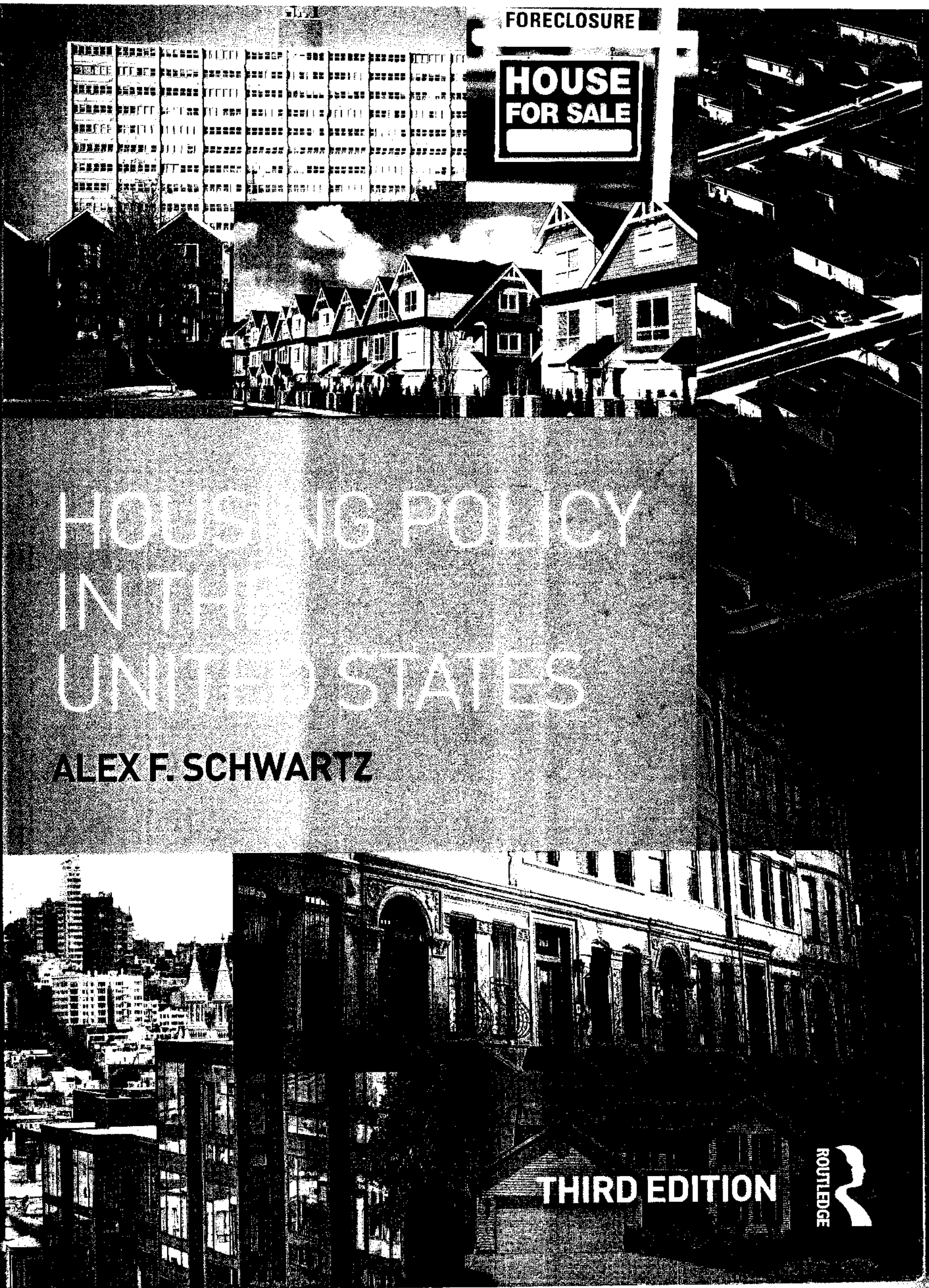
FORECLOSURE
HOUSE FOR SALE
HOUSING POLICY IN THE UNITED STATES
ALEX F. SCHWARTZ
THIRD EDITION
ROUTLEDGE

Brief Contents

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VOUCHERS

Introduction

The largest housing subsidy program for low-income Americans is also the most inconspicuous in that it does not involve specific buildings or "projects." Whereas public housing and subsidy programs for privately owned rental housing support the construction of specific buildings, vouchers enable low-income households to obtain housing that already exists in the private market. Compared to project-based subsidies, vouchers are less expensive and provide access to a wider range of neighborhoods and housing. However, having a voucher does not guarantee that a low-income household will be able to use the subsidy. To succeed, the household must find an apartment or house that does not exceed the program's maximum allowable rent, that complies with the program's standards for physical adequacy, and whose owner is willing to participate in the program.

This chapter will trace the development of the voucher program, examining its strengths and limitations. It will look at trends in the ability of households to secure housing under this program and how these success rates vary in different housing markets and among different types of households. It will also compare the racial, socioeconomic, and physical characteristics of the neighborhoods in which voucher recipients reside with those of other subsidized and unsubsidized renters. Finally, the chapter will discuss the role of federal rental vouchers in facilitating racial and economic integration.

Origins and Growth

Although rental vouchers were first proposed in legislative debates preceding the Housing Act of 1937, and were often promoted in subsequent policy discussions, they did not become part of U.S. housing policy until the 1970s (for background on early attempts to establish voucher programs, see Hartman 1975; Orlebeke 2000; Winnick 1995). The Housing and Community Development Act of 1974 established the first national voucher program, originally known as the Section 8 Existing Housing Program.[1] The legislation required local housing authorities to prepare housing assistance plans (HAPs), in which they were to discuss their community's housing needs and how these needs should be addressed through a combination of subsidized housing development under the Section 8 New Construction and

Substantial Rehabilitation program and rental vouchers under the Section 8 Existing Housing program.

As first designed, the Section 8 Existing Housing program provided rental certificates to households with incomes up to 80% of the area median. The certificates covered the difference between 25% of adjusted family income (later increased to 30%) and fair market rent (FMR). FMRs are calculated annually for more than 2,600 housing markets. They were first defined as the median rent charged for recently leased apartments, adjusted for apartment size. The definition was changed in 1984 to the 45th percentile and in 1995 to the 40th percentile. However, in 2001 the government raised the FMR back to the 50th percentile in 39 of the most expensive housing markets.

To qualify for the voucher program, a unit must meet certain standards for physical quality and space (to prevent families from living in physically deficient or overcrowded conditions). Finally, the owner of the unit must agree to participate in the program; that is, agree to physical inspections, to complete the necessary paperwork, and to accept rental subsidy payments from the government.

FMRs vary greatly from housing market to housing market. In fiscal year 2013, the FMR for a two-bedroom apartment in the metropolitan areas of the 50 states ranged from $570 in Macon County, TN to $1,833 in Honolulu, HI. Most areas have relatively low FMRs. As shown in Figure 8.1, 34% of all metropolitan housing markets have FMRs of less than $700 a month, as do 84% of all nonmetropolitan housing markets. Only 16% of all metropolitan markets have FMRs in excess of $1,000 a month, as do only 2% of all nonmetropolitan markets. FMRs tend to be higher in the nation's largest metropolitan areas. The mean FMR for the 50 largest metro areas in fiscal year 2013 was $1,073 for a two-bedroom apartment, and 27 of the 50 largest metro areas had FMRs of $1,000 or higher (see Table 8.1)

In 1983, Washington introduced the Freestanding Voucher program, a variant of the Existing Housing program. The voucher program differed from the latter program in two key respects. First, instead of basing the subsidy on the FMR, housing authorities could designate a "payment standard" that would represent the maximum allowable rent. Second, and most importantly, it gave households more choice by allowing them to spend more, or less, than 30% of their income on rent if they so chose. The program covered the difference between 30% of income and the payment standard, but allowed participants to reside in housing that cost more than the payment standard as long as they paid for the additional rent. Moreover, households that selected units costing less than the payment standard could retain a portion of the savings, thereby paying less than 30% of their income on rent.

The Quality Housing and Work Responsibility Act of 1998 merged the certificate and voucher programs into a single program, renamed the Housing Choice Voucher program (HCV), which retained several aspects of the voucher program. It authorized housing authorities to set payment standards from 90 to 110% of FMR and up to 120% of FMR or higher under certain circumstances (HUD 2000). In addition, the legislation allowed housing authorities to establish multiple payment standards within the same metropolitan area to reflect internal differences

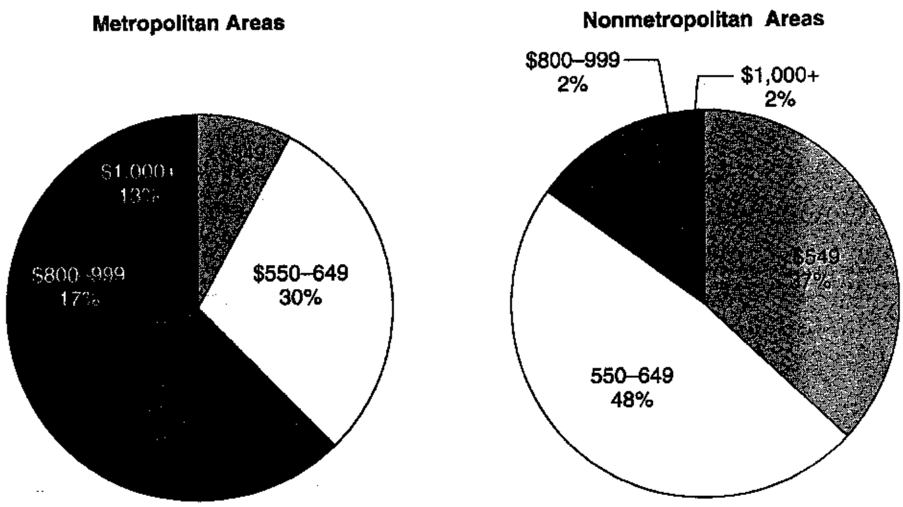

Figure 8.1 Fair market rents in 2013 for two-bedroom apartments: Percent distribution in metropolitan and nonmetropolitan areas. Source: HUD 2012.

Table 8.1 Fair Market Rents in Fiscal Year 2013 (Two-Bedroom Apartment, $ Per Month) in the 50 Largest Metropolitan Areas

San Francisco, CA HUD Metro FMR Area	1,795	Chicago–Joliet–Naperville, IL HUD Metro FMR Area	966
Orange County, CA HUD Metro FMR Area	1,621	Houston–Baytown–Sugar Land, TX HUD Metro FMR Area	945
San Jose–Sunnyvale–Santa Clara, CA HUD Metro FMR Area	1,610	Denver–Aurora–Broomfield, CO MSA	940
Nassau–Suffolk, NY HUD Metro FMR Area	1,583	Phoenix–Mesa–Glendale, AZ MSA	925
New York, NY HUD Metro FMR Area	1,474	Fort Worth–Arlington, TX HUD Metro FMR Area	924
Bergen–Passaic, NJ HUD Metro FMR Area	1,450	Minneapolis–St. Paul–Bloomington, MN–WI MSA	920
Boston–Cambridge–Quincy, MA–NH HUD Metro FMR Area	1,444	Tampa–St. Petersburg–Clearwater, FL MSA	915
Los Angeles–Long Beach, CA HUD Metro FMR Area	1,421	Portland–Vancouver–Hillsboro, OR–WA MSA	912
Middlesex–Somerset–Hunterdon, NJ HUD Metro FMR Area	1,420	Jacksonville, FL HUD Metro FMR Area	910
Washington–Arlington–Alexandria, DC–VA–MD HUD Metro FMR Area	1,412	Dallas, TX HUD Metro FMR Area	887
San Diego–Carlsbad–San Marcos, CA MSA	1,382	Atlanta–Sandy Springs–Marietta, GA HUD Metro FMR Area	874
Oakland–Fremont, CA HUD Metro FMR Area	1,361	San Antonio–New Braunfels, TX HUD Metro FMR Area	870

(Continued)

Table 8.1 Continued

Baltimore–Towson, MD HUD Metro FMR Area	1,251	St. Louis, MO–IL HUD Metro FMR Area	830
Fort Lauderdale, FL HUD Metro FMR Area	1,236	Milwaukee–Waukesha–West Allis, WI MSA	828
Newark, NJ HUD Metro FMR Area	1,202	Detroit–Warren–Livonia, MI HUD Metro FMR Area	821
West Palm Beach–Boca Raton, FL HUD Metro FMR Area	1,183	Nashville-Davidson—Murfreesboro—Franklin, TN MSA	819
Virginia Beach–Norfolk–Newport News, VA–NC MSA	1,136	Charlotte–Gastonia–Rock Hill, NC–SC HUD Metro FMR Area	793
Miami–Miami Beach–Kendall, FL HUD Metro FMR Area	1,122	Kansas City, MO–KS HUD Metro FMR Area	783
Philadelphia–Camden–Wilmington, PA–NJ–DE–MD MSA	1,119	Columbus, OH HUD Metro FMR Area	782
Riverside–San Bernardino–Ontario, CA MSA	1,116	Pittsburgh, PA HUD Metro FMR Area	772
Seattle–Bellevue, WA HUD Metro FMR Area	1,104	Indianapolis, IN HUD Metro FMR Area	765
Sacramento—Arden–Arcade—Roseville, CA HUD Metro FMR Area	1,073	Cleveland–Elyria–Mentor, OH MSA	741
Las Vegas–Paradise, NV MSA	1,064	Cincinnati–Middleton, OH–KY–IN HUD Metro FMR Area	740
Austin–Round Rock–San Marcos, TX MSA	1,050	Memphis, TN–MS–AR HUD Metro FMR Area	768
Orlando–Kissimmee–Sanford, FL MSA	983	San Juan–Guaynabo, PR HUD Metro FMR Area	584
Mean	1,073	Minimum	584
Median	975	Maximum	1,795

Source: HUD 2012.

in rent levels; more expensive sections could have higher payment standards and lower cost areas could have lower payment standards.

The law allowed participants to spend more than 30% of their income on housing if they wished to, but no more than 40%. It also permitted voucher holders to take their vouchers anywhere in the United States. If a family received a voucher in Chicago, it could use that voucher in Milwaukee, New York City, Los Angeles, or anywhere else in the nation. The legislation gave property owners more latitude in deciding whether to lease apartments to voucher holders. Previously, if a landlord leased one or more apartments to a voucher holder, federal law prohibited him or her from denying apartments to additional voucher holders. Since 1998, landlords have faced no such obligation. Finally, the legislation states that extremely low-income households (earning less than 30% of the area's median family income) must receive at least 75% of all vouchers issued annually.

The Section 8 certificate program took off rapidly after its establishment in 1974. By the end of 1976, over 100,000 households were using tenant-based subsidies, a number that increased to nearly 625,000 by 1980 (HUD 2000: 9; Weicher 1980: 75). By 2009, vouchers assisted more than 2.2 million households, more than any other federal housing program. As a percentage of all HUD-assisted households, voucher recipients increased from 34% in 1993 to 45% in 2012. Whereas the number of households in public housing and other project-based subsidy programs has decreased since the early 1990s, the voucher program has continued to grow, if only in fits and starts. Congress provided no funding for additional vouchers from fiscal year 1995 through 1998 and again from fiscal year 2003 through 2007. Funding for incremental vouchers resumed in 2008, and 10,000 to 15,000 new vouchers have been issued annually. Most of these vouchers are designated in support of a program to assist homeless veterans (Couch 2012).

In total, the number of voucher holders has increased by more than 747,000 since fiscal year 1995 (see Table 8.2). About one-third (37%) of this growth derived from increases in the number of new ("incremental") households provided federal housing assistance for the first time and about two-thirds (62%) reflected transfers of households from public housing and other project-based subsidy programs to the voucher program (Center on Budget and Policy Priorities 2004; Couch 2012; Rice & Sard 2009). The latter occurs when public housing projects are downsized

Table 8.2 Annual and Cumulative Issuance of Rental Vouchers, 1975–2012

YEAR	ANNUAL TOTAL	CUMULATIVE TOTAL
1975–1980	624,604	624,604
1981	55,800	680,404
1982	23,314	703,718
1983	61,220	764,938
1984	71,000	835,938
1985	76,000	911,938
1986	66,652	978,590
1987	60,000	1,038,590
1988	54,915	1,093,505
1989	65,000	1,158,505
1990	54,956	1,213,461
1991	56,847	1,270,308
1992	50,905	1,321,213
1993	39,089	1,360,302
1994	39,703	1,400,005
1995	0	1,400,005
1996	0	1,400,005
1997	0	1,400,005
1998	0	1,400,005
1999	50,000	1,450,005

(Continued)

Table 8.3 Continued

Time to Lease for Successful Households in 2000	
TIME BETWEEN VOUCHER ISSUANCE AND LEASE DATE	% OF SUCCESSFUL HOUSEHOLDS
Fewer than 30 Days	18%
30 to 59 Days	25%
60 to 89 Days	19%
90 to 119 Days	15%
120 to 179 Days	16%
180 Days or More	7%
Average Number of Days	83
Median Number of Days	69

Source: Finkel & Buron 2001.

government changed the definition of FMR in 1995 from the 45th to the 40th percentile. However, this decrease was at least partially offset by another policy change enacted in 1999 that allowed PHAs to set payment standards from the 90th to the 110th percentile without applying to HUD for "exception rents."

Several factors, including characteristics of the housing market, individual households, and the PHA, influence the chances that a low-income household will find a home that meets the voucher program's requirements (see Table 8.4). The study found that success rates were inversely related to "market tightness," which is defined by the estimated vacancy rates in the portion of the housing market available to voucher holders. Experts in each local market were asked to rate vacancy rates from very tight (less than 2%), tight (2 to 4%), and moderate (4 to 7%), to loose (7 to 10%) or very loose (more than 10%). As shown in Table 8.4, voucher success rates increased from 61% in very tight markets to 80% in loose markets.

Similar but less extreme patterns were evident using other measures of housing market conditions. After controlling for other factors that may influence voucher success rates, the study found that having a voucher in a moderate rental market increased the likelihood of success by about 9 percentage points and having a voucher in a loose market increased them by about 14 percentage points (Finkel & Buron 2001: 3–16). In addition to differences in market tightness, the study also found that the presence of antidiscrimination laws also affected the probability of success in the voucher program. The probability of success was more than 12 percentage points higher in places that prohibited landlords from discriminating against prospective tenants on the basis of source of income or receipt of Section 8.

Few demographic characteristics were found to be significant in determining voucher success rates. Blacks, Whites, and Hispanics were about equally successful in leasing apartments with Section 8 vouchers. Gender was also not a significant factor in determining success. However, three demographic groups were at a decided disadvantage in the program:

Table 8.4 Voucher Success Rates in 2000, by Market Conditions, Demographic Characteristics, and PHA Administrative Practices

	% OF ALL HOUSEHOLDS	SUCCESS RATE	ESTIMATED EFFECT ON PROBABILTY OF SUCCESS, CONTROLLING FOR OTHER FACTORS
MARKET CONDITIONS			
Market Tightness			
Very tight	16%	61%	No effect
Tight	*49%*	*66%*	
Moderate	28%	73%	9%
Loose	7%	80%	14%
Antidiscrimination Laws			
Source of Income	17%	76%	18%
Source of Income and Section 8	13%	62%	13%
Neither	*47%*	*69%*	
Don't Know/Missing	22%	64%	No effect
Payment Standard Relative to FMR			
Below FMR	9%	62%	–24%
Equal to FMR	*67%*	*70%*	
>FMR and <110% of FMR	17%	66%	–10%
>110% of FMR	7%	68%	No effect
Percent of Units that Pass Initial Inspection			
50% or fewer	*31%*	*67%*	
51–75%	49%	70%	No effect
Over 75%	20%	74%	15%
DEMOGRAPHIC CHARACTERISTICS			
Race/Ethnicity			
White Non-Hispanic	19%	69%	No effect
Black Non-Hispanic	*56%*	*68%*	
Hispanic	22%	68%	No effect
Other	2%	73%	No effect
Age of Head of Household			
Less than 25	18%	73%*	No effect
25 to 44	*59%*	*68%*	
45 to 61	17%	70%	No effect
62 or older	7%	54%**	–14%
Gender of Head of Household			
Female	*83%*	*69%*	
Male	17%	64%	No effect

(Continued)

- Households with five or more members were less likely to succeed in leasing an apartment with a rental voucher than were smaller households. Controlling for other factors, being in a large household reduced the probability of success by about 7 percentage points.
- The elderly were also less likely to succeed than other groups. The success rate for nondisabled households headed by persons 62 years or older was 14 percentage points lower than that of younger households, controlling for other factors.
- A third group with a significantly lower probability of success consisted of households with no elderly or disabled members and no children. These households, comprising 9% of all voucher holders, are primarily headed by extremely low income men 45 to 60 years old. They are much more likely than other voucher holders to be formerly homeless or to be from New York City. Being in this group reduced the probability of success by about 11 percentage points, controlling for other factors.

The study also looked at how PHA practices and procedures may affect voucher success rates. It found that voucher holders were more likely to succeed when they received vouchers from PHAs that provide individual briefings or large group briefings to explain the program. Evidently, participants benefit from the individual attention they receive from one-on-one briefings or from the opportunity to hear answers to many questions asked at larger briefings. Finally, PHAs that attempt to recruit new landlords every few months experienced somewhat higher success rates than other PHAs, controlling for other factors (Finkel & Buron 2001).

Profile of Voucher Holders

Most voucher recipients, like public housing residents, have very low incomes and many are elderly or disabled. Table 8.5 presents demographic and economic characteristics of voucher holders as of 2013. The average annual income amounted to less than $12,800—far below the federal poverty line. More than 45% received incomes of less than $10,000. Only 16% reported incomes greater than $20,000. The low incomes of most voucher recipients reflect federal eligibility standards for the program, which give priority to extremely low-income households earning less than 30% of median family income. Since 1998, at least 75% of all households admitted into the voucher program must be in the extremely low-income category.

The most common source of income for voucher recipients, accounting for 55% of all voucher holders, consists of old-age or disability Social Security benefits or pensions, followed by welfare (50%), and wages (33%). That disability and retirement benefits are the most prevalent source of income for voucher holders reflects the demographic makeup of the population. Of voucher recipients, 56% are disabled or elderly, including 11% who are elderly and disabled. The income data indicate the

Table 8.5 Profile of Voucher Holders in 2012

Average Annual Income	$12,758	**Age of Household Members**	
		0–5 years	13
% Households by Income Category		6–17 years	32
$0	4	18–50 years	37
$1–$5,000	11	51–61 years	9
$5,001–$10,000	31	62–82 years	8
$10,001–$15,000	24	83 years +	1
$15,001–$20,000	14		
$20,001–$25,000	7	**Household Size (%)**	
Above $25,000	9	1 person	38
		2 persons	21
% Households by Income Source		3 persons	18
With Any Wages	33	4 persons	12
With Any Welfare	50	5 persons +	10
With Any SSI/SS/Pension	55		
With Any Other Income	30	**Unit Size (%)**	
With No Income	1	0 Bedrooms	2
		1 Bedroom	24
Household Type (%)		2 Bedrooms	36
Disabled Households	42	3 Bedrooms	30
Elderly Households	20	4 Bedrooms	6
Households With Children	50	5+ Bedrooms	1
Female-Headed Households with Children	46		
		Time in Current Unit (%)	
Race and Hispanic Origin (%)		Moved in Past Year	15
White	50	1 to 2 Years	8
Black	46	2 to 5 Years	24
American Indian or Alaska Native	1	5 to 10 Years	26
Asian	2	10 to 20 Years	22
Hispanic (can be any race)	15	Over 20 Years	4

Source: HUD 2013.

toll taken by the Great Recession on voucher holders: From 2009 to 2012 the share of recipients receiving welfare benefits increased from 37% to 50% while the share reporting wage and salary income decreased from 36% to 33%.

More than half of all voucher recipients have children in their households; nearly all of these recipients are single women. Half of all voucher holders are White; Blacks account for 46%. Asians and Native Americans constitute only 3% of all voucher recipients. Hispanics, who can be of any race, comprise 15% of the voucher population.

Reflecting the high percentage of elderly recipients, 38% of all vouchers support one-person households. Two-person households account for 21% of all voucher holders and three-person households 18%. Households with four or more members make up 22% of voucher holders. More than 60% of all voucher holders reside in homes with two or fewer bedrooms, and 30% live in three-bedroom units. Only 7% occupy units with four or more bedrooms.

Finally, Table 8.5 shows how long voucher holders have resided within their current unit. Fewer than one-fifth moved in to their current residence during the past year, and 8% had been in the same unit for one to two years. About one-quarter had been in place for two to five years, and another quarter for five to 10 years. The remaining 26% of voucher holders had been in their current residence for more than 10 years, including 4% who had been in the same place for 20 years or more.

Neighborhood Characteristics of Voucher Holders

One of the principal arguments in favor of vouchers is that they give people far more choice about where to live than other types of housing subsidies do (Newman & Schnare 1997). Public housing and other project-based subsidies require low-income people to reside where the projects are located. Vouchers give people the opportunity to seek housing in any neighborhood, as long as the rent does not exceed the program's requirements, the size and physical condition of the unit meet the program's standards, and the landlord is willing to participate in the program. Whereas public housing is frequently located in highly distressed neighborhoods, vouchers enable people to move to safer, less troubled communities.

In some respects, the voucher program has realized its potential in providing low-income households with residential choices. In 2009, voucher holders resided in 88% of the nation's 65,000 census tracts, up 6 percentage points from 2000 (McClure, Schwartz, & Taghavi 2012). No other housing program comes close in providing access to so many neighborhoods. In 2000, for example, public housing was located in only 8% of the tracts in the 50 largest metropolitan areas with eligible rental housing (and an even smaller percentage of the total tracts). Other federally subsidized housing developments (e.g., Section 236, Section 8 NC/SR) were found in just 17% of the tracts with eligible housing (Devine, Gray, Rubin, & Taghavi 2003).

However, in other ways the voucher program has fallen short of its potential to help recipients gain access to a full range of neighborhoods. In particular, the program has not been as effective as expected (or hoped) in helping recipients avoid neighborhoods with high levels of poverty or, especially, high levels of racial segregation. Compared to public housing, voucher recipients generally live in neighborhoods with lower poverty rates and, to a lesser degree, lower levels of racial segregation. However, these differences all but disappear when the voucher program is compared to other project-based housing subsidy programs.

While half of the nation's public housing units as of 2012 were in census tracts with a poverty rate of 30% or more, this was true of just 26% of all voucher holders, and 18% of all rental units. Conversely, whereas less than 7% of all public housing is located in census tracts with poverty rates of less than 10%, the same is true for 18% of all voucher holders and 30% of all rental housing (see Table 8.6). However,

the voucher program in placing households in tracts with minority populations of 10% or less, while Section 8 NC/SR is considerably more effective in doing so.

Evidence shows, in other words, that the vouchers have not succeeded in countering the forces of racial discrimination and segregation. Even though voucher holders have the ability to reside in middle-class neighborhoods that are not racially segregated, most end up in predominantly minority neighborhoods, most of which also struggle with high rates of poverty. Black and Hispanic voucher holders are especially likely to reside in census tracts where minority populations make up a large majority of the population.

A study by researchers from the Urban Institute on the relocation patterns of predominately minority households displaced by the redevelopment of public housing projects under the HOPE VI program illustrates the limited degree to which rental vouchers promote racial integration. The average poverty rate in the census tract of their new home was 27%, less than half the rate at their original public housing project (61%). The average level of minority concentration was also lower in the new neighborhoods, but not to the same degree: it decreased from 88 to 68%. Although only 7% of the former public housing residents moved to census tracts where the minority population was less than 10% of the total, none of their former public housing developments had been located in such tracts (Kingsley, Johnson, & Petit 2003). Figure 8.2 and Figure 8.3 compare the concentration of poverty and minority populations of the census tracts of the relocatees before and after their moves.

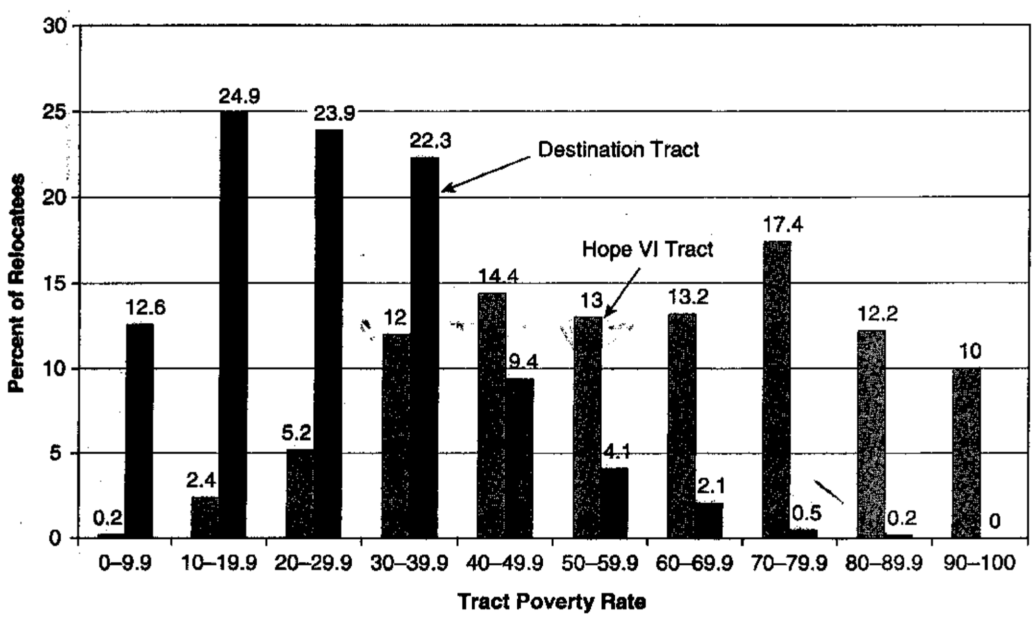

Figure 8.2 Pre- and post-move tract poverty rates for HOPE VI relocatees given Section 8 Vouchers. Source: Kingsley, Johnson, & Petit 2003.

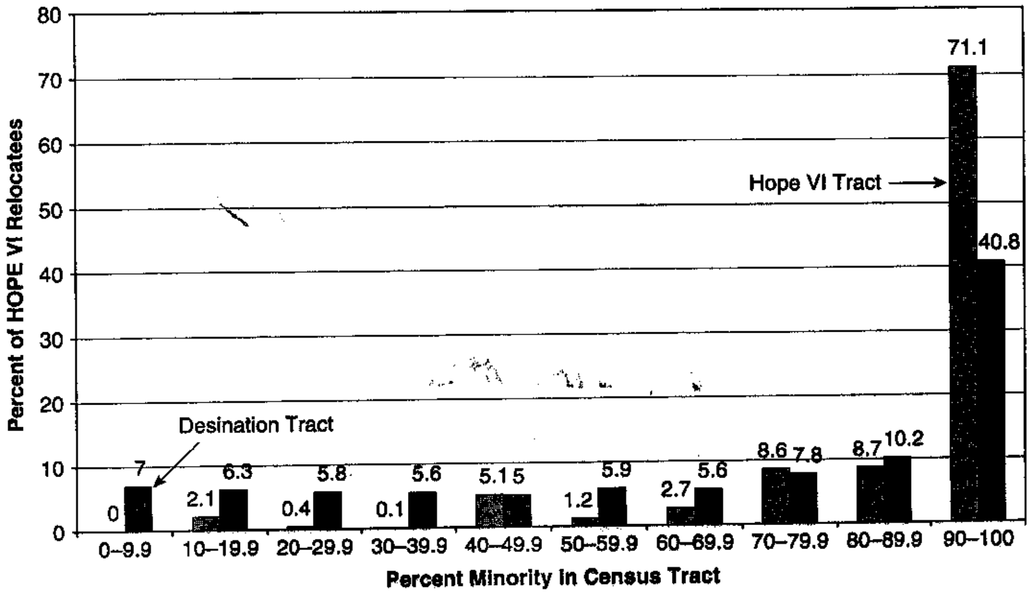

Figure 8.3 Tract minority population pre- and post-move for HOPE VI relocatees given Section 8 vouchers. Source: Kingsley et al. 2003.

Schwartz and McClure (2013), in an analysis of administrative data from HUD and census data from the American Community Survey, compared the neighborhood characteristics of White, Black, and Hispanic voucher holders with all voucher holders and with all eligible rental housing (defined by the FMR). For this analysis they devised a distress index to rank all of the nation's census tracts in terms of poverty rates, unemployment rates, the percentage of female-headed households, and the percentage of school-age youth who are not attending school or employed.[2] The study also characterized each census tract as predominantly non-Hispanic White (75% or higher), predominantly non-Hispanic Black (50% or higher), predominantly Hispanic (50% or higher), and "integrated" (all other census tracts). They found that residence in a racially segregated census tract makes it nearly impossible for Black or Hispanic voucher holders to avoid living in distressed neighborhoods.

Three findings stand out. First, all groups of voucher holders are underrepresented in census tracts with the lowest levels of distress (the lowest quintile of the distress index). Whereas 9.6% of all eligible rental units are located in these low-distress tracts, they account for just 5.3% of all voucher holders, and less than 3.5% of all Black and Hispanic voucher holders. White voucher holders are less severely underrepresented at 8.3%. Conversely, Black and Hispanic voucher holders are greatly overrepresented in census tracts with the highest levels of distress. Whereas these tracts account for 31% of all eligible units and for less than 26% of all White voucher holders, they provide the homes for more than half of all Black voucher holders (52.3%) and nearly half (48.7%) of all Hispanic voucher holders.

The second finding is that White, Black, and Hispanic voucher recipients reside disproportionately in census tracts where their race or ethnicity is dominant (Table 8.7). Thus, 57% of all White voucher holders are located in predominantly White census tracts, compared to 35% of all eligible rental units and only 12% of all Black voucher holders and 10% of all Hispanic voucher holders. Similarly, 40% of all Black voucher holders live in predominantly Black census tracts compared to 6% of all White and Hispanic voucher holders. Finally, 49% of all Hispanic voucher holders reside in predominantly Hispanic tracts, compared to 5% of all White voucher holders and 9% of all Black voucher holders (see Table 8.7).

The third major finding is most alarming. As shown in Table 8.8, predominantly Black and Hispanic census tracts almost always face high levels of distress, and only a small handful of predominantly Black and Hispanic census tracts show very low or even low levels of distress. For instance, tracts with very high levels of distress account for 73.6% of all predominantly Black census tracts and 50.8% of all predominantly Hispanic tracts, but only 5.3% of all predominantly White tracts. Less than 1% of all predominantly Black and Hispanic census tracts show very low levels of distress, compared to 30.1% of all predominantly White tracts.

These stark disparities mean that when Black or Hispanic voucher holders choose to reside in a predominantly minority neighborhood, they invariably opt to reside in a neighborhood with high or very high distress levels. With hardly any predominantly minority census tracts offering lower levels of distress, racial segregation corresponds almost entirely with neighborhood distress. If Black or Hispanic voucher holders wish to reside in neighborhoods with lower levels of distress, Table 8.8 shows they must move to a neighborhood that is either predominantly White or integrated. Interestingly Schwartz and McClure found that when Black and Hispanic voucher holders do reside in predominantly White census tracts they are more likely than White voucher holders to reside in tracts with low or very low levels of distress (Schwartz & McClure 2013).

Voucher holders, minorities especially, may reside in low-income or predominantly minority neighborhoods and be underrepresented in more affluent suburban neighborhoods for several reasons:

- Voucher holders may be reluctant to move away from the neighborhoods they know best, where they have family and friends and have access to various types of public services.
- They may be wary about moving to unfamiliar communities where they may encounter discrimination from landlords. If voucher holders do not own their automobiles, they may also be reluctant to move to places that lack sufficient public transportation (Goetz 2003).
- The residential location of voucher holders is also influenced by the spatial distribution of affordable rental housing (i.e., renting for no more than the designated payment standard). Pendall (2000) found that the more

Table 8.7 Distribution of HCV Recipients by Neighborhood Racial and Ethnic Composition

CATEGORY OF TRACT RACIAL AND ETHNIC COMPOSITION		RENTAL UNITS AT RENTS LESS THAN THE FMR	HCV HOUSEHOLDS	HCV NON-HISPANIC WHITE HOUSEHOLDS	HCV NON-HISPANIC BLACK HOUSEHOLDS	HCV HISPANIC HOUSEHOLDS
More than 75%						
Non-Hispanic White	Households	6,910,068	586,953	435,628	107,314	32,068
	%	34.7%	28.6%	56.9%	11.9%	10.1%
More than 50%						
Non-Hispanic Black	Households	2,375,845	424,952	45,805	357,502	18,970
	%	11.9%	20.7%	6.0%	39.6%	6.0%
More than 50%						
Hispanic	Households	2,860,607	280,678	37,385	79,109	155,033
	%	14.4%	13.7%	4.9%	8.8%	48.8%
Integrated						
	Households	7,748,385	757,544	246,862	358,305	111,598
	%	38.9%	37.0%	32.2%	39.7%	35.1%
Total						
	Households	19,894,905	2,050,127	765,680	902,230	317,669
	%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: U.S. Census Bureau 2013; American Community Survey Census tract data 2005–2009 five-year estimates, and unpublished HUD data.

Table 8.8 Distribution of Affordable Units, Voucher Holders in Tracts by Level of Distress and Racial/Ethnic Composition

CATEGORY OF TRACT DISTRESS		MORE THAN 75% NON-HISPANIC WHITE	MORE THAN 50% NON-HISPANIC BLACK	MORE THAN 50% HISPANIC	INTEGRATED
Very Low	% Affordable Units	19.3%	0.2%	0.3%	7.2%
	% Voucher Holders	12.8%	0.1%	0.2%	4.3%
	% Tracts	30.9%	0.6%	0.9%	12.3%
Low	% Affordable Units	24.8%	1.1%	2.2%	15.4%
	% Voucher Holders	22.2%	0.7%	1.8%	11.5%
	% Tracts	26.6%	2.1%	4.5%	18.4%
Middle	% Affordable Units	25.6%	4.0%	8.1%	22.8%
	% Voucher Holders	26.6%	3.6%	7.4%	20.7%
	% Tracts	22.0%	5.7%	12.1%	23.2%
High	% Affordable Units	21.6%	17.2%	28.3%	29.2%
	% Voucher Holders	25.7%	15.7%	25.0%	31.1%
	% Tracts	15.2%	18.0%	31.7%	25.6%
Very High	% Affordable Units	8.7%	77.6%	61.1%	25.4%
	% Voucher Holders	12.8%	79.8%	65.6%	32.4%
	% Tracts	5.3%	73.6%	50.8%	20.5%
All Tracts	Count	33,748.0%	6,107.0%	5,221.0%	19,867.0%
	% Tracts	52.0%	9.4%	8.0%	30.6%

Source: U.S. Census Bureau 2013; American Community Survey Census tract data 2005–2009 five-year estimates, and unpublished HUD data.

affordable rental units are concentrated in "distressed" census tracts, the more voucher holders will live in these tracts. Pendall also found that the concentration of voucher holders in distressed tracts increases when voucher holders are disproportionately Black or Hispanic compared to the rest of the metropolitan population. In short, the realities of racial discrimination are such that minority voucher holders will tend to reside in minority neighborhoods. The more a metropolitan area is dominated by White residents, and the fewer its minority neighborhoods, the greater the likelihood that voucher holders will congregate in these neighborhoods. Conversely, metropolitan areas with large minority populations have more minority neighborhoods and, therefore, more residential options for minority voucher holders (Pendall 2000: 4; see also Galvez 2011 for a more recent analysis along similar lines, with similar results).

- The shifting geography of rental housing, regardless of its affordability, may also be limiting the ability of voucher holders to access housing in neighborhoods with relatively affluent, less segregated neighborhoods. In 1990, more than 40% of all rental units were located in tracts with poverty rates of less than 10%. By 2009, only 33% of the rental housing stock was situated in these low-poverty tracts. The proportion of rental units located in tracts where minorities account for less than 10% of the population declined more sharply, from 34% to less than 16%. Conversely, the share of the rental housing located in tracts where minority groups make up 50% or more of the population increased from 23% in 1990 to 36% in 2009. (See Schwartz and McClure 2012 for further analysis.)
- PHA management of HCV programs may also contribute to racial segregation and poverty concentrations. For example, PHAs seldom encourage voucher holders to "port" their voucher to suburban jurisdictions (see DeLuca et al. 2013).

Rental Vouchers and Residential Mobility

Despite their shortcomings, rental vouchers are valued for their potential to help low-income and minority families move from distressed communities to neighborhoods where they can enjoy safer surroundings, good schools and other services, and better access to employment opportunities (McClure 2004). Indeed, one of the criteria by which the federal government evaluates local Section 8 programs is to "expand housing choice outside areas of poverty or minority concentration" (HUD 2004). Additionally, HUD offers "bonus points" to local housing authorities if one-half or more of all Section 8 families with children in the last year live in low-poverty areas or if the percentage of Section 8 families with children moving into low-poverty tracts is at least 2 percentage points higher than the number who had lived in these tracts previously (HUD 2000: 24).

Although rental voucher holders live in neighborhoods that are not as poor as and less segregated than those of public housing residents, many scholars, policy makers, and advocates contend that more can be done to promote residential mobility. "Despite the overall success of tenant-based housing assistance," write three leading researchers, "there are reasons to believe that the Section 8 program could be strengthened. It may not be achieving its full potential for promoting housing mobility and choice, especially for minority families with children..." (Turner, Popkin, & Cunningham 2000: 9).

Similarly, in a study of the residential locations of voucher holders in the Kansas City metropolitan area, McClure (2004: 128) concluded:

> Although participants often move from one location to another, these moves tend to [illegible]erate only marginal improvements in housing and neighborhood conditions, and

> they do not foster long-distance moves to the suburbs to participate in the active labor markets found there. In the absence of extensive counseling, these moves are simply moves within, not out of, the racially concentrated, declining central city.

In a study of another Midwestern city, Cincinnati, Wang and Varady (2005) also found that voucher recipients were disproportionately concentrated in the city's poorest and most segregated communities. Although voucher recipients were found in 189 of the county's 230 census tracts, more than half lived in just 28 tracts (22 in the city of Cincinnati and six in selected suburbs), and these tracts were predominantly African American and often had poverty rates in excess of 25%.

The federal government, often working in collaboration with nonprofit organizations and local governments, sponsored or funded several initiatives in the 1990s to promote poverty deconcentration or racial integration by combining rental vouchers with additional services. These initiatives include (1) litigation programs; (2) the Moving to Opportunity demonstration program; (3) the Regional Opportunity Counseling program; and (4) Public Housing Vacancy Consolidation programs. To varying degrees, these programs combined rental vouchers with counseling and landlord outreach so as to help low-income families, which were often from minority groups, move to better neighborhoods. Less emphasis was given to poverty deconcentration and racial integration in the administration of the voucher program during the presidency of George W. Bush. Indeed, supporters of these policy goals argue that various funding and administrative changes in the program from about 2003 to 2006 made it more difficult for voucher holders to lease apartments in middle-income and more affluent neighborhoods (Rice & Sard 2009; Sard 2004).

Litigation Programs

As of 2000, 13 litigation programs were in operation in the United States. They were established in response to litigation against HUD or local housing authorities for past discrimination and segregation in public and other subsidized housing programs. They usually involve vouchers along with funding for counseling and other forms of housing search assistance.

The oldest and by far the most famous litigation program is Chicago's Gautreaux program, which was established in 1976 after a U.S. Supreme Court consent decree and ran until 1998 when it reached its goal of helping 7,100 low-income families obtain housing (*Hills vs. Gautreaux, 425 U.S. 284 (1976) Docket num. 74-1-47–April 20, 1976*). The program focused on African American households residing in public housing or on public housing waiting lists. Interested households were invited to enter annual lotteries; winners were provided with Section 8 vouchers and individual counseling to find housing in predominantly White neighborhoods throughout the metropolitan area (75% of all participating households were to be relocated to the suburbs) (Rosenbaum 2012).

The program was open to families with four or fewer children, manageable amounts of debt, and "acceptable housekeeping" (Rosenbaum 1995: 234). Staff from

Vacancy Consolidation

The Vacancy Consolidation Program, operating at 15 PHAs, provides rental vouchers, counseling, landlord recruitment, and other forms of mobility assistance to residents of public housing development slated for demolition. Like ROC, but unlike Gautreaux and MTO, participants are not required to use their vouchers in particular types of neighborhoods. "They are urged, but not required, to use [their voucher] in neighborhoods of low-minority and low-poverty concentration" (HUD 2000: 50). As with ROC, no information is available on where the participating households have moved.

How Effective Are Mobility Programs?

Some mobility programs have been studied far more than others. Most of the information available on the outcomes of mobility programs for individual participants comes from the Gautreaux and Hollman litigation programs and from Moving to Opportunity. The experience in these three programs suggests that mobility initiatives do help families move to neighborhoods with relatively low concentrations of poverty. However, the evidence is much more mixed with regard to the racial and ethnic character of these neighborhoods and the impact of mobility on the lives of the participating families.

Research on Gautreaux has been central to the development of other mobility programs, especially MTO. A series of studies published in the 1990s by James Rosenbaum and colleagues (summarized in Rosenbaum 1995; Rubinowitz & Rosenbaum 2000) compared the outcomes for participants who moved to the suburbs with those who remained within the city limits of Chicago. The differences in some respects were dramatic, especially with regard to children. For example, only 5% of the children in the suburban households dropped out of school compared to 20% of the children in the city households. Whereas 27% of the suburban children eventually attended four-year colleges, this was true for only 4% of the city children. If not in college, 75% of the suburban children were employed full time, compared to 41% of the city children (Rubinowitz & Rosenbaum 2000: 163).

The positive results reported by Rosenbaum and his colleagues gave impetus to other mobility programs, most notably MTO; however, some analysts argue that limitations in the studies' methodology bring into question how much one may generalize from the results. Popkin, Buron, Levy, and Cunningham (2000) point out that these studies of the Gautreaux program were based on small samples of program participants who were not randomly selected. The studies were based on families found by the researchers that had remained in the suburbs; however, many Gautreaux participants could not be located (Popkin et al. 2000: 929–930).

In addition, certain features of the Gautreaux program's design raise questions about the applicability of the studies' results for the majority of public housing residents. In particular, as Popkin et al. (2000) point out, Gautreaux participants had to pass fairly rigorous eligibility tests, including credit checks and home visits. Second, not all participants were residents of public housing, but were on waiting lists for public housing or were related to public housing residents. Third, the vast majority of the families that qualified for the program and received vouchers and counseling never moved out of their original homes. "Those families that did succeed in finding a unit in a nonminority area were likely the most determined and motivated" (Popkin et al. 2000: 929).

More recent research by Rosenbaum and his colleagues improves on some of the limitations of the earlier studies by using administrative records to include a much larger portion of the program's participants. Combining Gautreaux program records with Illinois public aid administrative data, DeLuca and Rosenbaum (2000) examined the relationship between the extent to which Gautreaux participants received welfare payments in 1989 with educational attainment in the census tract to which the participants initially moved through the Gautreaux program. They found that the incidence of welfare receipt strongly increased as the education levels of the census tracts decreased. In other words, when families moved to census tracts whose residents had relatively high levels of educational attainment, they were much less likely to receive welfare benefits years later than families that moved to tracts with lower levels of educational attainment.

In another study, also using administrative records, DeLuca and Rosenbaum examine the current residential locations of Gautreaux participants. They found that although 84% of the participating families made subsequent moves after their initial relocation to the suburbs under the Gautreaux program, 57% were still residing in suburban communities an average of 14 years later; 29% resided within the city and the remaining 13% lived outside the Chicago metropolitan area. Conversely, only 12% of the Gautreaux families who were initially placed in city neighborhoods are currently residing in the suburbs (DeLuca & Rosenbaum 2003: 318). The authors further found that Gautreaux participants are currently living in census tracts quite similar to those in which they were originally placed, especially with respect to poverty rates, educational attainment, male joblessness, and average family income (DeLuca & Rosenbaum 2003: 320).

Research on Minneapolis's Special Mobility Program (SMP) (part of the Hollman settlement) shows that participants were far more likely to move into predominantly White, middle-income neighborhoods than families given rental vouchers alone. Although households in SMP moved into census tracts that were on average 86% White and had a median household income of $30,600, families given rental vouchers to move out of public housing targeted for demolition moved into census tracts where Whites constituted 38% of the population and the median household income was $22,726. Whereas almost half (46%) of the SMP participants moved to suburban communities, 90% or more of the displaced families given rental vouchers remained within Minneapolis/St. Paul; the majority settled within a two-mile radius of their former home, and more than half moved into neighborhoods that "met the court's definition for minority or poverty concentrations" (Goetz 2003: 207). It must be noted, however, that SMP was a voluntary program, giving low-income families the opportunity to move into less distressed, more integrated neighborhoods; households relocated from the public housing in the north side of Minneapolis were given no choice but to move. Therefore, the locational outcomes of the two groups may be due to factors other than the availability of counseling services given to the SMP participants.

Most of the available research on mobility programs involves MTO. Indeed, as a demonstration program, MTO was created to determine the extent to which rental vouchers combined with counseling enable families from public housing and other subsidized housing developments to move into less impoverished neighborhoods. MTO also sought to assess the effect of new residential environments on the lives of the program participants. Congress mandated that the program be evaluated over a 10-year period. Research on MTO includes a series of city-specific studies on selected impacts of MTO, documentation of MTO's design and implementation (both of which are presented in Goering & Feins 2003), an interim evaluation designed to assess MTO's impacts about five years after the start of the program (Orr et al. 2003), and a "final impacts evaluation" of the program conducted by the National Bureau of Economic Research 10 to 15 years after the program's start (Sanbonmatsu et al. 2011). A separate study of MTO combining quantitative and qualitative research was published in 2010 (Briggs, Popkin and Goering 2010).

Research on MTO shows mixed results. Unlike the Gautreaux program, MTO produced no significant improvements among program participants in terms of employment, income, or education—the areas of greatest interest to advocates of mobility programs. Movement to neighborhoods with lower poverty rates did not result in higher rates of employment, higher income, or improved educational performance (Briggs et al. 2010; Sanbonmatsu et al. 2011). On the one hand, the program produced positive and significant outcomes in other respects, some unexpected. Above all, the participants in the program expressed far greater satisfaction with their housing and neighborhoods than did their counterparts in the control groups. Above all else, those who moved out of their original neighborhoods felt far safer than before—and this was true not only among the members of the experimental group who moved to neighborhoods with relatively low levels of poverty, but also within the Section 8 group who faced no restrictions regarding the poverty rates of the neighborhoods they could move into. In addition to, and perhaps related to, the greater sense of personal safety, members of the experimental groups also showed improvements in certain aspects of health, mental health, and overall well-being (Ludwig et al., 2011; Ludwig et al. 2012; Sanbonmatsu et al. 2011).

Perhaps the biggest surprise, and disappointment, was in the findings on education. Although the mid-course assessment also found no discernable effect on

appears that the requirement that participants relocate to census tracts with a poverty rate of less than 10% was not a sufficient condition for success. Had MTO, like Gautreaux, also required participants to avoid racially segregated neighborhoods and encouraged them to move to suburban jurisdictions with higher performing schools, these outcomes might have been different. Moreover, it turned out that many of the census tracts that qualified for the MTO program because their poverty rates were above the 10% threshold in 1990 saw their poverty rates rise above 10% by the year 2000. In other words, some participants ended up in neighborhoods that offered less "opportunity" than expected. In addition, rising rents and other factors frequently prompted program participants to return from their low-poverty neighborhoods back to their original locations—or to neighborhoods with very similar characteristics.

The idea that movement away from a highly distressed environment can, by itself, enable low-income people to improve their economic and educational position is also open to question. Briggs et al., for example, show in their ethnographic study of MTO that many of the participating families stayed closely connected to their original neighborhood even if they had moved outside. Briggs et al. discuss how many participants remained closely connected to their familial and kin networks, networks that were rooted in the same neighborhoods from which they came. The authors emphasize that these relationships can be a double-edged sword. On one hand, they can be a source of emotional and practical support; on the other hand, relatives and friends can impose financial and other burdens on the MTO families. Besides exerting pressure for loans or gifts of cash, they may also stay over as house guests, "disrupting family routines and parental attention." In addition, as Briggs et al. point out, close contact with family and friends can pose a "problem of exposure to risk, such as early drug and alcohol use, drug dealing, gang violence, and domestic violence" (2010: 228). Briggs et al.'s ethnographic research revealed that the "friends" of adolescents in MTO families "were often cousins, uncles, or nephews, and some were engaged in criminal or delinquent behavior" (2010: 228–229). Finally, Briggs et al. point out that the persistence of familial ties and obligations could impede the ability of MTO families to form new friendships in their new communities:

> With demanding daily routines and little time to socialize, and without much exposure to institutions where they might form new and useful ties, many parents in MTO—and especially the most disadvantaged—focus on the social networks in which they were born. Compounding this availability factor is distrust: wary of friends or other close ties to nonkin, the extended family remains the main pool for active ties (p. 229).

Briggs et al. conclude that a change in residential location is "no panacea" for the profound and complex problems of severe poverty. While MTO enabled families to live in far safer neighborhoods, the availability of affordable housing eligible for the voucher program was often inadequate, and many families who moved away from their impoverished communities remained highly connected to them through their

holds that, if such households can obtain any housing, it is likely to be located in the least desirable locations.

Despite these fears, little evidence suggests that voucher holders are in fact contributing to a reconcentration of poverty (Briggs & Dreier 2008). It is true that many voucher recipients, especially minority voucher holders, reside in low-income and often racially segregated communities, but they seldom make up more than a small proportion of the residents in these communities. In other words, while voucher holders frequently move into low-income and minority neighborhoods, their presence rarely if ever changes the socioeconomic or racial character of these neighborhoods.

In the United States as a whole, as of 2010, voucher holders accounted for less than 5% of total households in 88% of all census tracts, and less than 2% in 58% of all tracts. In only 3.3% of all tracts did voucher holders make up more than 10% of all households, and concentrations of 25% or more are found in just 0.3% of all tracts. Central cities are somewhat more apt to have tracts where voucher holders comprise 10% or more of total households, with 8.9% in the 50 largest metropolitan areas, compared to 1.7% of all suburban tracts in these largest metropolitan areas. It is also true that the proportion of tracts with relatively high percentages of voucher holders increased slightly from 2000. For example, in the United States as a whole the percentage of census tracts where voucher holders made up 10% or more of total households increased from 2% to 3.3%, and from 4.4% to 8.9% in the central cities of the 50 largest metropolitan areas. Nevertheless, the vast majority of voucher holders reside in neighborhoods (census tracts) with small proportions of voucher recipients (see Table 8.9).

It is true that poverty rates correlate positively with the percentage of voucher holders in a census tract. However, voucher holders seldom account for more than a small percentage of a tract's households in poverty, even in the most impoverished tracts. When voucher holders reside in tracts with concentrated poverty, they are usually far outnumbered by residents of public housing and other subsidized housing developments, as well as low-income people who have no housing subsidy at all. In other words, voucher holders rarely constitute a significant proportion of a tract's poverty population. At least in the 50 largest metropolitan areas, voucher holders do not appear to be spearheading new concentrations of poverty.

Kingsley et al. also found little evidence of reconcentration among public housing residents relocated from 73 Hope VI developments in 48 cities. They note that, of the 19,000 families displaced from Hope VI projects through May 2000, only about 6,000 were given Section 8 rental vouchers; the rest were relocated to other public housing or other types of accommodation. On average, there were only 99 relocatees with rental vouchers in each of the 48 cities. Only five cities had more than 200 such voucher holders.

The authors also found that displaced households with rental vouchers tend to be widely dispersed. The 4,288 relocatees still receiving Section 8 assistance at time

Table 8.9 Census Tracts by Percentage of Total Households with Housing Choice Vouchers 2010 and 2000

VOUCHER HOLDERS	NATION			CENTRAL CITIES OF 50 LARGEST METRO AREAS			SUBURBS OF 50 LARGEST METRO AREAS		
AS A PERCENT OF ALL HOUSEHOLDS IN CENSUS TRACTS	2010	2000	PERCENTAGE POINT CHANGE	2010	2000	PERCENTAGE POINT CHANGE	2010	2000	PERCENTAGE POINT CHANGE
No HCV Households in the Tract	11.9%	17.4%	−5.5	9.0%	12.0%	−3.0	13.8%	22.5%	−8.8
0.1% to less than 2%	57.8%	56.8%	1.0	42.7%	47.1%	−4.5	63.2%	60.6%	2.6
2% to less than 5%	18.5%	16.7%	1.8	23.5%	23.2%	0.3	15.6%	11.9%	3.7
5% to less than 8%	6.4%	5.6%	0.9	11.7%	9.9%	1.8	4.4%	3.1%	1.3
8% to less than 10%	2.0%	1.6%	0.4	4.3%	3.4%	0.9	1.4%	0.9%	0.5
10% to less than 25%	3.0%	1.9%	1.1	7.6%	4.2%	3.4	1.6%	1.0%	0.6
25% or more	0.3%	0.1%	0.3	1.3%	0.2%	1.1	0.1%	0.0%	0.0

Source: McClure, Schwartz & Taghavi. 2012.

of the study resided in 2,170 census tracts, for an average of less than two per tract. Overall, the authors found that more than two-thirds of the relocatees lived in census tracts with four or fewer other relocatees and 83% lived in tracts with nine or fewer. Only 17% resided in census tracts with 10 or more other relocatees. However, Kingsley and colleagues did identify a few (mostly small) cities where 40% or more of the displaced public housing residents lived in tracts with 10 or more relocatees (Kingsley et al. 2003: 439).

Conclusion

Housing vouchers were the subject of intense debate in housing policy circles during the first 10 or so years of the Section 8 program. Advocates claimed that vouchers were far more cost effective than project-based subsidies and that they gave recipients more freedom of choice. Opponents feared that vouchers would exert inflationary pressure on local housing markets and fail to provide decent-quality housing (Apgar 1989; Hartman 1975; National Low Income Housing Coalition 2005; Report of the President's Commission on Housing 1982; Weicher 1999).

For example, Chester Hartman referred to housing vouchers ("allowances") as "the grand delusion" in his book *Housing and Social Policy*, published in 1975. Hartman made several arguments against vouchers. Most fundamentally, "they leave unchanged the numerous defects of [the housing market], which will severely hamper, if not totally undermine, efforts on the part of recipients to find and keep decent housing." He further argued that vouchers would be successful only in the few housing markets with plentiful supplies of decent, moderate-rent housing. Otherwise, "the introduction of housing allowances into a static supply of housing will lead to rent inflation (on a short-term basis at least), not only for recipients but also for other low- and moderate-income households competing for the same units" (Hartman 1975: 156). Third, he claimed that the voucher approach ignores the reality of housing discrimination and falsely assumes that the ability to pay the rent guarantees one's ability to obtain the housing of one's choice, in the neighborhood of one's choice. Furthermore, landlords may charge higher rents to voucher holders for the "privilege of being accepted as tenants" and avoid making sufficient repairs and renovations on the units occupied by voucher holders.

In sum, writes Hartman (1975: 159), housing vouchers

> foster the principle of individual choice in the housing market, which is a critical component of housing satisfaction but it takes no steps to ensure that market conditions will be such that the low-income consumer can truly have free choice or satisfaction. With the present realities of housing conditions and the housing market, freedom of choice can only be enhanced by more government intervention, not less.

Most of Hartman's concerns have not come to pass. In particular, there is very little evidence that housing vouchers exert inflationary pressure on the housing market, raising rents for voucher holders and other low-income households (Khadduri, Burnett, & Rodda 2003; National Low Income Housing Coalition 2005). Vouchers have not been found to hinder the physical improvement of the housing stock. As shown in Chapter 2, the incidence of physical deficiency in the housing stock has diminished steadily since the end of World War II. Moreover, to be eligible for the voucher program, units must meet HUD's housing quality standards.

Hartman was entirely correct, however, in pointing out that vouchers by themselves do not address racial discrimination and segregation. As discussed earlier, voucher holders frequently end up in predominantly minority neighborhoods. Hartman is also correct that vouchers are often ill suited for "groups the market serves poorly, such as large families" and in the most competitive housing markets.

In conclusion, experience has shown that rental vouchers offer several advantages over project-based subsidy programs. They are far less expensive per unit, potentially allowing the government to assist more households with the same amount of funding. The General Accounting Office, for example, estimated that public housing redeveloped under the HOPE VI program will cost 27% more than vouchers over its 30-year life cycle, and housing in metropolitan areas financed with low-income housing tax credits costs 15% more, after controlling for differences in location and unit size (U.S. General Accounting Office 2002).

It is also clear that vouchers provide a greater degree of residential choice than project-based subsidy programs do, enabling recipients to live in a wider array of neighborhoods. Compared to public housing especially, but also to other project-based programs, a much smaller percentage of voucher holders live in economically distressed neighborhoods. However, the voucher program is no guarantee against racial segregation. Minority voucher holders usually reside in minority neighborhoods.

Moreover, the geographic distribution of affordable rental units (i.e., renting for no more than a housing authority's voucher payment standard) constrains the potential for voucher holders to access middle-class neighborhoods of any racial composition. When affordable rental units are in short supply, vouchers are of limited value in promoting opportunity.

The nation's more than 40 years of experience with vouchers also underscores fundamental limitations with this approach. Some types of households fare better than others under the program, and it is decidedly less effective in tight housing markets. Large families, the elderly, and families and individuals with special needs tend to be less successful in finding housing with vouchers than other types of households and stand to benefit from project-based subsidies. Such subsidies also enable low-income people to reside in affluent neighborhoods with few affordable units. They can also promote racial integration. In areas with very tight rental markets, project-based programs increase the supply of low-cost housing (Khadduri et al. 2003; see also Galster 1997 for a critical comparison of project- and tenant-based policies).

Finally, the growth of the voucher program over time has become a political liability. The cumulative increase in low-income households issued housing vouchers,

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9

State and Local Housing Policy and the Nonprofit Sector

The federal government is no longer the preeminent player in U.S. housing policy. State and local governments, along with a variety of nonprofit organizations, have become central to the development and implementation of housing policy and programs since the 1980s. The federal government encouraged this shift through its policies of "devolution." Categorical, highly centralized programs, such as public housing and Section 8 New Construction, have given way to block grants that give states and localities much more latitude to devise their own housing programs. In addition to block grants, many states and localities have developed housing programs funded by other revenue sources, often in the form of housing trust funds.

This chapter will explore the landscape of state and local housing policy, focusing on the uses for which block grants and other funds are invested. The chapter will also discuss the role of community development corporations and other nonprofit organizations as a partner to state and local government in delivering housing assistance.

Responsibility for housing policy in the United States once rested almost entirely within the federal government. Public housing and other subsidy programs were devised and funded in Washington, DC. Municipalities and other local governments influenced the availability, quality, and affordability of housing through zoning and subdivision regulations, building codes, and the like; however, these governmental functions were couched in terms of public heath and safety, not the provision of low-income housing (Krumholz 1998; Nenno 1991). This is no longer the case. The federal government has increasingly ceded to state and local governments responsibility for developing and funding their housing programs, especially for construction and rehabilitation of housing; the federal government continues to control the voucher program (Brassil 2010; Nenno 1998a, 1998b). This shift reflects the scarcity of federal housing subsidies, as well as a change in the provision of much of the remaining subsidies from a centralized, categorical approach to one based on block grants (Bratt 1992).

Starting in the 1980s, when the Reagan administration sharply cut back growth in federal housing expenditures, states and localities had to find new ways of addressing their increasing housing needs. They needed to tap into new funding sources and develop their own programs. Before 1980, only 44 state-funded housing programs were in existence, and most of these operated in just three states: California,