



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

PD&R

Study on Section 8 Voucher Success Rates

**Volume I
Quantitative Study
of Success Rates
in Metropolitan Areas**

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The contents of this report are the views of the contractor and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. Government.

FOREWORD

The “Study on Section 8 Voucher Success Rates” is a two-volume set. This volume, Volume I, is the “Quantitative Study of Success Rates in Metropolitan Areas.” The companion volume, Volume II, is entitled “Qualitative Study of Five Rural Areas.”

The Housing Choice Voucher Program (HCVP) is the largest of the rental subsidy programs administered by the Department of Housing and Urban Development (HUD). In the HCVP, a family is offered a voucher, which it can use to rent any privately owned unit that meets program requirements. The HCVP “success rate” is the proportion of families issued a voucher who succeed in leasing a unit within the timeframe provided by the program.

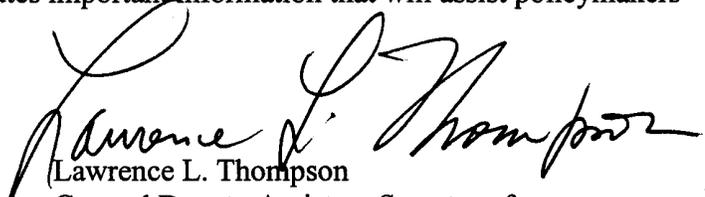
This is the third major effort by HUD to assess HCVP success rates. A study in the mid-1980’s estimated the national success rate to be 68 percent. A 1993 study found an increase in success rates to 81 percent nationally. This current study, based on data collected during 2000, estimates the national HCVP success rate to be 69 percent. Thus, approximately seven out of ten families issued a voucher at the time of the study succeeded in using it to lease housing.

Vouchers not used by the original recipients are available for use by other families. Well-managed housing agencies anticipate a certain amount of turnback of vouchers and thus strive to issue enough vouchers to ensure that all available vouchers are being utilized to assist needy families. For this reason, the “utilization rate” of vouchers – i.e., the proportion of available vouchers being used to help families – is significantly higher than the “success rate.”

This study finds that success rates vary with local market conditions. In very tight markets, the success rate was estimated to be 61 percent, while in loose markets 80 percent of families who were issued vouchers used them to lease housing. Despite this general relationship, some housing agencies had relatively high voucher success rates even in tight markets. Further work is needed to identify whether lessons can be learned from these agencies to help others boost their success rates.

Importantly, success rates did not differ by such characteristics as the race, ethnicity, gender, or disability status of the head of household. This suggests that the voucher program works equally well for many different types of households. There were some variations in success rates, however. For example, families with very low incomes were somewhat more successful in finding units than were those with higher incomes. In addition, large households with five or more members had a lower probability of success than did smaller households.

The Department is committed to ensuring that the HCVP provides high-quality housing opportunities to low-income families. By studying recent HCVP success rates for different groups of households, this study contributes important information that will assist policymakers in the Department and Congress.



Lawrence L. Thompson

General Deputy Assistant Secretary for
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Executive Summary

The Section 8 tenant-based voucher program is the largest subsidized housing program in the U.S. In 2000, it subsidized rents for more than 1.5 million low-income households and cost the Federal Government approximately \$8 billion dollars. Under the voucher program, participants must find and lease qualifying units in the private rental market within the time allowed by the program. The household's rent is then subsidized by HUD. Not every family or individual that receives a Section 8 tenant-based voucher succeeds in finding a qualifying unit.

The primary objectives of this study are: 1) to provide a national estimate of the success rate for Section 8 voucher holders in metropolitan areas and to compare success rates by demographic group and type of voucher issued; 2) to examine the role the tightness of a local housing market plays in success rates and in the time it takes successful voucher holders to lease a unit, and; 3) to examine the role specific PHA policies and procedures play in success rates. These policies and procedures include applicant screening criteria, the level at which the PHA sets the payment standard compared with HUD's published Fair Market Rents (FMRs), and assistance provided to voucher holders searching for housing.

The study's estimates of success rates and the factors that affect them are based on a sample of more than 2,600 households that received vouchers from 48 PHAs across the country. The sample is representative of all voucher holders in metropolitan PHAs that administer programs with more than 800 units. (The study universe includes about 60 percent of all vouchers.) Data collection on the issuance of vouchers to households in the sample began in the spring of 2000, and collection of information on search outcomes continued through early 2001. Thus, the estimates of success and other study findings reflect the situation for large metropolitan PHAs in 2000.

National Success Rate Estimates. Success rates varied widely from PHA to PHA in 2000, from a low of 37 percent to a high of 100 percent. Less than half of the voucher holders succeeded in leasing up at 15 percent of large metropolitan-area PHAs. At the other end of the distribution, a similar share of PHAs (12 percent) had success rates greater than 90 percent.

At the national level, the primary finding from this study is that success rates in 2000 are similar to the 1985-87 level, but substantially lower than found in 1993, the last time success rates were estimated. Nationally, 69 percent of families and individuals who received vouchers from large metropolitan PHAs succeeded in using them to lease units under the Section 8 program. This compares to a rate of 81 percent in 1993. PHAs generally attribute the decline in success rates between 1993 and 2000 to a tightening of rental markets during the intervening years. Another possible explanation may be a decrease in the FMRs from the

45th to the 40th percentile of rents, a Federal policy change that was implemented in 1995. However, when the voucher and certificate programs were merged in late 1999, PHAs were given the flexibility to set payment standards as high as 110 percent of the FMR. This may have mitigated the impact of the decrease in the FMR standard. Other changes when the program was merged (such as the 40 percent rent burden cap), may serve to depress success rates. This is the first study of success rates in the merged Housing Choice Voucher program.

Prior to this study, success rates had increased each time they were estimated. When the first study of success under the tenant-based Section 8 program was performed in the early 1980s, roughly 50 percent of voucher holders (at that time, called certificate holders) succeeded in finding housing. In the 1985-87 period, that number had risen to 68 percent, and by 1993 it had risen to 81 percent. These results are summarized in Exhibit ES-1.

**Exhibit ES-1
National Estimates of Success Rates in Large Metropolitan-Area PHAs Over Time**

Year	National Success Rate in Large Metropolitan PHAs¹	Success Rate Excluding New York City and City of Los Angeles	Success Rate in New York City	Success Rate in City of Los Angeles
1985 to 1987	68%	74%	33%	72%
1993	81%	86%	62%	NA
2000	69%	71%	57%	47%

¹ For comparability over time, these national success rate estimates exclude the City of Los Angeles PHA, because they were not part of the 1993 study. Adding the City of Los Angeles PHA does not change the 1985 to 1987 estimate (after rounding), and reduces the 2000 estimate by only one percentage point to 68 percent.

Sources: 1985-1987 estimates: Mirielle Leger and Stephen Kennedy "Final Comprehensive Report of the Freestanding Housing Voucher Demonstration" HUD, May 1990. The national estimates were estimated by the current authors using weights derived from the PHAs' probability of selection and program size as reported in Appendix A of the report and PHA success rates reported in Appendix G of the report.

1993 estimates: Stephen Kennedy and Meryl Finkel "Section 8 Rental Voucher and Rental Certificate Utilization Study: Final Report", May 1994. This report did not calculate a national success rate including NYC. It was calculated by the current authors using the 1993 study weights from unpublished reports and PHA-level success rates in reported in Exhibit 1.1 of the report. The 1993 success rate excluding NYC and the City of LA is from Exhibit 2.1 on page 12 of the report. 2000 estimates: Current Success Rate Study (2,674 observations)

To reduce the possible impact of different samples in comparing success rates over time, success rates can be looked at separately for eight sites (excluding New York City) that overlap across the 1993 and 2000 studies. Weighting the success rates in these sites to reflect the current sizes of the PHAs' tenant-based programs, we find that the success rate dropped from 80 percent to 63 percent between 1993 and 2000. In seven of these eight sites, the success rate is lower in 2000 than in 1993. In New York City the success rate also declined between 1993 and 2000, from 62 to 57 percent.

Search time. In addition to the lower success rates overall compared with 1993, the study found that successful households are taking a longer time to find units: 83 days on average. Nearly one quarter of successful households took more than 120 days to lease a unit, including 7 percent who leased a program qualifying unit more than 180 days after receiving the voucher. In contrast, all successful voucher holders in the 1993 study had found their unit within the first 90 days. Data on the breakdown of search time by activity is not available for the 1993 study. Thus, it is not clear whether the lengthy search times compared with 1993 are a result of longer search times for voucher holders, longer processing times for the various administrative steps that the PHA must take, or a combination of the two. What is clear is that for current study participants, most (almost 70 percent) of the time between issuance and lease-up is taken up by the time to find a unit and submit a request for lease approval rather than time waiting for an inspection or other administrative activities.

In addition, more successful searchers are now moving to new units, rather than leasing their pre-program units which also adds to average search time. Households that became recipients of voucher subsidies in their pre-program unit succeeded more quickly than movers, but it took a long time even for these households to begin receiving subsidies. On average, households that leased in place took 59 days from issuance of their voucher until lease-up, compared with 89 days for movers.

Leasing in Place. Only 21 percent of successful voucher holders used their vouchers to rent their pre-program unit. In contrast, in 1993, 37 percent of successful voucher holders used their vouchers to lease their pre-program unit. There had been some speculation that in the current period of tighter rental markets, a larger percentage of households would use their vouchers to qualify in place because finding new units would be more difficult.

Households that succeed by moving tend to be younger than those who lease their pre-program units and they are more likely to be single parents. Households that lease their pre-program units are more likely to include elderly or disabled members compared with households that move to new units.

Characteristics of Successful Voucher Holders. The study found that once other factors were controlled for success rates did not differ by race, ethnicity, or gender of the head of household or by disability status of household members.

Success rates did vary by household size, age of household head, and by household composition. Elderly households comprised 7 percent of voucher holders, and had lower success rates than other household types. Households with non-elderly, non-disabled persons and no children comprised 9 percent of voucher holders, and also had low success rates. This latter group includes many extremely low-income households, they are more likely to be male-headed, to be age 45 to 61 and have zero income. They are also much more to have

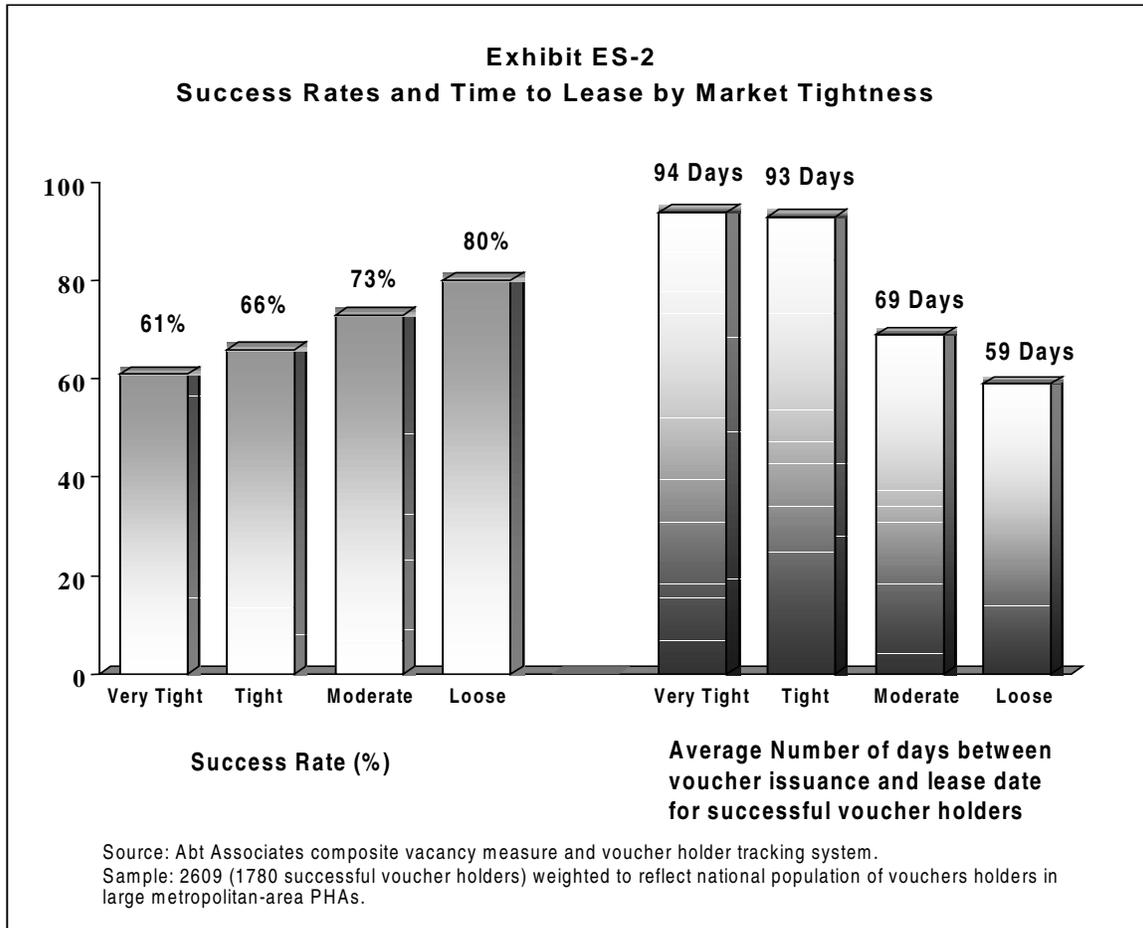
moved up the waiting list based on a preference for homelessness and to be from New York City. Large households with five or more members also had a lower probability of success.

Three-quarters of households holding vouchers had incomes above zero but at or below 30 percent of the local median for their household size. Seventy-two percent of this group succeeded in becoming program recipients. In contrast, only 59 percent of households with incomes greater than 30 percent of local median succeeded. This is consistent with the expectation that the lower a household's income, the greater the benefit from Section 8, and thus the higher the success rate. In spite of their expected high potential benefits from participation, households with zero income also have lower success rates than those with some income but below 30 percent of the local median. These households often overlap with the group of individuals who are neither elderly nor disabled nor have children living with them. Success rates did not vary by source of income.

Voucher Type and Time on Waiting List. The raw data shows that households with Welfare-to-Work vouchers (a new program involving a special allocation of vouchers during the study period) had higher success rates than households with regular, turnover vouchers. However, once other factors were controlled for in a multivariate regression, this difference was no longer statistically significant. The time the household had spent on the waiting list before receiving a voucher does not appear to be correlated with ultimate success.

Market Factors. As expected, success rates were lower in tight housing markets compared with looser markets. Market tightness was proxied by vacancy rates estimated by local housing professionals for the portion of the housing market in each PHA's jurisdiction that was geographically and economically available to Section 8 voucher holders. The average success rate was 61 percent in very tight markets, 66 percent in tight markets, 73 percent in moderate markets, and 80 percent in loose markets. In addition, search time for successful households was longer in tight markets, averaging 93 to 94 days in both tight and very tight markets, 69 days in moderate markets, and 59 days in loose markets. These findings are summarized in Exhibit ES-2.

Most PHAs (66 percent) set their payment standard equal to the FMR. Success rates were higher in these PHAs compared with PHAs that set the payment standard above or below the FMR. Being in a jurisdiction with some sort of protection against discrimination based on source of income also improved the chances of success. Voucher holders in PHAs where most units pass the HQS inspection on the first try had a higher probability of success. The probability of success was not associated with PHA size.



PHA Policies and Procedures. Success rates were compared based on several PHA practices and procedures that could play a role in success, including briefings for voucher holders, policies for extending the permitted search time, policies for screening households, housing search assistance, and PHA outreach to landlords. When comparing raw success rates, the only practice that has a statistically significant association with success is landlord outreach. Once other factors are controlled for, briefing size also appears to be associated with the probability of success. Being in a PHA that reports conducting individual briefings is associated with a higher likelihood of success, as is being in a PHA that conducts large group briefings.

The study results regarding the role of PHA practices should be viewed with caution for several reasons. The direction of causality of PHA actions is not always clear. PHA actions may be a result of prevailing conditions or they may cause a particular condition. For example, we do not know whether infrequent landlord outreach somehow contributes to success or whether PHAs in markets with high success rates do not feel they need to conduct frequent outreach. In addition, we do not know if the voucher holders in our sample took advantage of any of the services offered.

Chapter One

Introduction

The Section 8 tenant-based program is the largest subsidized housing program in the U.S. In 2000, some 1.5 million low-income households received subsidies through the program and it cost the Federal Government approximately \$8 billion dollars to operate. However, not every family who is provided a Section 8 tenant-based voucher succeeds in finding a unit to rent. The purpose of this study is to estimate the success rate for Section 8 voucher holders in metropolitan areas and to explore the factors that affect chances for success (e.g., market tightness, voucher holder characteristics, and housing authority policies and procedures). Success rate is defined as the percentage of all families provided vouchers who lease a housing unit meeting the program requirements within the allotted amount of time.

1.1 Overview of Section 8 Program and Historical Success Rates

The Section 8 Housing Choice Voucher program is administered locally by public housing agencies (PHAs) under contract with HUD. In the Section 8 program, participants find and lease a unit in the private rental market, but their rent is subsidized by HUD. The units must meet HUD's Housing Quality Standards, and the rents charged cannot exceed rents for comparable units in the market area (rent reasonableness). The subsidy paid on behalf of the participants is based on a payment standard set by the PHA between 90 and 110 percent of the Fair Market Rent (FMR),¹ the HUD-published figure representing the fortieth percentile rents for all rental units of a given bedroom size in an MSA. If the approved rent for the unit is equal to or below the payment standard, the participant pays 30 percent of their adjusted income toward rent and utilities (the gross rent), and the PHA pays the difference between the tenant payment and gross rent. If the gross rent exceeds the payment standard, the housing authority pays the difference between the payment standard and 30 percent of the participant's adjusted income, and the participant pays 30 percent of their adjusted income plus the amount by which the gross rent exceeds the payment standard. If the total tenant payment for a unit would exceed 40 percent of the recipients' income, the unit does not meet program requirements and cannot be rented with a Section 8 Voucher.²

¹ PHAs can set different payment standards in different parts of their jurisdiction as long as the payment standard is between 90 and 110 percent of FMR. PHAs can also apply to HUD for exception rents that exceed 110 percent of the FMR for all or parts of their jurisdiction and can make their own exceptions for people needing special accommodations (e.g., people needing wheelchair accessible units).

² Prior to implementation of the Housing Choice Voucher Program in October 1999, two versions of the Section 8 program existed. In the Section 8 Certificate Program, the tenant contribution was fixed, and the program paid the difference between the fixed tenant contribution and the unit's gross rent. In order to limit program costs, gross rents could not exceed the local Fair Market Rent (FMR) which HUD established at the 45th percentile of rents in the MSA until 1994 and the 40th percentile thereafter. In the

Like the public housing program and the various project-based Section 8 programs, the voucher program requires that an interested applicant place his or her name on a waiting list, rise to the top of the list based on the date of application and any local preferences that the PHA has adopted, and document eligibility before becoming a successful program applicant. When this has been completed, however, the successful voucher program applicant is not guaranteed an affordable place to live. Instead, he or she receives a voucher that guarantees an opportunity to receive housing assistance if the voucher holder finds a housing unit with a landlord who is willing to participate in the program that meets both the program standards and the household's needs.

Many voucher holders never succeed in becoming successful Section 8 recipients because they do not find and lease units under the program. Success rates for Section 8 voucher holders vary widely from jurisdiction to jurisdiction, but at the national level they increased dramatically from the early 1980s to mid 1990s. When the first study of Section 8 success was performed in the early 1980s, roughly 50 percent of Section 8 certificate holders succeeded in finding housing. In the 1985-87 period, that number had risen to 68 percent. In its 1993 study of Section 8 success rates, Abt Associates found that nearly 81 percent of families receiving certificates and vouchers leased units.³ As documented in this study, the success rate in 2000 (69 percent) is almost identical to the 1985-87 estimated success rate, but substantially lower than the 1993 rate.⁴

1.2 Objectives of the Research

Several important policy concerns are raised by the fact that not all successful voucher holders succeed in becoming program recipients. It is important for policy makers to learn more about the types of applicants who succeed and those who do not succeed in becoming recipients in the program. Concern about unsuccessful voucher holders will increase or decrease to the extent they are more or less in need of assistance than successful voucher holders. If it turns out that particular demographic groups are not succeeding in finding units, appropriate policies can be enacted to improve outcomes for these groups. Understanding how market factors and PHA-level practices and procedures affect success

Voucher Program, the program assistance was fixed, and was equal to the difference between the Payment Standard and 30 percent of tenant income regardless of the actual gross rent. The Payment Standard was established by the PHA between 80 and 100 percent of the local FMR. Effective October 1, 1999 the new Housing Choice Voucher Program replaced both programs. The new program takes features from both programs.

³ Kennedy, Stephen, and Meryl Finkel. 1994. *Section 8 Rental Voucher and Rental Certificate Utilization Study: Final Report*. A report written by Abt Associates Inc. for the U.S. Department of Housing and Urban Development. (Despite its name, the 1993 study is about success rates, not utilization rates.)

⁴ The success rate for the second largest Section 8 program, the City of Los Angeles, was not available for 1993. To maintain comparability over time, all the success rate estimates cited here exclude the City of Los Angeles.

rates is important so that changes to program practices and procedures can be implemented if needed. Accurate measures of local success rates are also important for local program administrators so they can estimate the number of issuances required to be sure that their programs maintain high lease-up rates and earn full administrative fees. Identifying policies that can increase success rates can also reduce the PHAs' administrative costs by reducing costs from intake, eligibility determination, and briefings for unsuccessful applicants.⁵

This research addresses these policy concerns by calculating the current national success rate for all voucher holders in metropolitan areas, comparing the success rate across various subgroups of the population, and exploring the role of market tightness, voucher holder characteristics, and PHA policies and procedures in success. The overall goal is to increase our understanding of the factors that are associated with success so that PHA and HUD staff can make informed decisions about Section 8 policies and procedures.

Specifically, the objectives of this study are to:

- determine the national success rates for voucher holders in metropolitan areas;
- compare success rates by demographic group (race/ethnicity, age, family composition, disability status, income level and sources);
- calculate success rate by type of voucher issued (e.g., regular waiting list, welfare to work);
- examine the relationship between market tightness and both success rates and the time it takes successful voucher holders to lease a unit;
- examine the role specific PHA policies and procedures play in success rates (e.g., applicant screening criteria, payment standard as percent of FMR, and assistance provided to voucher holders searching for housing);
- determine the relationship between time on the waiting list and success; and
- investigate the relationship between the portion of a PHA's voucher holders that lease in place and the success rate.

The rest of this chapter provides an overview of our sampling design and data collection activities. The next chapter shows our national estimates of success rates and discuss national trends over time (Chapter 2). We then present cross-tabulations of success rates by

⁵ PHAs earn administrative fees to operate their program based on the number of Section 8 recipients under lease, not the number they process and issue a voucher to search for housing. Hence, a PHA with a low success rate must absorb the extra costs associated with processing more voucher holders.

various demographic, market, and PHA characteristics and use a regression framework to investigate the factors that have a significant effect on success rates when controlling for other factors that might also influence success (Chapter 3). The last chapter describes the development of our voucher holder tracking software and makes recommendations for further development of such systems (Chapter 4). The report concludes with several appendices. Appendix A describes our sampling and weighting procedures, Appendix B presents our data collection instruments, Appendix C provides PHA level results, and Appendix D provides the regression model results.

1.3 Sampling Design Overview

The target population for this study is all voucher holders in non-rural areas in the lower 48 states. In order to meet the study's time and analytic constraints, we also restricted the target population to PHAs with at least 800 vouchers, a program size large enough that the PHA was expected to issue at least 50 vouchers over the first four months of the data collection period.⁶

Our approach to sampling involved using a two-stage sampling design. In the first stage we selected a representative sample of 50 large, urban PHAs in the lower 48 states that were expected to issue at least 50 vouchers during the first four months of the data collection period. From each of these 50 PHAs, we selected the second stage sample of about 50 voucher holders (more for the largest sites) for inclusion in the data collection. Appendix A provides a detailed description of our sample selection procedures, which are briefly described below.

First Stage Sampling: PHAs

The goal of the first stage sampling was to include 50 PHAs in the study. In the 1993 study, 33 PHAs were included in the sample. At that time programs were more homogeneous in terms of the types of vouchers being issued because there were fewer special programs. A sample size of 50 PHAs was chosen for this study to ensure we captured the range of market conditions and voucher types currently being issued.

To determine the PHAs that were eligible for the study, we started with a list of the size and operating area (metropolitan or non-metropolitan) of all PHAs in the country. The list, provided by HUD in November 1999, contained the number of reserved vouchers and certificates in each PHA at the end of the PHA's most recent fiscal year.⁷ In total, 1,662,163 certificates and vouchers in 2,534 PHAs were included on this list.

⁶ Assuming 14 percent of the vouchers turn over each year and a success rate of 75 percent, a PHA with at least 804 vouchers would issue 50 in a four-month period. See Appendix A for details of this calculation.

⁷ The file was provided by HUD on November 16, 1999 and was based on HUDCAPS data. It identified PHAs that operate in metropolitan areas, non-metropolitan areas and both. PHAs that operate in

From that list, we excluded the following PHAs from our sampling frame:

- All 921 non-metro PHAs.
- All 1,183 remaining small PHAs with fewer than 800 certificates and vouchers.
- The remaining 24 PHAs in Alaska, Hawaii, Guam, Puerto Rico, the U.S. Virgin Islands (not in the lower 48 states) and Statewide PHAs that did not operate a metro-area component that met the study's size requirements program.

Our final sampling frame thus consisted of 406 PHAs with 1,034,756 certificates and vouchers.⁸ To be sure that we ended up with 50 PHAs that were eligible for the study (i.e., issuing at least 50 vouchers over first four months of the study) and willing to participate, we randomly selected 100 of the 406 PHAs using the probability proportionate to size (PPS) sampling method. PPS is a simple selection procedure that gives rise to specified probabilities of selection for each site. Such probabilities are necessary to derive a sample from which statistical inferences can be made about the sampling universe (e.g., whether success rates are statistically significantly different across demographic groups).

All 100 of the selected PHAs were contacted by senior Abt Associates or Quadel Consulting Corporation staff as part of the screening and recruitment effort. Of the 100 PHAs, 30 were either ineligible for the study or unwilling to participate,⁹ while 70 were eligible and willing to participate in the study. We selected 50 of the 70 sites for the study. At this stage, the five largest sites were selected with certainty, because statistical analysis showed they needed to be in the study for the final sample of voucher holders to be representative of voucher holders in urban areas. The remaining 45 sites were selected using systematic random sampling after ordering PHAs by size. Systematic random sampling simply means selecting every *n*th site where *n* is inverse of the fraction of sites to be selected. All non-certainty sites had an equal selection probability at this stage, and we maintained a similar distribution of PHAs by size as in the initial selection.

Once data collection started, two of the 50 PHAs were dropped, resulting in 48 PHAs in the final sample.¹⁰ A comparison of the sample PHAs and the eligible, but unwilling or not

metropolitan areas or both metropolitan and non-metropolitan areas were kept in the sampling frame if they met the other eligibility criteria listed. The file did not include Welfare to Work Vouchers that had been awarded to PHAs around that time.

⁸ See Appendix A, Exhibit A-1 for a list of the 406 PHAs in our sampling frame.

⁹ 16 sites were ineligible because they would not be issuing enough vouchers or because of extensive Moving to Work exceptions to their program rules; 9 were eligible, but unwilling to participate; and 5 were unwilling to participate, but it was not clear whether they were eligible for the study.

¹⁰ One PHA was ineligible because it did not issue any vouchers during the data collection period, even though it had anticipated issuing vouchers at the time of the recruitment call. The second PHA was

selected PHAs show that the sample of 48 PHAs provides a good representation of the PHAs in the sampling frame (see Appendix A). That is, the sites that were unwilling to participate (or were not selected) do not appear to be substantially different from the PHAs in our sample.

In Exhibit 1-1, we present some basic characteristics of the 48 PHAs in the study. The participating PHAs' Section 8 programs ranged in size from 808 to 76,980 certificates and vouchers. Most of the participating PHAs held between 2,000 and 10,000 vouchers, but seven PHAs controlled over 10,000 vouchers and 11 controlled less than 2,000. Geographically, the South had the highest number of PHAs in the study (15 PHAs) while the Northeast had the least (9 PHAs). Most of the participating PHAs (32 of 48) operate primarily in the central city portion of the MSA, while only four PHAs operate primarily in suburban areas. The jurisdictions of the other 12 PHAs were evenly split between central city and suburban areas.

Second-Stage Sampling: Voucher Holders

The second stage sampling involved selecting specific voucher holders in each of the study sites. Our goal was to sample the first 50 voucher holders (more from the three largest sites) after we trained PHA staff at a site on the study. Most sites were trained in April and May of 2000.

At several sites, the number of voucher holders in the sample was different from the targeted number and we ended up with information on 2,674 voucher holders (rather than the 2,717 targeted). In addition, PHAs were not able to provide the final success status on 65 voucher holders. Most of the analysis in this report is based on the 2,609 voucher holders for whom we know their final success status.¹¹

dropped because the wrong PHA in the city (i.e., not the one selected) was recruited to participate. This was discovered too late to add the correct PHA, so the incorrect PHA was dropped.

¹¹ By the end of our data collection period, PHAs did not know the final success outcome for 65 of the 2,674 voucher holders that they provided information resulting in a sample of 2,609 voucher holders with known final outcomes. The 65 not finals consisted of 51 voucher holders who were still searching after a minimum of 220 days since their voucher was issued and 14 voucher holders who ported out, but the PHA had no information on their final outcome.

Exhibit 1-1
Characteristics of PHAs in Study Sample

Characteristic	# of PHAs	Percent of Sample PHAs
Number of PHAs in Study	48	100%
Number of Section 8 Vouchers in PHA Program		
10,001 or more	7	15%
4,001 to 10,000	15	31%
2,001 to 4,000	15	31%
800 to 2,000	11	23%
Census Region of PHA		
South	15	31%
Midwest	13	27%
West	11	23%
Northeast	9	19%
PHA Jurisdiction		
Primarily central city	32	67%
Primarily suburban	4	8%
Even mix of central city and suburban	12	25%

Note: Data in this exhibit are not weighted.

Sample Size: 48 PHAs.

Sources: Size of PHAs based on HUDCAPS data provided by HUD on November 16, 1999. It reflects the number of reserved certificates and vouchers in each PHA at the end of their most recent fiscal year. Region is based on the Census Bureau's definitions, and type of jurisdiction is self-reported by PHA staff.

Exhibit 1-2 shows the type of vouchers and the month they were issued for the 2,609 voucher holders in the study sample. Corresponding with the training times, half of the voucher holders were issued vouchers in May 2000 and most of the rest received their vouchers in the contiguous months (April and June). A small share (2 percent) were issued their voucher as late as September 2000, reflecting both smaller PHAs who took several months to issue 50 vouchers and some larger sites that could not schedule a training date until July.

Most of the voucher holders (71 percent) came from the general waiting list and received a regular Section 8 voucher that had been turned over from a previous recipient. Welfare-to-Work vouchers were the most common special program voucher, held by 18 percent of the study sample. Only three other special program vouchers were held by at least one percent of the sample: family unification, public housing relocation, and Section 8 opt out vouchers.

The largest share (40 percent) of voucher holders needed a two-bedroom unit. Seven percent of the sample voucher holders needed a four-bedroom or larger unit, while 4 percent required only a studio (0 bedroom).

Exhibit 1-2

Type of Voucher and Month Issued to Sample Households

Characteristics	# of Households	Percent of Sample Households
Month Voucher Issued (in Year 2000)		
April	363	14%
May	1,297	50%
June	518	20%
July	187	7%
August	199	8%
September	42	2%
Other months	3	0.1%
Type of Voucher Issued		
General waiting list	1,852	71%
Welfare to Work	465	18%
Family Unification	115	4%
Public housing relocation	73	3%
Section 8 Opt Out	32	1%
Other types or unreported	72	3%
Bedroom Size Needed		
0 BR	95	4%
1 BR	554	21%
2 BR	1,034	40%
3 BR	747	29%
4 BR or larger	179	7%

Note: Data in this exhibit are unweighted.

Sample Size: 2,609

Source: Enrollment module of the voucher holder tracking system.

Exhibit 1-3 shows the demographic characteristics of voucher holders in our sample. Most of the voucher holders were extremely low income, minority families, headed by a female. Only 7 percent of the sample is elderly, but 22 percent of the voucher holders had a disabled family member. Nearly three-quarters of the families were relatively small, containing only one to three people in the household. Corresponding to the small household sizes, one-quarter of the voucher holders had no children in the household, and only 4 percent had five or more children.

Exhibit 1-3
Characteristics of Households in Study Sample

Characteristics	# of Households	Percent of Sample Households
Household Income as a Percent of Family-Size Adjusted Area Median Income		
less than 30%	2,042	78%
30 to 49 %	552	21%
50% or above	15	1%
Race/Ethnicity of Household Head		
White, non-Hispanic	502	19%
Black, non-Hispanic	1,476	57%
Hispanic	575	22%
Asian/Pacific Islander	34	1%
American Indian/Alaska Native	19	1%
Unreported	3	0.1%
Female Head of Household	2,186	84%
Spouse Present	244	9%
Age of Household Head		
< 25	465	18%
25-44	1,547	59%
45-61	421	16%
62 or older	172	7%
Unreported	4	0.1%
Disabled Household Member	581	22%
Household Size		
1 person	534	21%
2 people	636	24%
3 people	662	25%
4 people	415	16%
5 people	231	9%
6 or more people	131	5%
Number of Children		
No children	646	25%
1 child	608	23%
2 children	667	26%
3 or 4 children	591	24%
5 or more children	97	4%

Note: Data in this exhibit are unweighted.

Sample Size: 2,609

Source: Enrollment module of the voucher holder tracking system.

Weighting

The objective of this study is to produce national estimates of success rates for voucher holders at PHAs in the lower 48 states. Since the estimates are based on a sample of voucher holders and each voucher holder in the population did not have an equal chance of being in the sample, the data need to be weighted to better represent the national population.

Weights were created that took into account the probability that a PHA was selected for the sample in the first stage of the selection process and the probability that a voucher holder was selected in the second stage of the selection process. The weights at this point were equal to the inverse probability of the voucher holder being selected for the sample. Weights were then adjusted to reflect non-response. That is, the weights were adjusted to 1) reflect the PHAs that were eligible, but unwilling to participate in the study, and 2) to reflect the actual number of voucher holders in each PHAs' samples rather than the number of voucher holders targeted at each PHA.

Weighted estimates from the study sample are representative of voucher holders in PHAs that have at least 800 vouchers and operate in metropolitan areas in the lower 48 states. This means that the success rate estimates should be interpreted as the expected likelihood of success if random voucher slot opens up and a voucher is issued to the next eligible household. This is the same methodology and interpretation used in the 1993 success rate study, and hence results are comparable. See Appendix A for more details on the calculation of weights and alternative weighting schemes considered.

1.4 Data Collection Overview

Data collection for this study included the following components.

- Information from PHAs on local market conditions and the policies and procedures in their Section 8 program that might affect success rates. These data were collected through telephone interviews with PHA staff.
- Administrative data on the characteristics and search experiences of a sample of voucher holders. These data were collected through the automated tracking system developed for this study.
- Data on local vacancy rates from the U.S. Census data and from local experts in each jurisdiction.

Our data collection activities are summarized below. Appendix B contains copies of the data collection instruments.

PHA Policies and Procedures

We conducted telephone interviews with the Section 8 Director or other knowledgeable staff about the operation of their Section 8 Program. These calls took place in the spring of 2000, just before the PHA started tracking the experiences of a sample of voucher holders for this study. The purpose of the calls was to obtain information from the PHAs on their Section 8 practices and procedures and local market conditions. The information was needed to investigate factors associated with success rates. These data include:

- Fair market rent (FMR) and payment standard relative to FMR;
- Exception rents and total area covered by exception rents;
- PHA's perception of adequacy of FMR and payment standards;
- PHA's perception of landlord acceptance of Section 8;
- Estimated percent of units that pass initial inspection;
- Presence and frequency of updating of lists of vacant units and /or willing landlords;
- Screening criteria for voucher holders;
- PHA search assistance provided;
- Length of time vouchers valid and extension policies;
- PHA role in rent negotiation;
- Presence of anti-discrimination laws based on source of income and/or source of rental payment;
- Overall market tightness; and
- Market tightness in the segment of the market affordable to voucher holders.

The complete list of variables collected for each PHA is shown in the PHA Data Coding Sheet (Appendix B, Exhibit B-1).

Search Experiences of Voucher Holders

An automated tracking system was developed for this study to collect information on the search experiences of voucher holders. The system was developed to be a stand-alone system, so PHAs did not need to have any particular software to be able to use it. PHA staff simply entered data on an electronic form and it automatically created an ACCESS data base which could easily be e-mailed to Abt Associates or copy to a disk and mailed.

The electronic form had a number of automated checks to reduce the number of data entry errors and inconsistent dates. In addition, PHAs were asked to submit their data on a monthly basis so that Abt Associates staff could review it and work with them to resolve any inconsistent data not captured in the automated checks.

The information collected on the electronic form was administrative data that PHAs already collected as part of their operating procedures, although some of it was in paper files and the information might not all reside in the same area of the Section 8 department. The data collected included enrollment data at the time of voucher issuance, extensions granted, inspections requests and results, and contract information for households that successfully leased up. The complete data collection form is shown in Appendix B, Exhibit B-2 and briefly described below.

Enrollment data. The first section of the electronic form collected basic information about voucher holders that was collected as part of the PHAs normal intake procedures. This included demographic information on the voucher holder and his or her household, pre-program address and whether the unit was in public housing, total income by source, income adjustments, bedroom size needed, type of voucher and issuance date, preference categories (if any), and application date for the program.

Extension information. Whenever a PHA granted an extension to a sample voucher holder, the date the extension was granted and the new extension date was entered on the electronic form.

Inspection/request for lease approval information. For each inspection request/request for lease approval, the PHA entered data on the unit address, date of the request, date of the inspection, result of inspection, re-inspection information (if needed), bedroom size of unit, and whether or not the voucher holder leased the unit. If the unit passed inspection, but the voucher holder did not lease the unit, the PHA entered the reason the unit was not leased (e.g., did not meet rent reasonableness, landlord refused).

Contract information. For voucher holders who successfully leased a unit meeting the program criteria, contract information was collected. This information included unit address, bedroom size, gross rent, utility allowance, tenant-paid portion of rent, date of lease approval, and type of successful outcome (i.e., lease in place, lease by moving within jurisdiction, or lease by porting out of jurisdiction).

Final unsuccessful status. For voucher holders who did not succeed in finding a unit by the end of their allotted search time (including extensions and tolling), PHAs simply indicated the voucher holder was unsuccessful and checked the main reason the voucher holder was unsuccessful, if known (e.g., turned down by landlords, unable to find unit).

Data on Rental Vacancies

Data on MSA rental vacancy rates in 1999 were collected from *The Census Housing Vacancies and Homeownership Survey*. However, vacancy rates from this source are only available for the 75 largest MSAs, thus data were not available for all of the metropolitan areas covered by the PHAs in the study. These vacancy rates also tend to be unstable from year to year for the smaller MSAs because the sample sizes are inadequate for precise estimates. In addition, these MSA-wide vacancy rates often cover a larger jurisdiction than the jurisdiction of a PHA operating within the MSA. Finally, Census vacancy rates are not specific to the part of the housing market affordable to voucher holders. Nevertheless, these data provide an objective, independent measure of market conditions and were used to supplement other measures of market conditions in analyzing the relationship between success rates and market tightness.

We also gathered subjective data from PHA staff and independent, local market experts on market tightness in each of the participating PHAs' jurisdictions. We started by contacting HUD's Field Office economists to get their perceptions of the market conditions faced by voucher holders in the PHAs' jurisdiction. We also contacted local apartment associations and local community development/planning department staff to get estimates of market conditions.

These assessments were used to form an overall measure of market tightness for the area. Our plan was to try to reach a consensus from these sources. If consensus could not be reached, we used our judgement on which source or sources seemed most knowledgeable about the market to categorize rental market tightness in the area.

Market tightness was categorized into one of five categories: extremely tight (2 percent or lower vacancy rate); tight (between 2 and 4 percent vacancy rate); moderate (between 4 and 7 percent vacancy rate); loose (between 7 and 10 percent); and extremely loose (10 percent or higher).

Chapter Two

National Success Rate for Large Metropolitan Areas

This chapter begins with estimates of the national success rate and changes in that rate over time. It then presents the distribution of success rates across PHAs followed by a discussion of the time it took successful voucher holders to lease a unit. Finally, the chapter discusses trends over time in the percentage of voucher holders who lease their pre-program units compared to those who lease a new unit, and characteristics of these two groups of successful voucher holders.

2.1 Estimates of Success Rates at the National Level

The success rate is defined as the percentage of families who are provided vouchers and lease a housing unit that meets all program requirements within the time the PHA provides for search. The national success rate, as calculated for this study, should be interpreted as the average success rate in large, metropolitan areas if vouchers are issued in proportion to the number of vouchers held by PHAs. It is the expected success rate for a randomly selected voucher slot among the PHAs' allocation of vouchers. This is not necessarily the same as the success rate for all the vouchers issued by PHAs, because PHAs may not issue vouchers in proportion to the total number of vouchers they hold.¹² The current estimate is conceptually comparable to the estimated success rate that was developed for the 1993 study of success rates and for the mid-1980s housing voucher demonstration study.¹³

Our procedures for selecting PHAs and voucher holders¹⁴ generated a sample that, when appropriately weighted, allow us to calculate a national success rate for the portion of the universe represented by the study sample—PHAs in metropolitan areas in the lower 48 states

¹² There are several reasons that actual voucher issuances across PHAs may not be exactly proportional to the allocation of vouchers across PHAs. If a PHA has a higher turnover rate, received an allocation of new vouchers, or has a low success rate, then it may issue more vouchers than expected based on its size. It is not possible to predict whether a national success rate based on voucher issuances would be higher or lower than the success rate estimates presented. Of the three factors mentioned, only the possibility that PHAs with a lower success rate might issue more vouchers has a clear directional effect on the success rate. If PHAs with low success rates issue disproportionately more vouchers for each voucher opening, then taking this into account would lower the national success rate. However, the results would then not be comparable to prior studies.

¹³ See: Stephen Kennedy and Meryl Finkel. (1994) "Section 8 Rental Voucher and Rental Certificate Utilization Study: Final Report," and Mirielle Leger and Stephen Kennedy (1990) "Final Comprehensive Report of the Freestanding Housing Voucher Demonstration." The 1990 study found that success rates for voucher holders were slightly higher than for certificate holders (65 versus 61 percent).

¹⁴ The sample selection procedures are described in detail in Appendix A and summarized in Chapter 1.

that administer programs larger than 800 vouchers and certificates. We estimated the national success rate both with and without New York City and the City of Los Angeles for comparison to the same estimates from the 1993 study of success rates. The rationale for analyzing New York City separately is that it is by far the largest Section 8 program in the U.S., and the unique conditions in New York City are not thought to be representative of other Section 8 programs. The rationale for providing national estimates without the City of Los Angeles is that it is the second largest program, and was selected with certainty for the 1993 study, but ultimately did not participate in the study.

The national success rate was calculated as the weighted average across PHAs of:

$(\text{number of known successful} + \text{imputed successful among unknowns}^{15}) / \text{total number of households in the PHA's sample}.$

The national estimate of the success rate for large metropolitan areas during 2000 is 69.2 percent, with a standard error of 0.0218.¹⁶ Thus, the 95 percent confidence interval for the success rate is 64.9 to 73.4 percent.¹⁷ The current success rate is almost identical to the 1985-1987 estimated success rate (68 percent), but substantially lower than the 1993 rate (81 percent).

Excluding New York City (NYC), with a 57 percent success rate, the national success rate rises to 70.7 percent in 2000. The analogous rate in the 1985-1987 period was 74 percent and in 1993 was 86 percent. Excluding NYC, the success rate rises in all three time periods, but the overall pattern remains the same: the 1985-1987 and 2000 success rates are similar, but the 1993 rate is substantially higher than the other two time periods. Exhibit 2-1 displays the changes in the national success rate over time.

¹⁵ Of the 2,674 voucher holders in our sample, 65 had unknown outcomes at the end of the study's data collection period. Some outcomes were unknown because the voucher holder attempted to port out of the jurisdiction, but the sending PHA did not obtain a final status from the receiving PHA (14 voucher holders). Others were households that had been issued vouchers at least 7 months prior to the end of data collection, but had extensions beyond the data collection period and had not yet leased a unit (51 voucher holders). To calculate the national success rate, the success rate of the 65 households with unknown outcomes was imputed based on the experiences of other voucher holders who had extended search periods. The imputation procedures had a trivial impact on the estimated success rate: the success rate for those with known outcomes was 68.3 percent, compared with a 68.1 percent estimate after imputation. See Appendix A (Section A.3) for a detailed description of the imputation procedures.

¹⁶ For comparability over time, the national success rate for large metropolitan areas excludes the City of Los Angeles PHA, because they did not participate in the 1993 study. Inclusion of the City of Los Angeles in the estimates would not change the success rate in the 1985-1987 period (after rounding) and would reduce the 2000 estimate by one percentage point.

¹⁷ There is a 95 percent probability that the true percent successful among the entire population of vouchers issued at all large metropolitan PHAs during the study period would be within this range.

Exhibit 2-1

National Estimates of Success Rates in Large Metropolitan-Area PHAs over Time

Year	National Success Rate in Large Metropolitan PHAs ¹	Success Rate Excluding New York City and City of Los Angeles	Success Rate in New York City	Success Rate in City of Los Angeles
1985 to 1987	68%	74%	33%	72%
1993	81%	86%	62%	NA
2000	69%	71%	57%	47%

¹ For comparability over time, these national success rate estimates exclude the City of Los Angeles PHA, because they were not part of the 1993 study. Adding the City of Los Angeles PHA does not change the 1985 to 1987 estimate (after rounding), and reduces the 2000 estimate by only one percentage point to 68 percent.

Sources: 1985-1987 estimates: Mirielle Leger and Stephen Kennedy "Final Comprehensive Report of the Freestanding Housing Voucher Demonstration" HUD, May 1990. The national estimates were estimated by the current authors using weights derived from the PHAs' probability of selection and program size as reported in Appendix A of the report and PHA success rates reported in Appendix G of the report.

1993 estimates: Stephen Kennedy and Meryl Finkel "Section 8 Rental Voucher and Rental Certificate Utilization Study: Final Report", May 1994. This report did not calculate a national success rate including NYC. It was calculated by the current authors using the 1993 study weights from unpublished reports and PHA-level success rates in reported in Exhibit 1.1 of the report. The 1993 success rate excluding NYC and the City of LA is from Exhibit 2.1 on page 12 of the report.

2000 estimates: Current Success Rate Study (2,674 observations)

One possible reason for the decrease in success rate since 1993 is a tightening of rental markets. The housing market is thought to be much tighter in 2000 than in 1993. The 2000 findings are more consistent with the success rates found in the mid-1980s, which was another period of reportedly tight rental markets.¹⁸

Another factor that may have affected the success rate was a decrease in FMRs from the 45th percentile rent to the 40th percentile in 1995. However, starting in late 1999, PHAs were allowed to set their payment standard between 90 and 110 percent of the FMR without having to apply for exception rents. If implemented by PHAs, this could negate the impact of the reduction in FMR percentile. In most cases 110 percent of the FMR would be above

¹⁸ Census figures on vacancies from the Housing Vacancies and Homeownership Statistics reports do not show a large change in vacancy rates over time. The Census reported national average vacancy rate for metropolitan areas was 7.2 percent in 1986, 7.6 percent in 1993, and 7.8 percent in 1999. However, in many of the markets covered in the study, informants indicated that markets had tightened, particularly in the portion of the market available to Section 8 voucher holders. This is supported by census data on vacancy rates in metropolitan areas where the study PHAs operate. The average vacancy rates in these MSAs was 7.3% in 1986, 8.3% in 1993, and 7.8% in 1999. The 1986 and 1993 figures are based on 34 of the 48 metropolitan areas and the 1999 figure is based on 40 metropolitan areas. These reflect all of the available census vacancy rate data on metropolitan areas in our study.

the 45th percentile rent. Earlier, the payment standard had to be set between 80 and 100 percent of the FMR unless the PHA was granted an exception by HUD.¹⁹

To reduce the possible impact of different samples in comparing success rates over time, the success rates can be looked at separately for the eight PHAs outside of New York City that provided data for both the 1993 study and the current study.²⁰ Using the PHA weights from the current study, the success rate for the eight overlapping PHAs other than New York City was 80 percent in 1993, compared with the current estimate of 63 percent. The success rate in all but one of the overlapping PHAs decreased between 1993 and 2000.

2.2 Success Rates at the PHA Level

Across PHAs, there was a wide range in the percentage of the voucher holders who successfully leased a unit under the program: 37 percent to 100 percent. As can be seen in Exhibit 2-2, it is estimated that less than half of voucher holders succeed at 15 percent of large PHAs operating in metropolitan areas. On the other end of the distribution, a slightly smaller share of PHAs (12 percent) have success rates over 90 percent. The most common result is that between 61 and 70 percent of the voucher holders were successful (28 percent of PHAs).

Exhibit 2-2 Success Rates at PHA Level

Success Rate	Percentage of PHAs
50 percent or less	15%
51 to 60 percent	12%
61 to 70 percent	28%
71 to 80 percent	15%
81 to 90 percent	18%
91 to 100 percent	12%

Source: Baseline Enrollment and Successful Enrollee Lease-up Modules of the enrollee tracking system.

Sample Size: 48 PHAs with most PHA sample sizes around 50 voucher holders

¹⁹ In December 2000, the FMR at PHAs in select markets (e.g., markets with a concentration of Section 8 recipients based on distribution of units affordable when payment standard based on 40th percentile FMR) were eligible to have the FMR set at the 50th percentile, but this occurred too late to have an impact on voucher holders in this study. See October 2, 2000 Federal Register Notice, pages 58870 to 58875.

²⁰ The overlapping sites are Phoenix, Atlanta, Baltimore County, Metro Council MN, Oklahoma City, Tulsa, Montgomery County PA, and Milwaukee County.

Appendix C provides results by site. These site-specific results should be used with caution. Because of the small sample sizes at each PHA (usually 50), the estimated probability for success at the PHA has a large sampling error. This means that the actual success rate at particular PHAs may be substantially different than the success rate estimated from the sample in this study.

2.3 Time to Succeed

It was anticipated that PHAs would limit search time to between 60 and 120 days. However, program rules changed in late 1999, allowing PHAs to establish search periods longer than 120 days. As shown in Exhibit 2-3, one of the key findings of this study is that it is taking successful households a long time to find units. The average search time among successful households was 83 days, with a median of 69 days. Nearly one quarter (23 percent) of successful households searched for more than 120 days, including 7 percent who leased a unit after more than 180 days.²¹

Exhibit 2-3 Time to Lease for Successful Households

Time Between Voucher Issuance and Lease Date	Percent of Successful Households
Fewer than 30 Days	18%
30 to 59 Days	25%
60 to 89 Days	19%
90 to 119 Days	15%
120 to 179 Days	16%
180 Days or More	7%
Average Number of Days	83 days
Median Number of Days	69 days

Source: Baseline Enrollment and Successful Enrollee Lease-up Modules of the enrollee tracking system.
Sample Size: 1,780, weighted to reflect national totals

Current search times are clearly longer than during the early 1990s. During that period voucher holders were usually allotted four months at most to search for housing. Data from the 1993 success rate study show that all successful households found their units within the

²¹ Time to Succeed is defined as the number of days between issuance date and effective date of lease up. It *does not* exclude any days where the clock may have been stopped while a family was awaiting inspection of a unit (i.e., tolling).

first three months of search.²² Furthermore, 80 percent of unsuccessful households stopped searching by the end of the third month. In contrast, it took 38 percent of the successful households in 2000 longer than three months to lease a unit.

Below, we explore whether the long period it took successful voucher holders to lease units was a result of the time it took to find a unit and submit an RFLA, the time it took get a unit inspected, or the time between the final inspection and the effective date of lease up. We do not have comparable information from the 1993 study, so we cannot determine which of these processes contributed to the longer period between issuance and lease date in 2000 compared with 1993.

One factor that would affect the time between issuance and lease date is whether the first unit selected by the voucher holder passes the initial inspection, needs to be re-inspected before passing, or whether the unit is ultimately rejected and a new unit needs to be found. Most of the successful voucher holders in 2000 leased the first unit for which they submitted an RFLA. Only 4 percent submitted more than one RFLA. Overall, over two-thirds (68 percent) of the successful voucher holders submitted one RFLA and the unit passed on the initial inspection. The remaining 28 percent also leased the first unit, but it had to be inspected multiple times before passing inspection. This substantially increased the time it took for these households to lease a unit. Exhibit 2-4 shows average time to find, inspect, and lease a unit for these three groups of successful voucher holders.

For successful voucher holders who leased their unit after one inspection, almost 70 percent of the time between voucher issuance and lease date was between the issuance date and the submission of the RFLA (51 days). Initial inspections were completed within an average of two weeks, and only one week passed on average between the inspection and the effective date of the lease.

Voucher holders who leased the second or third unit inspected took twice as long as those who leased their first unit after only one inspection (147 versus 74 days). The difference was made up mostly of the additional time it took to find another unit after the first unit was not leased. It took on average 45 days between the final inspection for the first unit and the date an RFLA is submitted for another unit. This is only one week shorter than the average time it took these households to find the first unit. It appears that when they begin the search for the second unit, these households are starting from scratch. That is, they do not appear to have gained much information about the search process that helps shorten the search period.

²² See Stephen Kennedy and Meryl Finkel “Section 8 Rental voucher and Rental Certificate Utilization Study: Final Report”, May 1994, pp. 24-25.

Voucher holders who leased their first unit after multiple inspections took an average of 91 days, about 2.5 weeks longer than those who leased the first unit after one inspection. This difference is completely explained by the extra time it took to obtain multiple inspections.

Exhibit 2-4

Average Days to Find, Inspect, and Lease a Unit by Number of Units Inspected

	Leased First Unit on First Inspection (n=1125)	Leased First Unit on Re-inspection (n=458)	Leased Second or Third Unit Inspected (n=71)	Overall Average Days (n=1670)
Percent in Category	68%	28%	4%	100%
Issuance to Initial RFLA				
Average Days	52	54	52	53
Initial RFLA to Final Unit 1 Inspection				
Average Days	14	30	24	19
Final Unit 1 Inspection to Unit 2 RFLA				
Average Days	--	--	45	1
Unit 2 RFLA to Final Unit 2 Inspection				
Average Days	--	--	22	1
Final Unit 2 Inspection to Unit 3 RFLA				
Average Days	--	--	5 ¹	0
Unit 3 RFLA to Final Unit 3 Inspection				
Average Days	--	--	2 ¹	0
Last Inspection to Lease				
Average Days	7	6	8	7
Time to Lease (issuance to final lease)				
Average Days	75	92	147	83

¹ These are averaged over all people in this group, whether or not they had a third unit inspected (set to zero for those who leased their second unit).

Source: Enrollee Tracking System

Sample Size: 1670 Voucher Holders (Successful in place or successful by moving), weighted to reflect national totals. Other successful voucher holders (successful port outs and unknown type of success) are excluded due to a lack of information on dates of events.

To further understand the steps in the process that are leading to long search times, Exhibit 2-5 shows the average time to find, inspect, and lease a unit for voucher holders who leased a unit within a 120 days versus those who took longer, and for those who leased in place versus those who leased by moving.

The clear finding is that the length of the process is driven primarily by how long it takes voucher holders to find a unit they want and to submit an RFLA. Voucher holders who took over 120 days to lease a unit took over three times as long as other successful voucher holders to submit their first RFLA (116 days versus 34 days). Other factors that contribute to a longer time to lease a unit include a longer time to finalize inspection (30 versus 14 days),²³ and a longer time between the final inspection and the lease date (14 versus 5 days). Another contributing factor is that 11 percent of the voucher holders who took more than 120 days to lease their unit, leased their second or third unit whereas only 2 percent of the other voucher holders did this.

Voucher holders who leased in place took an average of 59 days between the voucher issuance date and the effective date of their Section 8 lease. Households that leased another unit in their jurisdiction took an average of one month longer, 89 days. The only substantial difference between the two groups is the amount of time it took to find a unit and submit an RFLA (31 versus 59 days). People who lease in place save search time, allowing them to start receiving a subsidy more quickly than other households.

The most fertile ground for reducing the time between issuance and lease date would appear to be some combination of providing housing search assistance and increasing the motivation of voucher holders to identify units they would like to rent in a more timely manner. It may be efficient to target assistance to voucher holders who submit an RFLA for a unit that they do not ultimately lease. It takes these voucher holders almost as long to find a second unit as it took to find the first unit, thus it appears they could benefit from assistance. Moreover, about 9 percent of unsuccessful voucher holders submitted at least one RFLA, so by targeting voucher holders who submit an RFLA, but do not lease the unit, PHAs may also be able to increase the success rate of their voucher holders.

²³ This, is in part, because voucher holders who took more than 120 days to lease a unit were also more likely than other successful voucher holders to need to have their unit re-inspected. However, inspection times were longer for them than other voucher holders even when their unit passed on the first inspection (22 versus 13 days).

Exhibit 2-5

Average Days to Find, Inspect, and Lease a Unit by Total Search Time and Whether Leased in Place

	Leased Unit in Less than 120 Days or Less (n=1,287)	Leased Unit in More than 120 Days (n=383)	Leased in Place (n=382)	Leased by Moving within Jurisdiction (n=1,288)
Issuance to Initial RFLA				
Average Days	34	116	31	59
Initial RFLA to Final Unit 1 Inspection				
Average Days	16	30	21	19
Final Unit 1 Inspection to Unit 2 RFLA				
Average Days ¹	0	4	0	1
Unit 2 RFLA to Final Unit 2 Inspection				
Average Days ¹	0	3	0	1
Final Unit 2 Inspection to Unit 3 RFLA				
Average Days	0	1	0	0
Unit 3 RFLA to Final Unit 3 Inspection				
Average Days ¹	0	0	0	0
Last Inspection to Lease				
Average Days	5	14	7	7
Time to Lease (issuance to final lease)				
Average Days	56	169	59	89

¹ These are averaged over all people in this group, whether or not they had a second or third unit inspected (set to zero for those who leased their first unit).

Source: Enrollee Tracking System

Sample Size: 1670 Voucher Holders (Successful in place or successful by moving), weighted to reflect national totals. Other successful voucher holders (successful port outs and unknown type of success) are excluded due to a lack of information on dates of events.

Reducing the time period between RFLA submissions and initial inspections could also help speed up the leasing process. An average of two weeks between an RFLA submission and an inspection may be reasonable, but it is taking longer than that for some initial inspections to

occur. Furthermore, even two weeks may seem like a long time to landlords who have many options for renting their units. Reducing the number of units requiring multiple inspections, either through increased education of landlords, or incentives to landlords to rectify problems before the first inspection, are possible interventions for shortening the time it takes a voucher holder to lease a unit.

2.4 Success in Place

Voucher holders can qualify for the Section 8 program by renting their pre-program unit if it meets program requirements and the landlord is willing to participate. Alternatively, a voucher holder can move to a new unit within the issuing PHA’s jurisdiction or move to a unit in another PHA’s jurisdiction (often referred to as “porting out”). As can be seen in Exhibit 2-6, nearly three-quarters of successful voucher holders succeeded by moving from their pre-program unit to another unit within their jurisdiction, 21 percent leased in place, and 5 percent leased a unit outside the issuing PHAs’ jurisdiction.

**Exhibit 2-6
Success by Leasing in Place or Moving**

Success Status	All Voucher Holders	Successful Voucher Holders
Success, lease in place	15%	21%
Success, move within jurisdiction	49%	72%
Success, port-out	3%	5%
Success, unknown type ¹	1%	2%
Not Successful	32% ²	na

¹ Data on final unit address and type of success were missing for some voucher holders.

² The national success rate including voucher holders from the City of Los Angeles PHA is 68 percent.

Source: Successful and Unsuccessful modules of Tracking System.

Sample Size: 2,609 (1,780 in successful sample), weighted to reflect national totals

The 1993 success rate study found that 37 percent of all successful voucher holders succeeded by renting their pre-program unit, and 63 percent succeeded by moving to new units.²⁴ The 1985-87 study also found that 37 percent of successful voucher holders leased in place. There had been some speculation that, in the current period, with rental housing markets perceived to be tighter, households would be more likely to succeed in their pre-

²⁴ Excluding New York City, the percent of successful households that leased in place decreased from 30 percent in 1993 to 22 percent in 2000. In 2000, 15 percent of successful NYC voucher holders leased in place. However, in 1993, 61 percent of successful voucher holders in NYC leased in place. [See page 5 of Kennedy and Finkel (1994)] The 1993 finding for NYC was thought to be largely a function of the unique sample in New York City that included mostly elderly and handicapped households.

program units, because finding new units has become more difficult. However, the current study found that in 2000, fewer successful households leased in place. Only 21 percent of successful households nationwide succeeded by renting their pre-program unit.

Exhibit 2-7 compares some characteristics of those who leased in place and those who moved. Voucher users in very tight markets are a higher share of the people who leased in place than of the families who leased by moving. Of all the voucher users that leased in place, 19 percent are in very tight markets, while only 12 percent of those who moved are in very tight markets. So there is some evidence for the hypothesis that moving is relatively more difficult in a tighter market.

One hypothesis for the increasing share over time of successful voucher holders moving to a new unit is that, to an increasing extent, voucher holders are leaving their parental household to start a new household.²⁵ PHAs do not collect information on the pre-program housing composition, so this cannot be investigated directly. Nevertheless, the hypothesis would suggest that younger people (less than age 25) and single parents—the two groups that are most likely to be sharing a unit with their parents or other relatives—are most likely to move out of their pre-program unit. Both of these groups do in fact constitute a larger share of those who move compared with those who lease in place. Over two-third of the movers (68 percent) are single parents, compared with 45 percent of those who lease in place. Similarly, 22 percent of the movers are under age 25 compared with 10 percent of those who lease in place. While consistent with the hypothesis of new household creation leading to a smaller share of leasing in place, these results are not definitive evidence. There are reasons other than new household creation that these two groups are most likely to succeed by moving. For example, younger people may be less tied to their current community or have more job mobility, making it easier to move to a new location.²⁶

²⁵ The Quality Housing and Work Responsibility Act of 1998 eliminated mandatory federal preferences for Section 8 assistance that were in place for the 1985-87 and 1993 studies. None of the mandatory federal preferences gave priority to “doubled-up” families who would need to move to lease a unit in the program. The elimination of the mandatory federal preferences could lead to more “doubled-up” households rising to the top of the waiting list and becoming voucher holders after this law went into effect.

²⁶ The share of single parents (non-elderly, non-disabled) in the study population decreased from the 1993 to 2000 study (71 percent to 61 percent). This is the opposite direction we would expect the share of single parents to change if this compositional change were to explain the decrease in the share of successful voucher holders that leased in place. [See Exhibit 2-9 in Kennedy and Finkel (1994).] Voucher holders under age 25 comprised 18 percent of the 2000 sample. No comparable numbers are available from the 1993 study.

Exhibit 2-7
Characteristics by Type of Success

	Characteristics of Households that Leased in Place	Characteristics of Households that Succeeded by Moving
Market Tightness		
Very Tight	19%	12%*
Tight	48%	48%
Moderate	23%	31%
Loose	10%	9%
Age of Head of Household		
Less than 25	10%	21%**
25 to 44	51%	61%**
45 to 61	24%	15%**
62 or older	15%	3%**
Household Composition		
Not elderly, not disabled, single parent	45%	68%**
Not elderly, not disabled, two parents	8%	5%
Not elderly, not disabled, no Children	4%	8%
Elderly or disabled, with Children	10%	8%
Elderly or disabled, no Children	33%	12%**
Time to Lease		
Less than 30 days	32%	14%**
30 to 59 days	32%	24%*
60 to 119 days	25%	36%**
120 to 179 days	8%	18%**
180 or more days	4%	8%**
Success Rate at PHA		
Less than 60 percent	22%	27%
60 to 79 percent	34%	39%
80 percent	44%	34%
Average Days to Lease	59 days	89 days
Median Days to Lease	44 days	76 days

Source: Abt Associates Composite Market Tightness Measure, Enrollment, Successful and Unsuccessful modules of Tracking System.

Sample Size: 1,670 (382 success in place and 1,288 success by moving), weighted to reflect national totals

* Signifies difference between the share of those who leased in place and the share that leased in another unit at the 10% significance level.

** Signifies difference between the share of those who leased in place and the share that leased in another unit at the 5% significance level.

The other noteworthy difference in the type of program success by household composition is that elderly or disabled households with no children are more likely to lease in place than other groups. Elderly and disabled households comprise 33 percent of the successful voucher holders who lease in place, but only 12 percent of those who moved.²⁷

Households that succeeded in place leased their units more quickly than movers, but it took a long time even for these households to become successful recipients. On average, households that leased in place spent 59 days from issuance of their voucher until lease-up, compared with 89 days for movers. Sixty-four percent of households that leased in place, began receiving assistance from the program within 60 days, but for 11 percent it took more than 120 days. These long search times may be for households that spent some time searching for other units before deciding to lease in place.²⁸ Only 38 percent of households that succeeded by moving within the jurisdiction leased a program-qualifying unit within 60 days of issuance, and 26 percent of successful movers searched for more than 120 days before leasing-up in their new units.

There is not a strong correlation between leasing in place and the overall success rate at the PHA. Voucher holders in PHAs with high success rates comprise a higher share of those who lease in place (44 percent) than of those who lease by moving (34 percent), but the difference is not statistically significant.

2.5 Summary of Findings

The primary finding from this study is that success rates have decreased substantially since the early 1990s, which was the last time they were estimated. Nationally, 69 percent of households who receive vouchers succeed in using them to lease units under the Section 8 program. This is almost identical to the 1985-1987 success rate of 68 percent, but substantially lower than the comparable rate in 1993, 81 percent. PHAs generally attribute the decline in the success rate over the last decade to tightening of rental markets during the intervening years. Another possible explanation may be a decrease in the FMRs from the 45th to the 40th percentile of rents in 1995. However, when the voucher and certificate programs were merged in late 1999, PHAs were given the flexibility to set payment standards as high as 110 percent of the FMR. This may have mitigated the impact of the

²⁷ Voucher holders who are elderly or disabled (with no children living with them) comprise 17 percent of the current study population and 13 percent of the 1993 study population. [See Exhibit 2-9 in Kennedy and Finkel (1994).] Thus, a change in the share of elderly and disabled voucher holders (who are more likely than other age groups to lease in place) is not an explanation for the decreasing share of successful voucher holders that leased in place.

²⁸ Almost none of the voucher holders who leased in place submitted a request for lease approval (RFLA) for a unit other than their pre-program unit, according to data provided by PHAs on the inspection module of the tracking system. This suggests that they either did not look for another unit prior to attempting to lease in place or looked, but did not find another suitable unit.

decrease in the FMR standard. Other changes when the program was merged (such as the 40 percent rent burden cap), may serve to depress success rates. This is the first study of success rates in the merged Housing Choice Voucher program.

In addition to the lower success rates overall, the study found that successful households are taking a long time to find units, on average 83 days. Nearly one quarter of successful households took more than 120 days to lease a unit. Households that succeeded in place leased their units more quickly than movers, but it took a long time even for these households to become successful recipients. On average, households that leased in place took 59 days from issuance of their voucher until lease-up, compared with 89 days for movers. Overall, the long time period between voucher issuance and the effective date of lease up appears to be driven by the length of time it takes voucher holders to find a unit they want to lease and submit an RFLA (53 days on average).

Despite the lower national success rates and the tightening housing markets, a smaller share of successful households leased in place in 2000. Only 21 percent of the successful households leased their pre-program unit, compared with 37 percent in the mid 1980s and in 1993. Households that are headed by an elderly person or that contain a household member with a disability comprise a much larger share of voucher holders who successfully lease in place as compared to voucher holders who succeed by moving. In contrast, households headed by younger people (less than age 25) and single parents comprise a larger share of the households that succeed by moving.

Chapter Three

Factors Affecting Success Rates

Successfully leasing a unit qualifying for the voucher program is a function of many factors, including: the characteristics of the voucher holder's household; the motivation and search effort of the voucher holder; factors affecting desirability as a tenant (e.g., credit history); the voucher holder's understanding of program rules; PHA policies and procedures; pre-program living conditions; the tightness of the housing market; and the degree to which local landlords accept Section 8. This chapter examines the role these sorts of factors play in the ability of voucher holders to successfully use their vouchers. Data on many of these factors were collected in this study through the tracking system, through interviews with PHA staff, and through supplementary sources. However, not all of these factors could be included in the study. Information on factors affecting desirability as a tenant (e.g., credit history), the voucher holder's understanding of the Section 8 program, the nature and extent of search effort, and pre-program living conditions could have been collected only through direct surveys of voucher holders, which were beyond the scope of this study. Exhibit 3-1 displays the factors for which information is available and the expected and actual direction of their effects of the probability of success.

The relationships between these voucher holder, market, and PHA characteristics and success rates are examined two ways. First, we examine success rates for various categories of voucher holders, including voucher holders with different demographic characteristics, voucher holders in different types of housing markets, and voucher holders in PHAs with different administrative practices. Tables present both the estimated proportion of voucher holders with a specific characteristic and the success rate for that group.

The chapter also presents results of a multivariate regression model that isolates the effects of particular factors on the probability of success. In regression models, all factors thought to affect success (and for which data are available) are included. This permits the importance of each factor in the success or failure of voucher holders to be estimated while controlling for other factors that might also affect success. For example, this analysis helps assess the role market tightness plays in success once voucher holder characteristics and PHA policies are held constant.

The regression was estimated using the logistic estimation procedure, in which the probability of success is expressed as a function of a set of household, market and PHA characteristics expected to be associated with success. Various specifications were tested as part of the model development process. The results presented in this chapter are typical of the models tested in terms of direction and significance levels of variables. The actual model results are presented in Appendix D.

**Exhibit 3-1
Possible Factors Affecting Success**

Possible Demographic Factors Affecting Success

Factor	Expected Direction of Effect on Success	Comments	Raw Effect	Regression Result
Race/Ethnicity	?	In a discriminatory environment, may expect a lower rate for minorities, otherwise no effect.	None	None
Participant Age	+/-	Older enrollees may have a harder time searching, but also may be considered more desirable as tenants	<25 higher success 62+ lower success	62+ lower success
Disability	-	Households with disabled members may have a harder time searching and have fewer choices in acceptable units	Elderly and disabled lower	None
Household Size	-	Harder to find large units	Some single person lower	5+ person lower
Single parent household	-	May be harder to have time to search for units	None	None
Two parent household, other non-elderly, non-disabled households with no children	+	Easier to look for units	Non-elderly, non-disabled, no kids lower	Non-elderly, non-disabled, no kids lower
Income above 30% of median	-	Lower subsidy means less benefit from program participation	Lower	High income lower, also no income lower (reference category 0<income <=30% of median)
Primary source of income wages	?	Working people have less time to search, but may be considered more desirable as tenants.	None	None

Exhibit 3-1 (Continued)
Possible Factors Affecting Success

Possible Demographic Factors Affecting Success

Factor	Expected Direction of Effect on Success	Comments	Raw Effect	Regression Result
Preference due to homelessness	+/-	On one hand homeless households may be more motivated to succeed, on the other hand may be less desirable as tenants	None	None
Welfare to Work Voucher	+	Highly motivated participants, plus program services	Higher Success	None
Time on the Waiting List	?	People who have waited a long time may be highly motivated, may have found alternative housing. However, once they come in for a voucher, may be just like newer people on the list.	None	None

**Exhibit 3-1 (Continued)
Possible Factors Affecting Success**

Possible Housing Market Factors Affecting Success

Factor	Expected Direction of Effect on Success	Comments	Raw Effect	Regression Result
Vacancy Rate	+	Easier to find units in looser markets	Higher vacancy higher success	Higher vacancy higher success
Local Acceptance of Section 8 Program	+	Easier to find an agreeing landlord. Note: this is based on PHA perception of acceptance	None	None
Local laws that prohibit discrimination based on source of income or receipt of Section 8	+	Easier to find units to rent in the program	None	Any protection offered, higher success
Payment Standard/FMR	+	More units affordable under program subsidy. If the Payment Standard is above 110% of FMR, the PHA had to request the exception, which may not be high enough to offset the effects of a tight market	None	If PS < FMR, or FMR<PS<=110% FMR lower success
Adequacy of Payment Standard	+	More units affordable under program subsidy. Note: this is based on PHA perception of adequacy.	PS too low, lower success	None
PHA size	-	There is some speculation that aside from other factors, success rate is lower in large PHAs	None	None
Percent of Units that reportedly pass on first inspection (as reported by PHA)	+	More units that pass may be an indication of better quality housing (or a more lenient PHA)	None	Success higher in PHAs where the PHA reports over 75% of units typically pass on the first inspection

**Exhibit 3-1 (Continued)
Possible Factors Affecting Success**

Possible PHA Practices and Procedures Affecting Success

Factor	Expected Direction of Effect on Success	Comments	Raw Effect	Regression Result
Briefing size	-/+	Perhaps less individual attention as size increases, however, in a larger briefing more chance to hear answers to questions	Individual briefing higher success (though result is not statistically significant)	Individual briefing, higher success,
Large group briefing	-/+	Less individual attention, but more chance to hear answers to questions	None	Large group briefing, higher success
Extension to anyone who requests	+	More time to find units	None	None
Assistance denied based on drug or violent criminal arrests, or other criminal convictions	+	Screens out tenants that may be undesirable to landlords. Note that almost all PHAs screen based on violent or drug-related arrests, so there is no variation across PHAs to explore for those screening criteria.	None	None
Assistance denied based on poor landlord references, poor housekeeping, or bad credit history	+	Screens out tenants that may be undesirable to landlords.	None	None
Search counseling available to everyone	+	Helps find housing	None	None
Frequency of update of lists of vacant units or of landlords	+/-	Expect more frequent updates to increase success rates. However frequent updates may be in response to low success rate.	Highest when updated monthly or not available (but not statistically significant)	None
Frequency of outreach to new landlords	+/-	Expect more frequent outreach to increase success rates. However frequent outreach may be in response to low success rate.	Highest when conducted every few months	Higher when conducted ever few months and when less frequently than annually.

In this regression the dependent variable, success in leasing a qualifying unit under the voucher program is a categorical (yes/no) variable. The explanatory variables are also categorical variables. When using categorical variables in regressions one category must be omitted in order for the regression to converge to a unique solution. The largest category is generally chosen as the omitted category for each characteristic and then becomes essentially a reference category. The regression results can be interpreted as the effect on the probability of having a particular characteristic relative to having the reference characteristic.

Sometimes there is an analytic reason to choose a different reference category. For example, for the race/ethnicity characteristic, although the largest fraction of voucher holders was non-Hispanic blacks, the reference category selected was non-Hispanic whites, because we expect that if there are any racial or ethnic differences in success rates they would be for minority groups relative to whites. The regression coefficient for non-Hispanic blacks or Hispanics shows how their success rates compare with the rates for non-Hispanic whites, controlling for the other factors in the model.

Because the regression uses the logistic estimation specification, the coefficients can be used to estimate the effect of each characteristic on the probability of success. Appendix D explains the estimation process and provides the estimates of the effects of each significant variable on the probability of success.

3.1 Success Rates by Demographic Characteristics and Voucher Type

Race/Ethnicity. As shown in Exhibit 3-2, more than half (56 percent) of voucher holders were black, non-Hispanic. Whites and Hispanics made up 19 and 22 percent of the sample respectively. Success rates did not differ by race/ethnicity.²⁹ Sixty-nine percent of white non-Hispanic enrollees succeeded in leasing units, as did 68 percent of black non-Hispanic and Hispanic enrollees.³⁰

²⁹ Statistical significance tests were conducted relative to the bold-italicized reference category for each demographic, market, and PHA characteristic in Exhibits 3-2 through 3-7. The reference category is typically the largest category. Tests could also be conducted to test the significance of differences between other non-reference categories. In the exhibits, ** signifies statistically significant differences at the 5 percent significance level, and * signifies differences that are statistically significant at the 10 percent significance level.

Significance patterns may sometimes seem counter-intuitive. In particular, a large difference between two groups may not be statistically significant even though smaller differences between two other groups are statistically significant. This reflects the sampling structure. The size of the difference between population values that we can detect depends on the sample size of PHAs, the number of voucher holders within each PHA and the variability of the characteristic of interest between PHAs and within PHAs. With a large number of PHAs in the sample from each group and a large number of voucher holders within each selected PHA we may be able to declare even small differences as statistically significant.

If the PHAs are very similar with respect to the characteristic of interest within each group, then even with moderate sample sizes we can detect small differences between the two groups. The more spread out

The regression model used white non-Hispanics as the reference category, (rather than the largest category, black non-Hispanics) because the hypothesis is that if any material racial differences appeared they would be relative to the success rate for non-Hispanic whites. In fact the regression continues to show no racial effects on the probability of success.

Age of Head of Household. We might expect that, all else equal, the probability of success would decrease with age. Younger households are assumed to have an easier time looking for housing. It may be hard for elderly households to look at many units, so it may be more difficult for them to qualify by moving. This may be partially offset by the fact that elderly voucher holders often are considered good tenants. In fact, the data show that the success rate decreased as age increased. The success rate was 73 percent among households headed by members under age 25. The rate for 25 to 44 year olds and for 45 to 62 year olds was similar, at about 68 percent. Only 54 percent of households headed by persons age 62 or older succeeded in using their vouchers. Elderly-headed households made up only 7 percent of voucher holders, and more than 80 percent of these elderly households had disabled members as well.

Once other factors are controlled for in the regression model, only being age 62 or above continues to have a significant effect on the probability of success.

voucher holders in each group are across PHAs (i.e., the more PHAs that have voucher holders with this characteristic the smaller the standard error, or for PHA-level characteristics, the more PHAs that have these characteristics, the smaller the standard error). This means that smaller differences will be found to be statistically significant when the voucher holders with this characteristic are spread across all 48 PHAs (e.g., gender) than for PHA-level characteristics (e.g., market tightness or large briefing size), which are the same for all voucher holders at a PHA. Hence, differences in success rates based on PHA-level characteristics will need to be relatively large to be declared as statistically significant. Differences will have to be even larger when the sample is divided into more than two groups based on a PHA-level characteristic, because only part of the sample is being used for the comparison thus reducing the sample size.

The lack of significant difference between success rates does not mean that the difference is not important or not a true difference, it just means that there is too much sampling error to determine whether this difference is just an artifact of the sample or likely a true difference between the two populations.

³⁰ Although raw success rates did not vary by race/ethnicity, the characteristics of voucher holders varied by race. Black and Hispanic voucher holders had similar characteristics, but whites were more likely to be elderly (17 percent of whites versus 3-6 percent for the other groups); male (30 percent of whites versus 12-14 percent for the other groups); disabled (43 percent of whites versus 17-18 percent for the other groups); and in single person households (36 percent of whites versus 14-19 percent for the other groups).

Exhibit 3-2
Success Rates By Demographic Characteristics

	Percent of all Households	Success Rate
Race Ethnicity		
White non-Hispanic	19%	69%
Black non-Hispanic	56%	68%
Hispanic	22%	68%
Other	2%	73%
Age of Head of Household		
Less than 25	18%	73%*
25 to 44	59%	68%
45 to 61	17%	70%
62 or Older	7%	54%**
Gender of Head of Household		
Female	83%	69%
Male	17%	64%*
Household Size/Disability		
1 person not elderly, not disabled	8%	56%**
1 person elderly, not disabled	1%	63%
1 person elderly and disabled	3%	54%**
1 person not elderly but disabled	9%	74%
2 people	24%	69%
3-4 people	41%	72%
5+ people	14%	67%*
Household Composition		
Not elderly, with Children	74%	70%
Elderly	7% ¹	54%**
Disabled, Single	10%	73%
Not Elderly or disabled No Children	9%	56%**
Preference Homeless		
Yes	6%	60%
No	94%	69%**
Income Relative to Local Median		
Income = \$0	4%	63%
\$0 < Income <= 30% of Local Median	75%	71%
Income > 30% of Local Median	21%	59%**

Exhibit 3-2 (Continued)
Success Rates By Demographic Characteristics

	Percent of all Households	Success Rate
Primary Source of Income		
<i>Wages</i>	44%	69%
Social Security	24%	66%
Welfare	24%	71%
Other (includes combinations)	5%	71%
Total Income is zero	4%	63%

¹ MTCS data indicate about 15 percent of Section Recipients in the nation are elderly. However, only 7 percent of the voucher holders in this study and 6 percent of the voucher holders in the 1993 study were elderly. Some possible reasons for this difference are: elderly people have lower exit rates for the program, near-elderly people who become participants age into the elderly category; or smaller urban PHAs or rural PHAs (not in this study) have a higher share of elderly recipients.

Source: Enrollment, Successful Lease-up and Unsuccessful Enrollee Data modules from Tracking System.

Sample Size: 2,609. Weighted to reflect national totals

* Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 10% significance level.

** Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 5% significance level.

Gender of Head of Household. The vast majority (83 percent) of households were headed by females. Although the success rate for households headed by females (69 percent) was similar to the rate for households headed by males (64 percent), this 5 percentage point difference is statistically significant at the 10 percent significance level.³¹ However, the regression showed no relationship between gender and the probability success once other factors were controlled for.

Household Size. The raw success rate varied somewhat by household size. A priori we might expect that larger households would have a lower success rate because they need larger units, which are reportedly harder to find in some markets. In fact, the study showed that both some categories of single person households as well as large households had lower success rates than households with 2 to 4 people. Households with 2 to 4 people had success rates between 69 and 72 percent, compared with 67 percent for households with 5 or more people.

The regression model included a separate variable for large household size (5 or more people). Consistent with our original expectations, larger households had a lower likelihood of success. At the mean success rate, being in this group reduced the probability of success by about 7 percentage points.

³¹ Excluding NYC, the national success rates for males is 67 percent and females is 70 percent. This difference is not statistically significant.

Two types of single-person households had significantly lower success rates: non-elderly, non-disabled individuals (56 percent) and disabled, elderly individuals (54 percent). At 74 percent, single non-elderly, disabled people had the highest success rates of all.³²

Household Composition. Based on preliminary analysis, we have grouped household composition into four groups:³³

- Non-elderly households with children, regardless of disability status;
- Elderly households, regardless of disability status and household size;
- Disabled single households; and
- Households with no children, no disabled members and no elderly members, regardless of household size.

Nearly three quarters (74 percent) of the households included children. The success rate for this group was 70 percent. Households comprised of single disabled members had the highest average success rate of 73 percent. This is contrary to the expectation that disabled households would have a harder time searching and finding units they could rent. Their higher success rate may be due to special assistance they receive.

As discussed above, at 54 percent, elderly households had the lowest probability of success, perhaps due to the difficulties in searching for units. The regression model found that at the mean success rate, being in this group reduces the probability of success by about 14 percentage points.³⁴

Another group with a significantly lower likelihood of success is households with no elderly or disabled members and no children. These households comprise 9 percent of all voucher holders. They are primarily extremely low-income, more likely to be male-headed, to be age 45 to 61, and have zero income. They are also much more likely to have moved up the waiting list based on a preference for homelessness and/or to be from New York City. The

³² The elderly are discussed under age above, and non-elderly, non-disabled are discussed under household composition below.

³³ Other groupings were considered. For example, we initially thought that single parent households would differ from households with children and 2 or more adults, but found that success rates for the two groups were identical. Similarly, disability status was not correlated with success for households with children present.

³⁴ See Appendix D for the derivation of the estimate.

regression model found that at the mean success rate, being in this group reduces the probability of success by about 11 percentage points.³⁵

Preference Due to Homelessness. We do not have direct information on the homeless status of voucher holders, only information on whether they had a preference due to homelessness. Six percent of voucher holders had such a preference. These households had a lower success rate (60 percent) compared with other households (69 percent). However, this difference is not statistically significant at the 10 percent level, nor is the difference significant in a regression model.

Income. Three-quarters of voucher holders had incomes below 30 percent of the local median for their household size. Seventy-one percent of this group succeeded in becoming program recipients. In contrast, only 59 percent of households with incomes greater than 30 percent of local median succeeded. (This difference is statistically significant at the 5 percent significance level.³⁶) This is consistent with the expectation that the lower a household's income, the greater the benefit from Section 8, and thus the higher the success rate.³⁷

Four percent of voucher holders reported no income. The success rate for this group was 63 percent. In spite of the fact that these households receive substantial benefits from the program, they may be viewed as unattractive tenants by potential landlords.

The regression analysis shows that the effects of both high income and zero income on the probability of success remain statistically significant after controlling for other characteristics. Having no income reduces the probability of success by about 10 percentage points, and having income above 30 percent of the local median increases the probability by about 14 percentage points.

Primary Source of Income. Wages were the primary source of income for nearly half (44 percent) the voucher holders. The primary source of income for the rest was evenly divided between social security and welfare. Working voucher holders often have less time to search for housing than others and may have more geographic limitations because they need a location convenient to their workplace, so they may be less likely to succeed. However, they

³⁵ See Appendix D for the derivation of the estimate.

³⁶ Differences that are statistically significant at the 5 percent significance level are indicated by an * next to the corresponding number in the exhibit. If the difference is not statistically significant at the 5 percent significance level, but it is significant at the 10 percent significance, this is indicated by ** next to the relevant number.

³⁷ The higher success rate of voucher holders with incomes under 30 percent of the local median suggests that even if PHAs issue less than 75 percent of their vouchers to people with incomes under 30 percent of the median, they can still meet the QWHRA requirement that 75 percent of new recipients have incomes less than 30 percent of the local median.

may be considered more desirable tenants, which could partly offset this. In fact, the success rate did not vary significantly based on source of income. This result holds in the regression analysis.

Program Category. As shown in Exhibit 3-3, most voucher holders (71 percent) came directly from the general waiting list. The success rate for this group was 65 percent. The second most common source of participants was the Welfare-to-Work (WtW) program, accounting for 18 percent of program participants. Under WtW, programs may offer services to voucher holders to enhance their ability to find housing that qualifies for the program. The Notice of Funding Availability (NOFA) indicates that such services may be offered but does not offer detailed guidelines on what they might include. The nature of these services can be expected to vary quite a bit from agency to agency. PHAs are expected to target services to families for whom housing assistance is deemed critical to the family’s ability to successfully obtain or retain employment. Since participants must be motivated to participate in this program and the program may offer additional services to voucher holders, we would expect them to be more likely to succeed in leasing up.

In fact, Welfare-to-Work participants had a statistically significantly higher success rate (77 percent) than participants from the general waiting list. It is not clear whether this is because these families were more motivated or because of the additional services they may have received. Also, WtW sites were reportedly under pressure to make sure that all WtW vouchers were used within a specified time period or risk having them recaptured. If so, this would create an incentive to concentrate resources on WtW voucher holders.

Once household, market and PHA characteristics were controlled for in the regression model, having a Welfare-to-Work voucher still had a positive effect on the probability of success, but the effect was no longer statistically significant.

**Exhibit 3-3
Success Rates by Program Category¹**

	Percent of All Households	Success Rate
<i>General Waiting List</i>	71%	65%
Welfare-to-Work	18%	77%**
Family Unification	4%	66%

¹ 7 percent of program participants had vouchers from small categories, including public housing relocation and Section 8 Optouts/preservation.

Source: Enrollment, Successful Lease-up and Unsuccessful enrollee data modules from Tracking System.

Sample Size: 2,609. Weighted to reflect national totals.

* Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 10% significance level.

** Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 5% significance level.

Only 4 percent of households received their voucher from the family unification program, which provides housing assistance to families who need it to retain or regain control of a child. The success rate for these voucher holders was similar to the rate for the voucher holders from the general waiting list.

Very few participants were from other special groups such as public housing relocation or Section 8 Optouts or preservation. Therefore, results are not presented separately for these groups.

Time on the Waiting List. Households often wait a long time from when they put their names on the Section 8 waiting list until the time they are issued a voucher. As shown in Exhibit 3-4, nearly half of all voucher holders (44 percent) waited a year or more for their voucher, including 20 percent who waited more than three years. Enrollees who are on the waiting list for a longer time may be more likely to lease units because the fact that they have stayed on the waiting list for a long time may be an indication of their motivation and need for Section 8 assistance. On the other hand, after such a long wait they may have found acceptable alternative housing, decreasing their motivation to succeed in the program.³⁸ In fact, the success rate did not vary by time on the waiting list. The success rate for households that had been on the waiting list less than 90 days was 70 percent, compared with 66 percent for those who had waited between 1 and 3 years and 72 percent for those who had been on the waiting list more than three years. These results hold in the regression model as well.

**Exhibit 3-4
Success Rates by Time on the Waiting List**

	Percent of all Households	Success Rate
Time on the Waiting List		
Less than 90 days	21%	70%
90 to 179 days	16%	70%
180 to 365 days (one year)	18%	65%
366 to 1095 days (three years)	24%	66%
More than 1095 days	20%	72%

Source: Enrollment, Successful Lease-up and Unsuccessful Enrollee Data modules from Tracking System.
Sample Size: 2,609. Weighted to reflect national totals

³⁸ People on the waiting list for a long time may have a higher “no show” rate when invited to a briefing, but this was not investigated in this study. No shows were not included in the voucher holder sample for this study, only households that attended a Section 8 briefing and were issued a voucher are in the study sample.

3.2 Role of Local Housing Markets in Success Rates

An important goal of this study was to explore the relationship between local housing markets and success rates. Several indicators of local housing markets were used, including estimates of vacancy rates, PHA assessments of the local market, and local Fair Market Rents (FMRs) and Payment Standards (PSs). Exhibit 3-5 presents findings on the relationship between local housing markets and success. Key findings are discussed below.

Exhibit 3-5
Role of Market Factors in Success

	Percent of all Households	Success Rate
Market Tightness¹ (Composite measure)		
Very tight	16%	61%
Tight	49%	66%
Moderate	28%	73%
Loose	7%	80%
Market Tightness¹ (Census weighted Avg)		
Tight	6%	64%
Moderate	37%	65%
Loose	38%	68%
Very Loose	19%	71%
(Missing for 13% of sample)		
PHA perceived Acceptance of Section 8		
High Acceptance	30%	73%
Moderate Acceptance	68%	67%
Little Acceptance	2%	NA ²
Anti Discrimination Laws		
Source of income	17%	76%
Source of income and Section 8	13%	62%
Neither	47%	69%
Don't Know/missing	22%	64%
2-BR FMR		
Less than \$600	31%	71%
\$600 to \$749	31%	69%
\$750 or higher	37%	66%
Payment Standard Relative to FMR		
PS below FMR	9%	62%
PS equal to FMR	67%	70%
PS greater than FMR, le 110% FMR	17%	66%
PS greater than 110% of FMR	7%	68%

Exhibit 3-5 (continued)
Role of Market Factors in Success

	Percent of all Households	Success Rate
Adequacy of Payment Standard		
Too Low	36%	62%**
About Right	62%	71%
Too High	2%	NA ²
PHA Size		
Fewer than 2500 vouchers	26%	70%
2500-6000 vouchers	37%	70%
More than 6000 vouchers	38%	66%
Percent of Units that Pass Initial Inspection		
50% or fewer	31%	67%
51 – 75%	49%	70%
over 75%	20%	74%

¹ Categories correspond to following estimated vacancy rates: Very tight, less than 2%; tight, 2-3.9%; moderate, 4-6.9%; loose, 7-9.9%; and very loose, 10% or above.

² Category includes only one site, so success rate not provided

Source: PHA Survey, Successful Lease-Up and Unsuccessful Data modules from Tracking System, and Census 1999 Homeownership and Rental Vacancy Report.

Sample Size: 2,609. Weighted to reflect national totals

* Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 10% significance level.

** Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 5% significance level.

Vacancy Estimates. Two vacancy measures are presented in Exhibit 3-5. First, senior researchers from Abt Associates estimated vacancy rates in the portion of the market available to voucher holders. This was done by querying experts in each local market to arrive at a consensus vacancy range: very tight (less than 2 percent), tight (2 to 4 percent), moderate (4 to 7 percent), loose (7 to 10 percent), or very loose (more than 10 percent). Experts contacted included PHA staff, HUD area economists, local realtors, city community planning professionals, housing advocates, and real estate associations.³⁹ The second measure used was the Census vacancy measure for large metropolitan areas. For this measure, a three year weighted average of the rental vacancy rate was used to smooth out the data, which often vary substantially from year to year.⁴⁰ Although it is subjective, the

³⁹ The information for this measure was collected in the fall of 2000, during the same time period voucher holders in the study sample were searching for housing. By deriving the vacancy estimates before final outcomes were known, we eliminated the possibility of biasing the results based on known success rates.

⁴⁰ The rental vacancy rate was from the U.S. Census 1999 Homeownership and Rental Vacancy Report, Annual Statistics, Table 5, Rental Vacancy Rates for the 75 Largest Metropolitan Areas 1986 – 1999. Because the vacancy rates in some jurisdictions are unstable from year to year and have a relatively large standard error, a weighted average vacancy rate from 1997 to 1999 was used. The 1999 rate was given a

measure developed by Abt Associates staff is preferable for two reasons. First, it focuses on units in the rent range relevant to Section 8 voucher holders and the geographic area where the PHA operates its program. In contrast, the Census data cover the full price range of rental units across entire metropolitan areas. Second, Abt Associates researchers obtained estimates for all of the study sites, while the census covers only 87 percent of the households in the study.

As expected, the success rate increased with vacancies. This is more prominent when the composite measure, specific to the relevant part of the market is used, but it is also evident from the Census data. The average success rate was 61 percent for households in very tight markets, 66 percent in tight markets, 73 percent in moderate markets, and 80 percent in loose markets. The difference in success rate between the reference category—tight housing market—and the other categories was not statistically significant. However, the differences between the success rate in very tight markets and the rates in moderate markets and loose markets were statistically significant (results not shown in Exhibit). A similar, but weaker pattern emerged using the Census variable, for which rates ranged from 64 percent in tight markets to 71 percent in very loose markets.

Even after controlling for other factors, the regression model shows that vacancy rates continued to play the expected role in success rates. Relative to the reference category (tight market), having a voucher in a very tight market did not have a statistically significant effect on the likelihood of success. However having a voucher in a moderate market increased the likelihood by about 9 percentage points, and having a voucher in a loose market increased the probability by about 14 percentage points.⁴¹

Not surprisingly, in addition to lower success rates, search times were longer in tight markets. The average search time was 93 to 94 days in very tight and tight markets, compared with 69 days in moderate markets and 59 days in loose markets. More than half of successful households in moderate or loose markets succeeded within 60 days, and only 13 percent took more than 120 days. In tight and very tight markets, only about one third of successful households found their units within the first 60 days, and for more than thirty percent of successful households it took more than 120 days to find units. Exhibit 3-6 provides details on search time by market tightness for successful households.

weight of 0.5, the 1998 rate a weight of 0.3, and the 1997 rate a weight of 0.2. The 1999 rates were also used alone, but the results did not vary materially. At the time these data were collected, 2000 vacancy rates were not available.

⁴¹ A regression was also run using the Census Bureau vacancy measure but the coefficients were not statistically significant.

Exhibit 3-6
Time to Lease for Successful Households by Market Tightness

Time to Lease	Very Tight Market	Tight Market	Moderate Market	Loose Market
Less than 30 days	14%	15%	20%	25%
30 to 59 days	26%	20%	31%	35%
60 to 119 days	28%	35%	35%	31%
120 to 179 days	21%	19%	12%	6%
180+ days	11%	11%	3%	3%
Average Search Time	94 days	93 days	69 days	59 days
Median Search Time	76 days	82 days	57 days	50 days

Source: Abt Associates composite vacancy measure, and Successful Lease-Up and Unsuccessful Data modules from Tracking System.

Sample Size: 1,780. Weighted to reflect national totals

Landlord Acceptance. Most voucher holders were in local market areas in which PHA staff thought there was a moderate degree of landlord acceptance of the program. Not surprisingly, the success rate for these voucher holders (67 percent) was lower than in PHAs where staff thought there was a high degree of acceptance of the program (74 percent). The difference was not statistically significant.

Anti Discrimination Laws. Some jurisdictions have laws that prohibit discrimination in renting units based on source of income and/or receipt of Section 8. About 22 percent of voucher holders were in PHAs where staff interviewed for this study did not know about local laws. The success rate was 76 percent among voucher holders in jurisdictions with protection based on source of income, 62 percent when both source of income and receipt of Section 8 were protected, and 69 percent when neither was. Although the raw differences shown in the table were not statistically significant, the regression shows that, all else equal, enrollees in programs that are in jurisdictions with laws that bar discrimination based on source of income (with or without Section 8) had a statistically significantly higher probability of success of over 12 percentage points.

Fair Market Rents. The success rate did not vary by the absolute level of the FMR. In high FMR areas the success rate was 66 percent, and in low FMR areas the success rate was 71 percent.⁴²

Adequacy of Payment Standard. Most voucher holders (67 percent) were in PHAs which set the payment standard at the FMR. At 70 percent, the success rates in these PHAs were slightly higher than in PHAs with payment standards either below or above the FMR, (62 and

⁴² Based on the results of the crosstabulations, this variable was not included in the regression model.

66 percent). These differences were not statistically significant in the crosstabulations. However, once other factors were controlled for, having a voucher from a PHA with a payment standard either below the FMR or between 101 and 110 percent of the FMR was associated with a statistically significantly lower likelihood of success.

Another potential indicator of market condition is the PHA's perception of the adequacy of the payment standard. Most voucher holders (62 percent) were in jurisdictions in which PHA staff thought the payment standard was about right. Not surprisingly, the success rate for voucher holders in jurisdictions where PHA staff thought the payment standard was too low (62 percent) was statistically significantly lower than for voucher holders in jurisdictions where the PHA thought the payment standard was about right (71 percent). The result was not statistically significant in the regression analysis, though it still shows a negative effect of the perceived low payment standard on success.

PHA Size. Both the crosstabulations and the regression model show that there appears to be no correlation between PHA size and probability of success.

Percent of Units that Pass Initial Inspection. As part of the PHA questionnaire, PHAs were asked to estimate the proportion of units presented for inspection that passed their first housing quality standards (HQS) inspection (without needing to be reinspected). This variable is used as a proxy for housing quality in the local jurisdiction, on the assumption that the higher the proportion of units that pass initial inspection, the better the local stock. (It could also indicate leniency on the part of the PHA.) About one third (31 percent) of voucher holders were in PHAs where no more than half of all units passed on the first inspection. The success rate for these voucher holders was 67 percent. Voucher holders in PHAs where the majority of units passed HQS on the first inspection had a higher success rate (70 to 74 percent), though this difference was not statistically significant. However, once other factors were controlled for in the regression, the difference was significant.

3.3 Success Rate by PHA Practices and Procedures

As part of the data collection effort we interviewed Section 8 staff in each sampled PHA to obtain information about practices and procedures that might affect success. Exhibit 3-7 presents the success rates for enrollees based on the practices and procedures reported by their PHAs.

Exhibit 3-7
PHA Practices and Procedures That May Affect Success

	Percent of all Households	Success Rate
Briefing size		
Individual Briefing	12%	80%
Individual and Group Briefings	22%	68%
Group Briefings of <30 people	33%	67%
Group Briefings of 30 or more people	33%	66%
Who gets Extension?		
Anyone who requests	37%	74%
Only People who document effort	43%	66%
Only Special Categories	20%	63%
Assistance Denied based on drug or violent criminal arrests or other criminal convictions?¹		
No	18%	66%
Yes	82%	69%
Assistance denied based on poor landlord reference, poor housekeeping or bad credit history?		
No	91%	68%
Yes	9%	74%
Housing Search Counseling		
Available to all Enrollees	38%	67%
Available only to Special Programs	32%	74%
Not Available	30%	64%
Vacant Unit Lists or Landlord lists		
List Updated Daily	34%	70%
List Updated Weekly	47%	65%
List Updated Monthly or less or not available	18%	73%
Outreach to New Landlords		
At Least Monthly	34%	66%
Every few Months	33%	74%*
At least Annually	11%	67%
Less than once per year or never	21%	65%

¹ PHA staff were asked whether they deny assistance based drug or violent convictions (which almost all do, so there is too little variation to do a cross-tabulation), then they were asked other questions on whether they deny assistance based on: arrests (not convictions) for drug or violent crimes; and for and for arrests or convictions for other (non-violent and non-drug) crimes. Their responses to these questions was the basis for this variable.

Source: PHA Survey Successful Lease-Up and Unsuccessful Data modules of Tracking System.

Sample Size: 2,609. Weighted to reflect national totals

* Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 10% significance level.

** Signifies difference in success rate between category and reference category (in bold and italics) statistically significant at the 5% significance level.

Briefings. Large group briefings were the most common way voucher holders were introduced to the program and told what they would need to do to find suitable housing and begin receiving assistance. About one third of program participants (33 percent) were from PHAs that held briefings for groups of 30 or more people. Individual briefings were least common. Only 12 percent of participants were in PHAs that held individual briefings. At 80 percent, the success rate for voucher holders in PHAs with individual briefings was higher than for other types of PHAs. Although this difference is not statistically significant in comparing the raw numbers, the regression shows that once other factors are controlled for, having a voucher in a PHA that conducts individual briefings increases the probability of success by about 15 percentage points relative to holding a voucher issued by a PHA that conducts larger group briefings.

Although the raw numbers are nearly identical, having a voucher in a PHA that conducts smaller group briefings of under 30 people, is associated with a lower probability of success of about 10 percentage points. Thus it appears, that individual briefings that provide individual attention, or large group briefings that offer the opportunity to have many questions answered are optimal.⁴³

Extensions. Voucher holders served by PHAs that offer an extension to anyone who requests one had a higher success rate (74 percent) than holders of vouchers from either PHAs that require documentation of search (66 percent) or give extensions only to special groups (63 percent). The difference is not statistically significant in the simple comparisons or in the regression analysis.

Tenant Screening. A large majority (82 percent) of all the households received their voucher from PHAs that screened out applicants based on drug or violent criminal arrests or other criminal convictions. (Almost all PHAs reported screening based on violent or drug-related convictions, so there is no variation across PHAs to explore.) The success rate in these PHAs was slightly higher (69 percent) than in PHAs that did not screen on these types of arrests or convictions (66 percent), though the difference is not statistically significant. Few voucher holders were served by PHAs that screened out applicants based on other characteristics, such as poor landlord references, poor housekeeping or poor credit history (9 percent). While the more rigorous screening was associated with a higher success rates (74 compared with 68 percent), these differences are not statistically significant. In the regression analysis none of these tenant screening practices were found to play a significant role in the probability of success.

⁴³ The length and size of the briefings are highly correlated. Individual briefings are much shorter than group briefings, thus briefing length was excluded from the analysis.

Search Assistance. Several types of search assistance are offered to voucher holders, including search counseling and lists of vacant units and of willing landlords.⁴⁴ We would expect that, all else equal, the more the PHA does to facilitate housing search, the higher the expected success rate. However, PHAs may provide extensive search assistance in response to low success rates, so it is not clear a priori what the relationship is between search assistance and success.

Housing search counseling was available in 70 percent of sites. In some sites (38 percent) counseling was available to all voucher holders, and in other sites (32 percent) search counseling was available only to voucher holders in special programs. At 74 percent, the success rates were highest when search counseling was available only to participants in special programs, though the difference is not statistically significant. The success rate was 67 percent when PHAs offered search counseling to all voucher holders and 64 percent when counseling was not available. No significant differences were found in the regression model.

All PHAs report either offering lists of units known to be available (vacant unit lists), or lists of landlords that who had expressed willingness to rent to voucher holders. The frequency of update of these lists ranged from daily (34 percent) to weekly (47 percent) to monthly or less (18 percent). The relationship between frequency of updates of lists and success rates is not as expected. The success rate was highest in sites that updated lists monthly or less and lowest in sites that updated lists weekly. These differences are not statistically significant, and the regression also shows no significant effect of frequency of list update on the probability of success.

Outreach to Landlords. About 80 percent of voucher holders had PHAs that conducted some sort of outreach to local landlords. There was no consistent pattern between more frequent landlord outreach and success rates. This may be because intensity and quality of the landlord outreach were not measured, just the frequency with which the PHA reported conducting it. The success rate was similar when there was no or infrequent outreach (65 percent), when it was conducted at least monthly (66 percent), or annually (67 percent). The success rate was slightly higher when outreach to landlords was conducted every few months (74 percent). Once other factors were controlled for, outreach every few months continued to be associated with a higher likelihood of success.

⁴⁴ Search assistance provided is reported by PHA staff. It only captures whether or not these services are offered, not the intensity or quality of these services or whether or not the voucher holders in the sample took advantage of the service. One measure of overall quality of the PHA's Section 8 Program (although not necessarily of a particular service) is the SEMAP Score, but these scores were not available in time for this study.

3.4 Summary of Findings Regarding Factors Affecting Success Rates

This chapter looked at the relationship between various enrollee, market and PHA characteristics on the probability of voucher holder success in leasing a qualifying unit. Raw success rates were presented for various groups of enrollees, as were the results of a regression model that separated the effects of each characteristic on the likelihood of success.

Household Demographics

The study found that once other factors are controlled for success rates do not differ by race, ethnicity, gender of the head of household or by disability status of household members.

Success rates did vary by household age, size and composition. Elderly households had lower success rates, perhaps due to the difficulty these households face when searching for units. Households with non-elderly, non-disabled persons and no children also had lower success rates than other household types. These households are generally extremely low-income households. Compared to other voucher holders, they are more likely to be male-headed, to be age 45 to 61 and have zero income. They are also much more likely to have moved up the waiting list based on a preference for homelessness or to be from New York City. The regression analysis also showed that, once other factors are controlled for, households with five or more members have a lower probability of success.

Consistent with their higher expected subsidy, households with incomes greater than zero but less than or equal to 30 percent of local median were more likely to succeed than were households with incomes above 30 percent of the local median. In spite of their large expected subsidy, households with no income also had lower success rates, perhaps as a result of their unattractiveness as potential tenants. Success rates did not vary by source of income.

The raw data show that households with Welfare-to-Work vouchers had higher success rates compared with voucher holders from the general waiting list. However, once other factors were controlled for, this difference while still positive, was no longer statistically significant. Time on the waiting list does not appear to be correlated with ultimate success.

Market Factors

As expected, success rates were lower in tight markets compared with looser markets. The average success rate was 61 percent in very tight markets, 66 percent in tight markets, 73 percent in moderate markets, and 80 percent in loose markets. In addition, search time was longer in tight markets, averaging 93 to 94 days in both tight and very tight markets, 69 days in moderate markets and 59 days in loose markets.

Success rates were higher in markets where PHA staff thought landlord acceptance of the program was high and in markets where PHA staff thought the payment standard was adequate, although these results are not statistically significant in the regression. Having a voucher in a market with some sort of protection against discrimination based on source of income also improves the chances of success. Voucher holders from PHAs where the payment standard equals the FMR had a higher probability of success than voucher holders in PHAs with payment standards below the FMR or between 101 and 110 percent of the FMR.

PHA size does not appear to be related to the probability of success.

Having a voucher from a PHA where a large fraction of units pass the HQS inspection on the first try is associated with a higher probability of success. The percent of units that passed the initial inspection was considered an indicator of housing quality in the area, thus the higher the quality of the housing stock, the higher the success rate.

PHA Practices and Procedures

Success rates were compared based on a range of PHA practices and procedures that were thought to play a role in success, including briefings, extension policies, screening policies, search assistance, and landlord outreach. When comparing raw success rates, the only practice that had a statistically significant association with success was landlord outreach, where being in a PHA that conducted outreach every few months was associated with a higher probability of success.

In the regression analysis in addition to landlord outreach briefing policies were also found to be associated with the probability of success. Individual briefings were associated with a higher probability, and small group briefings with a lower probability compared with large group briefings. It is not always clear how to interpret the role PHA actions play in success because we do not know whether they are a result of prevailing conditions or whether they are a cause. For example, we do not know whether infrequent landlord outreach is related to higher success rates because somehow infrequent outreach contributes to a higher success rate, or whether it is because these PHAs already have a relatively high success rate and, therefore, do not believe they need to do more frequent outreach. Similarly, regarding other policies (such as search assistance and lists of vacant units or accepting landlords), we do not know if the enrollees in our sample used these tools.

Chapter Four

Development of a System for Tracking Voucher Success Rates

Previous studies of Section 8 success rates have required PHA staff to enter data onto paper forms. These forms were submitted to the research staff for data entry. This was a labor intensive process for PHAs and researchers, involving redundant rounds of data entry (the PHA on paper and the researchers into an electronic database) and manual reviews for completeness and consistency.

Furthermore, such a data collection system did not provide a simple method for PHA staff to get feedback on the success of their voucher holders. They still had to hand-calculate success rates for any groups they were interested in tracking. If they wanted to know where individual voucher holders or targeted-groups of voucher holders were in the search process (i.e., still searching, waiting for inspection results, leased-up, voucher expired), they had to manually look up each voucher holders' record.

To address these issues, this study developed tracking software that was provided to the sites for entry of characteristics of households and details of their housing search process. The software made it easier for PHAs to participate in the study and also provided them with immediate feedback on the success rates or current status of the voucher holders in the sample. Thus, the study's tracking software served as a preliminary demonstration of a potential ongoing data collection system that would allow PHAs to monitor success rates on a continual basis. Monitoring success rates at the PHA level is useful for several reasons. Section 8 staff need accurate predictions of the share of voucher holders that will lease up, so they can issue an appropriate number of vouchers to maintain high utilization rates and earn full administrative fees.⁴⁵ PHA staff also need to know differences in success rates across different types of voucher holders, so they understand how well their program is serving these different groups. Tracking success rates will also allow the PHA to evaluate the effectiveness of various policies and procedures to identify areas for improvement as well as the strengths of their program. Since PHAs earn administrative fees based on the number of subsidized households, not the number of households to whom they issue vouchers, they can save money by increasing their success rates. By increasing their success rate, a PHA can reduce the number of households that need to go through the intake, eligibility determination, and briefing process.

⁴⁵ At the start of data collection in the spring of 2000, PHA Section 8 staff were asked to estimate their success rate. Over half (26) of the 48 PHA estimates were more than 10 percentage points higher or lower than the actual success rate of their voucher holders tracked for the study. Twice as many PHAs overestimated than underestimated their success rate by more than 10 percentage points (17 overestimates versus 9 underestimates). This suggests PHAs need more accurate information on the success rates of their voucher holders.

In this chapter, we describe the design of the study's tracking system and challenges faced in implementing the system. In the final section, we provide recommendations for further development of tracking systems for use by PHAs or in future studies.

4.1 Design of the Study's Tracking System

The tracking system software was provided to PHAs on a CD-ROM.⁴⁶ PHA staff ran the setup program from the CD on a desktop computer, and it automatically installed all the files needed for operating the tracking system.⁴⁷ Then, when PHA staff clicked on the tracking system icon, the tracking form appeared on the screen. The first screen allowed a user to choose which voucher holder's record to update or to add a record for a new voucher holder. On the next screen, the user indicated the type of data to be entered: enrollment, extension, inspection, or contract information. The data entered was automatically saved in an ACCESS database. PHA staff were asked to e-mail (or copy to a diskette and mail) the updated ACCESS database to Abt staff once a month.

Trainers from the research team walked PHA staff through the installation process as part of the data collection training. PHA staff were also provided with a detailed training manual, with step-by-step instructions on how to install the software and how to enter the requested data in the system.⁴⁸ In addition, each PHA was assigned an Abt Associates technical assistance provider to whom users could call or e-mail if they had any problems using the software.

Technical Guidelines for Developing the Tracking System

One of the challenges in developing an electronic tracking system is that it needed to be technically compatible with hardware and software at all participating PHAs. Therefore, the system had to:

- require only minimum hardware and operating system technology to work;
- be a stand-alone system that would not require PHAs to have or purchase special software;

⁴⁶ The tracking software was designed and specified by Abt Associates researchers with input from Quadel Consulting Corporation staff. Once specified, the source code was written in Visual Basic 6.0 by programmers from the QED Group, LLC.

⁴⁷ Installation of the software on a local area network was a little more complicated and required computer savvy PHA staff or someone from the PHA's information technology department.

⁴⁸ Climaco, Carissa, Larry Buron, Neelima Grover and Max Shestopalov. 2000. *Training/User's Guide for the Section 8 Housing Choice Voucher Program Tracking System: Version 1.1*. Prepared by Abt Associates and QED Group, LLC for the U.S. Department of Housing and Urban Development.

- work on both individual desktop computers and on local area networks; and
- be simple enough for computer novices to install and use.

The final tracking system met these requirements, and all participating PHAs were able to successfully install and use the software. All their computer systems met the minimum requirements of a Pentium processor, Windows 95 or a more recent operating system, 32 megabytes of Ram, and 20 megabytes of hard disk space. The study benefited from concern about Y2K problems, which had motivated several PHAs to update their computer systems in 1999. We also developed a paper version of the tracking system in the event that software did not work on a PHA's computer system, or PHA staff preferred paper forms. None of the PHAs chose the paper version.

Guidelines for Making The Tracking System Easy to Use

To obtain high quality data and minimize the data collection burden for PHA staff, the design of the software had to do the following.

- Accept data in the same format that PHAs collect as part of their normal operating procedures.
- Label all variables with familiar terms and provide the sufficient guidance on the computer screen that users would rarely need to reference the training manual.
- Minimize mistakes by building in automated checks that would query the data entry person before he or she moved to another screen.
- Require a few key pieces of information needed to identify the voucher holder before the record could be saved. This information automatically appeared on every screen for the record to make sure data was being entered for the correct voucher holder.
- Allow PHAs to search the database by name, social security number, or an assigned PHA ID so a user could look up a specific record with whatever identifying information he or she had available for a voucher holder.
- Produce success rate and status reports that PHAs would find useful in their own management of participant flow.
- Be thoroughly tested to find and remove bugs before going live.

All of the data items requested from PHAs were already collected as part of the normal procedures for intake, eligibility determination, extension, inspection, and leasing. To make it easier for PHAs to provide the information, we used the same terminology and categories

required for various HUD forms (e.g., HUD's 50058 form) or otherwise common terminology in administering the program.

Automated checks were built into the software to catch mistakes as they were entered. For example, if the user entered an invalid date or inconsistent information (for example, the sum of the income from various sources did not equal the total income entered), then an error message popped up. The user had to reconcile the information before he or she could move to the next screen. Following the monthly submission of data, research staff did more extensive checks for inconsistencies and brought problems to the PHA's attention so they could be fixed.

To make the tracking system more useful to PHAs, we also built in automated reports. By clicking on the appropriate button, PHA staff could find out how many of their voucher holders were successful, unsuccessful, or still searching for housing. Other reports produced the same information broken down by demographic group or date of voucher issuance. For those still searching, a report could be produced to show whether they had requested a lease approval and, if so, where they were in the process (pending inspection, inspection complete, etc.).

A key step in the development of the tracking system was testing and retesting preliminary versions of the system before providing it to all participating PHAs. The objectives of testing the tracking system were to remove bugs that would result in a loss of data, inaccurate data, or frustration on the part of PHA staff who entered the data. There were four stages of testing. In the first stage, the staff who designed the software ran the tracking system through a series of pre-designed tests. This testing was done multiple times until the software met all of the pre-designed tests for functionality. In the second testing stage, colleagues with various levels of computer literacy were recruited and asked to test the software on an ad hoc basis. In the third stage, the Quadel Consulting and Abt Associates staff who would be responsible for training PHAs on the use of the tracking system, were trained on its use and asked to test all possible situations they might encounter. After completing the debugging from the first three stages, we asked four PHAs to pilot test the system. These four PHAs were trained and started using the software several weeks before we scheduled training times with the other participating PHAs. The software functioned near perfectly in the pilot test. Only a few minor revisions were made before starting data collection in the other sites.

4.2 Challenges in Implementation of the System

We faced many challenges in actually implementing the tracking system. As expected, the computer literacy levels of users from extremely knowledgeable to new user. A technical assistance person was assigned to each PHA in order to work through the computer literacy issues and software problems that arose. Most inexperienced computer users welcomed the opportunity to become more proficient.

Other challenges included the following.

- Turnover of PHA staff resulted in a need to train new staff to use the tracking system and in lags in receiving data as the remaining PHA staff had to fill multiple roles.
- Installing the Tracking System on local area networks was difficult at some sites. Our PHA contact person usually did not have authority to install programs on the network drive. Getting PHA information technology staff involved added logistic complexity and, in a few cases, required multiple installation attempts before the software worked correctly.
- At some PHAs, the data we collected was kept in separate paper or electronic files in different departments (e.g., intake and inspection departments) that did not normally coordinate their information systems. This added an additional step, as our contact person had to work with someone in another department to obtain data on the sample voucher holders experiences. Also, the PHAs internal electronic databases were often not updated frequently, which resulted in lags in data collection for the study.

4.3 Recommendations for a System for Tracking Success Rates

Two keys for making a successful tracking system for Section 8 success rates are to avoid redundancy and to make the tracking system a useful management tool for the PHAs.

The first key to the design of a successful tracking system is to avoid redundancy by ensuring that the data entered by the PHA only needs to be entered once. For instance, if the data are needed for other purposes, then tracking system data should be in a format that meets the requirements for the other purpose as well. For example, HUD has started implementation of a system that will allow HUD to track success rates at the national level. Up to now, PHAs submitted HUD's 50058 Form, containing demographic and income information, on all new Section 8 recipients. Under HUD's new reporting requirements, which will take effect in June 2001,⁴⁹ PHAs will be required to submit HUD's 50058 form for every household to which the PHA issued a voucher. The PHA must update the information if the voucher holder successfully leases a unit in the Section 8 program or the voucher expires. The success rate can then be calculated by dividing the number of voucher holders who lease a unit by the total number of households issued vouchers. This will allow calculation of the success rate for all voucher holders in the nation at any time period of interest, rather than for a sample of voucher holders at a specific time. As long as PHAs submit accurate information

⁴⁹ HUD Notice PIH 2001-11 (HA) reports the revised Form HUD-50058 will be implemented by June 1, 2001. See Form HUD-50058 Instruction Booklet (U.S. Department of Housing and Urban Development, Office of Public and Indian Housing, March 19, 2001) for information on reporting requirements.

and the calculations are for vouchers issued at least one year earlier (to allow the full search time PHAs give voucher holders and to allow for lags in entering the data), this method will be an efficient way to track the overall national success rates and success rates for various demographic groups over time.

A second key to the design of a tracking system for success rates is to make it a useful management tool. For example, it would be useful for PHAs if HUD's Multifamily Tenant Characteristics System (MTCS) easily allowed PHAs to generate success rates for their voucher holders, in total and for subgroups that they specify. This would help PHAs understand how well their program is serving various clients and identify areas where they need to provide more assistance or at least investigate the reasons for lack of success. By providing useful feedback to PHAs, this would increase the motivation for PHAs to enter accurate and timely information.

PHAs may want to implement their own more comprehensive tracking system in addition to submitting data on voucher holders to the MTCS. If they do so, the tracking system should be able to provide the data needed for MTCS in order to avoid redundancy.

A more comprehensive tracking system could track each step in the Section 8 process and trigger the appropriate action steps. For example, a comprehensive system could include intake data (as does the 50058 Form) as well as extension information, request for lease approval and inspection data, information on search assistance provided, and contract information.⁵⁰ Inspection requests could be generated by the system and then the inspector could enter the results of the inspection in the same system. This would allow PHAs to know the status of each of their voucher holders at any given time. In addition to success rates, they would know the number of voucher holders who were still eligible to search for housing or waiting for inspections, and how many units failed inspection or rent reasonableness. It would also allow the PHA to analyze the length of various processes such as the length of time from an RFLA to a completed inspection or time between a completed inspection and a signed contract with the landlord. This in-depth information would allow them to identify the difficult areas in their programs. Are voucher holders not even finding units to inspect? Are they finding units, but they are not passing inspection? Are the units failing rent reasonableness? Is there a long wait for inspections? Is there a long lag time between completed inspections and signing a contract with the landlord? Are people receiving search assistance having more success? All this information could be compared across subgroups to identify particular groups having problems. This information can be used to serve the PHAs clients better, identify lengthy processes that frustrate potential landlords, and cut administrative costs by removing barriers to leasing up, thus reducing the number of households that need to go through the intake, eligibility determination, and briefing process.

⁵⁰ The system would need to be on shared network drive so that each PHA staff member who works with a client could view and enter data into the same system.