



Montgomery County Government

August 6, 1986

M E M O R A N D U M

TO: County Council

FROM: Karen Orlansky, ^{KO.} Program Evaluator, Office of Legislative Oversight

SUBJECT: Office of Legislative Oversight Memorandum Report:
Comments on Evaluation of Rental Assistance Program

Purpose

To critique the Department of Housing and Community Development's (DHCD) evaluation of the Rental Assistance Program.

Background

In May 1985, the Council enacted Bill #14-85 (Chapter 41A, Rental and Handicapped Rental Assistance Program, Montgomery County Code) which established the Rental Assistance Program (RAP) as a replacement program for the Rent Supplement and Hardship Rental Assistance programs. As submitted to the Council by the County Executive, Bill #14-85 included the following requirement for a program evaluation:

41A-6 Report.

By July 1, 1986, the County Executive is requested to provide the County Council with an evaluation of the rental assistance program and recommendations for any future changes.

As enacted, Bill #14-85 also established a June 30, 1987 sunset date for the RAP.

Council Resolution No. 10-1741, Subject: CY 1986 Work Program of the Office of Legislative Oversight directed the Office of Legislative Oversight (OLO) to critique the legally mandated County Executive's evaluation of the RAP.

The Executive submitted the required mid-term "evaluation" (Attachment A) to the Council on June 30, 1986, accompanied by Emergency Executive Regulation No. 15-86E-AM, and a request for emergency legislation to implement the recommendations contained in the evaluation.

Office of Legislative Oversight

100 Maryland Avenue, Rockville, Maryland 20850, 301/251-7990

On August 5, 1986, the Council voted to extend the Emergency Executive Regulation, which increases the monthly cap on rental assistance payments from \$75 to \$90. (This change had previously been implemented by DHCD to permit the \$90 cap to be in effect by August 1, 1986, when many of the initial applicants became eligible to renew their benefits for another year.) The emergency legislation that would lower the threshold percentage of gross income that an applicant is required to expend before becoming eligible for the RAP has not yet been introduced.

Discussion

Neither legislation nor regulations governing the Rental Assistance Program outline exactly what was to be included in the mid-term evaluation, so the report submitted to the Council on June 30, 1986, must be judged as meeting the statutory requirement for an "evaluation". However, OLO believes that the document submitted to the Council is more of a status report than a usable program evaluation. It does not answer some basic questions about the operation of the RAP and does not provide the Council with sufficient information on which to approve or disapprove the recommended legal and regulatory changes.

The mid-term "evaluation" provides some information about the number and types of RAP beneficiaries, outlines reasons why the program expenditures in 1986 were below the appropriated level, and describes a number of management improvements. The report concludes by recommending three programmatic changes; the first would require a change in law and the others a change in regulation:

- Lower the threshold percentage of gross income that an applicant is required to expend before becoming eligible for the RAP;
- Raise the cap on monthly rental assistance payments;
- Include the payment of utilities in the computation of available benefits.

The DHCD's mid-term "evaluation" of the RAP, however, does not measure the RAP's effectiveness and efficiency in a thorough, structured, and objective way. Specifically:

- The report does not provide sufficient information on the history and purpose of the RAP; without outlining the goals of the RAP, it is difficult to draw conclusions about whether the program is providing desired results;
- The report provides a snapshot profile of the program's beneficiaries as of June 1, 1986, but provides no historical or comparative data on which to judge whether the RAP is doing a better job of targeting assistance than the Rent Supplement or Hardship Rental programs did;

● The report does not address concerns about the effectiveness of the RAP, such as:

●● What are the demographic differences between persons applying for and persons receiving assistance through the RAP?

●● How do RAP payments compare with those of other rental assistance programs in Montgomery County and other jurisdictions?

●● Is the RAP grant a sufficient level to achieve the goals of the program? (The report recommends raising the amount of the grant, but does not document why this is a needed change.)

● The report does not address concerns about the efficiency of the RAP such as:

●● Is the program screening out ineligible applicants?

●● Is the program efficiently servicing the eligible applicants?

●● Are the organizational structure and operating procedures as efficient as possible, i.e. no work duplication, few bottlenecks, minimal response time?

● Finally, the recommendations included at the end of the evaluation are not supported by the contents of the evaluation. Although the recommended changes may be warranted, the case is not made for lowering the threshold percentage of gross income spent on rent, for raising the cap on rental assistance payments, or for including the payment of utilities in the computation of benefits. All of these changes have a potentially significant fiscal impact that is not addressed either.

Conclusion

The DHCD's mid-term "evaluation" of the RAP submitted by the County Executive to the Council on June 30, 1986, met the statutory requirement for a report, but failed to provide the Council with what OLO considers to be a usable program evaluation.

Recommendation

On August 5, 1986, the Council approved Emergency Executive Regulation No. 15-86E-AM to raise the cap on monthly rental assistance benefits from \$75 to \$90. However, any additional changes to the law and regulations governing the RAP should be postponed until a more comprehensive program evaluation of the RAP is received. With the RAP scheduled to sunset on June 30, 1987, a

thorough program evaluation of the RAP received by January 1, 1987 will give the Council sufficient time to amend, extend, or terminate the program. OLO is willing to provide technical assistance to Executive Branch staff in designing and implementing this evaluation.

Attachment

cc: Richard Ferrara, Director, DHCD
William Sher, Chief, Division of Housing
Raymond Smith, Program Manager, RAP
Mark Dubinsky, OMB
Art Spengler, Council Staff Director
Robert Kendal, Asst. CAO



Montgomery County Government

M E M O R A N D U M

TO: Charles W. Gilchrist, County Executive

FROM: Richard J. Ferrara, Director, Dept. of Housing & Community Development *RJF*

SUBJECT: Rental Assistance Program - Mid-term Evaluation

In accordance with Section 41A-6 of Chapter 41A of the Montgomery County Code entitled, "Rental Assistance", an evaluation of the operation of the Rental Assistance Program, including recommendations for change, is submitted herewith:

BACKGROUND DATA:

As of June 1, 1986 there were 1,327 households in Montgomery County receiving monthly rental assistance benefits. Over the past several months there has been a net increase in recipients of approximately 70 each month. It is expected, however, that the total number of households receiving rental assistance will stabilize at about 1,500.

Of the 1,327 current beneficiaries, 533 or 40.2% are senior citizens over 65 years of age and 253 or 19.1% are receiving public assistance from the Department of Social Services. The percentage of current applicants who are receiving public assistance is increasing due to the fact that the Department of Social Services caseworkers are ensuring that families receiving public assistance are aware of the availability of the Rental Assistance Program.

84.5% of the households receiving rental assistance live in multi-family rental facilities; 10.1% in single-family houses; 3.2% in condominiums and cooperatives; 0.6% in mobile homes; and 1.6% in rooms. The average monthly income of the households receiving rental assistance is \$880 a month while the average monthly rental payment is \$442 a month.

DISCUSSION:

Although the program came into existence on July 1, 1985, it wasn't until the latter part of July that a significant number of applications were received and processed. The reason for the delay in receiving the first applications was that the finalization of the application format had to wait until final approval of the bill before it could be submitted for printing at a time when the queue for end-of-fiscal-year printing was long. Also, the clientele had to be educated to the changes in the Rental Assistance Program (RAP) from the superceded Rent Supplement Program (RSP) and the Hardship Rental Assistance Program (HRAP) - the main changes being the methodology of computing benefits, more stringent verification processes, and the payment of benefits monthly instead of once a year as was the payment method used previously in the RSP.

Currently the number of beneficiaries is increasing at approximately 70 a month (net of new approved applications over cancellations due to deaths, moving, acceptance in the Section 8 program, etc.). It is expected that starting in July 1986, when clients start reapplying for benefits for another 12 months, there will be dropouts which, when coupled with cancellations will cause a general stabilization in the number of households receiving monthly rental assistance. Barring unforeseen developments, it is estimated that this number will be in the neighborhood of 1,500 households.

In order to avoid cost overruns, the original structuring of the program was established on a relatively conservative basis. However, eleven months of actual operations indicates that the austere programming is resulting in expenditures for fiscal year 1986 far below the amount originally estimated. There are several reasons for the shortfall:

One; the RAP is based on twelve monthly payments rather than on one yearly payment as was the case with the superceded RSP. Therefore for those clients who enrolled in the RAP since August, 1985, only a portion (depending on the month of enrollment) of the County's incurred debt obligation of twelve monthly payments is charged to fiscal year 1986 funds. Since the County's accounting system is not based on the accrual method wherein the full amount of the twelve months obligation would be expensed at the time the obligation was incurred, but rather on the cash basis wherein each monthly payment is expended at the actual time of disbursement, some of the funds programmed for fiscal year 1986 will actually be expended in fiscal year 1987.

Two; for austerity purposes the percentage of gross income that an applicant was required to expend before becoming eligible for rental assistance was set relatively high - 40% for a one person household, 35% for a two person household, 30% for three persons, and 25% for four or more persons.

Three; the cap on monthly payments was set at a modest \$75 a month.

Four; the requirements for verification of rental payments and income were made more stringent, i.e., the landlord was required to verify the amount of monthly rent being paid by the applicant; the applicant was required to submit a copy of pay stubs, form 1040, and form 1099; and the applicant was also required, if pertinent, to supply written verification of the amounts of social security and/or other government benefits being received.

ACCOMPLISHMENTS:

Improved management procedures, better use of available automated systems, and the dedication of the personnel made it possible to decrease the manpower required for the RAP from that required by the superceded RSP and HRAP by one office manager and eight part-time office assistants while concomitantly absorbing the increased workload of administering a monthly payment system instead of a once a year payment.

A Wang program was developed and implemented to record and track applications from the time they are received through approval, maintenance, and expiration. This program made possible: the provision of real time responses to client inquiries regarding the status of their applications; the generation of statistics for management decisions and detailed periodic reports; and the timely provision of new applications to current beneficiaries two months before their benefits expire ensuring continuity of benefits and preventing hardship on the part of the individual household.

To ensure that all eligible County residents are informed of the RAP: the municipal governments of Rockville, Takoma Park, and Gaithersburg were requested, and they agreed to publicize the program via their newsletters; applications are being mailed to all tenants of Montgomery County licensed rental units; and applications are being sent to all families on the Section 8 waiting list. We believe the new Rental Assistance Program is doing a far better job of targeting assistance to those of our citizens most in need than did either of the programs which it replaced. As indicated above, over 40% of the recipients are over 55 years of age, one of the two groups identified in the DHCD Housing Report as most in need of housing assistance. The other identified group, single parents with children, also comprises a large percentage of recipients, although we do not have specific data on the numbers. In addition, nearly 20% of the recipients are DSS clients; significant numbers are refugees and immigrants from a wide variety of foreign countries; and many are disabled or unemployed.

In short, we are convinced that the new Rental Assistance Program has indeed achieved the results anticipated. The following list of recommended changes is designed to improve upon this success.

RECOMMENDATIONS:

1. It is recommended that the threshold percentage of gross income that an applicant is required to expend before becoming eligible for rental assistance be changed from the present 40, 35, 30, and 25 for a 1, 2, 3, or 4 plus person household, respectively, to 35, 32.5, 30, 27.5, and 25 for a 1, 2, 3, 4, or 5 plus person household.

2. It is recommended that the cap on rental assistance payments be raised from \$75 to \$90 a month.

3. It is recommended that the payment of utilities be included in the computation of benefits available. This will assure a higher degree of fairness among tenants whose utilities are all included in their rent and those who pay some or all utilities in addition to rent.

Assuming that the clientele will stabilize at about 1,500 households, the recommendations made herein will result in a yearly expenditure of approximately \$1,500,000 which is equal to the amount budgeted for fiscal year 1987.

Legislative procedures for amending the County Code and the Executive Regulations, necessary to implement the recommendations made herein, have been submitted.

1229A



Montgomery County Government

May 21, 1987

M E M O R A N D U M

TO: County Council

FROM: Karen Orlansky^{KO}, Program Evaluator
Office of Legislative Oversight

SUBJECT: Office of Legislative Oversight Memorandum Report:
Comments on Evaluation of Rental Assistance Program

I. Purpose

To comment on the evaluation of the Rental Assistance Program prepared by the Community Research Service of Montgomery College under contract to the Department of Housing and Community Development (DHCD).

II. Background

In May 1985, the Council enacted Bill #14-85 (Chapter 41A, Rental and Handicapped Rental Assistance Program, Montgomery County Code) which established the Rental Assistance Program (RAP) as a replacement program for the Rent Supplement and Hardship Rental Assistance programs. As submitted to the Council by the County Executive, Bill #14-85 included the following requirement for a program evaluation:

41A-6 Report.

By July 1, 1986, the County Executive is requested to provide the County Council with an evaluation of the rental assistance program and recommendations for any future changes.

As enacted, Bill #14-85 established a June 30, 1987, sunset date for the RAP.

On June 30, 1986, the Executive submitted the required "mid-term evaluation" to the Council. OLO's Memorandum Report of August 6, 1986, criticized DHCD's "mid-term evaluation" as being more of a status report on the RAP than a useable program evaluation. OLO outlined a number of specific issues that should be examined by DHCD as part of a more comprehensive program

Office of Legislative Oversight

evaluation. Based upon the legislatively established June 30, 1987 sunset date of the RAP, OLO recommended that DHCD report back to the Council by January 1987 with the results of a more comprehensive program evaluation.

In the Fall of 1986, DHCD contracted with the Community Research Service of Montgomery College for an evaluation of the RAP; the cost of this study totalled approximately \$11,100. Although the study was initially expected to be completed by the end of 1986, there were unforeseen delays and DHCD did not receive the final study from Montgomery College until April 1987. OLO was sent a copy of the study on May 11, 1987, and forwarded a copy to the Council President on May 12, 1987.

III. Discussion

In contrast to the initial "mid-term evaluation" of the RAP submitted to the Council in June 1986, the Montgomery College study is a scholarly program evaluation. Overall, both DHCD and Montgomery College deserve credit for producing a thoughtful and credible study that fulfills the legislative intent of a program evaluation of the RAP before a decision is made to extend the program beyond June 30, 1987.

In a separate memorandum to the Director of DHCD, OLO has forwarded a small number of technical comments and suggested corrections to specific portions of the evaluation. In addition, OLO has recommended to DHCD that an Executive Summary of conclusions and recommendations be provided to the Council. Also, while recognizing that it is more an issue of style than substance, OLO believes that the extensive program data contained throughout the report could have been more effectively presented through the use of tables and summary charts.

In terms of scope, the study addresses the major issues that OLO identified as being absent from DHCD's initial "mid-term evaluation." In addition, the study includes good background information and, although not necessarily conclusive, some interesting results from interviews conducted with a random sampling of program participants.

The Montgomery College's evaluation makes ten specific recommendations for changes to the RAP. Although a number of the recommendations are for internal procedural changes that DHCD already has the discretion to implement, other recommendations will require budget action by the Council, and changes to law and/or executive regulations.

Not included in the scope of Montgomery College's contract was detailed analysis of the potential costs of the RAP. Before action is taken on any of the study's recommendations, additional budgetary information on staffing and administrative costs of the RAP, as well as fiscal impact data on changing any of the program parameters (i.e., raising the cap, lowering the percentages) should be provided by DHCD.

IV. Conclusions

The April 1987 evaluation of the RAP prepared by Montgomery College under contract to DHCD is a significant improvement over the "mid-term evaluation" submitted to the Council on June 30, 1986. Clearly, the receipt of the evaluation in January 1987 would have allowed a more reasonable time frame in which to consider the report's recommendations; however, the contractor apparently faced some unforeseen delays unrelated to this study. In addition, many of the study's recommendations do not require legislative action prior to the June 30, 1987 sunset date of the RAP.

With the addition of fiscal impact information, DHCD now has a sound basis from which to make constructive recommendations to the Council concerning:

- Continuing the RAP past its June 30, 1987 sunset date;
- Amending the law and/or executive regulations governing the RAP; and
- Future funding for the RAP.

V. The Next Step

The Director of DHCD has informed OLO that emergency legislation to extend the RAP and emergency executive regulations governing the RAP will be submitted to the Council before the end of May 1987. DHCD comments on Montgomery College's evaluation of the RAP, including recommendations on how to implement a number of the study's findings, are expected to accompany the package of proposed legislation and regulations.

KO:nz

cc: Arthur Spengler, Council Staff Director
Richard Ferrara, Director, DHCD