

Section 8 Existing Housing  
Assistance Payments Program;  
"An Administrators Analysis"

by

Juan A. Patterson

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Signature of Author \_\_\_\_\_

Department of Urban Studies and  
Planning

Certified by \_\_\_\_\_

Langley Keyes  
Thesis Supervisor

Accepted by \_\_\_\_\_

Chairman, Departmental Graduate Committee

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Submitted to the Department of Urban Studies  
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 Requirements of the Degrees of Bachelor of  
 Science in Urban Studies and Master of City  
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ABSTRACT

An evaluation of the Section 8 Existing program was made utilizing data from national studies, a statewide survey of Metropolitan Housing Authorities in Ohio and from program administration on the local level in Wayne County, Ohio.

Three basic areas of the program were examined;

Prominence of Section 8 Existing  
 in the total assisted housing picture  
 Program Design  
 Efficiency of Administration

The results of the evaluations show that Section 8 Existing is a major vehicle in providing decent, safe and sanitary housing for low income families. It has proven to be the least expensive of current housing programs in accomplishing its goal and it is the quickest way to transform appropriated housing monies into tangible benefits.

Section 8 Existing was found to benefit very low income families to such an extent as to cause the author to recommend that all future assistance under this program be targeted at that group alone. In addition, the program was found to be successful in reducing rent burden by 45% - 50%, improving the quality of housing for participants, and relieving these participants from adverse environmental effects.

The Section 8 Existing program was not successful in its goal of economic and racial dispersal. Due to the fair market rent structure, most families were not able to occupy units outside of the traditionally low income areas. The combination of FMR's and discrimination acted to inhibit the free movement of minorities and large families with children. Realistic FMR's are needed to make economic dispersal possible. New anti-discrimination laws concerning children and enforcement of existing housing equality laws are also needed.

Thesis Supervisor: Dr. Langley Keyes

Title : Professor of Urban Studies and  
Planning

## P R E F A C E

Preface

In February, 1976, fresh out of college, I was selected to head the Wayne Metropolitan Housing Authority in Wayne County, Ohio. It was, in fact, a new authority and I represented the first and entire staff. My immediate responsibility was to apply for funding from HUD to initiate the W.M.H.A.'s first project. When I arrived on board I was given just 13 days to assemble and submit an application for 50 units of Section 8 Existing Rent Assistance. Having never heard of the program, my first reaction was that of shock. My second reaction was one of worry. It wasn't until the dismay began to clear away that I began to think rationally and decided to find out what in the devil was this Section 8.

My first surprise (among many I was later to find out) was that during my research of the subject, I found out there was not one, not two, but three kinds of Section 8, each one different from the other. First there was Section 8 New Construction, a rent subsidy given to projects of new construction. Next there was Section 8 Substantial Rehab, a rent subsidy given to projects that were to be rehabilitated. Then there was

Section 8 Existing, a rent subsidy that was to be given to what!? To families?

That tipped me off that Section 8 Existing was going to be a different kind of program. First of all we were talking about dealing in the private housing market. Next, absolute cooperation of certified families was a necessity. I was beginning to see what I was getting myself into. I now was realizing that the two most important factors of the program's success were almost totally beyond the control of the Housing Authority.

After learning what I could about Section 8, I began working on the application, a process which, in itself, was a long one. Because the program was relatively new at the time and HUD was (and still is and always will be) in the process of reorganization, very little help could be gotten from them. There were forms to be gotten, Equal Housing Opportunity Plans to be written, Utility Schedules to be computed and an assessment of other tasks to be performed.

Miraculously, the application was completed and forwarded to HUD; then the waiting came. One month passed then two. Finally, sometime during the third month, HUD notified me of their approval and the paperwork began again. This time it was

### Budgets and Administrative Plans.

To make a long story short, we received our funds in November of 1976, 8 months after submitting our initial application. I must admit though, despite the length of time it took for the funds to arrive, it was nonetheless a day of rejoicing for me and my newly hired assistant, especially since we wouldn't have been able to meet the next payroll without it (the rent was also due and other bills were past due).

I gained a great deal of program experience through administering the program as Executive Director of the Wayne Metropolitan Housing Authority in Wooster, Ohio. The W.M.H.A. is relatively small as housing authorities go. As of this writing, it administers 315 units of Section 8 Existing and 147 units of Public Housing. Under construction are an additional 30 units of public housing.

Wayne County is the type of place many would consider rural. The total population is around 85,000 and the largest city, Wooster, has a population of just over 20,000. The two largest cities after Wooster are Orrville and Rittman with populations of just over 8,000 and 7,000 respectively. The balance of the population is widely scattered throughout the villages and unincorporated areas



of the county.

The economy is primarily agricultural in nature, but the cities of Wooster, Rittman and Orrville thrive on the factories such as Rubbermaid, Frito-Lay, Morton Salt, Akron Brass, Orrville Products, and others.

The county can be characterized as politically and socially conservative. It is a relatively close knit place where it seems everyone is either related to everyone else or at least they know one another. Very little escapes unnoticed by the population at large because of its cautious approach things which are new or complex.

Administering a program in a community such as this poses its own special set of advantages and disadvantages; advantages because it is possible to get a clear mental picture of the political, social, and economic dynamics of a community and thus tailor the program to fit the specific needs of that community. Disadvantages arise from the fact that all government programs are considered suspect in an atmosphere of conservatism. In a place such as this, a program must necessarily be administered in ways that are different than in a large metropolitan area. Things must be done a little more slowly and tactfully the first time

around. Personal and warm contact must be established for there to be a response from those who would be party to the program. The agency must not be perceived as impersonal or a beaurocracy.....just what skeptics envision the government as being. Methods that would go unnoticed in metropolitan areas would possibly have an unwanted effect here.

Despite knowing all of this, administering the program still proved to be more than I had counted on. Although I had a written Administrative Plan, the natural sequence of events rarely followed the plan. Making the program work within the boundaries of guidelines and regulations was not necessarily the easiest thing to do. The amount of paperwork, certifications, negotiations, outreach, inspection and reporting nearly overwhelmed me until I had acquired a more thorough understanding of the program.

During these early stages of program administration, I began to see aspects of the program that could use improvement. I also began to appreciate what the Section 8 Existing Program meant to housing authorities (especially small ones and new ones like mine) and to the clients that were served. It was at that time that I began to

take a closer look at the program and evaluate it from the prospective of a director of a Housing Authority. I soon found out that many Housing Authorities shared my concerns and elations over the program. I also learned that in some communities the program worked rather smoothly and in other it didn't. I learned that there were also universal problems with the program that left no Housing Authority untouched. It also became evident to me that Section 8 Existing was beginning to represent a large proportion of housing assistance that was available to low income clients of Housing Authorities and across Ohio.

The Section 8 Existing Program in Ohio represents a large portion of the strategy of Public Housing Authorities to meet housing needs of low income households. More specifically, the program in Wayne County presently accounts for over 60% of the subsidized housing effort. Likewise, this occurrence can be found in similar proportions among many of the other smaller housing authorities across the State.

Why has the program become prominent? Is this just a local phenomenon or does it exist Nationwide? What was it intended to accomplish? Did it accomplish those goals? Who benefits and how much?

Are there problems with the program and should it be changed?

These are the questions that are dealt with in this paper. This paper is divided into three sections. The first deals with why the Section 8 Existing program has gained prominence. It utilizes local and national data in order to determine if the phenomenon is local or one taking place all over the country.

The second section evaluates program design. Specifically it determines if the program is well conceived by measuring the level of success that it has had in areas that it seeks to affect.

The third section evaluates the administrative efficiency of the program. In doing so, the factors of delivery speed and program costs are analyzed.

Statistics that serve as the basis of the evaluation come from three primary sources;

1. Data compiled by the Wayne M.H.A. concerning local program characteristics (including tenant and landlord surveys);
2. Data from the Ohio Housing Authority Survey;
3. Data from the U.S. Dept. of HUD

Survey results are tabulated in the appendix of this report.

This paper should be considered an evaluation of the Section 8 Existing program based on data and program experience. It is aimed at those persons who are in a position to effect change in the program such as HUD and members of Congress, although it should provide a wealth of background information to program administrators and planners.

C H A P T E R I

PROMINENCE OF THE SECTION 8 EXISTING PROGRAM

### Prominence of Section 8 Existing

Nationwide, Section 8 Existing is gaining overwhelming prominence in the overall housing assistance picture. Likewise, this program has become an integral part of the assisted housing effort in Ohio. This is even more true for that subsidized housing under the administration of Public Housing Authorities since it is primarily those agencies which are authorized to administer the program in Ohio.

Section 8 Existing has gained this prominence for the following reasons:

- I. HUD has placed great emphasis on the program over the last few years. In Ohio the allocations for this program in terms of units has represented a substantial portion of all allocated units from 1976 to 1980. This trend seems to be continuing for 1981 as well. For HUD, the program is simpler to oversee and the application and review process is not extremely involved. In addition to this, 1976 saw a push for success in the numbers game for political reasons (it was an election year). Because of the relative ease and speed of program start-up and administration as opposed to

construction, Section 8 Existing was chosen as a prime vehicle of moving toward meeting the National housing goal.

Nationally, as of 1978, Section 8 Existing accounted for 55% of all units reserved in the Section 8 program which includes new and rehabilitation as well. Of the 1,230,905 units reserved under Section 8 Existing, 678,594 were Existing, 477,468 were New and 74,843 were Rehabilitation. The factor of speed of program start up is shown by the fact that by the end of 1978, 90% of the units reserved in the Existing program were available for occupancy. On the other hand only 17% of the New and 19% of the Rehabilitation units reserved were available for occupancy.<sup>1</sup>

Housing Allocations for the Cleveland Area  
Jurisdiction of HUD

| <u>Year</u> | <u>Pub.<br/>Hsg.</u> | <u>New &amp; Rehab</u> | <u>Section<br/>8 Exist.</u> | <u>Section 8<br/>Mod. &amp; Rehab</u> |
|-------------|----------------------|------------------------|-----------------------------|---------------------------------------|
| 1977        | 617                  | 1,035                  | 1,180                       | 0                                     |
| 1978        | 1,945                | 505                    | 2,260                       | 0                                     |
| 1979        | 1,030                | 1,815                  | 1,555                       | 930                                   |
| 1980        | 790                  | 1,055                  | 810                         | 395                                   |
| 1981        | 570                  | 808                    | 845                         | 555                                   |

(Figures supplied by Ohio Area Office of HUD --  
Economic Analysis Division "Housing Allocation Plan")

Section 8 Existing as Percentage of the total  
Allocation (Cleveland Area Jurisdiction)

| <u>Year</u> | <u>Percentage</u> | <u>Year</u> | <u>Percentage</u> |
|-------------|-------------------|-------------|-------------------|
| 1977        | 41.6              | 1979        | 29.0              |
| 1978        | 48.0              | 1980        | 26.5              |
|             |                   | 1981        | 30.4              |



\*Note that in 1979 the percentage of Section 8 Existing units took a drastic drop. Note also that at the same time a new program, Section 8 Moderate Rehabilitation appeared. Envisioned as a program that would be similar to Section 8 Existing, but would improve housing quality, it derived the majority of its funds from the Existing program. If the two programs were taken as one, the proportion of Section 8 Existing to total housing would have been 47%, 39% and 50% for 1979, 1980, and 1981 respectively.

II. The program is relatively easy for new and small Authorities to get started. There were no less than twelve new Ohio Authorities in 1978 that had Section 8 Existing as its first and only program in place. The initial front-end staff and facility requirements are small, and the initial costs are reimbursable. All that is needed is a desk, a typewriter and one person to complete the application. Intake and program administration can wait until funds are available. Because HUD allows \$275 per unit for start-up costs, a new or small authority can increase both its staff capacity and acquire materials necessary to administer this program and begin new ones. The administrative fee usually proves to be enough to maintain sufficient staff for ongoing program operations after the first

year of administration if lease-up moves at a good pace.

Each PHA is allowed a preliminary fee of \$275 per unit. This is earmarked for start-up costs of program administration and is generally expected to be spent in the first full fiscal year of the program. In addition,  $8\frac{1}{2}\%$  of the FMR for a two bedroom unit for each unit that is under lease each month.

For example:

Assumptions

1. Allocation of 200 units of Section 8,
2. All units leased up by end of first fiscal year at the following rate:

| per qtr.<br>units<br>under lease | <u>1st</u> | <u>2nd</u> | <u>3rd</u> | <u>4th</u> |
|----------------------------------|------------|------------|------------|------------|
|                                  | 125        | 150        | 175        | 200        |

3. FMR for 2BR unit is \$250

Financial Benefits to PHA

preliminary fee = \$55,000 (\$275 x 2 units)  
 administrat. fee = \$41,437  
 (\$21.25/mo/unit x 1950/unit month)  
 total benefit to PHA in first fiscal  
 year = \$96,437

III. Section 8 provides additional income to established agencies because the same financial benefits that apply to new authorities also apply to the

established ones. But since the start up costs are possibly lower for an established authority than for a new one, then some of the money generated by Section 8 Existing can go to promoting other programs or correcting deficiencies in others.

IV. Housing Authorities see Section 8 as a way to get desperately needed housing help to families quickly. It usually takes an average of six to eight months from initial application to the first lease up under this program. On the other hand, it can take a minimum of two years or more for new construction to be able to benefit anyone. Therefore, when the need is great in a community, Section 8 is one way of providing a quick solution.

V. Sometimes Section 8 Existing is the only program available. Quite often, Non-Metropolitan areas don't get a sufficient share of the allocation for new construction. Instead, Section 8 Existing is offered. A general problem facing all Ohio Housing Authorities in 1978 was the fact that the allocation of Section 8 New Construction was almost non-existent. Instead, HUD allocated a substantial number of Public Housing units. Public Housing requires cooperation agreements from the community in which that housing is to be located.<sup>2</sup>

Recent experience in public housing suggests that the cooperation agreement is hard to obtain. Because of this, Section 8 Existing remained the only viable alternative. Because it is better to have some type of housing program that benefits the poor rather than none at all, Section 8 Existing is utilized.

VI. The municipality in which the program is being operated profits by it. Although this benefit is mainly in public relations, it can ultimately be manifested in the form of Community Development Block Grant Funds. For any city or town to receive CDBG funds, an approved Housing Assistance Plan must be submitted. In addition to this, HUD regularly monitors the performance of the city in meeting the objectives of that HAP plan. The Section 8 Existing Program is often an integral part in meeting those objectives and the P.R. benefits to the city as it relates to impressing HUD can go a long way toward insuring continued CDBG funding.

In addition to the CDBG considerations, the city can use Section 8 as ammunition against critics of de facto policy of no or slow growth of the new construction of subsidized housing. The city can, and often does, point out that there are "X" number of families in the city receiving rent assistance.

They often attempt to maintain that Section 8 is an effective alternative to new construction.

On the other hand, city administrators can and do insulate themselves from possible criticism of the conservative faction. Because the Section 8 program is one of low profile and very little stigma, most people who are not in need of the assistance do not know that it exists. There are no new housing developments to arouse the suspicions or anger of the conservative factions. In essence, the city is getting the best of all worlds. It is meeting goals established in order to receive CDBG funding, it is getting a housing program that can be used to dispel the charges of those promoting subsidized housing and it is insulating itself from criticism of the conservatives. For the above reasons, Section 8 Existing now accounts for substantial proportion of assisted housing units under administration by Ohio housing authorities. Section 8 Existing, as a percentage of all housing utilized by PHA's in Ohio, has grown over the years. In January 1978, it represented 20.6% of all housing units and in January 1980, it grew to 27.2%.<sup>3</sup>

It is predicted that the future of Section 8 Existing looks bright although the growth it has experienced in the last three or four years will

taper off. It will taper off because of two major factors. First, the community's housing does not possess the capacity to absorb an unlimited amount of Section 8 Existing. The simple fact that the Section 8 Existing program does not produce any new units means that it must rely upon units existing in the private market. The structure of the FMR system and other regulations, limit the number of units available for occupancy by eligible families. This supply is ultimately exhausted in time and unless regulations are liberalized, many communities may reach their limit soon. The other major factor is the overall cutback in federal spending. Although the Section 8 Existing, as a percentage of all housing assistance, will rise in the next four years, the absolute number of new units will decline.<sup>4</sup>

But the Section 8 Existing program is an ongoing one. When a Housing Authority executes an Annual Contributions Contract with HUD, it is guaranteed that it will receive funds to operate the program for five years. Some housing authorities are approaching the fifth year of the program presently, and they, of course, have hopes that after year five their contract will be renewed. Unless there is a major shift in housing policy within the next two

or three years, I see no reason why the contracts wouldn't be renewed. The general success of the program and generally favorable response to it by HUD, Housing Authorities and tenants tend to reinforce this opinion. Because some communities are learning to utilize this program in new and innovative ways (neighborhood revitalization and preservation and in congregate housing<sup>5</sup>), the scope of the program could possibly be expanded.

CHAPTER I  
(footnotes)

1. 1978 Statistical Yearbook, U.S. Dept. of HUD
2. All public housing is exempt from property taxes. This however, would put a financial burden on a city that would be providing services for the residents of that housing. In order to offset in some way that financial burden, Congress authorized housing authorities to make payments in lieu of taxes (PILOT). The approval of the political subdivision in which the housing is to be located is necessary in order for this to be done. In essence, that political subdivision agrees to cooperate with the PHA in the construction and operation of the public housing by providing the same level of services to that housing as it would to any other. In return, the taxing body would accept PILOT.
3. From Ohio Housing Authorities Conference Directory, 1978 and 1980. In 1978 there was a total of 66,104 housing units administered by PHA's in Ohio, of which 13,613 were Section 8 Existing. In 1980 the total number of units was 76,859 of which 20,903 were Section 8 Existing. In other words, of the 10,755 new units produced between 1978 and 1980, 68% were Section 8 Existing.
4. The Ohio Housing Authorities Conference "Journal" is a monthly newsletter published by the Information Committee of OHAC. It reports that in 1981 Section 8 Existing Allocations will be increased to 79,800 units from the 71,250 units in 1982, but it will represent approximately 41% of all new units in fiscal year 1982. There is some discussion that the proportion of Section 8 Existing to all new units could reach 50%.
5. Under Section 8 regulations, persons living in congregate facilities and group homes are eligible for the program. In Wayne County the Wayne M.H.A. is currently working with an agency that houses de-institutionalized persons that are mentally handicapped with the use of Section 8 Existing funds. This housing consists of both independent living arrangements and group homes.



C H A P T E R   I I

PROGRAM DESIGN

### Program Design

How a program is conceived can determine whether or not it will meet with success. No matter how elaborate and well intentioned a scheme may be, if it does not transition well from the drawing board to the field, the program is ill conceived. Efficient administration of the program may boost the results of the program in one area or another, but bad design features, especially ones set in concrete (regulations) cannot be administered out at the local level.

When a program is well conceived it will accomplish these things:

1. The program will reach the population for which it was intended;
2. The magnitude of benefits to that intended population is significant enough to have the desired impact on the problem areas as perceived by the program originators, and
3. The program, as compared to other programs attempting

to accomplish the same  
purpose, will provide  
those benefits at a  
lower cost.

This segment of the paper will evaluate the  
design of the Section 8 Existing program utilizing  
the three criteria mentioned above.

Criteria I

In evaluating whether the program is reaching the intended population I will:

1. Define who the Target Population is according to HUD;
2. Provide a profile of the actual Recipient Population utilizing local and national statistics;
3. Compare the Recipient Population to the Target Population and determine if the program does satisfy the first criteria of reaching the Target Population.

Finally, I will comment on the implication of the statistics concerning the Recipient Population.

Target Population

The prime goal of Congress in the formulation of the Section 8 Existing Legislation is indeed the same one expressed time and again with each new

piece of housing legislation..."to provide decent, safe, and sanitary housing for low income persons." Therefore, the target population is the low-income tenant.

HUD in an effort to further delineate the target population has set forth the following definitions:

1. Low income families shall be those whose total gross annual income is less than 80% of the median income for a family of similar size in that geographic area.
2. Very low income families shall be those whose total gross annual income is less than 50% of the median income for a family of similar size in that geographic area.

Both low income and very low income families are eligible to participate in the Section 8 Program. The distinction between low income and very-low income exists only because HUD mandates that at least 30% of all Section 8 assistance go to the very-low income. This is a statutory safeguard to

insure that some of the very needy receive help.

According to the 1970 Census, the number of households of Wayne County stood at 25,053. Of this number 2,478 households had incomes of less than 80% of median and had inadequate living conditions. In other words, the Section 8 program has the potential of helping 2,478 families on the local level. Currently the Wayne Metropolitan Housing Authority is capable of assisting 315 of those families (see the chart on the next page).

#### Profile of Recipient Population

The regulations are indeed broad concerning the type of family that is eligible for participation in the program, and discussions with Program Administrators across the State of Ohio shows that the cross section of program participants is broad. There is a wide range of incomes, family characteristics, backgrounds, and personalities involved. The participant may range from the male-female parent household (both of whom are working) with several children to the female head of household with one child on ADC. They may range from the person working at minimum wage to the elderly widower on a fixed income. And there are many differences in between those extremes.

POTENTIAL FOR HOUSING ASSISTANCE (Wayne County)

| SIZE OF HOUSEHOLD | ALL HOUSEHOLDS | INADEQUATE LIVING CONDITIONS |                              |                                |                                    |
|-------------------|----------------|------------------------------|------------------------------|--------------------------------|------------------------------------|
|                   |                | HOUSEHOLDS                   | PERCENTAGE OF ALL HOUSEHOLDS | INCOME LESS THAN 80% OF MEDIAN | % OF ALL INADEQUATE LIVING CONDIT. |
| 1                 | 3,534          | 1,047                        | 29.6                         | 764                            | 73.0                               |
| 2                 | 6,992          | 771                          | 11.0                         | 613                            | 79.5                               |
| 3 - 4             | 8,638          | 728                          | 8.4                          | 507                            | 69.6                               |
| 5                 | 2,850          | 222                          | 7.8                          | 151                            | 68.0                               |
| 6 or more         | 3,039          | 748                          | 24.6                         | 443                            | 59.2                               |
| TOTAL             | 25,053         | 3,516                        | 14.0                         | 2,478                          | 59.2                               |

Source: 1970 Census, Special Tabulations of Owner and Renter Occupied Units by Living Condition.

The profile of the Recipient Population will utilize the following parameters:

1. Income Level;
2. Type of Income;
3. Head of Household by Age,  
Sex, Marital Status,  
Children;
4. Acceptability as tenants;
5. Mobility.

#### I. Income Level

The first and most important category is that of income level. Based on the Ohio survey, approximately 90% of all program participants are in the Very Low Income bracket.

##### Income of Section 8 Recipients (Ohio Data)

|                            |      |
|----------------------------|------|
| % lower income families    | 10.3 |
| % very low income families | 89.7 |
| (from Ohio survey 1978)    |      |

These figures compare with Nationwide figures of:<sup>1</sup>

##### Income of Section 8 Recipients (Nationwide)

|                            |      |
|----------------------------|------|
| % lower income families    | 18.0 |
| % very low income families | 82.0 |

Although the national figure for percentage of recipients being VLI (Very Low Income) is slightly



different from the Ohio figures (82% vs. 89.7%), the difference is not significant. The high level of participation of the VLI is not just a local phenomenon; it is a universal characteristic of the program.

Income of Sec. 8 Recipients  
(Wayne County)

| <u>Annual</u><br><u>Income Range</u> | <u>Percentage</u> |
|--------------------------------------|-------------------|
| \$ 0- 2,999                          | 39.6              |
| 3,000- 4,999                         | 36.4              |
| 5,000- 7,999                         | 17.1              |
| 8,000- 11,999                        | 6.2               |
| 12,000- +                            | .7                |
| (from 1980 Data WMHA)                |                   |

II. Type of Income

In Wayne County, the types of income most prevalent are transfer payments and benefits. For the elderly program participants, it is mainly pension payments such as Social Security and Public Employees Retirement System and transfer payments such as Supplemental Security Income and various types of disability payments. For the younger families the primary source of income was Aid to Families with Dependent Children and General Relief. A smaller number of families had at least one member working at wages near the minimum. For

the most part, those families in the low income bracket (80% to 50% of median income) had at least one member of the family earning wages. A very small percentage of these families received both wages and income from another source (such as alimony, child support, disability payments, pension -- see next page).

Nationally, approximately 70% of all Section 8 recipients received income solely from benefits and welfare which very closely coincides with 69% for Wayne County.<sup>2</sup> It can be easily seen that the vast majority of Section 8 recipients exist on fixed incomes. Nationally the working poor constituted about 20% of program participants whereas in Wayne County 25% of program participants had income from wages. The difference here may be explained by the fact that the unemployment rate in Wayne County has traditionally been lower than the national average, thus a higher percentage of the population is working. This factor may then carry over into the pool of applicants and make it somewhat representative of the population as a whole.

### III. Head of Household

By Age - In Wayne County the majority of program participants are in the 18 - 34 age range. The next most prevalent group are the elderly who

## Source of Income for Section 8 recipients (Wayne Co.)

| <u>Sources</u>          | <u>% Families</u> |
|-------------------------|-------------------|
| ADC                     | 34.5              |
| Social Security/Pension | 20.4              |
| Wages                   | 25.1              |
| Child Support           | 5.9               |
| Unemployment            | 8.1               |
| Disability              | 6.0               |

## Source of Income by Income Group and by Age (Wayne Co.)

| <u>Income</u>     | <u>Source of Income</u> |                      |
|-------------------|-------------------------|----------------------|
|                   | <u>Elderly %</u>        | <u>Non-Elderly %</u> |
| \$ 0 - 2,999      | SS/Pension 74.0         | ADC 85.6             |
|                   | Wages 7.2               | Child Supp. 14.4     |
|                   | Disability 18.8         |                      |
| \$ 3,000 - 4,999  | SS/Pension 63.2         | ACD 60.1             |
|                   | Wages 31.6              | Child Supp. 20.6     |
|                   | Disability 5.2          | Unemploy. 18.3       |
| \$ 5,000 - 7,999  | SS/Pension 51.7         | ADC 2.5              |
|                   | Wages 43.8              | Wages 85.2           |
|                   | Disability 4.5          | Unemploy. 12.3       |
| \$ 8,000 - 11,999 |                         | Wages 100.0          |
| \$ 12,000 - +     |                         | Wages 100.0          |

comprise nearly 20% of the total.

Age of Section 8 Recipients  
(age of head - Wayne Co.)

| <u>Age Group</u> | <u>Relative Frequency</u> |
|------------------|---------------------------|
| 15-17            | 2.1%                      |
| 18-24            | 29.9%                     |
| 25-34            | 30.8%                     |
| 35-50            | 10.6%                     |
| 51-61            | 7.0%                      |
| 62- +            | 19.6%                     |

(from 1980 Data WMHA)

Nationally the percentage of elderly head of households is higher (33%)<sup>3</sup>. This is due, in large part, to the fact that Wayne County's housing is comprised largely of owner occupied units. According to the 1970 census, over 72% of all dwelling units in Wayne County, were owner occupied, compared to 62% nationally.

By Sex, Marital Status, Children

By far, the single female head of household represents the largest segment of the recipient population in Wayne County. Of all program participants, 71% fit this description. Some of these single female head of households are elderly women who are the sole component of the household, but most (55% of all program participants) are single women with children. Nationally, 78% of all households are headed by females with 42% of all

households being non-elderly, single women with children.<sup>4</sup>

Head of Household by Sex  
(Wayne County)

Male -- 28.5%  
Female -- 71.5%

(source 12-80 report on  
Family Characteristics)

Head of Household by Marital Status (Wayne County)

Married - 24%  
Unmarried - 76%

(source 1980 Data WMHA)

Head of Household by Sex and Marital Status  
(Wayne County)

| Married |        | Unmarried |        |
|---------|--------|-----------|--------|
| male    | female | male      | female |
| 21.3%   | 2.7%   | 5.5%      | 70.5%  |

The assumption is made that if husband and wife are not present, then that head is unmarried.

Head of Household by Sex, Marriage and Children

| with children |     |           |      | without children |     |           |      |
|---------------|-----|-----------|------|------------------|-----|-----------|------|
| married       |     | unmarried |      | married          |     | unmarried |      |
| M             | F   | M         | F    | M                | F   | M         | F    |
| 19.1          | 1.3 | .5        | 55.1 | 2.2              | 1.4 | 5.0       | 15.4 |

(source 1980 Data WMHA)

Twenty-four percent (24%) of all Wayne County program participants are of the two-parent or "spouse and spouse" type of household. Of this

group, approximately 85% are families with children. Most of those without children are elderly couples. Nineteen point six percent (19.6%) of all households with children were headed by males. This compares with 14% non-elderly male head of households nationally.

The smallest group in Wayne County is the male single head of household (5.5%). Of this group, 90% are elderly or disabled. In other words, .5% of all program participants are single male head of households with children.

Locally approximately 76% of all program participants are families with children. By definition the age of the children range from 0 - 21 years. The average number of children per family in this group is 1.8. Persons ages 18 - 21 are not considered minors unless they are full time students.

#### IV. Acceptability as Tenants

Acceptability as tenants is one characteristic that would be difficult if not impossible to qualify. What is acceptable to one landlord might very well be a scourge to another. It has been the experience of a number of local administrators that many applicants seek the assistance upon receiving an eviction notice. More often than not, the eviction is a result of non-payment of rent, a common

occurrence with a number of very low income families on fixed incomes. This is sometimes a chronic occurrence with some families that get into the familiar cycle of "find a place you can't afford, receive an eviction notice and place you can't afford.....etc.....". Sometimes the evictions come about because of personal conflict between tenant and landlord.

The prospective program participant often has poor credit or no credit at all. This again is not at all unusual for very low income families who often cannot get credit or who succumb to the "rip-off" easy credit stores in their neighborhoods. Over extending one's budget is not difficult when a mother of three gets only \$327 per month.

#### V. Mobility

The best measure of true mobility is the number of options one has in the way of employment, housing, social activities and location. As would be expected, the prospective Section 8 participant doesn't have many options open to him. First of all, because of the general lack of education, job opportunities are few. Compounding this further is the fact that a large percentage of participants are single female head of households with very young children that need constant supervision.

Without means to pay for day care or a babysitter, working is out of the question. Equally devoid of options is the question of housing. Without adequate funds, home ownership is unlikely.

Likewise, if the money available for rent is not substantial, the quality of housing will more than likely suffer. On top of this, one might add the fact that children are not always welcomed with open arms at rental establishments, and a great many of prospective program participants are families with children. And with low income and racial considerations come the severely limited options of locations within a political boundary or geographic area.

### Comparison

By and large the prime recipients of Section 8 Existing can be classified into two (2) groups:

1. Single female head of household with children existing on a fixed income (mainly welfare);
2. Elderly women or couple subsisting on Social Security and Pensions.



Together these two groups account for 75% of all program participants locally and nationally.

Another common denominator with the vast majority of the Recipient Population is that they are in the Very Low Income bracket. In Ohio 90%, and nationally 82% of program participants are in that bracket.

It can be clearly seen that the Section 8 Existing program has been quite successful in reaching one segment of the Target Population. If, however, the intent was to spread the benefits over a broader range of incomes, then the program has fallen short. The 30% mandate does set a lower limit on the number of very-low income families to receive assistance but there is no upper limit.

#### Implications

From the national and Ohio statistics, it can be inferred that only 10% - 18% of available assistance went to families that are part of a sizeable pool of potentially eligible families in the 50% to 80% of median income range. This is a large pool of families who may need the financial assistance and are not getting it. They may be the ones which are caught in the void between the indirect subsidies given to middle class homeowners

and the direct subsidies to the very low income families.<sup>5</sup>

There are several factors that influence the low level of assistance to families in this income bracket:

1. F.M.R. Structure;
2. PHA's determination of need is based on income;
3. HUD's mandate that 30% of units go to Very Low Income.

#### Item I - Fair Market Rent Structure

As was noted before, a family is usually expected to pay 25% of their adjusted gross income for rent. Let's examine a few cases of a typical family of four that is seeking a two bedroom unit (two parent household, two minors, no unusual expenses).

|                 |                                 |
|-----------------|---------------------------------|
| Wayne County:   | FMR for a 2 bedroom unit - 226  |
|                 | Low income limit for a          |
|                 | family of four - 15,500         |
|                 | Family contribution -310        |
|                 | FMR - family contribution = -84 |
| Cuyahoga County | FMR for a 2 bedroom unit - 262  |
| :               | Low income limit for a          |
|                 | family of four -18,250          |
|                 | Family contribution - 367       |
|                 | FMR - family contribution= -105 |

|                   |   |  |
|-------------------|---|--|
| Columbiana County | : | FMR for 2 bedroom unit - 197           |
|                   |   | Low income for family of four - 14,900 |
|                   |   | Family contribution - 297              |
|                   |   | FMR - family contribution = -100       |
| Lorain County     | : | FMR for 2 bedroom unit - 271           |
|                   |   | Low income for family of four - 18,000 |
|                   |   | Family contribution - 362              |
|                   |   | FMR - family contribution = -91        |

As can be readily seen, in each instance the family contribution of a family with an income at (or even near) the low income limit would be greater than the FMR.<sup>6</sup> If the intent is to include a larger proportion of lower-income families, then the program has this built-in design flaw.

#### Item 2 - Income as a Determinant of Need

Another reason that the very low income families comprise 90% of program participation, is that many housing authorities base their determination of need on income. Of the housing authorities surveyed, over 80% of them in Ohio rely on income as the prime determinant of need.

#### PHA Determination of Need (from Ohio survey 1978)

| <u>Prime Determinant</u> | <u>Relative Frequency</u> |
|--------------------------|---------------------------|
| Income                   | 83.3%                     |
| Displaced Status         | 11.0%                     |
| Housing Condition        | 5.7%                      |

Item 3 - HUD 30% Mandate

One other reason that the incidence of very low income participants is high is that HUD mandates that at least 30% of all participants must be very low income.<sup>7</sup> Right away a housing authority is working with a quota that it must meet and therefore its advertising and outreach efforts are geared to attracting the very low income client. If the applicant list and waiting list are filled with the names of the very low income, naturally the list of program participants is going to substantially reflect that.

Recommendation

The Target Population should be redefined. Program participants should be limited to those households that fit the Very Low Income category (income of 50% of median or less).

It is not necessarily detrimental to the well being of the program that it be composed of the very low income. Indeed, Section 8 is one of the very few programs that are getting the assistance to the very poor. The profile of the Recipient Population suggests that they are the ones in greatest need; they are the ones with the

least opportunity for upward mobility.

The single female head of household on welfare is in dire need because of a probable lack of education (hence low probability of finding suitable employment), and bleak financial circumstances caused by the low level of income and no mate to assist. The elderly are in great need mainly because they are, for the most part, unable to work and because their incomes are going to be forever fixed at a very low level.

The program is already successful in reaching these persons in large numbers and, undoubtedly, the waiting lists of most PHA's are filled with more persons in the very low income range. A greater benefit would accrue to a very low income person on the program than to someone who is in the higher bracket. In a time of limited financial resources, I feel it would be wise to assist the household that would benefit the most from the assistance. In this case it would be the very low income family.

## Criteria II

In order to evaluate whether the magnitude of benefits to the Target Population is significant enough to have the desired impact on the problem areas, it will be necessary to do the following:

1. Define the problem areas as perceived by program originators;
2. Define the types of benefits the program was envisioned to offer;
3. Qualify and/or Quantify the benefits actually derived;
4. Determine if any of the problem areas were impacted and to what extent.

### Problem Areas

It is no hidden fact that low income families have numerous housing and housing related problems. Housing problems of the poor include but are not limited to:

1. Rent Burden
  - a. Cost of Housing

- b. Cost of utilities
- 2. Substandard Housing
  - a. Overcrowding
  - b. Inadequate, dangerous  
or non-existent  
facilities
- 3. Adverse Environmental factors
  - a. Pollution
  - b. Declining neighborhoods
  - c. Lack of municipal  
services
- 4. Social
  - a. Economic segregation
  - b. Racial segregation

#### I. Rent Burden

Low income families that consistently pay a disproportionate percentage of their income for rent will usually do one of three things. They may do without other essentials such as food, clothing or health care. They may seek housing that costs less (but is usually lower in quality). Sometimes they may even fall behind in rent payments, the eventual outcome of which is eviction or some other form of tenancy termination.

It is obvious that a family of four receiving

\$327 a month on welfare is going to be paying nearly 50% of their income for a \$160 a month apartment. This is generally the case for those persons on low fixed incomes who receive no outside assistance. Add to that figure the cost of utilities and the percentage goes higher. With the rapid rise in utility rates in an inflationary economy, the low income tenant is hard-pressed to reserve any money at all for the other essentials.

## II. Substandard Housing

In an effort to locate housing they can afford, many low income persons are forced to settle for housing conditions that would be otherwise unacceptable. These units may be too small to accommodate the number of persons in the family. The unit may not have adequate heating, wiring or plumbing. The unit could be, and in many instances is, suffering from major structural defects that are not only unsightly but potentially dangerous as well.

Quite often because of the unaffordability of any type of housing, a family is displaced either through eviction or voluntary movement. On a local level it is not unusual to deal with clients that were literally living in their automobile. The



government also may contribute to displacement. Many of the lower income areas of cities and towns have been earmarked for clearance in order to "renew" the city. Highway projects, when given a choice, will invariably choose the older, deteriorating section of town through which to clear and build new thoroughfares. When displaced, the low income residents of the affected area have severely limited options.

### III. Adverse Environmental Factors

Discriminatory locational policies and the natural evolution of urban areas have given rise to the fact that many areas of low income concentrations are in the older, declining areas of town. Quite often the housing that can be afforded by the poor are in areas where goods and consumer services are no longer available. Some of these areas are adjacent to or even interspersed with industrial complexes. The air pollution from nearby factories, the noise pollution from heavy vehicular traffic and the decline of municipal services (trash collection, street repair, upgrading water and sewer systems) all can be considered adverse environmental factors.

#### IV. Social

Economic and Racial Segregation is pervasive. It can lead to, and has led to, social inequities relating to education, employment opportunities and cultural stagnation. It exists everywhere in our society. The ramifications of this situation can be profound. Despair over lost opportunities, the hopelessness of deficient education and the unrest generated by the inequities imposed are some of the results.

#### Types of Benefits

HUD, in the formulation of the program, envisioned that a number of benefits would accrue to the recipient.

1. Relief from Rent Burden;
2. Improved Housing Quality;
3. Relief from Adverse Environmental Factors;
4. Racial and Economic Integration.

## I. Relief from Rent Burden

Section 8 Existing is a rent assistance program. It was conceived to be of assistance to low income families as defined by HUD regulations.

Under current HUD guidelines and philosophy of Congress, an American family should be required to pay no more than 25% of their gross income for housing.<sup>8</sup> It has been an undisputed fact that for those families which are in the low income bracket, housing costs have consistently exceeded this figure. The Section 8 Existing Program was designed to bring the cost of housing back into the 25% range. The way that the program is set up, a family only pays 15% to 25% of their income for gross rent (rent and utilities), with the remaining rent paid by the Government.<sup>9</sup> In doing so, the burden of high rent payments relative to income is relieved. The family is then free to obtain the other essentials it needs.

## II. Improved Housing Quality

Congress has affirmed that low income families are entitled to decent, safe and sanitary housing.<sup>10</sup> Also undisputed is the fact that many families of lower incomes are not and cannot live in decent

housing (see chart on the following page).

Section 8 Existing was envisioned to bring a wider range of housing opportunities within reach of low income families.

In an effort to insure that all program participants are living in decent, safe and sanitary housing, the regulations go to great length specifying standards for acceptability. In order to alleviate overcrowding, a rule was adopted limiting occupancy to no more than two (2) persons per living/sleeping room. Public Housing Authorities are implored to ascertain the condition of wiring, heating and plumbing facilities and approve them only when they can be certified safe and workable. Structural integrity of the unit, both interior and exterior must be checked and approved before assistance can be given to a family living there. In order to cope with displacees, HUD mandated that special provisions be made and special consideration be given to those displaced by government action.

### III. Relief from Adverse Environmental Factors

According to regulations, all units with Section 8 recipients must be free from adverse environmental factors which could affect the health and safety of the tenant. Once again, the PHA is

POTENTIAL FOR HOUSING ASSISTANCE (Wayne County)

| SIZE OF HOUSEHOLD | ALL HOUSEHOLDS | INADEQUATE LIVING CONDITIONS |                              |                                |                                    |
|-------------------|----------------|------------------------------|------------------------------|--------------------------------|------------------------------------|
|                   |                | HOUSEHOLDS                   | PERCENTAGE OF ALL HOUSEHOLDS | INCOME LESS THAN 80% OF MEDIAN | % OF ALL INADEQUATE LIVING CONDIT. |
| 1                 | 3,534          | 1,047                        | 29.6                         | 764                            | 73.0                               |
| 2                 | 6,992          | 771                          | 11.0                         | 613                            | 79.5                               |
| 3 - 4             | 8,638          | 728                          | 8.4                          | 507                            | 69.6                               |
| 5                 | 2,850          | 222                          | 7.8                          | 151                            | 68.0                               |
| 6 or more         | 3,039          | 748                          | 24.6                         | 443                            | 59.2                               |
| TOTAL             | 25,053         | 3,516                        | 14.0                         | 2,478                          | 59.2                               |

Source: 1970 Census, Special Tabulations of Owner and Renter Occupied Units by Living Condition.

given the responsibility to make this determination. In addition, because of the availability of Section 8 assistance, the recipient could now move to more favorable surroundings, thus taking an active part in eliminating adverse factors from his environment.

#### IV. Economic and Racial Integration

Of all the current assisted housing programs, only one has its focus tied to the tenant.... Section 8 Existing. All of the other programs are, and must be, considered subsidized housing for the subsidy is tied to the actual dwelling unit. If a family does not live in the unit so designated, then that family must pay market rental rates. Theoretically, the Section 8 Existing program changes all this. A family can go anywhere in the housing market place, select a unit, and receive a subsidy. If family circumstances or other factors warrant, that same family could leave that unit and find another and still retain the subsidy.

HUD's desire to see that Section 8 recipients are integrated into the broader reaches of the community can be proven by taking a look at regulations, guidelines, and program requirements.

Before a housing authority can begin to implement the program, they must first complete an Equal Housing Opportunity Plan (EHOP). The EHOP requires many pieces of information concerning advertisement, outreach, selection and lease up under the program. One portion of the plan must include information pertaining to ways of attracting landlords in non-minority areas and traditionally non-low incomes areas for program participation. Obviously landlord cooperation is needed if tenants would be able to locate out of impacted areas. Another portion of the EHOP requires information on other efforts of the housing authority to insure racial and economic dispersion. Discrimination complaint handling and disposition are important parts of the plan.<sup>11</sup>

The Administrative plan is a document that every housing authority must develop if it intends to administer the program. It is the bible by which the Section 8 Program is to be run. Once again, it must contain provisions for insuring racial and economic integration.

### Benefits Derived

#### I. Relief from Rent Burden

Locally, families participating in the

Section 8 program were paying an average of 46% of their income for gross rent prior to receiving benefits. Post-benefit rent represents 23% of income. Their participation in the program has netted them a 50% reduction in housing costs. This is a significant difference.

The national figures tend to confirm the local analysis although the magnitude of the rent reduction is not quite as great. Nationally, pre-program expenditures for recipients amounted to an average of 41% of their annual income. After the recipient began to receive benefits, this figure dropped to 22% representing a 46% drop in housing costs.<sup>12</sup>

According to regulations, a family is not to pay more than 25% of their income toward rent and utilities. Although being effective at this, some flaws in the program do exist. Gross rent consists of the shelter rent plus utilities. Sometimes these utilities are included in the rent by the landlord. When they are not, an allowance is made for them when determining the actual gross rent. Each year or so, housing authorities are required to update the utility allowances for its area of jurisdiction.<sup>13</sup>

It has been found that the utility allowances are sometimes not sufficient to cover the actual



cost of utilities. Residents of older single family houses and duplexes find this especially so. Unfortunately, housing authorities are reluctant to request that HUD increase the utility allowance because an increase in the allowance would have the effect of reducing the contract rent. That would be a situation that would make many presently eligible units ineligible. Very few landlords are willing to reduce the rent so that a tenant can get more help on his utilities. Based on a comparison between Wayne County, Ohio utility allowances approved in August 1979 and actual utility costs, actual utility costs consistently exceeded the allowances. For a typical two bedroom unit in a two or more story building, actual monthly utilities were \$19.35 per unit higher for the gas and electric combination than the allowance called for.

In January 1979, twenty-five Section 8 tenants were requested to save their utility bills for a one year period ending December 31, 1979. The breakdown of units was as follows:

|                          |    |
|--------------------------|----|
| 1 BR (2 or more stories) | 3  |
| 2 BR (2 or more stories) | 15 |
| 3 BR (2 or more stories) | 4  |
| 4 BR (2 or more stories) | 3  |

These tenants were selected because their utility combination is indicative of that which is prevalent throughout the Section 8 Program.

#### Utility Combination

Heating -forced air, gas

Cooking -gas

W. Heating -gas

Lighting -electric

Refrigerator-electric

The following actual monthly averages were computed:

|      | <u>1BR</u> | <u>2BR</u> | <u>3BR</u> | <u>4BR</u> |
|------|------------|------------|------------|------------|
| gas  | 31.20      | 43.00      | 52.35      | 64.70      |
| elec | 14.50      | 15.90      | 16.20      | 17.80      |

However, the utility allowances prepared by the WMHA based on HUD's applied Consumption Rates were:

|      | <u>1BR</u> | <u>2BR</u> | <u>3BR</u> | <u>4BR</u> |
|------|------------|------------|------------|------------|
| gas  | 20.25      | 24.86      | 28.52      | 33.32      |
| elec | 12.31      | 14.69      | 15.88      | 17.05      |

(these allowances were in effect for all of 1980)

A survey of program administrators of other housing authorities statewide tended to corroborate the Wayne County experience. Although they were not able to give exact dollar figures, over 80% of those questioned stated that actual utility costs exceeded the allowances.

National statistics show that 69% of all recipients who pay for at least some utilities pay more than the computed allowance.<sup>14</sup> Although the study was conducted in 1978 and the dollar amounts were relatively small, they have undoubtedly grown in the last three years. According to the report, these excess utility payments were factored into program costs to the household and the rent reduction statistics reflect this. However, with the local statistics this was not done. If it had been, the actual percentage of income devoted to gross rent would increase to 26% - 28%.

## II. Improved Housing Quality

Congress has said many times before that every American has the right to live in a decent home and a suitable environment. The Housing Act of 1949 was the first manifestation of that mandate. Subsequent housing acts and housing programs simply reiterated the point. One can therefore, easily

deduce that first and foremost Section 8 must be aimed at insuring that every family receiving assistance be housed in units that are decent, safe and sanitary. A great deal of verbiage dealing with standards of decency is present both in the regulations and guidelines. For the purposes of definition, I define decent, safe, and sanitary housing as those units which conform in every way to the tests set forth in the regulations and which conform to all the applicable state and city housing codes.

For the family who has been subjected to poor housing quality, relief is to come in the form of upgraded housing conditions. With the use of Section 8 funds, a family is to be able to move from the inexpensive but substandard housing to the more moderately priced decent housing. Based on the Ohio survey the following was derived:

1. Thirty-five percent (35%) of all program participants were living in substandard housing prior to receiving the assistance (substandard ranged from over-crowding to dilapidation);
2. Another 20% were being displaced

either by governmental  
or private action.

Housing Status at time of Initial  
Application

|                      |       |
|----------------------|-------|
| Displaced            | 5.0%  |
| Sub. Housing         | 35.3% |
| About to be w/o hsg. | 14.9% |
| Leased in place      | 44.8% |

(source Ohio survey 1978)

From this it can be inferred that it is possible that 55% of program participants were able to obtain housing when they had none or moved to standard housing (this is assuming, of course, that the unit in which they moved is indeed decent, safe, and sanitary, and is maintained in that condition). Most standards can be, and usually are, expressed in absolute terms. So can the standard of decent, safe, and sanitary housing. However in practice, it is necessary to express this standard in terms of degrees of acceptability. The current experience of housing authorities shows that families occupying single family and small multi-family developments tend to occupy the older units on the market.<sup>15</sup>

Because of the age of these structures, many

items, which were not deficiencies at the time they were built, are deficiencies now. For example, many pre-1930 homes did not have two electrical outlets in each room. There was just no need for it then. Now, regulations require it. There are other deficiencies of this type in many of the older units, few of which actually make a unit dangerous or uninhabitable. However, there are those units which do have moderate deficiencies which are overlooked simply because a low income family desperately needs the unit and the assistance, and the fair market rent is too low to induce the landlord to make the repairs.

In many areas a landlord can rent the unit to a family that does not require assistance at a rent higher than the FMR, just as easily as he can to a program participant at the FMR. Quite often a housing authority is faced with the option of denying a family a unit and assistance because of some minor deficiency or overlooking the deficiency and leasing up the family. Because the program administrators are human and understand the anxieties of the low income, the "second option" is sometimes taken.

Data gathering concerning housing quality was indeed difficult. Many program administrators

are reluctant to be frank on this point. However, HUD does yearly reviews of Section 8 program administration. At periodic intervals, it will visit a housing authority and examine program implementation. HUD then prepares an On Site Review report. In 1977, HUD randomly selected 30 units under contract with the Wayne Metropolitan Housing Authority, for housing quality review. Of those units, nine were found to have some type of deficiency. A similar survey by HUD in 1979 also turned up deficiencies in approximately 30% of all units. Some of the deficiencies were the result of occurrences after the units were initially inspected by W.M.H.A. staff. Some were the result of a difference of interpretation of housing quality standards by HUD and the W.M.H.A. Others were simply overlooked by staff upon initial inspection. It is possible that the inspectors took the "second option".

National Statistics show that among those recipients that moved, 68% of them felt that the condition of their living unit was better. Nineteen percent (19%) felt that there was no change, and 13% felt that their housing condition actually deteriorated. One important fact that showed up in the national study is that the average

number of bedrooms among movers increased from 1.9 to 2.0 indicating that some over-crowding may have been relieved.<sup>16</sup>

In order to get a true picture of the impact of Section 8 on housing quality in general, it is necessary to determine the number of units brought up to standards in order to participate in the program.

In Wayne County the housing stock utilized in the program primarily consists of three basic types. Most prevalent are single family homes occupying the older areas of town. Next are duplexes and tri-plexes occupying the same areas. The vast majority (about 75%) of these units are what HUD classifies as "older", meaning they were built before 1950. A large percentage of these (approximately 65%) were built in the 30's or before. The remaining units are subsidized apartment buildings built during the early 70's.

For purposes of evaluation, I define standard housing as that which is decent, safe and sanitary, and conforms to HUD's housing quality standards. Using this definition, a unit is deemed substandard if it fails to meet any one of the criteria as established by HUD.



During the first six months of 1981, the Wayne Metropolitan Housing Authority placed 47 units on the program. This was the result of either new families entering the program or existing participants moving to another unit. All new leaseups require an inspection of the unit. Of the inspections of the 47 units that were ultimately selected, 74% of them were found to have at least one deficiency. In order to be eligible for inclusion in the program, these units were brought up to the standards as set forth by HUD. In other words, 74% of units that became part of the program receive some type of improvement.

In reality, however, this is not to say that these units were substandard by the popular notion of the word. Most lay persons think of units that are classified as major deteriorating as being substandard. When a city adopts a strategy for dealing with substandard housing, it focuses on major deterioration or dilapidation.<sup>17</sup>

The local experience has shown that units that have major deterioration or dilapidation do not benefit from the Section 8 program. Generally the cost to make the necessary repairs exceed any benefit, financial or otherwise, that

the program can offer. Units with minor deterioration<sup>18</sup> do show improvement through participation in the program. Ninety percent (90%) of all units with deficiencies have them in areas such as flaking paint, loose floor boards, broken gutters, and broken glass. The deficient items are corrected in order for the the unit to be accepted. Therefore, the local housing stock has seen some improvement because of Section 8 Existing. In the first half of 1981 at least 35 units, in Wayne County, received minor upgrading in order to participate. Unfortunately, major improvements to the housing stock are beyond the scope of the program as it currently exists locally.

The Wayne County experience is reflected nationally. While some units experienced major investments in upgrading, for the most part repairs were minor. The average cost for repairs was \$284. It is obvious that only minor deficiencies could be rectified for that amount of money.<sup>19</sup>

### III. Relief from Adverse Environmental Factors

Relief from adverse environmental effects is probably the most difficult benefit to ascertain. No doubt there are participants who sought to move their children to a "better school zone or district"

or who sought to get away from the Friday night rowdiness of the bar across the street. Maybe they sought to simply move to a "nicer" area with more parks, trees, or better services. Obviously, the 45% of Ohio participants that remained in place did not benefit in this way. No doubt, however, a portion of the 55% that moved did.

Locally, a sampling of 50 recipients in Wayne County that moved showed that 30% felt that they moved to a "better" neighborhood.

Perceived Changes in Neighborhood  
(Wayne County)

Those who moved, moved to:

|                |     |
|----------------|-----|
| different area | 52% |
| better         | 30% |
| similar        | 16% |
| worse          | 6%  |

(source 1981 Data WMHA)

Nationally the figure for those who moved and felt they moved to a better neighborhood was greater (45%).<sup>20</sup> The difference may be explained by the fact that there just aren't too many different neighborhoods in the cities of rural Wayne County. There are little, if any, city to city moves and many of the neighborhoods have very similar

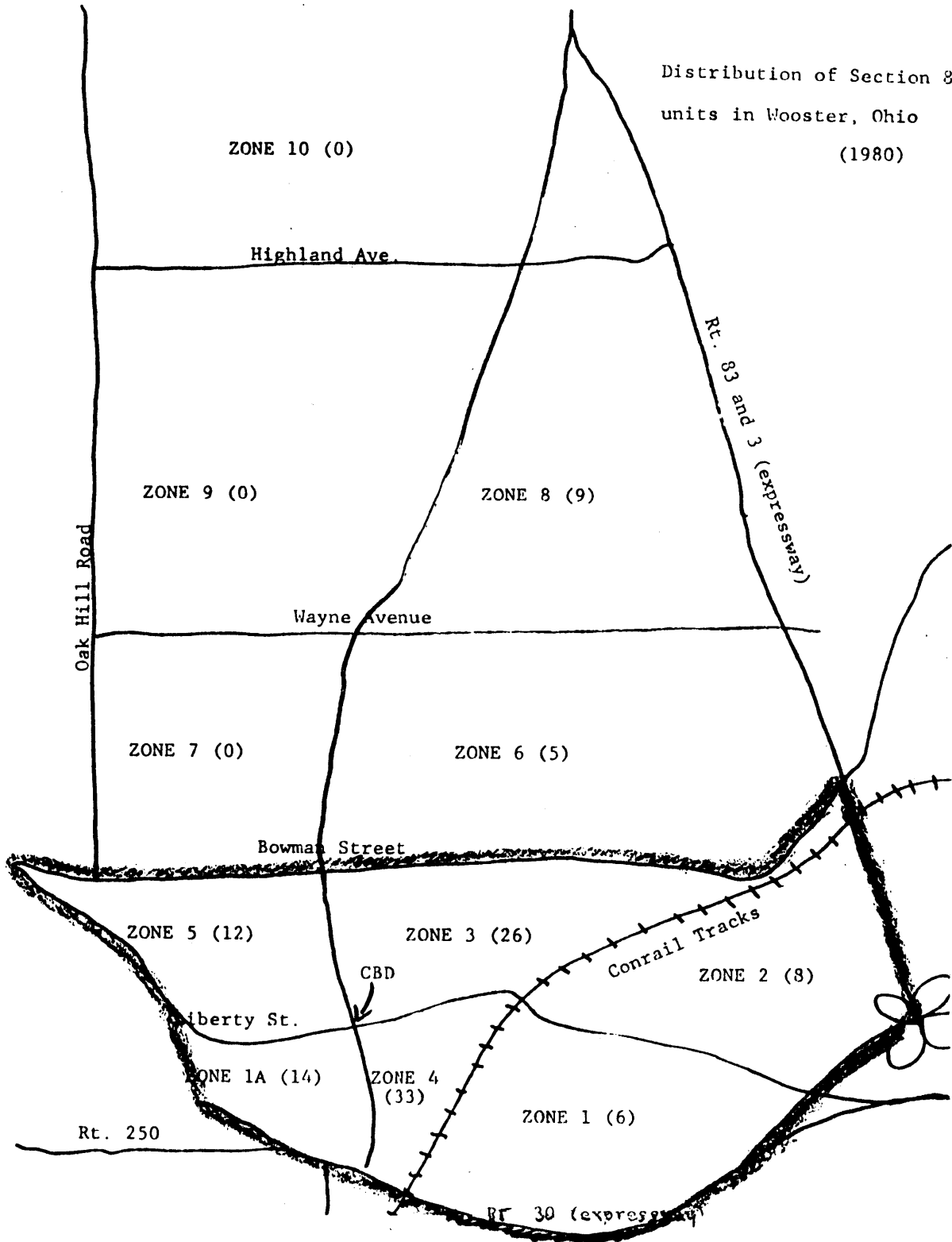
characteristics, especially those which contain units that meet Section 8 program guidelines.

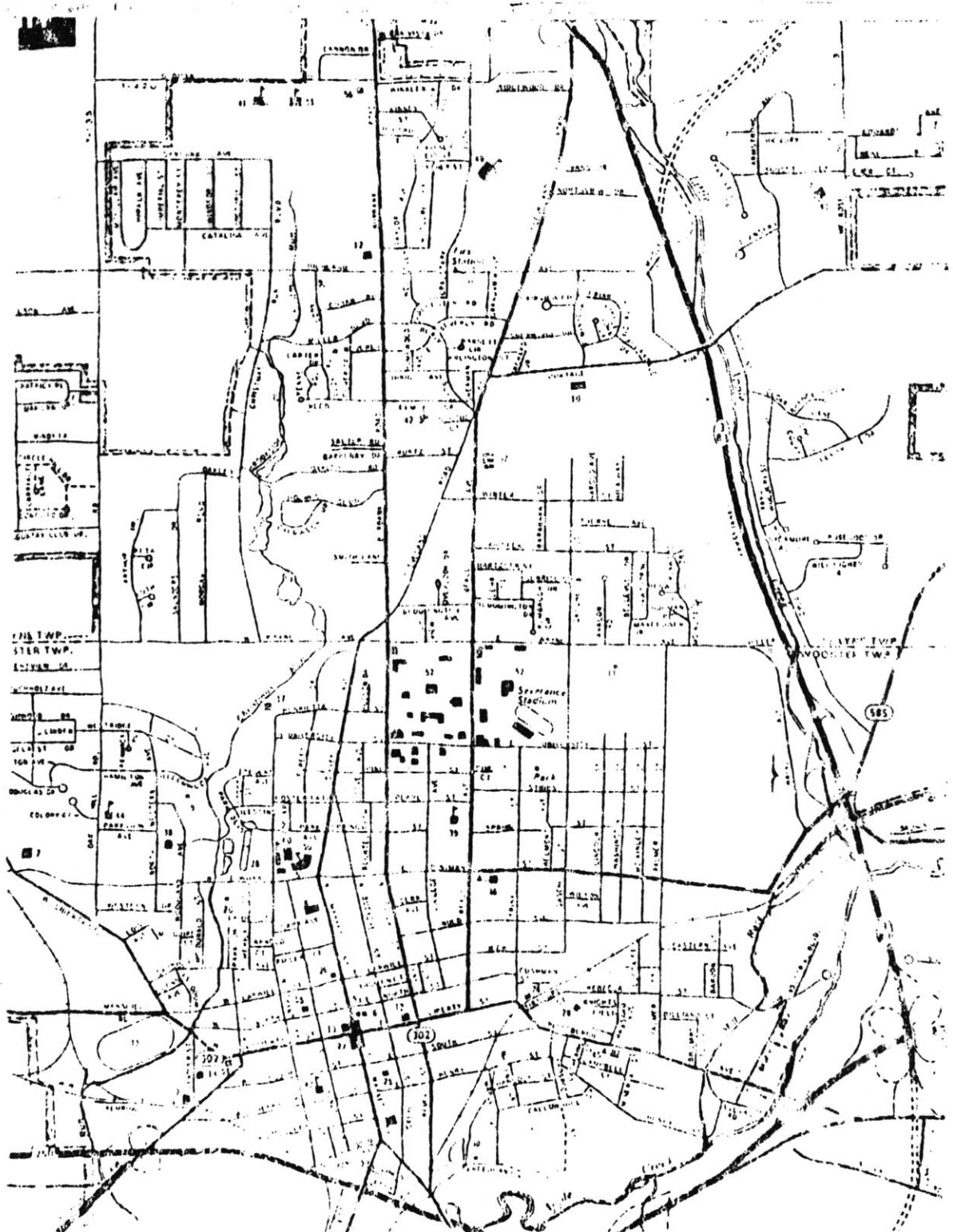
IV. Economic and Racial Integration

Because the subsidy is tied to the family rather than the unit, the family is theoretically free to search anywhere for housing as long as it is decent, safe, and sanitary and it is within HUD-established FMR's.

HUD on-site reviews and periodic reports constantly monitor the progress that housing authorities make toward the end of Economic and Racial Dispersal. HUD form 52675 requires that all program participants be listed with the census tract number of their residence. This definitely represents an indication of the racial and economic dispersion. Using data from Wooster, Ohio (in Wayne County), it can be seen that the vast majority of Section 8 units are located in one general area of town. The area banded by the heavy black represents the area of the city that houses middle to low income families. Ninety percent (90%) of the homes in this area were built before 1950, and the majority of the city's older rental units and subsidized housing units are located here (see the map on the following page).

Distribution of Section 8  
units in Wooster, Ohio  
(1980)





Most rental units which fall into the range of current FMR's in Wooster are either older single family, duplex or triplex structures, or they are apartment buildings built through the use of some kind of subsidy. Because of this, most of these units are located in lower income areas; the small units because of their age, and the apartment buildings because of past locational policy.<sup>21</sup>

Nationwide about 1/3 of all recipients moved to new neighborhoods and 60% of those persons (18% of all recipients) felt they moved to a "better" neighborhood. One report showed that the median housing value for the new neighborhood rose from \$16,350 to \$17,000. The inference here is that there was a little, however small, upward mobility among a small percentage of recipients.<sup>22</sup>

There has been little, or no, net racial integration in the Section 8 program either nationally or in Ohio. Of the housing authorities that responded, only nine had minority participation in the program above 3%. Of those nine authorities, eight responded that there had been no change in the residential pattern of minorities on the program. According to the Nationwide Evaluation of the Existing Program published by HUD in 1978, "the

Section 8 Program has not appeared to have increased racial integration, since moves to more integrated neighborhoods appear to be exactly offset by moves to less integrated neighborhoods".

| PHA        | % minorities<br>on the program | success in moving<br>to non-minority area |
|------------|--------------------------------|---|
| Youngstown | 22.9                           | yes                                       |
| Athens     | 14.0                           | no  |
| Wayne      | 10.0                           | no  |
| Portsmouth | 15.0                           | no  |
| Mansfield  | 33.0                           | no  |
| Erie       | 37.0                           | no  |
| Columbus   | 75.0                           | no  |
| Cuyahoga   | 47.0                           | no  |
| Lorain     | 35.0                           | no  |
| Lake       | 0.01                           | yes                                       |
| Trumbull   | 26.0                           | yes                                       |
| Licking    | 3.0                            | yes                                       |

(source: 1977 survey of Ohio Housing Authorities)

### Analysis of Impact

#### I. Reduction of Rent Burden

The Section 8 program has been very effective in reducing rent burden. Local and National reduction in family rents average 46%. There is only one area where the program has inequities and that



is the utility allowance. Because the majority of tenants that pay utilities must pay more than the computed allowance, some may be paying more than 25% of their income toward gross rent.

### Recommendation

Fair Market Rents should be the basis for Contract Rent only.

Many PHA's are afraid to recompute utility allowances based on actual consumption out of fear of totally disrupting the FMR structure. The FMR's are the maximum allowable gross rents for a unit's acceptability, utilities included. Raising the utility allowance effectively lowers the maximum contract rent a landlord may charge. This in turn reduces the number of eligible units, a situation that is unwanted. I feel that FMR's do not adequately reflect utility costs and fall far short of providing any margin for increases. I recommend that FMR's be the basis for the contract rent only in the future. This would allow PHA's to utilize utility allowances that come closer to reflecting real utility costs.

### Recommendation

The method for computing utility allowances should be changed.

In recent years utility allowances have generally been based upon a HUD issued formula based on average consumption in units modified by the type of unit and by the number of degree days. Often this formula bears little relationship to reality. In addition, logic is not always followed. For example, the unit types evaluated were a unit in a one-story building and a unit in a two or more story building. They were classified further by the number of bedrooms. For space heating, the one story unit had higher consumption than did the multi-story unit of an equal number of bedrooms. The reasoning behind this is that there is greater heat loss through the roof of a unit in a one-story building.<sup>23</sup> However, experience has shown that it is usually cheaper to heat a modestly insulated 2BR flat than a 2-BR, two-story house.<sup>24</sup> Utility allowances should be computed for size of unit and age of unit. It is generally accepted that it requires more energy to heat an older unit than a newer one of the same type. Years ago when fuel was cheap, even by the standards of that time period, homes and apartments were not well insulated. However,

after the cost of fuel skyrocketed after 1970, more attention was paid to this in the construction of new units. Furthermore, due to the FMR structure, a great number of Section 8 tenants reside in older buildings. In essence, they are the ones being penalized by a utility computation which does not take this into consideration.

## II. Improved Housing Quality

The Section 8 program has been very effective in improving the housing quality of the recipient. Nationally, 68% of recipients that moved received units of higher quality.<sup>25</sup> However, there are a number of units with deficiencies in the Section 8 program.

The commitment to decent, safe, and sanitary housing is what sets the Section 8 Existing program apart from programs such as Housing Allowances and Rent Vouchers. Under those systems, little control exists over the quality of housing that a family ultimately chooses. The family is in essence given carte blanche to secure whatever unit they desire and which is economically feasible for them to live in. Housing quality was strictly left up to the interpretation and preference of the family.

Under the Section 8 Existing program, a thorough inspection of each unit selected by a tenant is

standard procedure. This is to ensure that money which has been earmarked to upgrade housing conditions of the program participant actually does so. Prior to 1981, housing inspections relied heavily on the judgement of the inspector. The acceptability criteria were rather general in nature. The standard inspection form gave considerable leeway to the inspector.<sup>26</sup> And indeed, in some respects this leeway was needed. As was mentioned earlier, the FMR structure limited many certificate holders to the older units on the market. For example, in searching for electrical hazards, basically the inspector is directed to look primarily for frayed wiring. Nothing was mentioned about exposed wiring in areas which it could be abused. Another item in that inspection booklet concerns whether or not there was a permanent light fixture that worked in the bathroom. For all the inspector knows, the light could be suspended from the ceiling with its own power cord as its only means of suspension.

And in those older homes, often certain conditions exist that are definitely marginal at best. But the old format would allow the inspector to accept a unit that did have marginal items. The result of this was that some units did not comply

with the spirit of the mandate decent, safe, and sanitary housing. The unfortunate alternative to this would have been unutilized Section 8 funds and families living in worse conditions.

The new format eliminated much of the latitude that the old one allowed. In many respects this is good. This prevents a PHA from allowing a Section 8 participant to reside in a unit which may have potential hazards such as exposed wiring. Also, it standardizes the inspection process and makes it easier for the inspector because of a reduction in the number of decisions he must make. The new format lays the inspection process out in a logical and methodical pattern which is quite easy to follow. It forces the inspector to be more observant and aware of potential defects. The new format will, no doubt, have a positive effect on the quality of units that are accepted into the program.

But the new format has its drawbacks. An entire house can fail an inspection if one top burner of a four burner stove does not work. Chipping paint, whether lead based or not, will fail a unit. Theoretically this was true under the previous system however, HUD rarely required the corrective measures unless the paint was known to

have a lead content.

The verdict is not yet in on the effects of new stricter housing quality standards, but preliminary evidence points to the lead based paint as the major stumbling block. The regulations state:

"The specific surfaces that fail (i.e. have loose, peeling or cracking paint) must be treated in the following manner: they must be thoroughly washed, sanded, scraped, or wire brushed to remove all loose paint before repainting with at least two coats of nonlead paint or they must be covered with a suitable material such as sheet rock, wallboard, or other wall covering like plywood, plaster or other paneling material. 27

This means that if the ceiling of a unit built in 1975 (after lead based paint was removed from the market) has peeling paint, that surface must be scraped and covered with at least two coats of paint. Even if the exterior of a house has some peeling paint within six feet of the ground, floor or steps, it must be likewise scraped and repainted. This is a most costly remedy, especially if it remedies nothing. The danger is in leadbased paint, not in all paint. Currently, any paint is not only suspect, it is adjudicated guilty if it is peeling. The remedy

is them applied to this situation. This was done because there is no simple way of determining lead content in paint short of laboratory analysis. As a result, many landlords are being asked to make expensive corrections of a situation which may or may not be hazardous. And the only positive incentive we can offer is the FMR which, as shown earlier, may not be much of an incentive at all. With an exterior paint job going for \$2,500 on a typical three bedroom, two-story house, it is obvious that a great burden must be borne by the landlord and ultimately by the tenant if the rent subsequently is raised above the FMR's. It is possible that the landlord will do nothing to correct the problem and the unit will no longer be available for Section 8 but will be available in the private market.

#### Recommendation

The inspection manual should be revised to allow exemption from a negative rating regarding chipping or peeling paint which can be proven to be free of lead.

I do not recommend that regulations against lead based paint be relaxed. On the contrary, I am in full agreement with them up to a point. What I

take issue with is the fact that the regulations go too far in considering all paint suspect. I propose that chipped or peeling paint which can be proven to be free of lead be exempted from a negative rating in the housing quality standards.

PHA's could utilize testing services or even perform its own tests if equipment can be purchased at a reasonable cost. Basically, a testing unit costing \$2,000 will pay for itself the very first time it proves an exterior sample negative. This would have the effect of reducing financial burden on landlords and preventing an otherwise acceptable unit from being barred from utilization of the Section 8 program.

### III. Relief from Adverse Environmental Factors

Factors such as mobility and the range of housing choices seemed to affect the rate of success in the area. Forty-five percent of national program participants and 30% of all local participants moved to what they felt were better neighborhoods.

Undoubtedly the magnitude of relief could have been greater had a wider range of housing choices been available, however the personal preferences would also have an effect as they undoubtedly already have. Many times a recipient will prefer to remain in an older unit in a declining area over



moving to a newer unit simply because perhaps he grew up in his present neighborhood. They want no change from their established life style including home, neighborhood, and associations.

The Section 8 program has been moderately successful in relieving the recipient of adverse environmental effects.

#### IV. Racial and Economic Integration

This is one area where the Section 8 program has fallen far short. As for Economic dispersal, the main reason for failure is the FMR structure of the program. Because of that structure, many, if not most, of the subsidized apartment complexes are in houses and duplexes in older, perhaps declining areas. These are the traditional locations of people on the lower end of the income spectrum.

#### Recommendation

The method for establishing FMR's should be changed to reflect true housing costs over a wider range of housing units.

The process by which a PHA gets rents increased is probably indicative of the procedure HUD currently follows in setting them initially.<sup>28</sup> In this process

a sample of all units on the market is taken. The sample size is determined by HUD, and the result of the survey is used as the data for initially setting the FMR's. HUD maintains that the FMR figure that is finally established represents the average rental of the units surveyed. There are some fallacies to the HUD method, however. First of all, the sample includes both standard and substandard housing. In addition, recently completed housing is not surveyed. This could be a factor which can skew the results toward the lower end of the range of rents. It has been generally proven and accepted that the market forces dictate a lower rental rate for deteriorated housing than for housing that is in good repair.<sup>24</sup> The chasm between reality and the FMR's, as established by HUD, is further widened when the PHA is required to utilize only standard housing for the Section 8 program. It is caught in the dilemma of comparing a fruit basket with a bag of apples. On the one hand we are given a FMR which is based on all non-recently completed rental units regardless of condition, and on the other hand we are required to successfully administer a program using the best that the market has to offer at that price.

Each year the FMR's are adjusted by HUD to

compensate for the effects of increased costs of ownership and utilities. Unfortunately, I'm at a loss to determine what cost index the government uses. In Wayne County the FMR for a two-bedroom unit was increased by only 9.3% from 1980 to 1981. This is approximately 3-4% below the cost of living index for the same period. This makes it increasingly difficult to meet landlords legitimate demands for annual rent increases. This is putting the squeeze on the program and its participants. In areas of low vacancy rates, the effects of this squeeze can be severe. If a landlord knows that he can be assured of receiving his asking rental on the open market, it may be incentive enough to forego whatever benefits the Section 8 program, with its lower rental figures, can bring.<sup>30</sup> Currently, recently completed housing is treated as a separate entity. Its FMR is based on 75% of the FMR's for Section 8 new construction. As regulations now stand, it can only be utilized in areas where the vacancy rate in other units is below a certain percentage and recently completed housing is the last resort. Detailed documentation is required from a PHA in order to secure funds to utilize this type of housing. Generally, this documentation takes the form of an exhaustive

rental survey of the county in which the funds are slated to be used.

I recommend that a better way of establishing FMR's be utilized. I think that the survey of units be limited to units which would satisfy HUD housing quality standards. Recently completed housing can still be treated as a separate entity, however, a PHA should not be required to provide justification for the use of Section 8 funds in order to utilize this type of housing. Instead, regulations should be modified to permit any PHA to use a percentage of its annual contract authority for recently completed housing.

What would the effect of the new FMR structure be if instituted as the following:

- a. FMR's pertain only to contract rents (not utilities);
- b. FMR's determined only with standard units (recently completed housing FMR's determined separately); and
- c. Recently completed housing to be a

percentage of total  
contract authority.

First of all, the HUD practice of allocating a specified number of units of Section 8 would be eliminated. Instead, the dollar amount of contract authority with guidelines for unit sizes would be the new format.

Currently, Program Reservations for Section 8 read:

Gentlemen:

Subject : Project No. OH-12-E036-006  
Notification of Application  
Approval Section 8 Existing

You are hereby notified that:  
your Application dated  
March 31, 1980, for existing  
housing is to be assisted  
by housing assistance pay-  
ments pursuant to Section 8  
of the United States Housing  
Act of 1937, is approved;  
Annual Contributions Contract  
authority in the amount of  
\$79,728 has been reserved  
for the number of units and  
unit size distribution  
specified below:

Existing Housing Exclusive  
of Recently Completed Hsg.

Recently Completed Hsg.  
(where applicable)

No. of units

No. of units

|            |                |
|------------|----------------|
| Efficiency | _____          |
| 1 Bedroom  | _____ 4 _____  |
| 2 Bedroom  | _____ 26 _____ |
| 3 Bedroom  | _____          |
| 4 Bedroom  | _____          |
| 5 Bedroom  | _____          |
| Total      | _____ 30 _____ |

|            |       |
|------------|-------|
| Efficiency | _____ |
| 1 Bedroom  | _____ |
| 2 Bedroom  | _____ |
| 3 Bedroom  | _____ |
| 4 Bedroom  | _____ |
| 5 Bedroom  | _____ |
| Total      | _____ |

Under the new format, a program reservation would be:

Gentlemen:

Subject : Project No. OH-12-E036  
Notification of Application  
Approval Section 8 Existing

You are hereby notified that:  
your Application dated  
March 31, 1980, for existing  
housing is to be assisted  
by housing assistance pay-  
ments pursuant to Section 8  
of the United States Housing  
Act of 1937, is approved;  
Annual Contributions Contract  
authority in the amount of  
\$79,728 has been reserved.  
The distribution guidelines  
for these funds have been  
provided below:

| <u>Existing Housing Exclusive<br/>of Recently Completed Hsg.</u> | <u>Recently Completed Hsg.<br/>(where applicable)</u> |
|--|---|
| % of reserved funds  | % of reserved funds                                   |
| Efficiency _____   | Efficiency <u>no desig.</u>                           |
| 1 Bedroom <u>15</u>  | 1 Bedroom <u>no desig.</u>                            |
| 2 Bedroom <u>30</u>  | 2 Bedroom <u>no desig.</u>                            |
| 3 Bedroom <u>15</u>  | 3 Bedroom <u>no desig.</u>                            |
| 4 Bedroom _____  | 4 Bedroom <u>no desig.</u>                            |
| 5 Bedroom _____  | 5 Bedroom <u>no desig.</u>                            |
| Total <u>80%</u>   | Total <u>20%</u>                                      |

Under this new system, it would be incumbent upon  
the PHA to maximize the number of units to be  
assisted consistent with the goals of efficient  
and conscientious administration.

I feel that the new FMR structure would lend itself to the rapid utilization of funds that have been allocated. It would also minimize the number of tenants paying more than 25% of their income for rent and utilities due to the fact that utility allowances would be independent of FMR's, and thus more prone to reflect actual costs. Units selected by tenants for Section 8 would tend to be in a state of good repair because the FMR's would be competitive.

Economic integration would be another positive result of the new FMR structure. Because now the rents would be somewhat competitive in middle class areas, low income families could afford to move into non-traditional areas. This benefit could help break the dependency cycle by exposing children to a more healthy and diverse environment, and the advantages and amenities that many low income neighborhoods cannot offer.<sup>31</sup>

Of course the new format would have a setback. Sometimes quality and quantity do not go together. I fear that this would be more costly than the old in terms of dollars per unit. This would undoubtedly reduce the number of units that could be assisted. At the end of 1980, Wayne Metropolitan Housing Authority was assisting 315 families under

the following breakdown:

|                                  |           |          |          |          |          |
|----------------------------------|-----------|----------|----------|----------|----------|
| Contract Auth./year              | \$843,876 |          |          |          |          |
| Applicable FMR/BR                | <u>0</u>  | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> |
| In Dollar Figures                | 157       | 192      | 226      | 262      | 296      |
| Avg/tenant rent/mo               | 71        | 62       | 78       | 81       | 97       |
| Units leased/mo                  | 15        | 78       | 155      | 55       | 12       |
| Avg. HAP/month                   | 86        | 130      | 148      | 181      | 199      |
| Total Contract Authority used/yr | \$560,556 |          |          |          |          |
| Average cost per unit per month  |           |          |          |          | \$ 148   |

Under a hypothetical breakdown of:

|                                 |                         |          |          |          |                        |
|---------------------------------|-------------------------|----------|----------|----------|------------------------|
| Contract Auth./year             | \$560,556 <sup>32</sup> |          |          |          |                        |
| Applicable FMR/BR               | <u>0</u>                | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> <sup>33</sup> |
| In Dollar Figures               | 175                     | 225      | 276      | 325      | 360                    |
| Avg/tenant rent                 | 71                      | 62       | 78       | 81       | 97                     |
| Units leased/mo                 | 15                      | 61       | 118      | 39       | 9                      |
| Avg. HAP/month                  | 104                     | 163      | 198      | 244      | 263                    |
| Average cost per unit per month |                         |          |          |          | \$ 193                 |

The W.M.H.A. could assist 242 families. This represents an overall reduction of 73 families if the same amount of funds were utilized. However, if the actual 1980 contract authority were fully utilized, the W.M.H.A. could assist 364 families under the new format. On top of this, the quality of the units would be improved, family rent burden reduced, and freedom of choice enhanced.



Discrimination has undoubtedly had its effects on program participants' efforts to locate decent, safe, and sanitary housing. This discrimination has been directed against several groups:

1. Families with children;
2. Welfare families;
3. Minorities.

#### Recommendation

Local, State and Federal housing laws should prohibit "Child Discrimination" in units not specifically designed for the elderly and handicapped.

By far, the largest group that has seen opportunities at housing fade are those families with children. National Data and local experience confirm this. Although in Ohio this form of discrimination is not illegal, the effects are nonetheless profound. While no hard data is available through PHA's on the number of encounters with "child discrimination", this type of discrimination has forced low income families with children into units which are far less than desirable. In a study of housing conditions in the city of Wooster, Ohio in 1975, 90% of young families with income of less than \$5,000 and up to three children were dissatisfied with housing quality.

Fifty-three percent of a similar group with incomes of \$5,000 to \$9,000 were also dissatisfied.<sup>34</sup>

The sad part about this form of discrimination is that it is wasteful of valuable housing resources. It is not unusual to pick up the newspaper, turn to the classifieds and read the following in the "apartments for rent section":

"Lovely three bedroom house near downtown. Rent reasonable and nice yard. No pets or children. For appointment call....."

Obviously, if a single person or a couple rent the unit, it is entirely probable that two bedrooms will not be utilized for the purpose for which they were originally intended. In most communities, new apartments are being built with small families in mind. As a consequence, the supply of privately owned, non-subsidized large units is not increasing as fast as large family formation. In fact, many older homes and duplexes that originally had three and four bedrooms are being subdivided into more but smaller units consisting of efficiencies and one and two bedroom apartments. And, while this new construction and conversion of existing units does not constitute child discrimination per se, it is having the similar effect of diminishing

a families chance of obtaining suitable housing.

Unfortunately, very little can be done about new construction of smaller units. Those are generally economic decisions that have incorporated some management decisions as well. Also the external factor of community acceptance of smaller units versus three and four bedroom apartments undoubtedly comes into play. In recent years, those communities concerned with population density and strain on facilities have resisted the construction of multi-family housing that features units for large families.

The subdividing of older, large houses is, however, one area that can be controlled. Zoning laws and more restrictive building codes could further slow the rate of conversion.

The effects of these controls could be two-fold and have seriously different results. One result would be the protection of three and four bedroom units, thus preserving housing opportunities for families with children. On the other hand, subdividing is usually an economic act. It has proven to be profitable for the landlord and it is sometimes the only way for a rental unit to be financially feasible. Deterioration and abandonment of larger units could be the result of lost economic incentives.

One method of effectively dealing with child discrimination would be quite effective but probably not politically popular. Federal, State, and Local Housing Discrimination laws could be broadened to include children as a protected class.

Economic Discrimination cannot be legislated against. A landlord is under no obligation at all to accept third party payments for rent. Because of this, he can base his decision of who to rent to on ability to pay with that tenant's own means. It is obvious that a mother with one child and a gross income of \$216 a month would be hard pressed to meet a rental of \$200 a month plus utilities.<sup>35</sup> A landlord would be wise to turn that person down if third party payments were not being considered.

In addition, there is, in some sectors, a negative attitude toward persons receiving transfer payments. They are generally characterized as "Welfare dependents" and given a complete set of negative characteristics. This fact further complicates matters when a certificate holder approaches a landlord in search of housing.<sup>36</sup>

Racial Discrimination is illegal by Federal, State, and Local statutes. However, it is practiced widely but is difficult to document, and even more

difficult to prove. In the Section 8 program in Wayne County, this form of discrimination has hardly been a factor in overall program performance. There are two reasons for this:

1. The minority population of Wayne County<sup>37</sup> stands at less than 1%. The total W.M.H.A. Section 8 Existing program contains approximately 8% minorities;
2. The FMR structure has had the effect of limiting the geographic area of a housing search to areas traditionally occupied by minorities and low income persons.

There have been no documented cases of racial discrimination connected with Wayne County's Section 8 program, although there can be no doubt that it has happened. Racial discrimination in recent years has become more subtle as some unethical landlords have become sophisticated at the art of denial. What once were flat refusals to show or doors slammed in faces, have now become "I promised the

apartment to someone just before you came" or "I have to send your application to Columbus for review".

The only solution to this problem is to maintain a continuous vigil against the subtleties of discrimination. Tenant education and a good information dispersal system are important to this aim. Also, landlord orientation and education as to what constitutes discrimination may help. Most important, however, is the need to have victims of discrimination report it immediately to the proper source. Prompt action is the key to obtaining the documentation necessary to the successful prosecution of violators and time is usually the enemy. Tireless follow-through of each complaint is a must if the message of non-discrimination in housing is to get across to would be offenders. Judicial and impartial imposition of fines and penalties on the guilty parties would serve as notice of the potential pitfalls of practicing racial discrimination.

### Criteria III

As was stated earlier, a program is well conceived if it satisfies the three criteria. The third, providing benefits at a lower cost than other programs attempting to provide the same or similar benefits, will be discussed in this segment.

A comparison of costs of this program and those of Section 8 New Construction and Substantial Rehabilitation and Public Housing New Construction and Substantial Rehabilitation is necessary in order to complete the evaluation of Program Design.

In 1979 HUD (Columbus, Ohio Area Office) released Estimated Per Unit Subsidy Costs by Allocation Areas (NEFCO) for the four housing programs (Section 8 New and Rehabilitation, Public Housing New and Rehabilitation, Section 8 Existing, Section 8 Moderate Rehabilitation -- see chart on the following page).

The figures clearly show that Section 8 Existing has the lowest per unit cost of all the programs. When one considers that these programs are attempting to do the same thing (provide decent, safe, and sanitary housing that is affordable for low income families) the differences are significant.

ALLOCATION AREA NEFCO

SUBSIDY COST PER UNIT BY PROGRAM TYPE AND HOUSEHOLD SIZE

|   | ELDERLY | FAMILY | LARGE FAMILY |
|---|---------|--------|--------------|
| SECTION 8 NEW CONSTRUCTION/<br>SUBSTANTIAL REHAB. | 4,539   | 4,815  | 5,817        |
| PUBLIC HSG. NEW CONST./<br>SUBSTANTIAL REHAB.     | 3,402   | 3,298  | 4,290        |
| EXISTING -- REGULAR                               | 2,515   | 3,009  | 3,448        |
| EXISTING -- MOD. REHAB.                           | 3,018   | 3,610  | 4,138        |



Even though the Section 8 Existing program has the lowest cost associated with it, there is still one area where unnecessary costs are being incurred.

PHA's administering a Section 8 program are always guarding against abuses of the program by unscrupulous persons. Nothing can give a program a bad name faster than a scandal of fraud and abuse. PHA's are always on the lookout for people seeking assistance under false pretext. And of course they are wary of those which continue to receive assistance when in fact their need for Section 8 terminated at some point in the past.

Determining a family's eligibility upon initial application is quite straight forward and usually effective in assuring that family's true need. Generally required are:

1. Third party verification  
(usually written) of  
income. Most PHA's  
utilize letters from  
the Welfare Departments,  
Social Security Offices,  
Bureau of Employment  
Services, Veterans Admini-  
stration, Employers and

Banks. Third party verification also includes, in some instances, check stubs that have sufficient detail to be positive proof; and

2. W-2 Forms for the previous year. While not a sure indication of present or future earnings, it can be useful when no other form of verification is available.

It is considerably easier to verify regular earned income or income from transfer payments and benefits than it is to accurately assess the true amount of assets a family may have. Usually this is not a problem for the younger families as they would have little means to accumulate assets. This is more of a problem presented by the elderly. It is usually they, if anybody, that have accumulated assets such as property or significant bank accounts. It is here that a PHA relies almost completely upon the honesty and openness of the applicant.

Typically, an applicant is asked about assets during the initial application. When a list of assets is prepared and the location of these assets ascertained, authorization for a release of information is executed by the applicant. This authorization makes it possible for staff to verify the information given by the tenant. But that is exactly the shortcoming. The staff can only check with the sources that have been given.

For example:

Glady's Day says she has \$10,000 in 1st National Bank and \$5,000 in Last Bank. She signs a release of information and PHA staff visit those banks to verify the information. But what happens if Gladys Day has \$20,000 in Trust Bank that she failed to tell the PHA about? Generally in this case the applicant gets away with it.

At the W.M.H.A., the staff sometimes have the applicant sign a number of release forms and they are presented to several local banks that were not

mentioned. However, this process is time consuming and is usually not productive. A more productive method is to inform the applicant that all banks in town will be contacted concerning accounts in the tenant's name. This sometimes elicits additional information from the applicant concerning assets.

I do not believe that there is really any fraud proof way to verify assets. Maintaining good relations with local social security offices and transfer payment authorities is about the only way that inconsistencies can be caught. Through a mutual exchange of information with those agencies some fraudulent activities can be detected and eliminated.

By far, the largest headache that some PHA's face is the problem of Section 8 participants receiving additional income after the eligibility has been determined. According to regulations, each family is to be recertified at least once each year (at least once every two years for elderly).<sup>39</sup> Special provisions can be made to recertify sooner than the one year period if the family's income is sporadic. Also a family may request recertifications if there is a substantial change in their income or family composition. HUD compels a PHA to lower a participant's share of the rent if

circumstances warrant and a family requests it. On the other hand, however, HUD does not recommend that a PHA require a family to report changes in income at any time other than regularly scheduled recertifications. In fact, HUD considers it an invasion of privacy if that requirement is made. Other sources of information on Section 8 administration that are widely used also agree with this.<sup>40</sup>

#### Recommendation

The regulations should require mandatory recertifications when substantial income changes occur.

I strongly feel that a family should get that proper amount of rent assistance that their circumstances require; no more, no less. Under HUD's interpretation, a two person family can be certified initially to pay a rent of \$48/month based on an ADC income of \$216. Two months later the head of the family can get a job paying \$800 a month and still pay only \$48; whereas if that person could be required to report the income and the PHA permitted to recertify, that tenant's share of the rent would become \$194.

This type of situation can and does occur with a great degree of regularity. The W.M.H.A. has

taken the approach that until it is specifically prohibited by regulation, it will require tenants to report any substantial change in income or family composition. By adopting this policy, the W.M.H.A. in 1980 saved tax payers \$25,387.<sup>41</sup> This may not seem like a great deal, but if this procedure were carried out through the state the results could be quite astounding.

The regulations dealing with recertification should be rewritten to require PHA's to recertify families anytime a substantial change in income occurs. Furthermore, the regulations should make it mandatory for a family to report changes in income and composition to the PHA within two weeks of its occurrence. There should also be a penalty attached if the family does not comply. One suggestion might be to require a family to re-pay the PHA for any overpayment that was made in behalf of that family that was negligent in reporting income or composition changes.

CHAPTER II  
(footnotes)

1. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" November 1978
2. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
3. Ibid
4. Ibid
5. Robert Taggart III "Low-Income Housing: A Critique of Federal Aid" (Baltimore: John Hopkins Press, 1970) p. 63
6. Fair Market Rents and Income Limits for 1980
7. 24 CFR, Chapter VIII, Section 882.113
8. 24 CFR, Chapter VIII, Section 882.114
9. Ibid
10. Section 2 of Title II of the Housing and Community Development Act of 1974 reads: "It is the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act. to assist the several States and their political subdivisions to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe and sanitary dwellings for families of low income...."
11. HUD Equal Opportunity Housing Plan (HUD 914)
12. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8), Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
13. Some PHA's were allowed to compute their own utility allowances initially. The Wayne M.H.A. was given this opportunity in 1976, the first year of its Sec. 8 Existing program.

14. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8), Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
15. From Ohio survey, 1978
16. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
17. Major deterioration:  
 Large scale rehabilitation needed for major structural or other problems, such as: roof sagging; foundation shifting or otherwise damaged; porch supports deteriorating; major horizontal members of house shifting off-center (window sills, walls); total absence of housing winterization components.  
  
 Dilapidated  
 Such a home is unfit and inappropriate for human occupation, as indicated by: (1) Major deterioration and vacancy (the market demand for such a home is, therefore, effectively zero); or (2) Major deterioration and structural disrepair sufficient to constitute s substantial hazard to human health and welfare, for example major structural members of housing collapsing or in danger of collapse; or (3) Major deterioration of such magnitude as to obviate the economic feasibility of any major rehabilitation, given the age and related condition of the house
18. Minor deterioration  
 Improvements are needed to such items as: exterior of house (paint, siding, rotting wood, etc); roof of house (spouting, shingles, eaves); housing insulation.
19. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" November 1978
20. Ibid
21. In the past, politican expediency and other factors contributed to subsidizing housing being located in less than prime locations. Recently, however, HUD has been taking steps to insure that



newly constructed housing is dispersed throughout the communities in which it is built.

22. U.S. Dept of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" November 1978
23. See Utility consumption Rates supplied by HUD in the Appendix (Exhibit A)
24. Based on 1979 Wayne M.H.A. utility survey
25. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
26. HUD Booklet 52580 dated 5/75
27. HUD Booklet 52580 dated 8/80
28. PHA's are allowed to request increases in the FMR's if adequate proof of the need can be submitted. This proof usually must be in the form of an exhaustive survey and other documentation. See "Exhibit B" in appendix
29. William G. Grisgby "Housing Markets and Public Policy" (Philadelphia; University of Pennsylvania Press, 1971) Chapter III
30. Smith, Tschappat, Racster "Real Estate and Urban Development" (Homewood, Ill: Richard D. Irwin, Inc., 1973)
31. Lower density, better recreation facilities, improved police protection, and greater ease of access to shopping facilities are some of the amenities found in middle class areas.
32. Limited to contract authority actually used in 1980
33. FMR's determined by Wayne M.H.A. based on rent survey in Wayne County in 1978 (inflated by 10% each year)
34. Galster, Hesser "Wooster: Its People, Its Homes, and Its Problems" Report of the 1975 Housing Survey submitted to the Wooster Planning Dept.
35. Wayne County Welfare Dept. 1980 level of ADC

assistance to a family of two is \$216 a month

36. William K Tabb "Political Economy of the Black Ghetto" (New York: W.W. Norton and Company, Inc. 1970)
37. Based on 1970 U.S. Census
38. NEFCO stands for Northeast Four County Organization. This is a regional Planning Commission consisting of Wayne, Stark, Summit and Porgage Counties in Ohio.
39. 24 CFR, Section 882.112
40. Dakota County HRA "Training Manual for Section 8 Existing Rent Assistance Program" (Hastings, Minn.: Dakota County HRA, 1977) Chapter I, p. 12
41. In 1980 the Wayne M.H.A. conducted 38 interim re-examinations due to increased income of the participants. The average family increased by \$55.67 per month.

C H A P T E R I I I

Administrative Efficiency

### Administrative Efficiency

Administrative efficiency is the second facet of the Section 8 program that requires evaluation. Regardless of how well conceived a program may be, no matter the projected magnitude of benefits, a program is of little use if administrators are ineffecutal in putting it into practice.

Administratonn is the act of putting a concept or theory into action. In the case of Section 8 Exisitng, administration is the act of taking regulations, guidelines and funds and transforming them into tangible services and benefifts. Effeciency is the measure of how smoothly that transition takes place.

Administration of a program is deemed to be efficient if the following criteria are satisfied:

1. The program program reaches the target population quickly;
2. The program provides maximum benefits at minimal administrative cost.

This section of the paper will evaluate administrative efficiency using the above criteria.

Criteria I

In order to evaluate the speed with which Section 8 benefits reach the Target Population I will:

1. Discuss the differences in time between New Construction and Section 8 Existing from application to lease up,
2. Discuss the factors which can affect program delivery speed.

I. Time: Section 8 Existing vs. New Construction

Fortunately the time that it takes to get a family leased up under Section 8 Existing is by far less than that required under any program of new construction or substantial rehabilitation. Based on a survey of Ohio housing authorities, the average time from submission of application to receipt of funds for lease up was seven months. This compares rather favorably to the twenty-four months for new construction or rehabilitation required for application to completion of construction. Without a doubt, Section 8 Existing is the fastest

of all housing programs in terms of getting the assistance to the recipient.

It is at the point of Housing Placement and Inspection and Lease up that the Section 8 program slows down.

Housing placement is the period in which a Certificate holder searches for the proper dwelling in order to begin receiving benefits. These families are usually given up to sixty (60) days to do this before their certificates expire. Many times the housing authority will prove to be helpful in finding housing for a family through constant contact with real estate brokers and private landlords.

## II. Factors that Affect Program Delivery Speed

In Ohio, most program administrators are generally happy with the speed with which funds for program implementation reach them. I feel that very little can be done to reduce the processing time for applications for program funding.

The bottleneck, it seems, occurs at the local level when so many more factors are involved, some of which are beyond the effective control of the program administrator. Those factors which have an effect on program delivery speed are:

- a. Speed with which a family is

- a. able to find suitable housing;
- b. Speed with which PHA inspects unit;
- c. Required repairs;
- d. Time required to complete paperwork.

Most PHA's have been able to streamline operations to effectively reduce the time required for items b,c,and d. It is the first factor, speed with which a family is able to find suitable housing, that has created the greatest problem. For the purpose of evaluation, items b, c, and d are being omitted and I will deal with item a.

There are several factors which affect the speed with which a family is able to find suitable housing:

1. Vacancy Rate
2. Diligence in Search
3. Housing Quality of Units Examined
4. Rent Constraints
5. Landlord Response

Inspection and Lease up occurs once the family has located what may be a suitable unit, the paperwork and negotiations begin. First, written permission of the landlord is necessary for the

family to be able to live in the unit and receive the Section 8 Assistance. Once this approval is granted, the unit must be inspected by someone trained in that aspect.

The time in which it takes to get all units of assistance under lease is sometimes long. Before HUD releases Section 8 funds for a housing authority, that authority must submit a leasing schedule to HUD. A survey of housing authorities show that many of them, 44%, were having difficulty meeting their schedules.<sup>1</sup>

Local experience with public housing in Wayne County has shown that it generally takes less than 30 days from the time the units are available to achieve full lease up for a new project. It has taken up to six months to achieve full lease up with the Section 8 program. This is not to say that many recipients did not receive benefits immediately, but ones who had difficulty locating suitable units did have to wait. Those that were unsuccessful within the sixty day certificate period either got extensions or the certificate was issued to someone else. If the second certificate holder encountered similar difficulty locating a unit the time lag would be long. The local experience has shown that approximately 1 in 3 certificate holders requested



extensions or let the certificate expire altogether.

### Vacancy Rate

Because this program is targeted at the family rather than at the dwelling unit, it places a great dependence upon the private housing market. Because there are no specific units set aside for recipients of the subsidy, they must resort to the housing marketplace to secure decent housing. Problems stem from the fact that decent, safe and sanitary housing that fits the FMR structure is sometimes difficult to locate. This problem is further compounded when there is also a low vacancy rate. In communities where the housing market is both tight and relatively expensive, housing authorities have had, and can be expected to continue to have, real problems in meeting their leasing schedules.

National statistics correlating vacancy rates and time participants spent searching for units were not available. Wayne County has a vacancy rate among rental units of 3.1%.<sup>2</sup> This could be one factor influencing the length of time it takes to reach full lease up in the Section 8 program.

### Diligence in Search

Local program experience has shown that generally those participants who persevered in their

search for housing fared better than those with a casual attitude. Those participants who relied on the PHA to find them a unit usually waited longer for benefits than those who took it upon themselves to find housing.

Nationally, diligence did not necessarily pay off. Recipient movers examined an average of 6.8 units while non-recipients who searched examined an average of 12.7 units.<sup>3</sup>

One interesting factor which shows up in national data is that 50% of non-recipient searchers had problems getting transportation to search for units. This undoubtedly limited the geographic area of the search. In Wayne County, this was also a problem. There is no well defined public transit system in the county and many of the participants have no automobiles. This effectively limited the search to those units which were within walking distance unless a friend or relative could be persuaded to provide transportation.

#### Quality of Housing Units Examined

National statistics show that 17.1% of recipient movers and 44.1% of non-recipient movers found that a major problem was finding a unit that would pass a Section 8 inspection.<sup>4</sup> Units inspected for new lease ups in Wayne County have an initial failure

rate of nearly 80%. Of course, a number of the units are brought up to acceptable standards, but at least 20% of all units inspected by the housing authority do not make it on the program. The units actually inspected by the PHA only represents a small percentage of units seen by the searcher. This means that a far larger number of units do not meet the housing quality standards of the Section 8 program.

#### Rent Constraints

Much has already been said about FMR's in this paper. FMR's that don't reflect the actual housing market in a given area will have a significant and adverse effect on the speed with which a family is able to locate a suitable unit. Nationally, 41.6% of recipient movers found that FMR's were a major problem. Seventy-two point one percent (72.1%) of non-recipient searchers found this to be a major problem.<sup>5</sup>

#### Landlord Response

One facet of the Section 8 Existing program which can spell defeat or success, is its reliance upon the private sector to provide decent housing in the necessary quantity and to provide this housing at the allowable cost. Section 8 Existing

differs from all other programs in that they always offer a direct benefit to the property owner. There is some type of profit to be made, whether it is cash flow or tax shelter, by the builder and owner of subsidized housing.

But the possibility is not always so clear in the case of Section 8 Existing. The owner cannot accelerate the depreciation on his unit nor does the program necessarily increase his income. If he doesn't have any problem with severe vacancy or collection loss, Section 8 doesn't really help there. In essence, the owner is asked to provide his unit to allow income family because it is the proper thing to do. And to reward his faith in the program it will be seen to by the local Housing Authority that he receives a portion of the rent from that Authority each month. All the landlord must do is allow his unit to be inspected and sign a few papers. The program may function well when this approach works, but there are obstacles to complete success.

Nationally the far most common aspects of the Section 8 program disliked by landlords were:

1. Amount of rental incomes  
or FMR levels;
2. Administration features

- (dealing with PHA);
3. Written lease;
  4. Amount of paperwork.

| <u>Aspects disliked by landlords</u>                    | <u>% of landlords</u> |
|---|-----------------------|
| 1. Amount of rental incomes or FMR levels               | 10.7                  |
| 2. Tenants selected                                     | 9.6                   |
| 3. Uncertainty of future changes                        | 2.8                   |
| 4. Administrative features -- dealing with PHA          | 17.0                  |
| 5a. Tenant inspections                                  | 0.5                   |
| b. Inspection criteria                                  | 4.2                   |
| c. Needed repairs                                       | 7.3                   |
| d. Lack of financing for repairs                        | 1.0                   |
| 6a. Written lease                                       | 5.0                   |
| b. Amount of time and effort to lease                   | 3.6                   |
| c. Time and length of lease                             | 3.7                   |
| d. Requirements attached by agency                      | 8.7                   |
| 7. Limited Security deposit                             | 2.3                   |
| 8. Timeliness of PHA payments                           | 7.9                   |
| 9. Amount of paperwork                                  | 12.3                  |
| 10. Program objectives, and involvement with government | 6.7                   |

(source: Nationwide Evaluation of the Existing Housing Program, 1978 Technical Supplement by U.S. Dept. of HUD)

On the basis of interviews with twenty (20) landlords participating in the program in Wayne County, the most mentioned aspects the disliked were the level of FMR's and Housing Quality Standards. Eighty percent felt that FMR's were too low and 75% felt that the new Housing Quality Standards were not realistic.

| <u>Aspects disliked by landlords</u> | <u>% of landlords</u> |
|--------------------------------------|-----------------------|
| Fair Market Rent levels              | 80                    |
| Housing Quality Standards            | 75                    |
| Government Red Tape                  | 45                    |
| Tenants                              | 10                    |

(this was an open-ended question; landlords could name any number of disliked aspects.)

(source: 1981 survey by the W.M.H.A.)

Despite the negative reaction by some landlords, the program is working. The reason is that next to the tenant, the landlord is the one who benefits the most from the Section 8 program. Although in my personal experience, general acceptance of the program was slow in the earlier days of program implementation, it has subsequently gained favor in the eyes of landlords.

Increased Income Stability is the first benefit and the one most landlords appreciate. Prior

to the initiation of Section 8, a tenant in private housing was responsible for his entire rent. If that tenant was having difficulty providing the necessities due either to lack of funds or misplaced priorities, then it was often the rent that had to wait. This situation is one that traditionally causes landlords concern. Because of this, making utility and mortgage payments became a race against time. Quite often when a tenant becomes sufficiently behind in rent payments, the landlord has no alternative to eviction. This is a time-consuming and costly procedure. Time consuming because it can take up to thirty or more days from beginning to end of eviction proceedings. Costly because in addition to legal fees, chances are that he is not receiving any rent during the eviction proceedings.

The Section 8 program goes far in relieving the landlord of his worry. Because a program participant is required to pay only 25% of their income for rent, his monthly rent payment is reduced by a considerable margin. The tenant then finds it easier to make the payments and is less likely to get behind. The chore of making on-time rent collections become somewhat easier for the landlord. The remaining portion of the rent is paid by the

Housing Authority out of Section 8 funds. This Housing Assistance Payment does not touch the tenant's hand but is sent directly to the landlord. Often this landlord receives the HAP prior to the due date for rent (this may have proven to be a real joy to the landlord).

Wayne County figures show that the average HAP for a family was approximately 70% of the contract rent. Therefore, the landlord is virtually assured at least this much money each month. If collection losses from tenants prior to and after the onset of Section 8 assistance ran 5%, then the actual dollar loss would decline by 70% (1.5% actual collection loss). The current eviction rate in Wayne County of Section 8 recipients for non-payment of rent runs approximately six per year out of an average of 300 families receiving assistance. This represents an actual 2% collection loss on 30% of the money.<sup>6</sup>

National and local statistics show that landlords have been pleased with increased income stability. Nationally, 39% of participating landlords had less of a problem with non-payment of rent.<sup>7</sup> Locally, 55% of landlords had less of a problem relative to other non-participating tenants.<sup>8</sup> Fifty-six percent (56%) of all landlords in the



national study said that they liked the guaranteed rent and higher occupancy levels.

Stability of tenancy is another benefit that landlords are enjoying. A unit that qualifies for Section 8 assistance is a commodity in great demand. Even if a tenant moves out of a unit, there is usually someone available to move in. Although there has been demonstrated in Wayne County a tendency by some families to move a number of times, generally there has been no problem re-renting the unit to another certified family. Often, as soon as a 30-day notice is given, another family is lined up for that unit.<sup>9</sup>

Tenant stability has definite financial implications. When the unit is always occupied the landlord usually receives rent payments. When the unit is vacant, he never receives rent payments. In addition, he is avoiding legal expenses incidental to evictions. Under the guidelines for Section 8, a landlord is entitled to vacancy payments of 80% of the contract rent for two months if a program participant skips and the landlord cannot rent the unit despite his efforts to do so.

Another more intangible benefit that the landlord gets incidental to his participation in the

program is the housing authority acting as mediator in tenant/landlord disputes. Often a landlord may have difficulty with a tenant concerning rent collection, personal habits and associations or household habits. Sometimes it helps to have an impartial entity intervene and attempt to work things out. Quite often a particularly serious action such as eviction or a tenant breaking his lease can be avoided if intervention is timely and effective. Generally the tenant/landlord interaction becomes one of an adversary proceeding and it helps to moderate this.

In Wayne County, landlord/PHA interaction may very well be one of the major reasons the program works despite other problems. Because the county and the program are relatively small, the staff of the Wayne Metropolitan Housing Authority has had the opportunity to get to know the recipient population and landlords quite well. To some degree, a level of confidence between PHA and landlord has developed in many respects of program administration including paperwork, complaint handling, problem solving and tenant referrals. One example is that many landlords contact the W.M.H.A. when a certificate holder applies for one of their units. These landlords express a

concern about the applicant and based on the knowledge that the staff has of that applicant an accurate assessment of that applicant can be passed along. In that way a landlord is not operating in the dark when trying to make an objective decision about the desirability of a tenant. When the staff has no information about the characteristics of an applicant, the landlord requesting an evaluation is told so.

Another example of how the W.M.H.A. interacts with landlords in a positive way is in the case of housekeeping habits of tenants. Unfortunately, there are some tenants who simply do not keep the units in a neat and sanitary manner. This is of great concern to the landlord. Often the W.M.H.A. is asked by that landlord to intervene and try to rectify the situation. Through tenant counseling, education, referrals to other social service agencies and other forms of encouragement, a good amount of success has been achieved.

These are just two examples of how a PHA can interact with landlords in a positive way. If a housing authority is relatively small and its area of jurisdiction not too broad, PHA/landlord interaction has a potential influence on landlord response. The requirements are:

1. Familiarity with target  
and recipient population;
2. Familiarity with landlords;
3. Time and willingness to  
deal with both on a one-  
to-one basis.

This approach would be far more difficult for larger authorities in metropolitan areas. There is just not the opportunity for familiarization. In small authorities one person often handles a case from application to lease up (including inspections). In larger authorities staff functions are usually quite specialized. It is virtually impossible for any one person to be familiar enough with all aspects of the program to handle a multitude of problems. Also, in a large city the sheer number of landlords and target population make familiarity impossible.

In Wayne County this interaction may be a prime reason the W.M.H.A. is able to hold onto current landlords and attract new ones. FMR's are much lower than the true market rates in Wayne County. The direct cash benefit to a landlord is negligible. Next to income stability and stability of tenancy, the peace of mind a landlord gets dealing with the W.M.H.A. may be the reason landlords who respond

favorably to the program do so.

Of course the landlord incurs certain responsibilities with his participation in the Section 8 program. Although, according to law in the state of Ohio, a landlord is required to maintain his rental units in decent, safe and sanitary condition, this can be enforced by a housing authority when Section 8 funds are involved. No, the housing authority does not have the power to condemn the property, but it does have the power to withhold or withdraw entirely Housing Assistance Payments until repairs are effected. In addition to this, there is nothing a landlord can do in retaliation against the tenant. A lease is a lease and a contract is a contract.<sup>10</sup> Through the use of the pre-occupancy and periodic inspections, the housing authority can ascertain whether the tenant and landlord are fulfilling their obligations.

#### Under the Table Payments

Unfortunately some landlords and tenants have resorted to actions contrary to regulations in order to participate in the program. Under the table payments from tenants to landlords is a problem that some PHA's face. This usually comes about when a landlord feels that his profit margin

has been shaved too thin by the FMR's. He wants the financial security that participation in the program brings but is not willing to make the sacrifice in rent. Instead, the landlord explicitly agrees to the terms spelled out in the lease and HAP contract, but comes back to the tenant for more. This extra cash supposedly makes up the difference between the program's FMR's and the true rent.

Often this arrangement is a mutual arrangement agreed upon by both the tenant and landlord prior to the signing of documents. The tenant, in exchange for a landlord accepting rent assistance, will agree to pay the landlord a certain monthly sum toward the rent. That sum would be in addition to the computed family's share and the HAP payment. The tenant will then come into the office of a PHA with a request for lease approval with a stated gross rental figure at or below the FMR. The landlord verifies this and assistance is given to the family. At that time the under the table payments also begins.

According to regulations, a family may not pay more than 25% of their income for rent. Clearly the under the table payments violates this rule. Also, most under the table payments cause the

total paid rent to exceed the applicable FMR, also against the rules. All PHA's look at this type of activity as violations and hence take measures to discourage it.

This type of violation is often difficult to catch. This is especially true when it is a voluntary agreement. Usually it comes to light when one of the parties doesn't hold up his end of the bargain. Usually the lid is lifted when a tenant fails to make the secondary payment. The landlord threatens eviction for non-payment of rent and the tenant is able to successfully prove that he has paid the computed share. The landlord or tenant will then admit to a secondary agreement. Likewise, if a landlord fails to maintain a unit in accordance with the expectations of the tenant, that tenant will often blow the whistle.

Once in a while, the agreement to make under the table payments is not voluntary on the part of the tenant. Some landlords caught in a financial pinch or for some other reason threaten termination of the lease under a 30-day termination clause if the tenant doesn't contribute extra money toward the rent. Some tenants, afraid of becoming homeless, succumb to the pressure and pay the additional rent. Sometimes the tenant who feels

he is being asked to do something that he shouldn't, will contact the PHA and give staff pertinent information. In cases such as that, the PHA has the opportunity to intervene before any transaction takes place.

There is very little a PHA can do to remedy the situation once it has occurred. Except for requiring the landlord to cease under threat of termination of the contract, the housing authority can do little more.

The best solution is to prevent the situation from developing in the first place. FMR's that are more reflective of prevailing market conditions is one solution. If the rent a landlord receives under Section 8 is comparable to that which he would get on the private market, the need for clandestine payments would diminish.

Another solution utilized by some PHA's is education of and dialogue with landlords and tenants. By informing them up front that subsidiary payments are in violation of regulations and that the contracts could be terminated, they may be less likely to indulge in that practice. Also, by informing the landlord that is financially pressed to meet the FMR's that renegotiation of a higher rent is possible when the FMR's rise, a PHA



may avert the probability of a landlord requesting more rent from the tenant.

### 25% of Income Rule

As was stated earlier, the main obstacle to finding suitable units may very well be the level of Fair Market Rents.

Often, housing authorities are asked by prospective applicants "If the rent of my unit exceeds the FMR, can I pay the difference?" And the reply of the PHA has always been "No, because then you would be paying more than 25% of your income and that isn't allowed."

It is no hidden fact that many non-subsidized families pay considerably more than 25% of their income for housing.<sup>11</sup> The 25% restriction effectively eliminates many housing possibilities for some families. It almost seems a shame that because a unit exceeds the FMR by \$10 a month, a family is denied that unit if they wish to receive assistance. It doesn't matter that it is the ideal size and in the ideal location for that family. It doesn't even matter that it is the only unit the family has been able to find in over a month of searching that meets the housing quality standards and even comes close to the FMR. All that matters is that the unit exceeds the

FMR by \$10.

Recommendation

A 10% Family Discretion rule should be adopted and the PHA 10% Discretion should be eliminated.

Housing Authorities are given what is referred to as a "10% Discretion". This means that when circumstances warrant, the PHA may allow up to 20% of their Section 8 units to exceed the FMR's by 10%. Usually this discretion is quickly used up as many of the decent units on the market exceed FMR's. What is needed instead, is a "family 10% discretion". This would allow a family searching for suitable housing to pay the difference between the FMR and the true cost of the unit up to 10% of the FMR.

Example:

|             |        |                    |        |
|-------------|--------|--------------------|--------|
| # in family | 4      | Gross rent/unit    | \$ 240 |
| income/mo   | \$ 450 | applicable FMR     | \$ 226 |
| # minors    | 2      | computed tenant    | \$ 100 |
| ded/minors  | \$ 600 | share (25% income) |        |
|             |        | excess rent        | \$ 14  |
| # BR/unit   | 2      | total tenant       | \$ 114 |
|             |        | rent payment       |        |

It would be incumbent upon the PHA to apply a rent reasonableness test to prevent abuse and rent

hiking by landlords and to help tenants to become knowledgeable housing shoppers. The adoption of family discretion and the elimination of PHA discretion would have the effect of:

1. Reducing the overall taxpayer cost of the Section 8 program;
2. Opening up more housing possibilities for families;
3. Reduce the need for secondary rent agreements that are often unenforceable and are cause for conflict.

This may, to some extent, contradict the 25% of income guidelines, but that percentage may no longer be realistic. It really all depends on what HUD and Congress consider the real objective of the Section 8 Existing program.

In order to prevent a family from over-extending themselves, certain limitations could apply. An absolute maximum portion of their income to be paid toward rent could be set. Research could be undertaken to determine tolerable levels for families grouped into certain categories. Some of the parameters in this research would be geographic location, family size, family income,

and family expenses. These tolerable level finds as a result of this research, could then be applied to the Section 8 Existing program.

Landlords are accepting the program in increasing numbers and minor modifications to program guidelines could enhance this. One such modification could be greater assurances to the landlord to cover tenant-caused damages to the dwelling. Although National data suggests that there is no problem with Section 8 tenant-caused property damage relative to other tenants, the local survey did point out that the fear of damages is real. The results of that survey showed that a significant percentage of landlords (30%) would feel more comfortable with some kind of protection from financial loss due to tenant-caused damages.

#### Recommendation

Regulations should be adopted to permit PHA's to reimburse landlords for tenant-caused damages.

The PHA could then, at its option, seek to recover the costs from the tenant. The cost of this assurance would be minimal as less than one out of 25 cases involve damage.<sup>12</sup> In these cases where damages are involved, the dollar amount has

rarely exceeded \$200. This could be an inexpensive way of assuring continued and increased landlord acceptance of the program.

### Analysis

The Section 8 program has been efficient at reaching the target population quickly. Of all housing programs, it is the fastest in getting the benefits to program participants.

The area where efficiency could be improved is in housing placement. The factor which has the greatest impact on housing placement is landlord response to the program. The recommendations dealing with 10% Family Discretion and Tenant Damages, if put into effect, would go far in creating a greater degree of landlord acceptance.

Criteria II

Costs of administering the program are difficult to quantify. On a national scale the preliminary fee for start up costs averaged \$258 per unit. This is less than the \$275 per unit guideline figure. The administrative fee generally proved to be lower than actual ongoing administrative costs, especially for PHA's administering a small number of units.

For the year of 1981, the cost of administering 315 units of Section 8 in Wayne County is projected to be \$71,506 or about \$18.91 per unit month. The current maximum allowable ongoing administrative fee is \$21 per unit month.

The 1981 budget for management of public housing in Wayne County is \$54,488 for 147 units. This represents a per unit month cost of \$30.88.

By far Section 8 Existing costs less to administer than public housing at the local level in Wayne County.

The vast majority of administration costs go toward salaries. The Section 8 Existing program is labor intensive and time demanding. A recent study of the W.M.H.A. found that it took an average of 4.1 man hours to lease up a family. This was

from the time of initial application to the signing of all documents.<sup>13</sup> Other authorities across the state have made no such studies, but most likely these times do not vary considerably from one authority to the next.

Although some program administrators complain about the amount of paperwork involved, it is doubtful that this represents a significant portion of the time. The greatest amount of time at the agency for which the study was conducted, was spent on direct administrator/tenant/landlord dialogue, unit inspection, reinspections, income verifications, and wasted time over efforts to contact tenant and landlord.

The fact that many prospective program participants have no phones, contact must be made either by mail or in person. That means that staff time is spent composing and typing letters or is spent driving to the residence. Time is often wasted when appointments are made with the tenant only to be broken by miscommunication.

On the other side of the coin is the factor of time spent tracking down and negotiating with landlords. In many of the smaller communities, the typical landlord is one who might own a duplex for rental. It is purely an investment to secure

supplemental income. As such, the landlord is usually unaware of the existence of the program, and may be somewhat confused, if not frightened, by it all. Much time is spent convincing the landlord of the program's benign qualities and its simplicity as it relates to him. Time must be spent assuring him and explaining the details of the program. Also, because real estate is only a sideline to this landlord, often he must be located at unusual times or unusual places or both. Often staff time is spent traveling to a landlord's place of residence or work in order to sign papers or to further explain the program.

The Section 8 Existing program is efficiently administered if the basis of comparison of this program to other programs is a valid one. It provides the same benefit of decent, safe and sanitary housing that do programs of new construction and public housing and the costs of administration are lower, and in my opinion there are not many ways to increase efficiency in any significant manner.



CHAPTER III  
(footnotes)

1. From Ohio Housing Authority survey, 1978
2. From 1970 U.S. Census: Survey of Housing
3. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
4. Ibid
5. Ibid
6. These statistics are based on 1980 data from the W.M.H.A.
7. U.S. Dept. of HUD "Lower Income Housing Assistance Program (Section 8); Nationwide Evaluation of the Existing Housing Program" Technical Supplement - November 1978
8. 1981 Landlord Survey by W.M.H.A.
9. A very good barometer of vacancy loss suffered by landlords under the program is the number of Claim of Vacancy Loss forms submitted to PHA's during the course of the year. Under HUD regulations, a landlord is entitled to up to 80% of the contract rent if a tenant moves out in violation of his lease. The amount a landlord may claim depends on how long it takes him to re-rent the unit and how much rent loss there actually is. HUD form 52676 is used to compute the exact amount and to make the claim. In 1980, only two (2) landlords participating in the W.M.H.A.'s Section 8 Existing program filed a claim. There were, as of Dec. 1980, 315 families receiving assistance.
10. Section 2.5 of Part II, Housing Assistance Payment Contract (HUD form 52535B) reads:  
"...The owner agrees (1) to maintain and operate the contract unit and related facilities so as to provide decent, safe and sanitary housing..... If the PHA determines that the owner is not meeting one or more of these obligations, the PHA shall have the right, in addition to its other rights and remedies under this contract, to abate housing assistance

10. in whole or part".
11. According to some Realtors in Wayne County, many young families are paying more than 25% of their income to purchase homes. Also, some local Savings and Loans have discarded the 25% rule in favor of allowing a family to spend up to 1/3 of income on housing if their other bills do not put undue strain on family finances.
12. Based on Wayne M.H.A. data for 1980. For the entire year of 1980, of the 178 families that terminated their tenancy under the program, only seven cases involved tenant-caused deterioration of the unit beyond that which would be considered normal wear and tear.
13. For two months during the Spring of 1979, I worked with the Section 8 program because the Wayne M.H.A. was short of staffing. I kept record of the number of families that I personally leased up and the time spend on this activity. New lease ups averaged 4.1 hours while recertifications ran approximately 3.3 hours each. Inquires of other Section 8 staff in the agency confirmed these observations.

S U M M A R Y

### Summary

The Section 8 Existing program has proven to be an effective vehicle for providing decent, safe, and sanitary housing for low income families. It is the quickest way to transform appropriated monies into a tangible benefit in the housing arena and by far the benefits accrue to those who need it most.

Every program of financial assistance has at least one beneficiary. Many programs have several. The Section 8 Existing Program is no exception. The low income tenant, the landlord, the housing agency and the municipality all benefit from the existence of the program.

The beneficiaries can be grouped into three major classifications. The first, prime beneficiary, is the original target at which the financial assistance is aimed. The secondary beneficiary is the entity that profits through the existence of the program whether it is by administering it or through favorable public relations or being party to such a program.

In the case of the Section 8 Existing program, the prime beneficiary is the low income tenant who is housed under the program. The secondary is the

landlord who houses the tenant, and the tertiaries are the Local Housing Authorities who administer the program and the Municipality in which the program is located.

The quality of life for the prime beneficiary, no doubt, has been enhanced by the program. Reduction of rent burden, increased freedom in housing choices, and improved housing quality are factors which contributed toward that enhancement.

Housing Quality Standards are what set this program apart from a voucher system for rent assistance. Through those standards, the recipient and the taxpayer are reasonably assured that the unit under consideration is decent, safe and sanitary. This is, after all, the National housing goal.

Landlords have profited from the program through consideration such as income stability and stability of tenancy. Lower collection losses and the guarantee of receiving a portion of the rent from the administering agent are major factors that have contributed to landlord acceptance. Improvements in the program such as the recommended 10% Family Discretion and Relief for Tenant-Caused Damages would enhance and accelerate landlord acceptance.

Public Housing Authorities have been able to

effectively utilize Section 8 Existing as a primary tool in fulfilling their mission of providing decent, safe and sanitary housing for their constituents. When used in conjunction with other programs of the PHA, the overall purpose of that agency is served to a far greater degree than would have been possible otherwise. PHA's have also realized financial gain and increased favorable visibility.

Because of Section 8, many of the new and smaller authorities gained a measure of visibility and prestige among other social service agencies. They also became a resource that low income persons in need of housing assistance could turn to. For the larger authorities that were already administering on-going programs, Section 8 was a means of quickly providing additional assistance to families in their jurisdictions. The income derived from the program was used to hire additional staff for implementation and was sometimes used as start up funds for other new programs. In terms of favorable visibility, the larger authorities also profited. These authorities were often labeled as promoters of impacted "ghetto-ized" housing situations. The numerous and densely populated "projects" were a constant target of the news media

and tenant unrest and dissatisfaction was often made visually and audibly evident. Section 8 Existing is envisioned as a program where the tenant is free to choose to live wherever he pleases, not just the traditional minority or low income areas. The stigma associated with other housing assistance programs such as public housing is not there.

The community in which the program operates also benefits. They can now satisfy Housing Assistance Plan goals and avoid the controversy that surrounds programs of new construction of subsidized housing. Also the community benefits from improved housing quality of the Section 8 units that are upgraded in order to satisfy program Housing Quality Standards.

Unfortunately, the Section 8 Existing program has not met with a high degree of success in other areas such as economic dispersal and opening housing opportunities for all classes of people. We have seen that economic dispersion is partly a function of Fair Market Rents. Undoubtedly increases in FMR's to the point where they are competitive will have a great effect on this. Also standing in the way of completely open housing opportunities are considerations of race

and the stigma attached to the receipt of welfare payments. Only education and a change in the minds of the public can change this.

The main thing that could stand in the way of the program continuing to be a success, and indeed has hindered the program to some degree, is the Fair Market Rent structure. FMR's that are too low hinder the program by slowing down the acquisition of qualified units by recipients, by limiting the geographic areas of housing choice, and preventing, in many instances, the full and impartial application of Housing Quality Standards to a number of units occupied by recipients. FMR's that more accurately reflect the true local market are definitely a must for successful program administration. HUD, in recognition of the effect of the FMR's on housing quality, has decided to attack the problem from a different angle. Section 8 Existing Moderate Rehab. is an offshoot from the original program which offers a carrot to a landlord in order to induce him to make moderate repairs. In exchange for a rent of 120% of the applicable FMR, he is expected to make repair ranging upwards from \$1,000. High interest rates on improvement loans and cumbersome administration requirements have



kept the program from achieving the quick prominence that the Section 8 Existing program experienced.

FMR's must also be independent of utility costs because of the rapid rise in rates. In this way, families would not be required to absorb the full difference between computed utility costs and actual costs simply because they live in older units and the computations are artificially low because of low FMR's.

The 25% of income for rent rule may very well be outdated. Indeed, Congress is considering raising the gross family contribution to 30% of income. I feel that the program could be enhanced if a tenant would be allowed to pay the difference between between the FMR and the actual rent of a unit up to 10% of the FMR. This would have the potential of opening up more housing opportunities under the program. This would also eliminate the need for the 10% discretion for housing authorities and it would serve to cut program costs. With the rent reasonableness test applied by the PHA to prevent rent hiking and an absolute limit of the percentage of income that can be paid for rent, the proper controls would be in place.

The Section 8 Existing program has proven to be a cost effective method of providing decent,

safe and sanitary housing for low income families. It is less expensive than any of the current programs of new construction or rehabilitation. Costs can further be controlled by requiring reductions in Housing Assistance Payments when a family's income increases. The proper incentive for tenants to report changes must be instituted along with the rent reduction requirement.

Government sponsored programs of aid to low income persons constantly change. Sometimes the programs take on new forms or target groups are redefined. Some programs seemingly spring up overnight and about as many disappear without a trace. But one thing will remain constant; there will always be families in need of suitable housing without the financial means to meet that need. Up to this point, the Section 8 Existing program has proven to be one of the most valuable tools in assisting families in meeting that need. I am hopeful that lawmakers and HUD officials see the program for what it is and work toward keeping it with a constant commitment to making a good program even better.

A P P E N D I X

### Ohio Survey

This survey was conducted by a questionnaire that was sent to all active Metropolitan Housing Authorities (MHA's) in the state of Ohio that had a Section 8 Existing program. In Dec. 1977, 33 questionnaires were sent and 18 MHA's responded. These responses were received during Jan. 1978. The figures essentially reflect the status of the Section 8 program as of the beginning of 1978.

### Landlord Survey

In July of 1981 twenty landlords participating in the Section 8 Existing program in Wayne County were contacted in person. During the interview questions were asked about the Section 8 program and responses were elicited from the landlords.

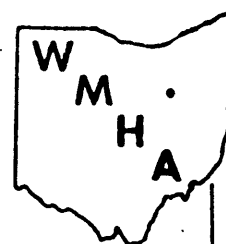
### WAYNE M.H.A. Data

Much of the data utilized in this paper was generated in response to requests by HUD and local planning agencies. Other data and statistics were generated specifically in response to questions posed by research on this topic. Many thanks to the staff of the Wayne Metropolitan Housing Authority for the time and effort expended in the retrieval of the needed information.

**WAYNE METROPOLITAN HOUSING AUTHORITY**

122 E. North Street  
Weoster, Ohio 44691  
(216)264-2727

JUAN A. PATTERSON  
Executive Director



To: Executive Directors of Ohio Housing Authorities  
From: Juan Patterson, Exec. Director, Wayne MHA  
Re: Research on Section 8 Existing in Ohio  
Date: Dec. 30, 1977

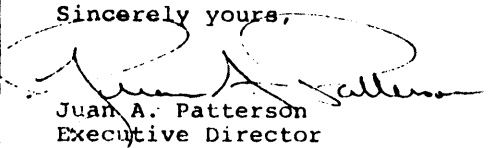
Dear Director:

I am in the process of collecting information from Ohio Metropolitan Housing Authorities. You can be of great assistance to me if you are able to have your Section 8 Administrator take a few minutes and answer the attached questionnaire. It should take very little research to answer for I am interested mainly in Ball Park figures.

I would sincerely appreciate it if this could be done at the earliest possible date. I am hoping to incorporate this information in a report scheduled to be finished in late January.

Thank you very much for your consideration.

Sincerely yours,

  
Juan A. Patterson  
Executive Director

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SECTION 8 EXISTING SURVEY

- Name of Authority \_\_\_\_\_
- Year established \_\_\_\_\_
1. Total number units administered \_\_\_\_\_
  2. Number Section 8 Existing units under ACC \_\_\_\_\_
  3. Date of first Section 8 Existing application \_\_\_\_\_
  4. Date funds arrived \_\_\_\_\_
  5. Is leasing
    - ahead of schedule? \_\_\_\_\_ behind schedule? \_\_\_\_\_
    - on schedule? \_\_\_\_\_
  6. Percentage of families receiving assistance which are very low income \_\_\_\_\_
  7. Status of families at time of initial application
    - % displaced
    - % in substandard housing
    - % about to be without housing
    - % leased in place
  8. Are utility allowances
    - too low? \_\_\_\_\_ too high? \_\_\_\_\_ on target? \_\_\_\_\_
  9. Was housing authority successful in dispersing minorities in the Section 8 Existing program into non-minority areas?
  10. Was housing authority successful in dispersing very-low income families into non-low income areas?
  11. Percentage of units under contract that were built before 1950  
(Circle one) 10 20 30 40 50 60 70 80 90 100
  12. What factor does housing authority consider most important when prioritizing need?
  13. What does housing authority consider the main problems with the Section 8 Existing program?

SECTION 8 EXISTING SURVEY RESULTS

## Question 1

Total number of units administered 31,132

## Question 2

Total number of Section 8 Existing units represented in  
survey was:

| <u>MHA</u> | <u>Number</u> |
|------------|---------------|
| Lorain     | 975           |
| Licking    | 332           |
| Youngstown | 350           |
| Warren     | 65            |
| Clermont   | 168           |
| Portsmouth | 175           |
| Logan      | 100           |
| Lake       | 500           |
| Pike       | 150           |
| Trumbull   | 200           |
| Cambridge  | 100           |
| Wayne      | 160           |
| Erie       | 57            |
| Athens     | 150           |
| Mansfield  | 350           |
| Cuyahoga   | 2,892         |
| Columbus   | 1,437         |
| Miami      | <u>100</u>    |
|            | 8,261         |

## Question 3 and 4

Average time between application for Section 8 funds and receipt of funds

| <u>Interval of time</u> | <u>Response</u> |
|-------------------------|-----------------|
| 1 month                 | 0               |
| 2 months                | 0               |
| 3 months                | 0               |
| 4 months                | 0               |
| 5 months                | 1               |
| 6 months                | 3               |
| 7 months                | 12              |
| 8 months                | 2               |
| 9 months                | 1               |
| 10 months               | 0               |
| 11 months               | 0               |
| 12 months               | 0               |

## Question 5

Is leasing

ahead of schedule? 3 behind schedule? 6

on schedule? 5

(four authorities were not able to respond to this question)

## Question 6

Percentage of families receiving assistance which are very low income



| <u>PHA</u> | <u>Total Units</u> | <u>%VLI</u> | <u>No.</u>   |
|------------|--------------------|-------------|--------------|
| Lorain     | 975                | 90          | 877          |
| Licking    | 332                | 70          | 232          |
| Youngstown | 350                | 83          | 290          |
| Warren     | 65                 | 90          | 59           |
| Clermont   | 168                | 96          | 161          |
| Portsmouth | 175                | 93          | 163          |
| Lake       | 500                | 76          | 380          |
| Trumbull   | 200                | 90          | 180          |
| Wayne      | 160                | 90          | 144          |
| Erie       | 57                 | 51          | 29           |
| Mansfield  | 350                | 95          | 333          |
| Cuyahoga   | 2,892              | 95          | 2,747        |
| Columbus   | <u>1,437</u>       | <u>89</u>   | <u>1,279</u> |
| Totals     | 7,661              | 89.7        | 6,874        |

(five authorities did not respond to this question)

#### Question 7

Status of families at time of initial application

|                             |       |        |
|-----------------------------|-------|--------|
| No. displaced               | 381   | % 5.0  |
| No. in substandard housing  | 2,704 | % 35.3 |
| No. about to be w/o housing | 1,141 | % 14.9 |
| No. leased in place         | 3,432 | % 44.8 |

(the same five authorities that could not respond to question 6 could not respond to question 5)

#### Question 8

Are utility allowances

|             |    |
|-------------|----|
| Too low     | 10 |
| Too high    | 0  |
| On target   | 3  |
| No response | 5  |

## Question 9

Was housing authority successful in dispersing minority families into non-minority areas?

Yes 3

No 8

No response 7

## Question 10

Was housing authority successful in dispersing very low income families into non-low income areas?

Yes 6

No 8

No response 4

## Question 11

Percentage of units under contract that were built built before 1950

| %   | Response | No Response <u>3</u> |
|-----|----------|----------------------|
| 10  | 0        |                      |
| 20  | 0        |                      |
| 30  | 0        |                      |
| 40  | 0        |                      |
| 50  | 0        |                      |
| 60  | 4        |                      |
| 70  | 9        |                      |
| 80  | 2        |                      |
| 90  | 0        |                      |
| 100 | 0        |                      |

## Question 12

What factor does housing authority consider most important when prioritizing need?

| <u>Factor</u>       | <u>Response</u> |
|---------------------|-----------------|
| Income              | 15              |
| Displacement        | 2               |
| Substandard Housing | 1               |

## Question 13

What does housing authority consider main problems with the Section 8 Existing program?

| <u>Problems</u>         | <u>Response</u> |
|-------------------------|-----------------|
| Low FMR                 | 9               |
| Low utility allowance   | 4               |
| Shortage of large units | 2               |
| Excessive paperwork     | 1               |
| Housing quality         | 1               |



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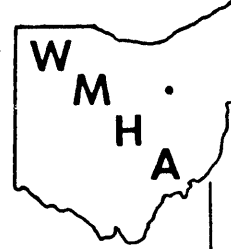
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by the author.**

**( Page 155 )**

**WAYNE METROPOLITAN HOUSING AUTHORITY**

200 South Market Street  
Wooster, Ohio 44691  
(216) 264-2727

JUAN A. PATTERSON  
Executive Director



July 7, 1981

Dear

I am in the process of doing an analysis of the Section 8 Existing program in Wayne County. In researching the subject it will be necessary to perform a Landlord Survey. The information derived from that survey will greatly help my understanding of landlord response to the program.

In the next week or so I will be calling on you with a short questionnaire concerning your reaction to the program. It would be most helpful if you would be able to take a few minutes of your time to discuss it with me.

Your consideration in this matter is deeply appreciated.

Sincerely,

Juan A. Patterson  
Executive Director

EQUAL  
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## SECTION 8 EXISTING LANDLORD SURVEY

1. How many units do you own or manage? \_\_\_\_\_
2. How many units do you have leased under the Section 8 Existing program? \_\_\_\_\_
3. What are the aspects of the program that you like most?
  
4. What are the aspects of the program that you dislike most?
  
5. As compared to other tenants, has non-payment of rent by Section 8 tenants been:  
    More of a problem?  
    Less of a problem?  
    No difference?
6. Would you rent to another Section 8 tenant?  
    If not, why?
  
7. What improvements would you suggest be made in the program for you to feel more comfortable participating in it?

## SECTION 8 EXISTING LANDLORD SURVEY RESULTS

|  |                   |             |
|--|-------------------|-------------|
| Number of landlords interviewed  |                   | <u>20</u>   |
| Total number of units owned or managed   |                   | <u>95</u>   |
| Average number of units per landlord   |                   | <u>4.75</u> |
| Number of units leased under Section 8   |                   | <u>48</u>   |
| Average number of Section 8 units per landlord                                   |                   | <u>2.4</u>  |
| Aspects of program liked most  |                   |             |
| <u>Aspect</u>  | <u>#responses</u> | <u>%</u>    |
| Guaranteed rent  | 17                | 85          |
| Guaranteed occupancy   | 14                | 70          |
| Same tenant could stay in same unit and receive subsidy                          | 4                 | 20          |
| PHA sends checks on time   | 3                 | 15          |
| Aspects of program disliked most   |                   |             |
| <u>Aspect</u>  | <u>#responses</u> | <u>%</u>    |
| FMR too low  | 16                | 80          |
| Housing Quality Standards not realistic  | 15                | 75          |
| Problems with tenants  | 2                 | 10          |
| Red tape   | 9                 | 45          |
| As compared to other tenants, non-payment of rent by Section 8 tenants has been: |                   |             |
|  | <u>#responses</u> | <u>%</u>    |
| more of a problem  | 1                 | 5           |
| less of a problem  | 11                | 55          |
| no difference  | 8                 | 40          |
| Would rent to another Section 8 tenant   | yes <u>19</u>     | no <u>1</u> |
| Suggested improvements in program  |                   |             |
| <u>Improvement</u>   | <u>#responses</u> | <u>%</u>    |
| Higher FMR   | 16                | 80          |
| More realistic HQS   | 15                | 75          |
| Guarantee of all rent  | 2                 | 10          |
| Financial protection against tenant-caused damage                                | 6                 | 30          |

| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  |                                |          |                           |          |          | DATE             |
|---|--------------------------------|----------|---------------------------|----------|----------|------------------|
| SECTION 8, EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES  |                                |          |                           |          |          | December, 1977   |
| LOCALITY<br>TABLE I   |                                |          | UNIT TYPE<br>ONE STORY    |          |          |                  |
| UTILITY OR SERVICE  | MONTHLY DOLLAR ALLOWANCES      |          |                           |          |          |                  |
|   | 0-BR                           | 1-BR     | 2-BR                      | 3-BR     | 4-BR     | 5-BR             |
| <b>HEATING</b> Factor X $\frac{1}{1000}$  |                                |          |                           |          |          |                  |
| a. Natural Gas X DD = Therms  | 7                              | 9        | 12                        | 14       | 17       | 20               |
| b. Bottle Gas X DD = Gallons  | 7.8                            | 9.3      | 12.4                      | 14.4     | 17.5     | 20.              |
| c. Oil X DD = Gallons   | 5.                             | 6.4      | 8.6                       | 10.0     | 12.2     | 14.              |
| d. Electric X DD = K.W.H.   | 70                             | 90       | 120                       | 150      | 180      | 210              |
| <b>AIR CONDITIONING</b> *   | 183 K.W. / Month per A.C. Unit |          |                           |          |          |                  |
| <b>COOKING</b>  |                                |          |                           |          |          |                  |
| a. Natural Gas (Therms)   | 5                              | 6        | 7                         | 8        | 9        | 10               |
| b. Electric (K.W.H.)  | 50                             | 60       | 90                        | 100      | 110      | 120              |
| c. Bottle Gas (Gallons)   | 5                              | 6        | 7                         | 8        | 9        | 10               |
| <b>OTHER ELECTRIC LIGHTING, REFRIGERATION, ETC.</b> K.W.H.  | 130                            | 185      | 235                       | 260      | 285      | 310              |
| <b>WATER HEATING</b>  |                                |          |                           |          |          |                  |
| a. Natural Gas Therms   | 9                              | 10       | 12                        | 15       | 17       | 20               |
| b. Electric K.W.H.  | 140                            | 185      | 235                       | 280      | 325      | 375              |
| c. Bottle Gas Gallons   | 9                              | 11       | 13                        | 15       | 18       | 20               |
| d. Oil Gallons  | 6                              | 7        | 9                         | 12       | 14       | 17               |
| <b>WATER</b> Gallon/Cu. Ft.   | 1500/200                       | 1500/200 | 6000/800                  | 6000/800 | 6000/800 | 6000/800         |
| <b>SEWER</b>  |                                |          |                           |          |          |                  |
| <b>TRASH COLLECTION</b>   |                                |          |                           |          |          |                  |
| <b>RANGE</b> Dollars  | 3.00                           | 3.00     | 3.00                      | 3.00     | 4.00     | 4.00             |
| <b>REFRIGERATOR</b> Dollars   | 4.00                           | 4.00     | 4.00                      | 5.00     | 6.00     | 6.00             |
| <b>OTHER (Specify) F.A-Fan</b> K.W.H.   | 25                             | 35       | 45                        | 50       | 55       | 60               |
| <b>ACTUAL FAMILY ALLOWANCES</b> (To be used by family to compute allowance. Complete below for Actual Unit Rented)  |                                |          | <b>UTILITY OR SERVICE</b> |          |          | <b>PER MONTH</b> |
| NAME OF FAMILY  |                                |          | HEATING.....              |          |          | \$               |
| ADDRESS OF UNIT<br>Remark: One Therm is equal to 100 CF of natural gas; 39.7 or 1.1 Gallons of propane and 0.715 gallons of No. 2 fuel oil. One Gallon Bottle Gas = 4.3 pounds. |                                |          | AIR CONDITIONING.....     |          |          |                  |
|   |                                |          | COOKING.....              |          |          |                  |
| * 183 K.W./Month as per HUD-52667, Page 3 and it must be for the actual air conditioning unit used.   |                                |          | OTHER ELECTRIC.....       |          |          |                  |
|   |                                |          | WATER HEATING.....        |          |          |                  |
| NUMBER OF BEDROOMS  |                                |          | WATER.....                |          |          |                  |
|   |                                |          | SEWER.....                |          |          |                  |
|   |                                |          | TRASH COLLECTION.....     |          |          |                  |
|   |                                |          | RANGE.....                |          |          |                  |
|   |                                |          | REFRIGERATOR.....         |          |          |                  |
|   |                                |          | OTHER (Specify).....      |          |          |                  |
|   |                                |          | TOTAL                     |          |          | \$               |

This table supplied by Engineering Division, Cleveland HUD office.



| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  |                              |            |                             |            | DATE           |                  |  |  |
|---|------------------------------|------------|-----------------------------|------------|----------------|------------------|--|--|
| SECTION 8, EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES  |                              |            |                             |            | December, 1977 |                  |  |  |
| LOCALITY  |                              |            | UNIT TYPE                   |            |                |                  |  |  |
| TABLE II  |                              |            | TWO AND THREE STORY OR MORE |            |                |                  |  |  |
| UTILITY OR SERVICE  | MONTHLY DOLLAR ALLOWANCES    |            |                             |            |                |                  |  |  |
|   | 0-BR                         | 1-BR       | 2-BR                        | 3-BR       | 4-BR           | 5-BR             |  |  |
| <b>HEATING</b> Factor $\frac{1}{1000}$  |                              |            |                             |            |                |                  |  |  |
| a. Natural Gas X DD = Therms  | 6.1                          | 7.8        | 10.4                        | 12.1       | 14.7           | 17.              |  |  |
| b. Bottle Gas X DD = Gallons  | 6.7                          | 8.0        | 10.7                        | 12.5       | 15.2           | 17.              |  |  |
| c. Oil X DD = Gallons   | 4.3                          | 5.6        | 7.4                         | 8.7        | 10.5           | 12.              |  |  |
| d. Electric X DD = K.W.H.   | 61                           | 78         | 104                         | 130        | 156            | 182              |  |  |
| <b>AIR CONDITIONING</b> *   | 183 K.W./Month per A.C. Unit |            |                             |            |                |                  |  |  |
| <b>COOKING</b>  |                              |            |                             |            |                |                  |  |  |
| a. Natural Gas Therms   | 5                            | 6          | 7                           | 8          | 9              | 10               |  |  |
| b. Electric K.W.H.  | 50                           | 70         | 90                          | 100        | 110            | 120              |  |  |
| c. Bottle Gas Gallons   | 5                            | 6          | 7                           | 8          | 9              | 10               |  |  |
| <b>OTHER ELECTRIC LIGHTING, REFRIGERATION, ETC.</b> K.W.H.  | 130                          | 185        | 235                         | 260        | 285            | 310              |  |  |
| <b>WATER HEATING</b>  |                              |            |                             |            |                |                  |  |  |
| a. Natural Gas Therms   | 9                            | 10         | 12                          | 15         | 17             | 20               |  |  |
| b. Electric K.W.H.  | 140                          | 185        | 235                         | 280        | 325            | 375              |  |  |
| c. Bottle Gas Gallons   | 9                            | 11         | 13                          | 15         | 17             | 20               |  |  |
| d. Oil Gallons  | 6                            | 7          | 9                           | 12         | 14             | 17               |  |  |
| <b>WATER</b>  |                              |            |                             |            |                |                  |  |  |
| <b>SEWER</b> Gallon/Cu. Ft.   | 1500 / 200                   | 1500 / 200 | 6000 / 800                  | 6000 / 300 | 6000 / 800     | 6000 / 800       |  |  |
| <b>TRASH COLLECTION</b>   |                              |            |                             |            |                |                  |  |  |
| <b>RANGE</b> Dollars  | 3.00                         | 3.00       | 3.00                        | 3.00       | 4.00           | 4.00             |  |  |
| <b>REFRIGERATOR</b> Dollars   | 4.00                         | 4.00       | 4.00                        | 5.00       | 6.00           | 6.00             |  |  |
| <b>OTHER (Specify) F.A.-Fan</b> K.W.H.  | 25                           | 35         | 45                          | 50         | 55             | 60               |  |  |
| <b>ACTUAL FAMILY ALLOWANCES</b> (To be used by family to compute allowance. Complete below for Actual Unit Rented)  |                              |            | <b>UTILITY OR SERVICE</b>   |            |                | <b>PER MONTH</b> |  |  |
| NAME OF FAMILY  |                              |            | HEATING.....                |            |                | \$               |  |  |
| ADDRESS OF UNIT<br>Remark: One Therm is equal to 100 CF of natural gas; 29.7 CF or 1.1 Gallons of propane and 0.715 gallons of No. 2 fuel oil<br>One Gallon Bottle Gas = 4.3 pounds.<br>* 183 K.W./Month as per HUD-52667, Page 3 and it must be for the actual air conditioning unit used. |                              |            | AIR CONDITIONING.....       |            |                |                  |  |  |
|   |                              |            | COOKING.....                |            |                |                  |  |  |
|   |                              |            | OTHER ELECTRIC.....         |            |                |                  |  |  |
|   |                              |            | WATER HEATING.....          |            |                |                  |  |  |
|   |                              |            | WATER.....                  |            |                |                  |  |  |
|   |                              |            | SEWER.....                  |            |                |                  |  |  |
|   |                              |            | TRASH COLLECTION.....       |            |                |                  |  |  |
|   |                              |            | RANGE.....                  |            |                |                  |  |  |
|   |                              |            | REFRIGERATOR.....           |            |                |                  |  |  |
|   |                              |            | OTHER (Specify).....        |            |                |                  |  |  |
| NUMBER OF BEDROOMS  |                              |            | TOTAL                       |            |                | \$               |  |  |

This table supplied by Engineering Division, Cleveland Hud office



REGION V  
300 South Wacker Drive  
Chicago, Illinois 60606

## EXHIBIT B

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION  
777 ROCKWELL  
CLEVELAND, OHIO 44114

March 28, 1978

IN REPLY REFER TO:

Mr. Juan A. Patterson, Executive Director  
Wayne Metropolitan Housing Authority  
ATTN: Ms. Betty A. Haskins, Section 8 Administrator  
217 East Larwill Street  
Wooster, Ohio 44691

Dear Mr. Patterson:

This office has reviewed your letter dated February 23, 1978 concerning the Proposed Rules for Fair Market Rents for Existing Housing as published in the Federal Register, Vol. 43, No. 31, of Tuesday, February 14, 1978.

In evaluating a request from a Metropolitan Housing Authority (MHA) to exceed the Published Fair Market Rents (FMRs) by up to 20%, the Economics and Market Analysis Division (EMAD) of the Cleveland Office must review a MHA prepared "recent intensive market survey" and an Appendix 10 to HUD Handbook 7420.3 REV., which substantiates the increased FMRs. Chapter 7 of the Section 8 Housing Assistance Payments Program, Existing Housing Processing Handbook 7420.3 REV., dated August 1976, outlines the procedures to be followed by a MHA in requesting this approval.

The following topics for narrative discussion and the attached five forms have been designed by Cleveland EMAD to assist the MHAs within the Cleveland Office jurisdiction to substantiate their requests to exceed the published FMRs. MHA preparation of the narrative and forms are not mandatory but would be of assistance to the Cleveland Office in evaluating the MHAs request.

To substantiate a request to exceed the published FMRs, the MHA should provide in narrative form a discussion of the following:

- a description and substantiation of the special circumstances warranting the higher FMRs
- a discussion of any previously approved exceptions to the published FMRs

- an analysis of how the MHA has used its authority to exceed the published FMRs by up to 10% for 20% of the units authorized in the ACC. Statistics by building type, bedroom type and household type may be presented.
- a discussion of the number of available rental units by bedroom type within the jurisdiction of the MHA. County statistics by bedroom type for renter occupied units can be located in Table 50 of HC(1) B-37 (Detailed Housing Characteristics) of the 1970 Census.
- a discussion of the MHA's efforts to provide assistance to CDBG communities within its jurisdiction to achieve their Section 8 Existing Housing Goals as indicated in Table III of their respective Housing Assistance Plans.
- a discussion of the number of applications on file by household and bedroom type
- monthly statistics by household and bedroom type of the number of certificate holders that were recertified because units could not be found at the published FMRs
- a discussion of the method used and problems encountered in gathering the rental survey data

HUD requires a "recent intensive market survey" of unsubsidized rental units within the jurisdiction of the MHA to assist in determining the maximum gross rents. The survey should consist of a significant percent of the OBR, 1BR, 2BR, 3BR and 4BR rental units indicated in the 1970 Census. The two attached forms named Rent Survey Form and Computation of Gross Rents from Rent Survey Data will assist the MHA in gathering and evaluating rental data. The MHA must exclude from their survey and gross rent computations, structures that are recently completed; that is, less than six years old.


- The Rent Survey Form may be used by the MHA in its field work of gathering rental, occupancy, and utility data. The MHA must obtain the most accurate information possible from the most reliable contact available.
- On the form named Computation of Gross Rents from Rent Survey Data, compute the gross rents for each bedroom type in each of the rental structures included in the market survey. Use the data obtained on the Rent Survey Form and the Section 8 Existing Housing Allowances for Tenant-Furnished Utilities and Other Services (HUD Form 52667) to compute these gross rents. Prepare a separate form for each building type.

The three forms named the Section 8 Existing Program Progress Report, Section 8 Existing Gross Rent Analysis, and Section 8 Existing Distribution of Units by Locality, Household Type and Race will be of assistance in evaluating the program progress of each Section 8 Existing Project being operated by the MHA.

- The Section 8 Existing Program Progress Report is an analysis of the number of units in the ACC, total certificates issued, leases executed, outstanding certificates, and unissued certificates. Prepare one sheet for each Section 8 Existing Project.
- The Section 8 Existing Gross Rent Analysis is an evaluation of the gross rents paid for existing housing units in ten dollar increments by building type, bedroom type and household type. A gross rent is defined as the allowances for utilities and services directly payable by the certificate holder plus the contract rent for leasing an existing housing unit. Prepare one sheet for each building type. For each gross rent range, indicate the total number of units leased by bedroom size and household type. The overall totals must agree with the Section 8 Existing Program Progress Report - Leases Executed.
- The purpose of the Section 8 Existing Distribution of Units by Locality, Household Type and Race is to provide information on the household type and racial composition of certificate holders placed within the jurisdiction of the Metropolitan Housing Authority.

Questions may be directed to Daniel A. Perhay, Economics and Market Analysis Division, at 216/522-4850.

Sincerely,

  
William J. Harris  
Acting Director

Attachments (5)