

## MTW Research Advisory Committee Meeting (Conference Call)

Tuesday, April 30, 2019 Meeting Notes

### AGENDA

#### I. Welcome and Introductions

Eva Fontheim, the Designated Federal Officer (DFO) for the Moving to Work (MTW) Research Advisory Committee, began by welcoming all participants to the meeting. Ms. Fontheim then proceeded to invite the other members of the Committee to introduce themselves:

##### PHA Representatives and Residents

- Josh Meehan, Keene Housing, NH
- Austin Simms, Lexington-Fayette Urban Housing Authority, KY
- Chris Lamberty, Lincoln Housing Authority, NE
- Cindy Fernandez, Housing Authority of Tulare County, CA
- Janny Castillo, Oakland Housing Authority, CA
- Cynthia Lopez, Housing Authority of Tulare County, WA
- Maria Razo, Housing Authority of the County of San Bernardino, CA

##### Researchers

- Stefanie DeLuca, Johns Hopkins University
- Jill Khadduri, Abt. Associates, Inc.
- Larry Orr, Johns Hopkins University
- Heather Schwartz, RAND Corporation
- Mary Pattillo, Researcher, Northwestern University

##### HUD Staff

- Marianne Nazzaro, MTW Director, Public and Indian Housing (PIH)
- Todd Richardson, General Deputy Assistant Secretary (GDAS), Office of Policy Development and Research (PD&R)

All Committee members were present except, Ed Hinojosa, San Antonio Housing Authority and Asia Coney, Philadelphia Housing Authority.

## II. Summary of 2016-2018 Meetings

Marianne Nazzaro, MTW Director, provided a review of the agenda and restated the guiding principles that were established at the Committee's July 26, 2016 meeting:

1. Focus on policies to study rather than on program structure and administration;
2. Consider size of agencies, and that 97 of 100 will be under 6,000 units;
3. Consider that policies should be able to be tested across geographically diverse PHAs;
4. Be aware of PHA costs, especially with regard to the MTW requirement to serve substantially the same number of families as would have been served absent MTW (STS);
5. Be aware of burdens on participants, as well as benefits, in particular for children and families;
6. Policies should relate to one or more of the MTW Statutory Objectives;
7. There is some tension in MTW's focus on deregulation and having a policy change that is targeted enough to be able to evaluate; and,
8. There shouldn't be a preconceived idea about what a given policy is going to achieve.

Todd Richardson, GDAS PD&R, reviewed the four areas of study recommended by the advisory committee, their timelines for selecting cohorts, and sample sizes.

1. Cohort 1: MTW as a flexibility, letters of interest were due May 13, and the study is targeting 30 smaller PHAs.
2. Cohort 2: Rent reform, letters of interest due June 12, targeting 10 larger agencies.
3. Cohort 3: Work Requirements, 20 agencies
4. Cohort 4: Landlord incentives, possibly the all the remaining slots to reach 100 agencies.

Todd also discussed the growing interest at HUD to find various ways to attract more landlords to HUD's programs. There have been several recent studies around landlord participation, highlighting landlord perception and the decline in unique landlords in the Section 8 program. As a result, Secretary Carson created a landlord taskforce which after a listening tour presented the Secretary with many recommendations. Some of those recommendations would require waivers of existing HUD statute and regulations and those will be discussed in this meeting.

## III. Goal for this Meeting

Todd then introduced Paul Joice, PD&R, who wrote the memo, provided to the committee and the public prior to the meeting, outlining potential incentives to study and ways to evaluate them. Paul discussed that what discouraged landlords was primarily financial considerations, such as whether the voucher could compete with market rent, or the lost revenue caused by the lengthy initial application process for a voucher, relative to procuring a market rate tenant. To a lesser but significant extent, some landlords are also concerned

that HCV tenants present more risks to their unit. Paul then posed several questions to the committee, the committee's responses are organized and summarized below.

- i. What is the goal of this experiment: to attract a higher number of unique landlords, to increase the number of units in low-poverty neighborhoods, or both?

While the committee saw value in both goals they questioned if the study so divided would be able to determine measurable impacts on landlord participation. Todd Richardson discussed HUD's in development mobility demonstration which will focus on acquiring units in low-poverty areas. The committee felt that HUD has done and is continuing to do other research into increasing the voucher presence in more desirable neighborhoods. As such the committee recommended this cohort study focus on how to attract more landlords in general, the less explored question.

- ii. Which landlord incentives should be tested, and how much variance of the incentives should we allow between PHAs?

Many committee members expressed concern with being too proscriptive in which landlord incentives a PHA would have to implement. They questioned if the "high value" incentives that the memo detailed would encompass all that was possible and if it was too restrictive. There was much concern about the proposed point system that would allow a PHA to elect its own mix of activities, each with its own point value, provided it reached a point threshold. The threshold was seen as too high and would allow for little variation between agencies. There was also concern around the cost of having to implement multiple high value incentives, like vacancy loss payments and damage claims. The committee felt that PHAs could come to the table with new ideas for incentivizing landlords and that the memo's proposal could discourage or limit that. HUD assured the committee that new ideas could be incorporated into the study but that a degree of consistency was necessary to draw conclusions on the wider applicability of some of these Landlord incentives. The committee understood HUD's perspective but still advised to limit the detail provide in the application for this cohort and to provide the memo's incentives as examples instead of predetermined variables.

- iii. How should the study compare its experimental group to its control/comparison group?

The memo suggested that after application some PHAs would be assigned to the study group with MTW flexibilities, while others would be in a control group where they might implement better standard practices to attract more landlords. The committee expressed skepticism in the need for a rigorous control group for this study. Some said that based on their discussions with other PHAs, the possibility of going through the application process only to be placed in a control group was causing some to reconsider applying at all. To combat this a committee member suggested that the control group be given MTW authority but barred from implementing landlord incentives during the study period, this would also allow HUD to increase the amount of MTW agencies brought on in this cohort. Others in the committee saw value to this approach but warned that it changes what is really being

studied - from what is the effect adding MTW status with landlord incentives compared to a normal PHA to what is the effect of adding landlord incentives to an MTW PHA.

#### IV. Policy Framework and Research Methodology

After a break Todd Richardson introduced Stephanie Deluca, a member of the committee and researcher at Johns Hopkins University and asked her to discuss her current research around landlords. Stephanie has found that of paramount importance to landlords is increasing the consistency and quality of basic services and interactions between a PHA and a landlord. PHAs would benefit from a customer service mindset when interacting with landlords, implementing things like feedback loops and landlord liaisons.

The committee continued to discuss its recommendations around the cohort studies control group and variables. Emphasizing the suggestion that PHAs in the control group be granted MTW delayed MTW designation and the need for a less proscriptive selection process that wouldn't require PHAs to elect so many of the same measures which could prove administratively burdensome especially for smaller agencies. HUD suggested instead allowing PHAs in the letter of interest stage to indicate what sort of landlord incentives they were interested in. The committee preferred this approach and believed it could be used to create subgroups for the study.

The committee also downplayed HUD's concern about the control group implementing its own non-MTW landlord incentives, that could muddle the results. The question was posed to HUD: is the goal to mandate successful landlord incentives, should they be proven, in the future or make them more widely available on a voluntary basis. Either way some of the committee researchers felt that meaningful comparison was still possible.

#### V. Revisit Cohort Three: Proposed Approach for Studying Work Requirements

At this time the committee returned to its previous discussion of the Cohort 3 study around work requirements. Anne Fletcher, PD&R, summarized the discussion of the cohort 3 committee meeting, and outlined HUD's current thought process on the cohort's implementation, giving the committee an additional chance to provide feedback. In the previous meeting much time was spent discussing the issue of studying a specific work requirement policy versus giving the PHA the flexibility to determine their own work requirement. The former would produce generalizable data, while the latter would allow PHAs to develop and test various types of a work requirement. To strike a balance between these sides, HUD is proposing to identify key components of a work requirement that must be implemented within adjustable parameters that would provide some flexibility to the PHA. For example, PHAs could choose how many hours of work are required of a household within a HUD set minimum and maximum, also while PHAs must provide work related services they can determine the breadth and scope of it themselves. For the random

assignment HUD is proposing that in public housing it could be divided based on projects while for vouchers it would be based on individual vouchers.

HUD envisions this cohort study having two phases. Phase 1, years 1-3, would be a process evaluation documenting the informational period for the residents, preparing them for the actual requirement; it would end with the random assignment. Phase 2, years 3-7, would evaluate the work requirement in effect. HUD intends to track both positive outcomes, income and work participation, as well as potential negative outcomes such as evictions and hardships. As well as a cost analysis of the policy as feasible.

The committee found this proposal consistent with its recommendations but cautioned that the parameters must allow for substantial flexibility and variation in policy.

## VI. Update on the MTW Expansion

Marianne Nazzaro then updated the committee on the MTW expansion thus far. Saying the Operations Notice is being finalized at HUD and is anticipated to be published by sometime in the summer of 2019. Letters of interest have been solicited for both Cohort 1, MTW as a flexibility, and Cohort 2, rent reform, and applications will not be solicited until the publication of the Operations Notice. HUD's goal is to publish the selection notice for Cohort 3, work requirements, in the fall of 2019 and then to publish the Cohort 4 notice, landlord incentives, in early 2020.

Committee members were given an opportunity to ask questions and give comments. One committee member asked about the random assignment process for cohort 1. HUD clarified that a lottery would be run based on the letters of interest that pass the threshold review and then those who win MTW status in the lottery would be invited to apply. There was concern that this process could result in selection bias and it was recommended that the lottery happen after the final application. However, HUD's process has already been outlined in the Cohort 1 selection notice and it is unlikely it can be altered greatly. Another question asked if Cohort 3 would have size minimums or restrictions. HUD stated that at this time it is not anticipating any sort of size requirements on applicants for Cohort 3.

## VII. Public Input

HUD then opened the committee meeting for public comment, the following comments were made:

- **Nicole Barrett (CLPHA and the MTW Collaborative):** Nicole reiterated the concern that the landlord cohort should not be overly restrictive in what MTW PHA could do to incentivize landlords.
- **Joe Armstrong (PHADA):** Joe suggested that to address the problem with a prescriptive list of landlord incentives, HUD could do a qualitative assessment of

initiatives suggested by agencies when they apply and then decide which ones to investigate. Also, Joe recommended allowing flexibilities to the control group that regular PHAs wouldn't have to help incentive applicants and allay fears of being put into a control group. He felt that the Department could use its authority to grant waivers to agencies that ended up in the control group, that wouldn't interfere with the study. It would also avoid "eating into" the available 100 MTW agencies spots.

## VIII. Summary of Discussion

The committee discussed Joe Armstrong's comment, and some were supportive of finding way to make being in the control group more appealing for applicants. Some researchers while acknowledging the need for flexibility stressed that there will need to be a degree of commonality in the landlord incentives being implemented across the participating MTW agencies, and that some of them will need to be intensive. One speaker pointed out that the current memo essentially requires each agency to do at least 3 specific landlord incentives, and that it would be much more workable if it was 2 instead. Another speaker cautioned that state laws could complicate, or bar some incentives like security deposits.

## IX. Discuss Next Steps and Adjourn

Todd Richardson then summarized some key takeaways for HUD from the committee's discussion:

1. Cohort 4 should focus on universal landlord incentives, rather than trying to increase the number of vouchers in opportunity areas, which is being studied elsewhere.
2. The memo for this meeting was too prescriptive in its proposal for what landlord incentives would be studied and it would limit PHA creativity.
3. At the same time, it is important that some or at least one "high-touch" (more involved/expensive) incentive is studied.
4. There will be costs associated with some landlord incentives and HUD needs to be sensitive to what it is asking of the PHA.
5. HUD needs to think more about how it will design the control group for this cohort. Perhaps HUD is overconcerned with the control group doing non-MTW landlord incentives during the study period. Also, a non-experimental control/comparison group sampled randomly from non-applicants will not have much statistical value.

Currently HUD does not have another meeting scheduled. However, HUD may call upon the committee if there any additional questions or concerns related to the recommended policies for HUD to study in the expansion and how to evaluate them, per the committee's charter.