

PRESERVING THE STRENGTHS OF THE HOUSING CHOICE VOUCHER PROGRAM

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The Housing Choice Voucher program plays a critical role in our nation's housing policy. Today, vouchers supplement rent payments for 1.7 million low-income families and individuals, making it the nation's largest housing assistance program. Recipients choose a house or apartment available in the private market and contribute about 30 percent of their incomes toward rent, while the federal government pays the difference—up to a locally defined “payment standard.” Families with vouchers can move to any jurisdiction that administers a voucher program. Compared with unassisted households at comparable income levels, voucher recipients are far less likely to be paying unaffordable housing cost burdens and more likely to be living in decent quality housing (HUD 2000). And because the voucher program relies on the existing housing stock, it is less costly than programs that build new projects for occupancy by the poor (HUD 2000).

One of the greatest strengths of the voucher program is that it allows families to choose the type of housing and neighborhood that best meets their needs. Historically, many low-income housing programs have exacerbated the geographic concentration of poor families, especially minorities, in high-poverty neighborhoods. For example, 37 percent of public housing residents live in neighborhoods where the poverty rate exceeds 40 percent (Newman and Schnare 1997), and most African American residents of public housing live in neighborhoods that are majority black (Goering, Kamely, and Richardson 1994). Even more recent housing production programs, such as the Low Income Housing Tax Credit and the HOME program, have placed a disproportionate share of assisted units in poor and minority neighborhoods. For example, almost half of LIHTC units are located in neighborhoods that are predominantly black (Buron et al. 2000).

In contrast, vouchers have generally allowed assisted families to disperse more widely and to live in lower-poverty, less-segregated neighborhoods. In fact, the latest research finds at least some voucher recipients living in 8 out of 10 neighborhoods in large metropolitan areas. Specifically, Devine et al. (2003) analyze the spatial distribution of voucher recipients in the nation's 50 largest metropolitan areas and conclude that nearly every census tract in these areas contains some housing at rent levels accessible to voucher recipients; voucher recipients are currently living in 83 percent of these census tracts. As a consequence, 59 percent of voucher recipients live in neighborhoods that are less than 20 percent poor, and only 22 percent live in neighborhoods with poverty rates in excess of 30 percent.

Why Choice Matters

Social science research clearly shows that living in a distressed, high-poverty neighborhood undermines the well-being of families and the long-term life chances of children. There is ample evidence that residents of poor, inner-city neighborhoods are less likely to complete high school and go on to college, more likely to be involved in crime (either as victims or as perpetrators), more likely to be teenage parents, and less likely to hold decent-paying jobs (Coulton et al. 1995; Ricketts and Sawhill 1988). Actually quantifying the independent effect of neighborhood conditions on outcomes for individual residents is more challenging. But in general, well-designed empirical research that controls statistically for individual and family attributes finds that neighborhood environment has a significant influence on important life outcomes for both children and adults (Ellen and Turner 1997).

Infants and Young Children. Several studies have found that having more affluent neighbors is associated with higher IQ for preschool children, and elementary school performance is linked to neighborhood social and economic status.

Adolescents. Young people from high-poverty and distressed neighborhoods are less successful in school than their counterparts from more affluent communities; they earn lower grades, are more likely to drop out, and are less likely to go on to college. Studies have also documented that neighborhood environment influences teens' sexual activity and the likelihood that girls will become pregnant during their teen years. And finally, young people who live in high-crime areas have been found to be more likely to commit crimes themselves.

Adults. Considerable research has found evidence that distance from jobs reduces employment rates, particularly among lower-skilled adults (Ihlanfeldt and Sjoquist 1998). Additionally, research suggests that living in disadvantaged neighborhoods increases the risk of mortality and disease, other things being equal. (Acevedo-Garcia et al. 2004).

When families are able to escape from distressed neighborhoods and move to healthier communities, their lives improve measurably. Research on families who have moved through the

Gautreaux demonstration, the Moving to Opportunity (MTO) demonstration, and the HOPE VI program provides evidence of significant benefits for both parents and children.¹

Greater Safety and Security. Research on participants in the Moving to Opportunity (MTO) demonstration finds that moving to low-poverty neighborhoods produced a 30 percentage point increase in perceptions of safety (Orr et al. 2003). We see similar gains among HOPE VI relocatees (Buron 2004). From the perspective of families, this means moving from a gang and drug infested neighborhood where shooting is the norm to a neighborhood where children can go outside to play (Popkin et al. 2002).

Better Schools. Gautreaux research found striking benefits for children whose families moved to suburban neighborhoods. They were substantially more likely to complete high school, take college-track courses, attend college, and enter the workforce than children from similar families who moved to neighborhoods within Chicago (Rosenbaum 1995). MTO families have moved to neighborhoods with better schools, but—unlike Gautreaux movers—relatively few have left central-city school districts. Moreover, some MTO children continue to attend the same schools, despite the fact that their families have moved. So far, there is no evidence that MTO moves have led to better educational outcomes, possibly because so few children are attending significantly better schools or because it may be too soon to see benefits (Orr et al. 2003). HOPE VI relocatees who have moved with vouchers report improvements in the schools their children attend. They see the schools as safer and better quality, and they also report that their kids are having fewer problems at school, including trouble with teachers, disobedience at school and at home, and problems getting along with other children (Popkin, Eiseman, and Cove 2004).

Better Outcomes for Teenage Girls. Some of the early research on MTO families in individual sites suggested that young people whose families moved to low-poverty neighborhoods were engaging in less risky behavior and committing fewer crimes (Ludwig, Duncan, and Ladd 2003). More recent and comprehensive data for all sites suggest that

¹ The Gautreaux demonstration provided special-purpose vouchers and counseling to African American families who moved from poor, predominantly black neighborhoods in Chicago to racially integrated communities in the city and its suburbs. The MTO demonstration is a carefully controlled experiment to test the impacts of helping families move from high-poverty assisted housing projects to low-poverty neighborhoods.

moving to a lower-poverty environment is indeed improving the behavior of teen-age girls, but not boys.²

Improved Health. The MTO demonstration has shown dramatic improvements in the health of the families who moved to lower-poverty neighborhoods. In particular, the most recent evidence shows a substantial reduction in adult obesity. MTO and adolescent girls also showed significant improvements in mental health, including reductions in psychological distress and depression (Orr et al. 2003).

Employment and Earnings. Long-term research on Gautreaux families has found significant increases in employment and reductions in welfare receipt (Rosenbaum and Deluca 2000). To date, no statistically significant employment or earnings gains have been found across the total sample of MTO families or among HOPE VI relocatees. However, analysis of individual MTO sites finds significant gains in employment and earnings among MTO families in New York and Los Angeles, and exploratory analysis suggests that families who moved to the healthiest neighborhoods have experienced significant increases in earnings.

The Administration Proposal Would Limit Choice

The proposed State and Local Housing Flexibility Act of 2005 takes the voucher program in the wrong direction. The bill threatens to severely restrict mobility and housing choice. Specifically, families would not be permitted to use their housing vouchers to move from one jurisdiction to another unless the administering housing agencies had a standing agreement. In other words, suburban jurisdictions could simply refuse to accept voucher holders seeking to move out of distressed city neighborhoods in order to be closer to job opportunities or to give their children the advantages of attending safe, high-performing public schools.

Moves within a jurisdiction—for example, from higher-poverty neighborhoods to lower-poverty neighborhoods within a city or town—could be restricted as well. The proposed bill allows housing agencies to set payment standards (which determine subsidy levels) without considering data on actual rent levels. Already facing severe funding constraints, housing agencies may feel

² Research is currently underway to better understand what is happening to the boys and why they do not seem to be enjoying the same benefits from mobility as girls. One possible explanation is that black and Hispanic boys moving to integrated or predominantly white neighborhoods are not engaging in criminal behavior more often, but are being arrested more due to racial profiling.

pressured to set their payment standards lower in order to serve more families. But ultimately, lower payment standards will make vouchers less competitive in the rental market and could severely limit neighborhood choice. Moreover, “exception rents,” a provision that allows for higher payment standards in high-cost areas, would likely be discontinued under the Administration’s proposal. In effect, local housing agencies would be left to choose between serving more families in higher-poverty neighborhoods or fewer families in opportunity-rich neighborhoods. Finally, the performance measurement system HUD currently uses to monitor housing agency success in helping families move to better neighborhoods is likely to be discontinued and replaced by new (not yet specified) performance indicators for assessing the performance of local voucher programs. This will eliminate existing incentives for PHAs to help families move to neighborhoods of choice and opportunity.

The Administration’s proposal also creates strong financial pressures on local housing agencies to use scarce voucher resources to serve more families at higher income levels, rather than targeting assistance to extremely low income families, who require deeper subsidies in order to pay for housing in the private market. Because vouchers have the advantage of dispersing assisted families geographically (rather than clustering them in subsidized developments), they provide a particularly valuable tool for addressing the severe housing needs of the lowest income levels. In other words, project-based housing subsidy resources need to be spread across a wider range of income levels in order to create healthy, mixed-income communities, but vouchers can promote income mixing even when they are targeted to the lowest income levels. Ideally, housing subsidies of all types would be available for low- and moderate-income families, but in an era of increasingly scarce resources, shifting vouchers away from the most needy families will only exacerbate housing hardship and distress.

Targeting assistance to very low income families yields benefits that go beyond housing per se, contributing to the larger policy goals of work and self-sufficiency. Specifically, families with unaffordable housing cost burdens are financially insecure, vulnerable to unexpected increases in other costs, and more likely to have to move frequently. This insecurity can make it more difficult for them to get and keep jobs, work extra hours, or advance to higher wages. In addition, the extra income freed up by a housing subsidy may enable families to pay for reliable child care, transportation to a better job, additional training, or professional clothing—all investments that can enhance employment success (Sard and Lubell 2000). In fact, several recent studies have found that people who receive housing assistance are more likely to benefit from workforce or welfare-to-

work programs than people without assistance, after controlling for other household differences (Turner and Kaye 2005).

Finally, the Administration's proposal would allow local housing agencies to experiment with alternative subsidy formulas and even impose time limits on housing assistance. Some have argued that the current subsidy formula (in which families pay about 30 percent of their income toward rent and the voucher makes up the difference) discourages work, because earning more income automatically results in increased rent payments. HUD's Moving to Work demonstration includes several housing agencies that are experimenting with variations in voucher program rules, including fixed subsidy levels, minimum tenant contributions, and time limits. However, the impacts of these alternative approaches are not being rigorously evaluated, because Moving to Work was not designed for this purpose (Abravanel et al. 2000). Therefore, there is no firm evidence to guide local housing agencies in designing new formulas that encourage work without sacrificing access to affordable housing in safe and opportunity-rich neighborhoods.

Opportunities to Strengthen the Voucher Program

The existing voucher program does not work perfectly and could be strengthened. Some families who receive vouchers are unable to find qualifying homes or apartments where they can actually use their assistance, especially in low-poverty neighborhoods that offer access to social and economic opportunities. But the Administration's proposal does not provide the tools or incentives for local housing agencies to improve the program's performance.

The most recent national study of success rates among voucher recipients (Finkel and Buron 2001) finds that about 69 percent of households who receive a voucher are successful in using it, down from 81 percent in the late 1980s. In some communities, moderately priced rental housing (affordable with a voucher) is in short supply, particularly in good neighborhoods (Burchell et al 1994; Orfield 1997). Moreover, during the late 1990s and early 2000s, rental markets in many metropolitan areas were very tight, vacancy rates were low, and rents were rising rapidly. These hot market conditions make it difficult for voucher recipients to find vacant units in healthy neighborhoods at rent levels they can afford.

Even when suitable rental units are available, landlords may be unwilling to participate in the voucher program. When demand for rental housing is reasonably strong, landlords do not need the voucher program to lease the units they own. And they may prefer not to participate because of concerns about whether the low-income households who receive vouchers will be good tenants,

and whether program regulations will prevent them from rejecting unqualified applicants or evicting problem tenants. In some jurisdictions, the fears of rental property owners about participating in the voucher program have been fueled by the poor reputation of the local housing agency. A housing agency known for delays in conducting inspections and approving leases, unreliability in making subsidy payments, and lack of responsiveness to landlord inquiries or complaints is likely to have serious problems convincing local landlords to participate in the voucher program (Turner, Popkin, and Cunningham 2000).

Racial discrimination and segregated housing markets exacerbate the challenges that minority recipients face when they try to find housing in which to use their vouchers. Although discrimination against African-American renters has declined over the last decade, minority homeseekers still face high levels of adverse treatment in urban housing markets (Turner et al. 2002). In addition, some communities have resisted the influx of voucher recipients from other jurisdictions, due to prejudice and fear about racial and economic change and about the crime and social service needs that these new residents are expected to bring (Churchill et al. 2001). As a consequence, the current housing voucher program has produced better locational outcomes for white recipients than for minorities. HUD's recent analysis of voucher locations in the 50 largest metropolitan areas nationwide illustrates that minority and central-city recipients are not gaining access to the same opportunities as white and suburban residents (Devine et al. 2003).

A growing body of experience points to three promising strategies for addressing these problems:

Mobility counseling and assistance can help voucher recipients understand the locational options available, identify housing opportunities, and negotiate effectively with landlords. Evidence from assisted housing mobility programs across the country indicates that this kind of supplemental assistance can significantly improve locational outcomes for voucher recipients, resulting in greater mobility to low-poverty and racially mixed neighborhoods for families who might otherwise find it difficult to move out of distressed, inner-city neighborhoods (Goering, Tebbins, and Siewert 1995; Turner and Williams 1998; Orr et al. 2003; Cunningham and Sawyer 2005).

Aggressive landlord outreach, service, and incentives, though sometimes viewed as a component of mobility counseling, actually involve very different activities. Housing agencies can significantly expand the options available to voucher recipients and improve recipients' success in finding suitable housing by continuously recruiting new landlords to participate in the program, listening to landlord concerns about how the program operates,

addressing red tape and other disincentives to landlord participation, and—in some cases—offering financial incentives to landlords to accept voucher recipients. Moreover, clear and consistent program rules and procedures (across all jurisdictions in a metropolitan housing market) can enhance landlord confidence and increase participation.

Regional collaboration and/or regional administration of the voucher program can potentially help address the administrative barriers to portability across jurisdictions and make the program more transparent to both landlords and participants. Almost no urban regions in the United States are served by a single regional housing agency, but in a few, the jurisdiction of the central-city PHA has expanded to encompass all or much of the metropolitan region (Feins et al 1997). In addition, housing authorities in some metropolitan areas have entered into formal agreements that facilitate the movement of voucher recipients across jurisdictional boundaries. All of these examples illustrate the potential for greater regional coordination as a mechanism for strengthening voucher program performance (Katz and Turner 2001).

Although it is possible that some local housing agencies might use the flexibility offered under the Administration's proposal to implement one or more of these promising strategies, this seems unlikely absent explicit program mandates and incentives. Instead, the bill's emphasis on cost containment and local autonomy create the opposite incentive. The Administration's proposal promises performance standards, but provides no indication of what outputs and outcomes would be rewarded or how performance would be assessed. A serious commitment to improving the performance of the voucher program would begin with a clear statement of desired outcomes, well-defined indicators for measuring performance, and explicit incentives for local housing agencies to achieve the program's goals.

Conclusion

Eliminating the features that promote "choice" in the Housing Choice Voucher program undermines the inherent power of this vital policy tool. Housing and neighborhood choice under the voucher program offer families the chance to move to neighborhoods that meet their needs—relocating to be closer to a new job or to find an apartment in a community with high-performing schools. These opportunities can help families break the cycle of poverty, enhancing their safety and health and providing access to better schools and well-paying job opportunities.

We know what it would take to strengthen the Housing Choice Voucher program. The Administration's proposal actually discourages local housing authorities from implementing these proven strategies, and instead creates incentives for cost-cutting measures that would shift assistance away from families with the greatest needs and reduce the purchasing power of a housing voucher. And allowing individual PHAs to implement their own payment standards and subsidy formulas is likely to result in a patchwork of program rules and procedures that could undermine landlords' willingness to participate. The State and Local Housing Flexibility Act of 2005 would move federal housing policy in the wrong direction, trapping families in neighborhoods that are poor and distressed and perpetuating concentrated poverty and isolation from economic opportunities.

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