

To: Ted Toon, Greg Byrne, and Will Lavy, HUD
From: Barbara Sard and Will Fischer, Center on Budget and Policy Priorities
Phil Tegeler and Megan Haberle, Poverty and Race Research Action Council
Re: Using RAD to Support Access to High-Opportunity Areas
Date: August 21, 2014

The Rental Assistance Demonstration (RAD) offers an important opportunity to expand low-income families' access to low-poverty, high-opportunity areas and preserve existing subsidized housing in those areas. Research has linked living in low-poverty neighborhoods to positive effects on outcomes such as health and children's cognitive development and educational achievement, and expanding opportunities in those areas can further key HUD goals such as supporting fair housing. This memo recommends that HUD take action in two areas to support access by low-income families to low-poverty neighborhoods.

1. HUD should target a portion of any incremental RAD subsidy funds in its fiscal year 2016 budget on public housing serving families with children in low-poverty areas.
2. HUD should issue guidance encouraging local housing agencies to provide meaningful mobility assistance to RAD residents attempting to move with a tenant-based voucher, seek funds for technical assistance to local agencies implementing RAD mobility programs as part of its 2016 budget request for funding to support affirmatively furthering fair housing, and track and assess data showing whether RAD residents are successful in using the mobility option to move to low-poverty areas.

We would welcome the opportunity to discuss these recommendations with you.

Incremental Subsidies to Preserve Public Housing in Low-Poverty Areas

Living in a public housing development with access to low-poverty schools can greatly improve educational outcomes for children. One study in Montgomery County, Maryland found that low-income children randomly assigned to public housing near schools where most students were not poor performed substantially better academically than children assigned to public housing near higher-poverty schools. Over five to seven years, the achievement gap between children in public housing near low-poverty schools and their non-poor counterparts in the same schools fell by half for math and one-third for reading — effects that few educational reforms have been able to match.¹

These results are stronger than have been demonstrated from use of tenant-based vouchers in low-poverty areas. This may reflect the unusual combination of stability and access to high-performing schools that well-located public housing can provide. The children in the Montgomery County study had lived in their units an average of eight years.

¹ Heather Schwartz, "Housing Policy is School Policy," The Century Foundation, 2010, <http://tcf.org/publications/pdfs/housing-policy-is-school-policy-pdf/Schwartz.pdf>.

A sizable share of public housing units are in low-poverty areas or near good schools, even though public housing overall is disproportionately concentrated in neighborhoods with high poverty rates and poor schools. There are 84,000 families with children in public housing (22 percent of all public housing residents with children) in census tracts where less than 20 percent of the population is poor, including 21,000 in tracts with poverty rates below 10 percent. Similarly, 19 percent of public housing families with children live near schools performing at or above the 50th percentile of schools in their state.²

Public housing developments in low-poverty areas may be at greater risk of being lost, since they are likely to sit on relatively valuable land where there is pressure for conversion to other uses. Moreover, factors such as high land costs and neighborhood opposition can block new housing for extremely low-income families in low-poverty areas, making well-located public housing very difficult to replace if it is lost.

RAD conversions could preserve many public housing units in high-opportunity areas, particularly if the cap on RAD conversions is raised above 60,000. But conversion of some developments will not be feasible if RAD subsidies remain capped at the public housing subsidy level (unless local agencies can identify enough non-RAD subsidies to make the conversions work). HUD's 2015 budget requested \$10 million for incremental RAD subsidies above the public housing level, but targeted these funds solely on properties "located in high-poverty neighborhoods, including designated Promise Zones, where the Administration is supporting comprehensive revitalization efforts."

It would be worthwhile to target some incremental subsidies on these neighborhoods, since successful revitalization could improve schools and other amenities but also threaten displacement of low-income families if subsidized units are not preserved. Preservation of public housing in low-poverty neighborhoods, however, would also deliver valuable benefits and should be an equal priority.

HUD should target half of any incremental RAD funding in its 2016 budget on family developments in low-poverty areas. Even if the overall incremental subsidy request is modest, as it was in 2015, it would be important to reassure local housing agencies that HUD is providing a pathway to preserve public housing in low-poverty areas. Moreover, the funds could make substantial progress in preserving public housing units in these areas, since the total number of such units is relatively modest.

Guidance, Technical Assistance, and Outcome Tracking for Mobility Programs

RAD residents will have the option to move with the first tenant-based voucher that becomes available after one year if they are in a project-based voucher (PBV) development, and after two years if they are in a project-based rental assistance development (with some limitations). Tenant-based vouchers have not been as effective as they could be in enabling families to live in low-poverty areas with high-performing schools,³ but promising local

² Ingrid Gould Ellen and Keren Mertens Horn. *Do Federally Assisted Households Have Access to High Performing Public Schools?*, Poverty and Race Research Action Council, November 2012, <http://furmancenter.org/files/publications/PRRACHousingLocationSchools.pdf>.

³ Ellen and Horn, 2012.

initiatives suggest that well-designed mobility programs could improve outcomes in this area.⁴ The RAD mobility option offers an unusually promising opportunity to help poor families move to low-poverty neighborhoods, for two reasons.

First, RAD residents will have stable affordable housing for at least a year before they can move with a voucher. This will give them time to consider neighborhood options, strengthen their credit history, and save for moving costs, a security deposit, and unexpected post-move expenses. Second, mobility-related services can be delivered more efficiently to RAD residents who live in a single development than to tenant-based voucher holders or applicants who are widely scattered.

HUD should allocate some funds in its 2016 budget for technical assistance to housing agencies seeking to help RAD residents move to high opportunity areas. These would not need to be added funds; HUD could simply specify that a portion of funds it requests to support affirmatively furthering fair housing would be used for this purpose. In addition, HUD should provide guidance to encourage housing agencies to help residents of RAD properties access housing in high-opportunity areas. The guidance could include information on best practices such as the following.⁵

- Conducting workshops and briefings onsite at RAD developments beginning at least a year before the mobility option becomes available, to explain the option, provide credit counseling and financial literacy training, and educate tenants on how to make successful moves;
- Scheduling presentations by tenant-based voucher holders (and eventually former RAD tenants) who have made successful moves to low-poverty areas;
- Placing posters, maps, and other materials explaining mobility opportunities in entryways or common areas of RAD developments;
- Assisting residents with their housing search, including providing lists of available units in high-opportunity areas, training in using relevant websites or agency databases, and information on how to use public transportation to get from the RAD development to high-opportunity neighborhoods;
- Providing resources to help cover security deposits and moving expenses;
- Providing bus or van tours of high opportunity areas originating at the RAD development, and transporting groups to open houses or clusters of available units;
- Providing advice to tenants who succeed in renting in high-opportunity areas, covering topics such as how to set up utilities, make a change of address, and register their children for school; and
- Checking in with tenants shortly after they move and again shortly before their lease expires to provide post-move support.

⁴ See for example, Lora Engdahl, *New Homes, New Neighborhoods, New Schools: A Progress Report on the Baltimore Housing Mobility Program*, Poverty and Race Research Action Council, October 2009, <http://www.prrac.org/pdf/BaltimoreMobilityReport.pdf>.

⁵ For additional information on these and other best practices for supporting moves to low-poverty areas, see Molly M. Scott et al, *Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program*, the Urban Institute and Poverty and Race Research Action Council, February 2013 <http://www.urban.org/UploadedPDF/412745-Expanding-Choice.pdf>.

In addition to these educational efforts and tenant services, HUD should encourage agencies to adjust their program policies to better support mobility by:

- Ensuring that RAD residents have adequate time to find and lease a unit before their tenant-based voucher expires (for example, by increasing search periods or waiting to issue a voucher until a family has narrowed its search or identified a unit to move to);
- Making clear that residents who fail to use their tenant-based voucher will be permitted to remain in their RAD unit; and
- Using adequate, neighborhood-based payment standards to reduce the chances that movers will face rent burdens above 30 percent of their income.

HUD should also provide guidance on funding mobility efforts. Local agencies that convert their own public housing to PBVs will receive full voucher administrative fees but will have only limited new administrative costs post-conversion, and agencies that administer PBVs for other RAD conversions may not need the full fee for administrative costs (since activities such as housing quality inspections and rent reasonableness determinations tend to be less expensive in project-based developments than for other vouchers). In both cases, agencies could use some of their new administrative fees for mobility assistance. Agencies could also seek funding from private donors or federal programs such as the Community Development Block Grant, HOME program, Fair Housing Assistance Program, Fair Housing Initiatives Program, Housing Counseling Program, and Choice Neighborhoods Initiative (for RAD projects that also receive CNI grants).

Finally, HUD should track and assess locational outcomes for families that move using the RAD mobility option, both for the program overall and for individual agencies to determine if some have been particularly successful in helping families move to low-poverty areas. This may be relatively easy to do using existing tenant databases, although HUD may need to add a variable in the data to allow agencies to identify which tenant-based voucher holders obtained their voucher through the RAD mobility option.