research on small housing authorities' operational performance and operational strengths and barriers have the potential to limit policymakers' ability to identify major problems and seek appropriate solutions.

## **Which PHAs Are More Likely to Be High Performing?**

To analyze small housing authority operations and accountability, we take a mixed methods approach. We first analyze HUD administrative data to identify factors affecting housing authority performance ratings. We then conduct a series of semi-structured interviews with small housing authority executive directors and administrators in Illinois to understand their perspectives on (1) their current operating environment and challenges, (2) how small PHAs qualify their impact on assisted tenants, and (3) how small PHAs view their approaches, impacts, and operational challenges in relationship to those faced by very large housing authorities, which are frequently the subject of academic and policy evaluations.

### **HUD Performance Assessment Measurement**

The GAO's 1982 report *Contributing Causes of Financial and Management Problems in Public Housing Projects* reviewed prior GAO, Congressional Budget Office (CBO), Congressional Research Service (CRS), and HUD reports, as well as reports from the Public Housing Authorities Directors Association (PHADA) and the Urban Institute to identify reasons why public housing projects were troubled. The report highlighted density of the public housing stock and the share of management responsibilities related to public housing as contributing factors. Other factors included financial problems such as those related to the gap between federal operating subsidies and rents collected, contextual problems such as the demographic composition of assisted households, and neighborhood problems including isolation and lack of adequate municipal service provision. Taken together, however, the report found reasons for problems to be largely idiosyncratic—"it has proven difficult to identify a common link between what makes a good project versus what makes a bad one" (GAO, 1982:2).

HUD developed the Public Housing Assessment System (PHAS) to measure housing authorities' operating performance with respect to the management and delivery of public housing units. Section 502(a) of the National Affordable Housing Act of 1990 (NAHA) amended the Housing Act of 1937 to develop 12 indicators of PHA performance, to establish procedures for designating troubled and high-performing housing authorities, and to develop procedures for taking corrective action against troubled housing authorities. Of the 12 indicators identified, 7 are statutorily defined by NAHA and the remaining 5 are defined by HUD. The seven statutory indicators are as follows.

1. Vacancy Rate: vacancy number and percentage and change in vacancy rate during the past 3 years.
2. Modernization: utilization of funds for the modernization and rehabilitation of public housing and quantity of unexpended after 3 years.

3. Rents uncollected: the balance of rents uncollected as a percentage of total rents to be collected.
4. Energy consumption: energy utilization for PHA offices and facilities and for assisted housing units in which the housing authority supplies utilities.
5. Unit turnaround: the time taken to repair and turn around vacant housing units.
6. Outstanding work orders: the proportion of maintenance work outstanding and progress during the past 3 years to reduce the time to complete work orders.
7. Annual inspection of units: the proportion of units that a PHA fails to inspect on an annual basis.

HUD's five elective indicators are as follows.

1. Tenants accounts receivable: percentage of money owed to a PHA by residents for items such as back rent, maintenance charges, damage charges, or excess utilities.
2. Operating reserves: the percentage of operating reserves maintained by the PHA.
3. Routine operating expenses: the ratio of operating expenses to operating income and subsidy.
4. Resident initiatives: evidence of partnership between residents and PHAs to develop a shared agenda and programming to promote self-sufficiency and support resident needs.
5. Development: PHA capacity to develop new housing units or to rehabilitate existing housing units.

Today, PHAS indicators are organized into four assessments: the Physical Assessment Subsystem, the Management Assessment Subsystem, the Financial Assessment Subsystem, and the Capital Fund Program. The total PHAS score ranges from 0 to 100 points, and housing authorities with scores of 90 points or more are designated as high performers.

The Section Eight Management Assessment Program (SEMAP) was modeled off of the Public Housing Management Assessment Program. The 1996 Proposed Rule published in the Federal Register stated that SEMAP "... provides an objective system for HUD to measure HA performance in administering the Section 8 tenant-based assistance programs, and to identify HA management capabilities and deficiencies using criteria that are key to effective program administration." (Section 8 Rental Voucher and Certificate Programs and Management Assessment Program (SEMAP); Proposed Rule, 1996, p. 63930). The rationale for implementing SEMAP focused on efficient program monitoring and risk management: "At a time of diminishing HUD staffing resources, use of SEMAP will enable the Department to improve its risk assessment and to effectively target monitoring and program assistance to housing agencies that need most improvement and that pose the greatest risk." (Section 8 Rental Voucher and Certificate Programs and Management Assessment Program (SEMAP); Proposed Rule, 1996, p. 63930). In 1998, a Final Rule on SEMAP was published in the Federal Register and an interim rule making technical modifications was published and became effective in 1999. SEMAP currently consists of 14 rating areas on which PHAs are assessed.

1. Selection from the waiting list: PHA conformance with its waitlist policies and procedures.
2. Reasonable rent: the PHA implements a reasonable procedure for determining and negotiating rental payments with landlords.
3. Determination of adjusted income: at admission or annual reexamination, the housing authority verifies and correctly determines the adjusted income of households participating in the program.
4. Utility allowance schedule: the PHA maintains an up-to-date utility allowance schedule.
5. HQS (Housing Quality Standards) quality inspections: the PHA conducts adequate quality control on inspection procedures across a sample of unit types and locations.
6. HQS enforcement: the PHA follows through on the enforcement of critical housing quality inspection violations and, if necessary, withholds rental payments from landlords of units in violation until issues are fixed.
7. Expanding housing opportunities: PHAs in metropolitan areas affirmatively work to encourage participation of landlords in racially integrated and low-poverty neighborhoods.
8. Deconcentration bonus: PHAs offering exception rents or with multiple payment standards demonstrate that these measures are resulting in certain shares of assisted households moving to low-poverty neighborhoods.
9. Payment standards: the PHA maintains a payment standard schedule that differentiates payment standards by unit size and applicable Fair Market Rent standards.
10. Annual reexaminations: the PHA completes an annual reexamination for each voucher-assisted household every year.
11. Correct tenant rent calculations: the PHA correctly calculates the tenant share of the rental payment.
12. Pre-contract HQS inspections: newly leased units pass HQS inspection prior to the beginning date of the lease and housing assistance payment contract.
13. Lease-up: the PHA efficiently utilizes the number of HAP contracts which it is authorized to operate.
14. Family Self-Sufficiency (FSS) enrollment and escrow accounts: for PHAs with mandatory FSS programs, the PHA has enrolled families in the FSS program and actively measures the progress of those households participating in the FSS program.

The current SEMAP scoring process rates these indicators and then combines the results into a score ranging from 0 to 100 points. Housing authorities with SEMAP scores greater than 90 points are designated as high performers.

## Data Sources

We make use of the PHAS and SEMAP scoring criteria to examine which housing authorities are more likely to receive a high performing designation. Although our primary question focuses on whether the size of a housing authority matters for the likelihood of receiving the high performing designation, we also examine other contextual factors including geographic location and location demographics.

We use 2 years (2014–2015) of HUD’s PHAS data, reporting PHA performance scores on public housing management. We merge these data with the corresponding 2 years (2014–2015) of HUD’s Picture of Subsidized Households (PSH) data which contain PHA administrative characteristics and demographics for assisted households. We also add regional demographic attributes from the Census Bureau’s 5-year (2011–2015) American Community Survey (ACS) and the rural-urban classification from the USDA Economic Research Service (ERS)’s 2013 Rural-Urban Continuum Codes. Corresponding SEMAP data are not publicly available; however, Fischer and Sard (2016) report the average SEMAP score by the size—the total number of subsidized housing units—of the housing authorities, which helps to understand whether Housing Choice Voucher (HCV) performance varies by agency’s size.

## Descriptive Statistics

This study focuses on small housing authorities that administered 1,000 or fewer aggregate subsidized housing units. We consolidate the data at the housing authority level across the 48 contiguous states. We exclude small housing authorities that operated only HCV program due to the lack of the SEMAP data. We also drop 146 small housing authorities due to missing values in the PHAS and PSH data. Cumulatively, we analyze a final sample of 1,514 small housing authorities with only public housing programs, and 806 small housing authorities with both public housing and HCV programs (exhibit 2).

### Exhibit 2

Public Housing Authorities that Administered 1,000 or Fewer Subsidized Housing Units

	Public Housing Program Only	Public Housing and HCV Programs
Small housing authorities in 48 contiguous states	1,610	902
Missing data in PHAS and PSH	96	96
Total sample	1,514	806
Sample reduction (percent)	6.34	10.6

*PHAS = Public Housing Assessment System data; PSH = Picture of Subsidized Households data  
Sources: 2014–2015 PSH*

To examine whether PHA size matters for public housing performance ratings, we create a categorical variable that divides housing authorities into quartiles based on their size. When looking at those housing authorities that only administered public housing programs in 2014—

- 63.6 percent of the small housing authorities in the first quartile (administering 34 or fewer public housing units) were designated as high performers (P1).

- 69.4 percent of the small housing authorities in the second quartile (administering between 35 and 61 public housing units) were designated as high performers (P2)
- 69 percent of the small housing authorities in the third quartile (administering between 62 and 121 public housing units) were designated as high performers (P3)
- 59.1 percent of the small housing authorities in the fourth quartile (administering between 122 and 1,000 public housing units) were designated as high performers (P4)

When looking at those housing authorities that administered both public housing and HCV programs in 2014—

- 59.3 percent of the small housing authorities in the first quartile (administering 197 or fewer combined subsidized housing units) were designated as high performers (H1).
- 54.7 percent of the small housing authorities in the second quartile (administering between 198 and 357 combined subsidized units) were designated as high performers (H2)
- 61.2 percent of the small housing authorities in the third quartile (administering between 358 and 580 combined subsidized units) were designated as high performers (H3)
- 57.3 percent of the small housing authorities in the fourth quartile (administering between 581 and 1,000 combined subsidized units) were designated as high performers (H4).

High-performing agencies that operated only public housing programs tended to serve a lower percentage of minority households and a higher percentage of elderly households, compared with non-high-performing agencies.<sup>1</sup> In addition, high-performing agencies were less likely to be located in rural counties and serve non-White population. We observe similar patterns for small housing authorities that operated both public housing and HCV programs (exhibit 3).

### Exhibit 3

Public Housing Authority's Characteristics by the High-Performing Designation

	Public Housing Program Only		Public Housing and HCV Programs	
	High Performer	Non-High-Performer	High Performer	Non-High-Performer
<b>PHA-level characteristics</b>				
P1 (reference group) (percent)	24.87	26.76		
P2	26.39	21.90		
P3	26.49	22.38		
P4	22.24	28.95		
H1 (reference group) (percent)			25.51	24.30
H2			23.59	27.11
H3			26.25	23.11
H4			24.65	25.48

<sup>1</sup> Minority households indicate households in which the race of head of households is Black, Native American, or Asian or Pacific Islander, or the ethnicity is Hispanic.

**Exhibit 3****Public Housing Authority's Characteristics by the High-Performing Designation**

	Public Housing Program Only		Public Housing and HCV Programs	
	High Performer	Non-High-Performer	High Performer	Non-High-Performer
<b>PHA-level characteristics (continued)</b>				
Percent public housing units	–	–	44.49	43.93
Number of people per unit	1.78 (0.51)	1.95 (0.53)	2.05 (0.40)	2.15 (0.41)
Assisted household income	14,596.44 (3,299.40)	14,313.07 (3,780.86)	13,726.94 (2,667.32)	13,266.99 (2,732.97)
Percent female head	36.52	36.19	38.81	38.00
Percent disability	23.05	20.24	24.38	22.60
Percent elderly	20.67	16.86	15.40	13.33
Percent minority	28.73	42.34	35.48	41.23
<b>County-level characteristics</b>				
Percent rural	14.41	17.43	2.24	5.78
More than one housing authority in a county	2.66 (2.18)	2.86 (3.15)	3.83 (5.10)	3.31 (4.68)
Percent non-White population	16.06	20.48	15.59	17.02
Population-housing ratio	2.17 (0.32)	2.17 (0.33)	2.25 (0.34)	2.24 (0.32)
Household income	58,066.15 (12,168.98)	57,699.87 (14,628.52)	66,332.57 (18,155.28)	64,837.96 (17,779.22)
Observations	1,978	1,050	937	675

HCV = housing choice voucher. PHA = public housing authority.

Notes: 2014–2015 PSH and PHAS data are used to calculate descriptive statistics of the characteristics. Standard deviations are in parenthesis.

## Factors Affecting PHAS High Performance of Small Housing Authorities

To examine which housing authority and regional characteristics influence PHA performance designations, we employ a multilevel probit model. This model specifies each level of the data hierarchy with individual and contextual determinants as well as a random-effects term, which represents unobserved variations between clusters. Specifically, we structure a two-level model in which housing authorities are grouped into counties (clusters). Exhibit 4 presents the results of the multilevel probit models. For small housing authorities operating only a public housing program, those PHAs in the second and third size quartiles (administering between 35 and 122 public housing units) were more likely to receive a high-performing designation (around 5.6 percentage points), relative to housing authorities that administered 34 or less public housing units (P1). On the other hand, we find no statistical difference in high-performance ratings between the P1 and P4 groups. Additionally, housing authorities that served a higher percentage of female-headed or elderly households were more likely to receive a high-performing designation, whereas the presence of a higher percentage of minority households and greater number of occupants per housing unit decreased the likelihood of receiving a high performer designation. Assisted

household income was positively associated with receiving a high-performing designation, whereas housing authorities in rural counties were less likely to be designated high performers.

**Exhibit 4**

Multilevel Probit Regression Results: Factors Affecting Small Housing Authority’s High Performance on Public Housing

	Public Housing Program Only		Public Housing and HCV Programs	
	Coefficient	Marginal Effect <sup>b</sup>	Coefficient	Marginal Effect <sup>b</sup>
	(1)	(2)	(3)	(4)
P2	0.185 (0.086)**	5.264		
P3	0.205 (0.087)**	5.828		
P4	0.049 (0.093)	1.389		
H2			-0.111 (0.124)	3.215
H3			0.057 (0.128)	1.656
H4			-0.105 (0.130)	3.057
Percent public housing units			0.090 (0.230)	2.608
Number of people per unit	-0.241 (0.094)***	-6.864	-0.527 (0.198)***	-0.153
Assisted household income <sup>a</sup>	0.313 (0.150)**	8.901	1.077 (0.348)***	31.281
Percent female head	2.444 (0.394)***	0.696	2.640 (0.811)***	0.772
Percent disability	0.449 (0.318)	0.128	0.705 (0.726)	0.201
Percent elderly	0.864 (0.243)***	0.246	0.854 (0.576)	0.253
Percent minority	-0.637 (0.158)***	-0.181	-0.043 (0.247)	-0.010
Rural	-0.221 (0.101)**	-6.288	-0.786 (0.260)***	-22.830
More than one housing authority in a county	-0.022 (0.016)	-0.612	-0.001 (0.013)	-0.001
Percent non-White population	-0.034 (0.332)	0.010	-0.045 (0.486)	-0.013
Population-housing ratio	0.105 (0.123)	3.001	0.003 (0.173)	0.001
Household income <sup>a</sup>	-0.200 (0.206)	-5.691	-0.399 (0.311)	-11.577
Constant	2.090 (2.081)		-4.611 (2.999)	
Year dummy	Yes		Yes	
Estimated variance				
County ( $\sigma^2_{0j}$ )	0.563 (0.098)***		0.697 (0.163)***	
Log-likelihood	-1789.261		-1027.389	
Observations	3,028		1,612	

HCV = housing choice voucher.

Notes: Robust standard errors are in parenthesis. ‘a’ denotes variable measured in natural logarithms. ‘b’ reports the marginal effects—the percentage point changes in housing authorities’ high-performing designation—of a discrete change in a binary variable and a unit change in continuous, logarithm, and percentage variables. \* denotes significance at 10-percent level, \*\* denotes significance at 5-percent level, and \*\*\* denotes significance at 1-percent level.

For small housing authorities that operated both public housing and HCV programs, the results show that the agency’s size did not matter in their operational performance of public housing. Similar to correlates in column 1, the percentage of female-headed households, number of people per unit, and assisted household income were statistically significant factors affecting PHAs’ high-performer designations. Notably, small housing authorities in rural counties were less likely to receive a high performer designation by 22.8 percentage points. This result can be explained by the

limited geography of opportunity in rural areas in terms of insufficient and unstable jobs, limited access to transportation, health care, and affordable housing, and economic dynamics (Albrecht, 1998; Conger and Elder, 1994;). Estimated variances for both models are highly statistically significant, validating the presence of a random-effect at this geographical level. The likelihood-ratio (LR) test statistic is highly significant, which confirms that including a random-effect term improves the goodness of the fit to the data.

Although we cannot access the SEMAP data, according to Fischer and Sard (2016), the average SEMAP score for housing authorities that administered fewer than 250 HCV units was significantly lower—“four times more likely to be designated as “trouble” or “near trouble” under SEMAP and less likely to be designated as high performers”—contrasted to larger housing authorities. Our data show that 50.1 percent of H1 and 47.5 percent of H2 administered fewer than 250 HCV units, whereas 23.6 percent of H3 and only 4 percent of H4 administered fewer than 250 HCV units. This indicates the fact that the chance that a housing authority would receive a high-performing designation by PHAS but not by SEMAP increased in the H1 and H2 groups (or PHAs that managed 357 or fewer subsidized units).

## **Why Is It Difficult for Small Housing Authorities to Receive the “High Performing” Designation?**

We conducted semi-structured interviews with housing authority executive officers in Illinois. Illinois was chosen as the geography for case study development due to the range of contexts in which small housing authorities are and based on researcher familiarity with housing authority officials in the state. Although findings from these interviews are not intended to be generalizable to small housing authorities throughout the country, the information provides valuable context for the interpretation of our models of PHA performance.

### **Interview Process**

Using data from the 2016 HUD Picture of Subsidized Households, we identified 87 PHAs in Illinois serving less than 1,000 combined subsidized units. We decided to keep our sample open to include housing authorities that were designated as high performers as well as those that did not receive the designation so that we could compare different perspectives related to performance ratings and accountability. PHA Executive Directors received a letter in the mail inviting them to participate in the research. This was followed up by an additional email and phone call.

We interviewed a total of nine PHA officials at eight small PHAs in Illinois, a recruitment rate of 9 percent. This included five PHAs designated as “high performing.” Each PHA official was asked about the history and background of their PHA, PHA performance and accountability, and perceptions of the MTW program. Interviews were conducted via the [zoom.us](https://zoom.us) video conference software. With the permission of the interviewee, interview audio was simultaneously recorded. Following the interview, recorded audio was then transcribed and coded. Interviews lasted between 40 and 70 minutes—a total of 372 minutes of interview audio was captured and transcribed. We used an inductive coding approach focused on identifying concepts and patterns and on

highlighting key themes within the data (Creswell and Clark, 2016). Although initial results from our models provide some sense of the relationship between PHA size, location, and performance, we chose to approach our analysis of qualitative data without making use of preconceived notions or categorizations of these data (Corbin and Strauss, 2014). Interview transcripts underwent three rounds of coding—the first round focused on identifying broad trends within the data, the second round focused on identifying specific themes occurring within the data, and the third round focused on thematic refinement.

## **Challenges in Program Management and Accountability**

We began our interviews by asking housing authority administrators about what they perceived as the specific management challenges associated with running small housing authorities. We also asked administrators to describe the challenges associated with reporting and accountability at both the local level and to HUD. Administrators described several tradeoffs associated with being a small housing authority: (1) “bricks and mortar” versus “soft” service, (2) concerns regarding effective demand for housing, and (3) measuring utilization versus outcomes.

A main theme which emerged around management and accountability was a feeling that small housing authorities (and housing authorities more generally) were stuck between a mandate to deliver “bricks and mortar” housing benefits while also needing to provide a series of “soft” services for assisted households.

My admissions manager told me this the other day. It's the best worst job ever. And it's the truth. And I think what's interesting from a director's perspective is running a public housing agency, it's not about bricks and mortar. It is a human service and it's about lives. However, they have us and HUD operates as a bricks and mortar regulatory oversight environment. —executive director of a high-performing PHA in northern Illinois

This tension permeated the conversation around HUD performance measures and scoring. Administrators saw themselves making tradeoffs between looking good for the sake of meeting performance requirements and doing good for assisted households.

It's like a lot of housing authorities, they've had to make decisions between financial stability in some areas or lower PHAS, you make it for your financial stability. So, it's kind of a ... I think it's not a good representation to people who are studying if they're a high performer at housing authorities out there. When they were first looking at MTW, they were wrestling with that, and they had the verbiage for high capacity housing authorities, which I liked, but somewhere that got lost. —executive director of a high-performing PHA in northern Illinois

The housing authority administrators we interviewed were sympathetic towards the challenges which HUD faces in evaluating agency's performance and making resource allocation decisions impacting the housing authorities. At the same time, many administrators saw the need for ways to account for “soft” forms of progress and service delivery impacts for assisted households.

What is not captured is outcomes of individuals that are utilizing our services. There's no process that exists to capture that. In the past, HUD has kind of gone back and forth on evaluations. We used to have to do evaluations that tenants or program participants would do. I don't think that was the right tool. That didn't seem to really offer much and that's probably why HUD ultimately got rid of it. But you know, if I've been working with or our program's been working with a family for five years, I have no way to show any form of an outcome or a realization of a goal to any stakeholder. — executive director of a PHA in central Illinois

Even with comparatively small public housing stocks, administrators described the challenges of balancing physical maintenance concerns and management of public housing units and taking the time to work closely with assisted tenants on a range of other housing and non-housing needs.

Well, the story that's not getting to them is that a cracked light switch cover fails HQS. So it's not a good indicator of whether you have a strong Section 8 program or not. It's not a good indicator if you're working with a quality landlord or not. You know, my house won't pass HQS. That's a common thing. The White House won't pass HQS. So, it's just the kind of thing that can be manipulated poorly ... other housing authorities with challenges of working in very distressed areas are not going to be able to get that, and that's not representative of the Housing Authority's work, or even of the landlords or such that they work with. — executive director of a high-performing PHA in northern Illinois

Other administrators pointed to forms of structural disadvantage associated with their housing authority context, which made it challenging to meet HUD targets as well as the broader human service needs of assisted households.

Well, like I said, urban areas have their own particular set of situations. However, they have a lot of strengths that they don't take as a strength. They have transportation access, they have a support network, all the social services agencies work together. They're serving the same clientele. They have a good clinical and health advocacy situation. You don't have that in a rural area. — executive director of a PHA in central Illinois

At the same time, some administrators felt that their small size made it more possible to facilitate and sustain relationships with local stakeholders and landlords, thereby increasing available housing opportunities and increasing capacity to administer programs.

Well, I think we have pretty good relationships with everybody in our county, our landlords, you know, county officials, other nonprofits and whatnot. You know, I went up to our courthouse one day and I had to talk to somebody. He said, "I didn't know we had a housing authority in this county." I go, "What?" So that's been kind of my goal. I've been out letting people know what we do and how we do it, trying to get away from this stigma of what we do. You know, I think we're involved with every landlord we can find in this county. And when landlords have vacancies they call us first. — executive director of a PHA in northern Illinois

A second area where administrators described tradeoffs was around effective demand for housing units. Lack of demand was attributed to factors including unit obsolescence, lack of local employment and economic opportunities, and to a broader spatial mismatch between unit location and employment opportunities.

In our county, we don't have many people involved in our housing authority. They really don't care. That's why I keep bugging them. I think the biggest thing that needs to be measured is are we 100 percent on our utilization of our vouchers and 100 percent occupied? Because we have open vouchers, empty units ... What are they [people on the waitlist] doing? Living on the street. Where? We could be housing them. —executive director of a PHA in northern Illinois

Another administrator described broader patterns of population ageing as impacting service delivery and demand for assisted housing.

What I'm beginning to see is with this rural area my biggest concern is as the elderly begin to age and move out of our units to go into nursing homes, I'm very fearful that there won't be elderly that's going to want to move or any elderly's going to want to move in public housing. Because the people don't come back to the county after the kids leave high school. They go onto college because there is really no major job opportunities here. And so for the long term, to me it is going to be a concern, and even for the families. — executive director of a PHA in northwest Illinois

## **HUD's Moving to Work Demonstration**

Previous sections discuss operational performance, and management strengths and challenges associated with running small housing authorities. The following three questions then arise: 1) how can small housing authorities build on their strengths, while overcoming their weaknesses, to enhance housing authorities' operational performance, 2) what are the institutional and service needs, closely linked to local communities and HUD, that should be addressed, 3) what are the potential federal opportunities where housing authorities can initiate locally designed operating strategies?

HUD's Moving to Work (MTW) demonstration program may provide the opportunity. Previously focusing predominantly on large housing authorities, the current MTW expansion calls for a substantial expansion in the number of small housing authorities administering 1,000 or fewer aggregate public housing and HCV (Housing Choice Voucher) units that are part of the demonstration. MTW couples operational flexibility and fungibility of operating funds between public housing and HCV programs, which should allow participating agencies to respond more effectively to local conditions and innovate beyond the constraints of federal regulations under the U.S. Housing Act of 1937 (Abravanel et al., 2004).

## **Prospective Benefits and Costs**

Given the prospect of a major expansion of the number of small housing authorities participating in the Moving to Work demonstration, we asked PHA administrators to describe the demonstration

in their own words, to describe the prospect of participation in MTW, and to describe what the most attractive and unattractive features of the demonstration were from their perspective. Because several of the administrators we interviewed ran PHAs that were ineligible for the demonstration because they were not designated as high performing, we also asked about whether the MTW demonstration served as an incentive to improve performance metrics and other operational standards.

Several insights emerged within this thematic area. First, administrators of small PHAs perceive a high opportunity cost for participating in MTW. Although several administrators thought this opportunity cost was worth the time and effort, several administrators felt that preparing an application would tap into valuable resources that could be spent on service delivery. Second, although the principle of fungibility of funds was very attractive to PHA administrators, many were unsure how other MTW provisions might dovetail with current client needs to deliver new or different benefits. Third, PHA administrators pointed to regional collaboration and collaborative MTW submissions as a potential means of dealing with some of the previously identified barriers to participation in MTW.

We asked administrators to describe their perceptions of the MTW demonstration and expansion and whether their housing authority was planning to apply for the demonstration. Two of the executive directors we talked with were actively planning to apply to the demonstration. Several other administrators were aware of the program but had not contemplated applying. Administrators saw several potential benefits to expanding the program to target small PHAs. One executive director described the potential for MTW to help rebalance administrative regulations geared towards large urban PHAs.

Now, from the HUD point of view, from looking at the HUD point of view, some of the regulations that come down, they are looking at the urban areas, the larger authorities. That is extremely onerous to a small rural agency with limited staff. That's why I'm running so hard, because I've got to do everything just to keep up. And that's the reason why I'm applying for MTW, because it allows some flexibility. —executive director of a PHA in central Illinois

Enthusiasm for program benefits was contrasted by a perception that the opportunity cost to applying for the demonstration is high. As one executive director of a high-performing PHA in northern Illinois described it, "... It's overwhelming to think about walking down the path of a new program or trying to do a new program. That's the biggest stumbling block. Because like I said, we're pretty progressive, very open minded and it's just sheer being overwhelmed..." Administrators liked the notion of program flexibility and using experimental frameworks to better highlight how benefits can effectively be delivered to assisted households.

And we are so often just thought of as landlords for the very low income and we're not. I mean, we do so much more than that, but I also think there's so much more we could do with the right resources. And help us design a program that, you know, has much more benefit to individuals or families' lives than just safety sanitary housing. — executive director of a PHA in central Illinois

The enthusiasm of some administrators was tempered by questions regarding the potential costs of experimentation and intervention in the lives of assisted households.

Whenever we start talking about less oversight or less regulations, yes. We are very regulated in this field to the extent that I think there could be some good reform that would be very beneficial and useful by all of us. But I have to always draw the line at how does that impact the population that we intend to serve? —executive director of a PHA in central Illinois

Administrators who were choosing to apply to the demonstration also described significant up-front monetary costs to participation.

I'm relying on a grant writer to help me. And I'm spending about \$14,000, I think it is. But, you know, also, which we can afford, but I also have a part-time employee that I can't make full time because of that. You know, some decisions that smaller housing authorities who are probably the ones who are going to fit to cohort that they're looking at will have to make. —executive director of a high-performing PHA in northern Illinois

Administrators who were not choosing to apply for MTW at the time of our conversation brought up perceived monetary costs to applying for the program as a barrier to participation. We asked administrators to talk about the types of benefits which they would like to achieve via participation in MTW, or in the case of PHAs who weren't eligible to apply, via an MTW-like program that granted administrative flexibility and fungibility. With regards to housing, administrators consistently talked about using funds to address capital financing gaps for public housing units. Looking beyond the physical and capital needs of housing units, administrators identified a range of ways in which they might use flexibility of funds to better engage with the needs of assisted households. Increasing employment access and dealing with spatial mismatch between jobs and housing locations was a consistent theme that came up, particularly within rural housing authorities.

And I think in a rural community, a rural county, transportation is a huge thing, because where our public housing units are, the towns have nothing. In fact, one of the towns, their grocery store is shut down. They don't even have a grocery store anymore... Back in the 70s and 80s when they were built there was a need. Now there is not. Things change. But I think that's the biggest thing in our county is transportation. If people had transportation we could keep them working, which is going to help them out. —executive director of a PHA in northern Illinois.

Leveraging PHA funds to innovate around social service partnerships also came up as a strategy.

Public housing and supportive services, I totally see a need to come together more... That is our number one thing we struggle with is our tenants and their daily living habits, their mental health needs. So we have been reaching out every which way we can, getting creative, trying to fulfill that need, to make them successfully housed. —executive director of a high-performing PHA in northern Illinois

We asked PHA administrators whether regional collaboration or collaborative MTW applications might be an effective strategy for dealing with some of the scale issues which came up in our conversations. Most administrators saw regional collaboration as a potential option to engage with these problems while also creating more effective partnerships to streamline service delivery. The executive director of a PHA in northern Illinois describes the challenge.

They [MTW program designers] need to realize we're small. So we have seven employees – or six employees and one half time employee for our ... units. And sometimes it is tough to keep up. We do the same stuff as a big housing authority. You know, and I realize they have more people. But you know, me as an executive director, you know, I get a lot of applications. The other day I was helping an old lady get her refrigerator cleaned underneath... in a small housing authority, the employees pretty much have to do everything. We can't just be doing the finance, doing the occupancy, doing the background checks. Where bigger housing authorities have people for that. They have to realize we're small and the funding is going to be small. So we aren't able to employ people to do those separate things. Which, again, I think working with other housing authorities could solve that. — executive director of a PHA in northern Illinois

Several administrators suggested that the demonstration should maintain a preference for regional cooperation amongst small PHAs. For example, an executive director from a northern Illinois PHA suggests, "... start it regionally, see where it goes, just take it from there...." At the same time, some administrators pointed to the challenges of collaboration.

It's really been the personalities. I get along really great with the other executive directors. I get along great with the other boards. It's relationships like working with people they know. And, you know, I'm very open with what they want to do and how we can benefit each other. But, you know, those are always as good as the moment. — executive director of a high-performing PHA in northern Illinois

Blending local politics, figuring out how to share resources, identifying divisions of labor, and allocating accountability all came up as concerns with regards to designing collaborative MTW applications and programming.

## Discussion and Concluding Remarks

In this article, we examine the performance, assessment, and management strengths and challenges associated with small housing authorities. Our results suggest that program sociodemographic factors and the population served influence the likelihood of receiving a high-performance designation. We also find that small housing authorities in rural counties were less likely to receive a high-performing designation, and that regional heterogeneity affects small housing authority's performance level. Interviews with small PHA administrators revealed challenges in agency management, accountability, and implementation. PHA administrators also talked about the need for more holistic and qualitative measures of their impact on assisted tenants and the surrounding community.

HUD uses the Public Housing Assessment System to monitor and rate the overall condition and financial health of local housing authorities, however, PHAS is limited in its ability to detect operational strengths of small housing authorities. They also described multiple languages of accountability—one regarding what needed to be reported to HUD and another that reflected accountability to their board and the community at large. Most interviewed public housing authority administrators argued that the current PHAS and Section Eight Management Assessment Program scoring systems do not adequately account for the strengths of small housing authorities—serving assisted households closely and facilitating and sustaining relationships with local landlords and other institutional and governmental stakeholders. There exists little room for measuring non-housing impacts of housing support within the current framework—areas in which appropriate approaches to documenting PHA strengths or allowing extra points to the current high-performing scoring systems will increase the chance of small housing authorities’ participation in the demonstration.

Regarding MTW implementation and participation, interviews with housing authority officials in Illinois revealed a substantial variability regarding knowledge of the MTW demonstration program as well as capacity and desire to apply. The small PHA officials we interviewed all had some knowledge about the MTW demonstration and the expansion. We saw different levels of engagement with the prospect of applying, from not considering the program—often due to not being a high-performing agency—to actively pursuing the demonstration. Although our interview sample is small, we see some evidence that the greater administrative capacity of “larger” small PHAs may put them in a better position to apply for the demonstration.

We also note that the 2017 expansion’s experimental design that allocates interventions to PHAs represents a risk for some PHAs that may not find the assigned activities to be the highest priority for meeting needs within their housing market and population served. Although the lack of a more robust and unifying experimental framework is a past criticism of the MTW demonstration (Webb, Frescoln, and Rohe, 2016), which is likely reflected in the decision to assign interventions to participating PHAs, allowing some flexibility or agency regarding the grounds for applying specific interventions could increase the range of housing authorities willing to participate in the demonstration. Furthermore, small housing authorities in rural areas—PHAs that have arguably received less attention from HUD’s demonstration programs—demonstrate wide variations in the level of awareness about the demonstration program, thus housing authority officials were less likely to see the potential value of the demonstration for their housing authorities.

To address the issues of low levels of knowledge, limited capacity to consider and apply for MTW, and the link of a PHA applying and being arranged to the control group, HUD could consider the following steps. HUD might distribute appropriate information about the MTW demonstration and potential value by educating housing authority staff or through supporting other agencies and institutions to spread the information to the housing authorities. In addition, the current expansion call randomly selects treated and control group housing authorities, and this may be a fairly risky tradeoff for PHAs requiring considerable effort to create understanding and persuade participation.

Context matters—many small housing authorities, particularly those in rural areas expressed broader concerns with regards to demand for their current public housing stock, as well as unmet

transportation and job access needs, and broader social service and mental health needs. Thinking and communicating about ways in which MTW might be able to help small PHAs meet these needs or incentivize partnerships to meet these needs would help to encourage small PHAs' participation in the demonstration as well as further address the reasons why individuals are demanding housing support in the first place.

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