

Why Voucher and Certificate Users Live in Distressed Neighborhoods

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Abstract

The Section 8 voucher and certificate program potentially allows recipients to choose better neighborhoods than they might otherwise be able to afford. This article compares the location of households using Section 8 vouchers and certificates with the location of other renter households, both low-income renters and all renters.

In 1998, Section 8 users were 75 percent as likely as other poor tenants to live in distressed neighborhoods but 150 percent more likely than all renters to live in such tracts. These national averages obscure substantial variation among metropolitan areas. Section 8 users concentrate in distressed neighborhoods when rental housing concentrates there, but they avoid distressed neighborhoods with very low rents. Concentration also hinges on race; when assisted households are mostly black and other residents are mostly white, assisted households are much more likely to live in distressed neighborhoods.

Keywords: Low-income housing; Mobility; Neighborhood

Introduction

Since the mid-1970s, the dominant model for U.S. federal housing policy has shifted from unit-based programs to tenant-based vouchers and certificates. Between 1976 and the end of the 1980s, the share of new assisted housing units constituted by vouchers and certificates grew from 52 percent to over 80 percent (Nenno 1998). The shift to tenant-based assistance has not slowed under a Democratic administration. On the contrary, in 1994 President Clinton proposed to end almost all subsidized housing construction programs and switch to vouchers and certificates instead. Had this proposal been accepted, by 2000 two-thirds of the Department of Housing and Urban Development's (HUD's) new budget authority would have been used for certificates and vouchers (Nenno 1998).

Vouchers and certificates offer assisted households the promise of free choice and the ability to live in decent neighborhoods. People who live in low-poverty neighborhoods have better access to public services and jobs and are less exposed to crime and violence than residents in high-poverty neighborhoods (Galster 1998). Some observers also contend that high-poverty and distressed neighborhoods give rise to and reinforce social pathologies, especially when combined with racial segrega-

tion (Massey and Denton 1993), although it is difficult to separate neighborhood effects from other causes of individual problems (Ellen and Turner 1997).

On average, vouchers and certificates appear to allow tenants receiving assistance to live in better neighborhoods than residents in public housing or private housing subsidized by HUD programs or low-income housing tax credits (Newman and Schnare 1997). Federally assisted housing projects are highly concentrated by race (Goering, Kamely, and Richardson 1994), and the neighborhoods that surround public housing have high poverty rates (HUD 1998b). On the basis of a review of national statistics and six metropolitan areas, Turner (1998) finds that voucher and certificate users typically live in neighborhoods whose poverty rates are lower than those constituted by or surrounding public housing projects.

Several observers raise concerns, however, that under some circumstances vouchers and certificates do not live up to their promise as mechanisms that foster mobility. Newman and Schnare (1997) find that the neighborhood conditions of certificate and voucher users are generally inferior to those enjoyed by unsubsidized renter households. Turner (1998) finds that tenants with vouchers and certificates—especially black tenants—live in neighborhoods with above-average poverty rates. In a study of metropolitan Washington, DC, Hartung and Henig (1997) show that although voucher and certificate users have relocated outside the worst neighborhoods there, they may be reconcentrating in high-poverty suburban tracts. In addition, tax-credit housing tends to be built in mixed-income, mixed-race areas (HUD 1998b), suggesting that well-planned unit-based programs can allow subsidized households to live in decent neighborhoods.

These results indicate that there is still ample room for improvement in the use of vouchers and certificates. This article aims to contribute to such improvement by describing and analyzing the variation in the concentration of voucher and certificate users in distressed neighborhoods across U.S. metropolitan areas. I begin by discussing the theory of housing allowances and their current status in the United States. Next, using HUD's *Picture of Subsidized Households* (1998a), I confirm that voucher and certificate users nationwide are more concentrated in distressed neighborhoods than other renters but less so than the poorest renters.

National data obscure complexity at the metropolitan level; in the following section, I explain the variation based on the housing and socioeconomic characteristics of metropolitan areas and on the racial and ethnic characteristics of voucher and certificate users. The most commonsense explanation for the concentration of these assisted tenants turns out to be the most powerful one; when rental housing is concen-

trated in distressed tracts, so are voucher and certificate users. Concentration also hinges on race; when assisted households are mostly black and other residents are mostly white, assisted households are much more likely to live in distressed neighborhoods.

Theory, history, and current status of vouchers and certificates

The idea of subsidizing households instead of housing units is theoretically appealing on several fronts. Since vouchers resemble money, economists theorize, voucher users value each dollar of subsidy more than they would each dollar spent on a government-subsidized housing unit (Struyk 1981). Consequently, voucher programs can theoretically satisfy recipients at a lower cost than in-kind programs (Murray 1980).

Vouchers can also increase the effective demand for housing. If housing markets are unconstrained, builders will respond to the rise in effective demand by providing additional housing units (Struyk 1981). Subsidies to households are even more effective in housing markets with large numbers of existing vacant dwellings. In such markets, high vacancy rates will encourage landlords to reduce or maintain low rents, lowering the cost of government subsidies to tenants. Because vouchers resemble money, finally, they may be less susceptible to such nonmarket failures as corruption and political favoritism than assisted housing units.

The theoretical appeal of housing vouchers diminishes somewhat when one considers several constraints to their effective use. First, vouchers work better when there is an adequate supply of low-cost rental housing units under private control. In markets with very low vacancy rates, tenants with housing allowances—which must be used within 120 days of receipt—can have substantial difficulty finding a vacant apartment that suits their needs.

Second, low-cost rentals are not always in desirable neighborhoods. Many housing markets are highly regulated (Schill and Wachter 1995). In particular, large areas are zoned for fairly low residential densities; even when apartments are allowed in these areas, local zoning codes often require good-sized lots and extensive landscaping, which raise costs and restrict supply. As a consequence, renters have far fewer choices than homeowners. The location of rental housing in general is not the only constraint voucher and certificate users face. Certificate users are required to find rental units that fall below HUD-established fair market rents (FMRs), and while voucher users may choose apartments with higher rents, they must pay for the privilege. Ladd and Ludwig (1997) estimate that only 15 percent of the dwellings in suburban Baltimore, for example, have rents below the HUD-established limits, compared with 30 percent of dwellings in the city. If this concentration

is the rule across the nation, then voucher and certificate users will be even more concentrated than renters in general.

Third, housing markets do not always respond to the small increase in effective demand represented by a modest new infusion of housing vouchers or certificates into a metropolitan housing market. The Experimental Housing Allowance Program (EHAP) of the 1970s and early 1980s revealed that many tenants used housing allowances not to improve their housing conditions, but rather to reduce overpayment, that is, to increase nonhousing expenditures (Allen, Fitts, and Glatt 1981). The investigator in charge of the 10-year supply experiment even commented, "I can think of no politically plausible variant of the allowance concept that would be likely to generate a substantially larger stimulus to local housing markets" (Lowry 1983, 30). Other government policies—especially tax-code provisions—have a much more important influence on rental-housing construction, and since 1987 the tax code has not favored the development of multifamily housing. In the late 1990s, strong economic growth and low mortgage interest rates led to increased competition for land in most metropolitan areas, a competition that moderately priced rental housing cannot win.

Fourth, vouchers and certificates do not by themselves resolve racial segregation problems. As noted earlier, vouchers and certificates allow their users not only to move to more integrated neighborhoods, but also to stay where they are—subject to HUD's housing quality guidelines—and increase nonhousing consumption. Recipients of allowances in the EHAP were no more than 10 percentage points more likely to move than other households (Allen, Fitts, and Glatt 1981). Although African-Americans appear to prefer an integrated neighborhood to an all-black one, they also prefer an all-black neighborhood to a mostly white one (Farley, Fielding, and Krysan 1997; Farley et al. 1993). Although stable racially integrated neighborhoods and communities do exist (Ellen 1998; Nyden, Maly, and Lukehart 1997), they are by no means the rule in the United States. Consequently, even African-American households that do move with their housing allowances may opt for neighborhoods with a relatively high proportion of African Americans because there are so few integrated neighborhoods. If a high proportion of voucher and certificate users are black and Hispanic, and if black and Hispanic residents generally are segregated by race into unsatisfactory neighborhoods—which they are (see Kasarda 1993)—then voucher and certificate users on average will be segregated into these neighborhoods as well because of their race.

Illegal discrimination limits and shapes housing choice, contributing to racial segregation (Galster 1988); households headed by blacks and Hispanics routinely face discrimination in rental housing markets (Yinger 1999). When such a family has a housing voucher or certificate, on the one hand, landlords can expect a stable flow of income; on the

other, vouchers and certificates may also brand their bearers as risky simply because of their very low incomes. Consequently, black and Hispanic voucher and certificate users may face even more intense discrimination than the average minority household.

A final problem with vouchers and certificates involves landlords' willingness to accept them. Landlords must agree to participate in the programs; to do so, they must meet HUD quality standards and paperwork requirements. In addition, until 1998 landlords were bound by the "take one, take all" rule, which prohibited them from turning away any Section 8 household if they had ever rented to one before. In many markets, these restrictions have reduced the incentives for program participation except in neighborhoods where landlords are most desperate for tenants. Together, these practical caveats about housing markets suggest that we should lower our expectations that vouchers and certificates will allow tenants to escape distressed neighborhoods.

Regardless of the theoretical merits or demerits of vouchers and certificates, U.S. housing policy has shifted dramatically in their favor in the past 25 years. Arguments for tenant-based assistance were advanced at least as early as 1935 (Bendick and Struyk 1981), but national policy did not endorse their use until Richard Nixon's second administration. In Nixon's first three years in office, annual subsidized housing completions had swelled more than tenfold to over 400,000 units. The new Section 235 and 236 housing programs, which subsidized private for-profit and nonprofit developers in building owner-occupied and rental housing, accounted for more than two-thirds of the total (Danielson 1976). Huge numbers of subsidized units were erected outside central cities, prompting a suburban backlash that together with cost escalations and allegedly shoddy construction led HUD to declare a moratorium on new subsidized unit construction in early 1972 (Danielson 1976). The Nixon administration subsequently shifted course, adopting as a new goal the "maximization of existing housing stock" (Danielson 1976, 236) and promoting tenant-based subsidies, which Nixon called Direct Cash Assistance (Bendick and Struyk 1981).

The emphasis on tenant-based assistance has been clear and consistent ever since. In the early 1970s, housing vouchers were available only through a demonstration program with a few tens of thousands of units. By 1998, vouchers and certificates constituted the largest single program for low-income housing assistance, with 1.4 million households receiving Section 8 tenant-based assistance. Congress approved funds for 90,000 new vouchers in the fiscal year (FY) 1999 budget, and HUD requested funds for another 100,000 new vouchers for FY 2000 (HUD 1999c). In the meantime, the number of public housing units has grown only from about 1.1 million to 1.3 million, of which over 100,000 are vacant (HUD 1998b). Other assisted-unit programs bring the total number of federally assisted units to 3.4 million (table 1) (HUD 1998b).

The shift to tenant-based assistance is perhaps best symbolized by HUD's HOPE (Housing Opportunities for People Everywhere) VI program. Between 1993 and 1997, HOPE VI funded the demolition of 62,175 obsolete and distressed public housing units, and by 2001 HUD aims to have demolished 100,000 units. Only 40,000 will be replaced with "hard units" (HUD 1998c).

Table 1. Assisted Households/Dwellings, U.S. Total, 1998

	Units		Occupied	
	Total	%	Estimated	%
Total assisted	4,838,978	100.0	4,642,400	100.0
Section 8 certificates and vouchers	1,391,526	28.8	1,377,600	29.7
Total federally assisted units	3,447,452	71.2	3,264,800	70.3
Indian	72,885	1.5	72,200	1.6
Public	1,300,493	26.9	1,170,400	25.2
Section 8 moderate rehabilitation	107,609	2.2	106,500	2.3
Section 8 new/substantial rehabilitation	894,330	18.5	876,400	18.9
Section 236	447,466	9.2	429,600	9.3
Other: Below-market interest rate, rental assistance program and rent supplements, loan management set-aside, property disposition	292,584	6.0	280,900	6.1
Housing tax credit	332,085	6.9	328,800	7.1

Source: HUD 1998b.

Note: Total does not include households assisted by mortgage interest or property tax deductions.

HUD's *Picture of Subsidized Households* (1998a) offers important insights into the characteristics of assisted households and the neighborhoods in which they live. Over 10.6 million people were assisted by federal housing programs in 1998, 3.7 million of them by vouchers and certificates. Women head more than four out of five households with a voucher or certificate (84 percent), and 56 percent are headed by single persons with children.

The *Picture of Subsidized Households* also permits analysis of the neighborhood location of about 900,000 households with vouchers and certificates. Some 65 percent of voucher users are black or Hispanic; voucher users tend to live in census tracts with high proportions of minority residents (table 2). (See also Turner [1998] for a description of the national picture of voucher and certificate users.) Forty percent of householders with vouchers are non-Hispanic black, and 15 percent more are non-black Hispanic, compared with 12 percent and 10 percent of the national population, respectively, in 1997 (U.S. Bureau of the Census 1998; HUD 1998b). On average, 20 percent of the population in tracts with voucher users had incomes below the poverty line in 1989, compared with 15 percent of the national population. These conditions

**Table 2. Neighborhood (Tract) Conditions,
Assisted Housing and Households, 1998**

	Percentage of 1990 Population		
	Below Poverty	Minority	Homeowners
Total federally assisted units	26	45	34
Section 8 certificates and vouchers	20	41	40
Public housing	36	59	26
Section 8 moderate rehabilitation	29	53	30
Section 8 new/substantial rehabilitation	21	34	36
Section 236	21	40	33
Other: Below-market interest rate, rental assistance program and rent supplements, loan management set-aside, property disposition	28	55	32
Housing tax credit	21	37	40

Source: HUD 1998b. Indian housing neighborhood information was not available.

are, however, less dire than those experienced by public housing residents, whose neighborhood poverty rates averaged 36 percent in 1989.

Because of incomplete data, any analysis of voucher and certificate-holder locations must be accompanied by a caveat. Some public housing authorities (PHAs) did not submit reports to HUD; others submitted only partial reports.¹ If suburban authorities are overrepresented among the non- or underreporters, then estimates that voucher users concentrate disproportionately in high-poverty or distressed tracts would be inflated. (Conversely, underreporting would lead to depressed estimates of concentration in distressed tracts.) It was not possible to assemble a comprehensive list of underreporting by authorities for this research.

Even with this caveat, HUD's national picture of subsidized housing provides evidence that voucher and certificate users live in tracts with

¹ Furthermore, even where authorities reported the location of voucher and certificate users, HUD suppresses data on tenant characteristics (but not on the total number of voucher and certificate users) for tracts in which fewer than 15 tenants from a particular housing authority live. The *Picture of Subsidized Households* dataset lists each PHA separately. Thus, if 25 tenants with vouchers from one PHA and 10 with vouchers from a second PHA live in the same tract, then the tenant characteristics of the first set of 25 tenants would be disclosed but not those of the second set of 10. This disclosure would not influence reporting of the total concentration of tenants in high-poverty or distressed tracts, but it could influence the reporting of the extent to which black or Hispanic tenants concentrate in high-poverty or distressed tracts. If assisted households in tracts with fewer than 15 tenants are disproportionately minority, and these tracts have lower poverty rates than tracts for which complete tenant information is available, then the minority assisted population is less concentrated in poverty tracts than otherwise reported. However, if assisted households in low-poverty tracts with fewer than 15 tenants are disproportionately nonminority, then minority tenants are more highly concentrated in poverty than reported.

relatively high poverty rates, although poverty is only one indicator of neighborhood distress. Also, it is likely that the neighborhoods of Section 8 households vary from one metropolitan area to another. The remainder of this article takes up these issues, identifying distressed neighborhoods using several criteria and noting reasons why voucher and certificate users end up there.

Identifying distressed neighborhoods

In 1993, Kasarda examined concentrated poverty and neighborhood distress in the 100 largest cities in the United States. He used four indicators to identify distressed neighborhoods (census tracts): persons below the poverty line, percentage of households receiving income from public assistance, percentage of males aged 16 and over who had worked fewer than 27 weeks in 1989, and percentage of families with children under 18 headed by a single woman. To identify severely distressed tracts, he added a fifth indicator: percentage of persons between 16 and 19 who were not in school and had not completed high school. To qualify as distressed or severely distressed, a neighborhood had to exceed a cutoff point set one standard deviation above the 1980 national mean on all relevant variables.

For this research, my primary goal is to determine whether and why voucher users live in distressed tracts, those that are among the worst neighborhoods in their metropolitan areas. I used two reference areas: the nation (following Kasarda) and each metropolitan statistical area (MSA) or primary MSA (PMSA). In both cases, the mean for the reference area was added to the standard deviation for that area to yield a cutoff point.² I also set two definitions of distress: “mild” for a tract that met any three of the five criteria³ and “severe” for a tract meeting all five criteria by either the national or the MSA cutoff point. When an MSA is highly distressed, the national reference point classifies some tracts as distressed that would not be so identified using the MSA mean and standard deviation. In MSAs with generally low distress, the MSA reference point classifies some tracts as distressed that would not be so classified using the national reference point. While any definition of distress has arbitrary elements, these probably identify most of the least desirable neighborhoods in each metropolitan area and are therefore acceptable for this article while retaining consistency with Kasarda

² Using this method, about 16 percent of tracts should fall above the cutoff point for each variable, assuming that tracts are normally distributed around the mean.

³ I diverge from Kasarda’s method because even under his distressed criteria, a few large MSAs and PMSAs (e.g., Anaheim–Santa Ana) had no tracts that qualified. I suspect that using female-headed households and joblessness as qualifiers mutes the distress signal from high-poverty tracts with large proportions of Hispanics, since sole-female-headed households are not very common among this population.

(1993). Most of the data for this analysis are drawn from the 1990 Census of Population and Housing (U.S. Bureau of the Census 1992a, 1992b). The number of rental households, contract rent, and vacant dwellings available for rent in 1990 all come from the Summary Tape Files (STF) 1A 100 percent count. The poverty rate comes from the STF 3A sample.

By my definitions, in 1990 4,034 metropolitan tracts were mildly distressed—9.0 percent of the 44,691 populated tracts—and 702 (1.6 percent) were severely distressed.⁴ Among MSAs and PMSAs with more than 1.5 million residents in 1990, over 10 percent of tracts were mildly distressed in the Baltimore, Chicago, Cleveland, Detroit, Newark, New York, and St. Louis MSA/PMSAs (table 3). Over 3 percent of the tracts were severely distressed in the Baltimore, Chicago, Detroit, Newark, and Philadelphia MSA/PMSAs. At the other end of the scale, 13 MSAs and PMSAs had no distressed tracts even by the mild criteria (table 4), and 175 had no severely distressed tracts. Only 145 of the 320 metropolitan areas had any severely distressed tracts.⁵

Concentration of population, renters, and assisted households in distressed tracts

A quick glance at the national averages shows that in 1998, assisted households were more likely to live in tracts that were distressed in 1990 than either the population as a whole or renter households but less so than the average poor renter household (table 3), bearing in mind the staleness of the 1990 data and the caveat about the under-reporting of voucher user locations.⁶ About 6.6 percent of the nation's metropolitan residents lived in mildly distressed tracts in 1990, and 1.0 percent lived in severely distressed tracts. Metropolitan renters concentrated more than the population as a whole in distressed tracts, with 10.8 percent and 1.9 percent of renter households in mildly and severely distressed tracts, respectively. The poorest renters—those earning less than \$10,000 in 1989—concentrated much more in both mildly distressed (22.6 percent) and severely distressed tracts (4.5 percent) than the population as a whole or renter households in total.

⁴ A complete list of all 1990 tracts with their categorization as distressed and nondistressed is available from the author on request.

⁵ A complete list of MSAs and PMSAs with the number of mildly and severely distressed tracts, along with the number of residents, renter households, and assisted households in these tracts in 1990, is available from the author on request.

⁶ It is not possible to determine the extent to which tracts have changed from distressed to nondistressed since 1990. The results reported here must therefore be considered tentative at least until the 2000 census results are reported in 2002 and 2003.

Table 3. Distressed Tracts, Population, Renters, and Assisted Households in Large MSAs/PMSAs and National Total, 1990/1998

MSA/PMSA	Tracts			Assisted Households ^a (Thousands)			Persons (Thousands)			Renter Units (Thousands)			Poor Renters ^b (Thousands)		
	Total	Distressed		Total	% in Distressed Tracts		Total	% in Distressed Tracts		Total	% in Distressed Tracts		Total	% Distressed	
		Sev ^c	M ^d		Sev ^c	M ^d		Sev ^c	M ^d		Sev ^c	M ^d		Sev ^c	M ^d
Anaheim-Santa Ana, CA, PMSA	479	0	12	12.3	0.0	4.1	2,411	NA ^e	3.0	330	0.0	3.8	32.7	0.0	8.3
Atlanta, GA, MSA	477	9	41	15.2	1.3	11.7	2,834	0.6	4.2	398	1.4	7.6	76.0	5.2	23.1
Baltimore, MD, MSA	579	27	59	8.4	4.9	10.5	2,382	3.5	8.5	320	6.7	15.3	70.4	15.5	33.5
Boston-Lawrence-Salem-Lowell- Brockton, MA, NECMA ^f	821	17	69	24.3	2.7	15.0	3,784	1.2	5.5	600	2.6	10.0	133.0	6.4	18.8
Chicago, IL, PMSA	1,478	50	236	26.1	4.8	31.4	6,070	1.9	9.7	921	3.5	15.5	221.1	9.0	34.7
Cleveland, OH, PMSA	609	12	102	8.1	3.1	32.6	1,831	1.3	11.2	246	2.4	20.3	75.4	5.4	39.1
Denver, CO, PMSA	419	1	24	7.9	0.2	15.6	1,623	0.2	5.0	250	0.4	8.0	55.4	1.1	16.4
Detroit, MI, MSA	1,191	61	217	9.1	3.4	20.4	4,382	4.0	14.8	488	7.9	28.0	151.8	15.1	50.9
Houston, TX, PMSA	679	7	58	12.5	1.1	12.9	3,302	0.6	5.3	535	0.8	5.9	110.5	2.1	15.5
Kansas City, MO-KS, MSA	437	9	35	8.3	1.3	12.3	1,566	0.8	4.1	208	1.4	6.1	47.1	3.7	14.8
Los Angeles-Long Beach, CA, PMSA	1,647	18	106	59.9	2.9	17.4	8,863	0.9	6.6	1,549	1.1	7.7	290.5	2.5	15.1
Miami-Hialeah, FL, PMSA	266	4	24	7.4	1.4	7.0	1,937	1.0	5.9	316	1.1	8.6	96.1	1.9	15.1
Minneapolis-St. Paul, MN-WI, MSA	638	7	49	15.0	2.8	15.6	2,464	0.7	4.6	293	1.6	11.2	66.2	3.4	22.3
Nassau-Suffolk, NY, PMSA	580	0	16	7.3	0.0	17.1	2,609	0.0	2.9	169	0.0	5.4	26.1	0.0	9.9
New York, NY, PMSA	2,453	70	344	80.8	5.7	26.5	8,544	3.0	15.3	2,170	3.7	18.4	541.4	7.2	33.3
Newark, NJ, PMSA	450	18	50	7.3	6.3	17.0	1,824	2.6	7.0	267	5.1	13.3	55.5	10.8	27.5
Oakland, CA, PMSA	467	5	42	20.0	1.6	20.5	2,083	0.9	7.0	322	1.4	9.9	58.1	3.6	22.0
Philadelphia, PA-NJ, PMSA	1,238	45	116	15.0	6.2	19.5	4,857	3.8	10.3	540	5.7	14.7	129.5	13.1	32.0
Phoenix, AZ, MSA	465	3	25	8.4	0.2	5.5	2,122	0.5	3.8	296	0.6	4.6	61.6	2.0	11.5
Pittsburgh, PA, PMSA	650	9	55	9.5	1.0	18.8	2,057	0.8	5.5	252	2.1	12.1	86.5	4.7	22.2
Riverside-San Bernardino, CA, PMSA	297	3	17	11.5	1.7	7.5	2,589	0.6	3.4	302	0.9	5.4	60.6	1.9	10.5
San Diego, CA, MSA	445	1	22	11.9	0.0	10.6	2,498	0.1	5.7	410	0.1	7.9	65.8	0.2	16.8

Table 3. Distressed Tracts, Population, Renters, and Assisted Households in Large MSAs/PMSAs and National Total, 1990/1998 (continued)

MSA/PMSA	Tracts			Assisted Households ^a (Thousands)			Persons (Thousands)			Renter Units (Thousands)			Poor Renters ^b (Thousands)		
	Distressed			% in Distressed Tracts			% in Distressed Tracts			% in Distressed Tracts			% Distressed		
	Total	Sev ^c	M ^d	Total	Sev ^c	M ^d	Total	Sev ^c	M ^d	Total	Sev ^c	M ^d	Total	Sev ^c	M ^d
San Francisco, CA, PMSA	351	0	16	7.1	0.0	15.5	1,604	NA ^e	5.0	332	0.0	6.8	49.7	0.0	19.9
Seattle, WA, PMSA	416	0	21	7.9	0.0	19.2	1,973	NA ^e	4.2	312	0.0	6.2	54.2	0.0	15.0
St. Louis, MO-IL, MSA	461	11	58	11.0	2.7	12.9	2,463	1.5	7.4	293	2.5	12.6	79.2	5.6	26.2
Tampa–St. Petersburg– Clearwater, FL, MSA	410	3	23	6.2	0.0	4.1	2,068	0.3	3.1	267	0.8	5.5	61.6	2.6	14.3
Washington, DC-MD-VA, MSA	913	11	73	14.8	3.6	20.0	3,924	1.0	5.5	576	1.8	10.4	71.6	5.6	29.0
U.S. Metropolitan-Area Total (1990 MSAs and PMSAs)	44,691	702	4,034	951.8	2.3	17.0	193,123	1.0	6.6	27,262	1.9	10.8	6,396.7	4.5	22.6

Source: Author's calculation based on HUD 1998a.

^a Assisted households are Section 8 voucher and certificate users as of 1998. All other data as of 1990.

^b Poor renters are renter households earning less than \$10,000 in 1989.

^c Sev = Severely distressed.

^d M = Mildly distressed.

^e NA = Not applicable; no distressed tracts in the MSA/PMSA.

^f NECMA = New England County Metropolitan Area.

Table 4. Metropolitan Areas with No Distressed Tracts, 1990

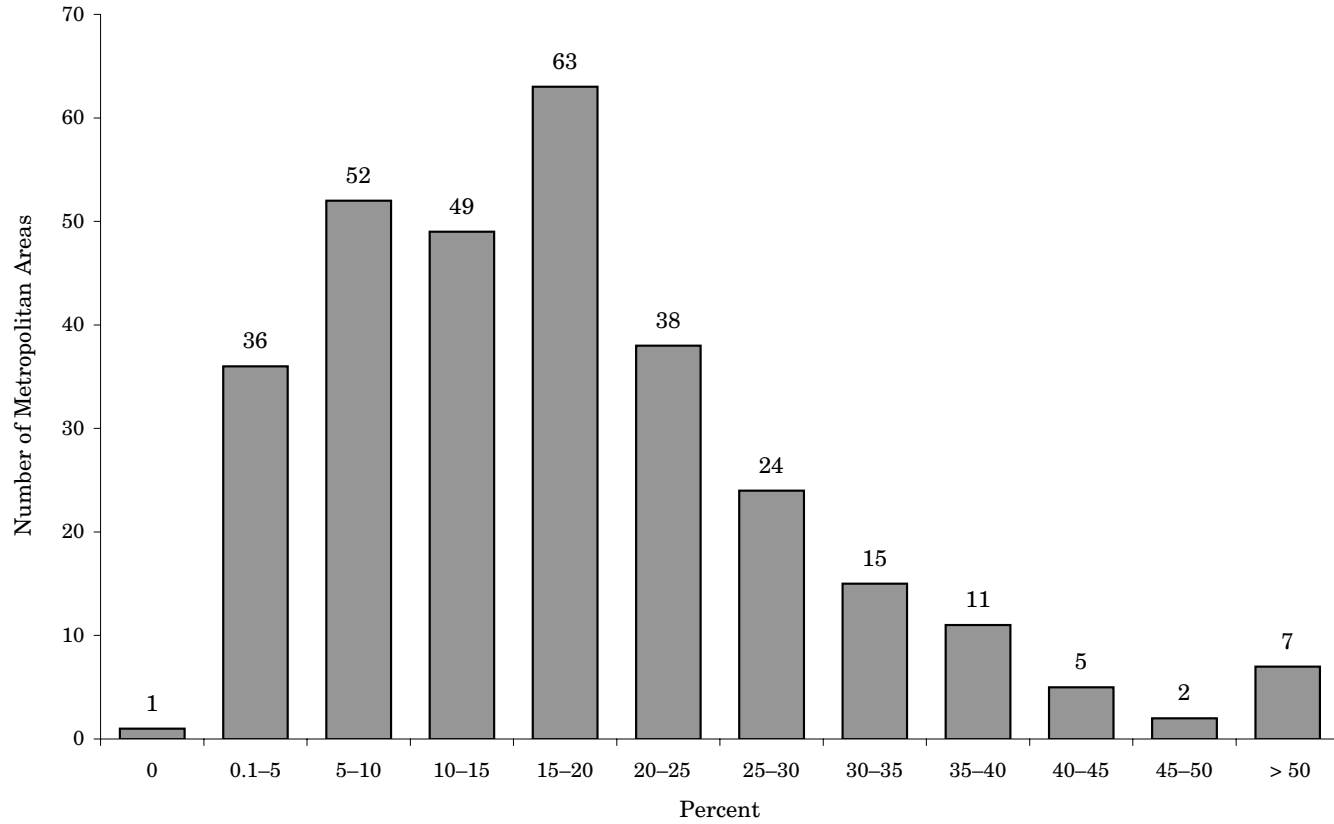
Area	Tracts
Abilene, TX	36
Bellingham, WA	25
Bismarck, ND	20
Bloomington, IN	20
Bloomington-Normal, IL	31
Hickory-Morganton, NC	38
Iowa City, IA	25
McAllen-Edinburg-Mission, TX	63
Provo-Orem, UT	46
Santa Fe, NM	31
Springfield, MO	62
State College, PA	28
Yuma, AZ	23

Source: Author's calculations based on HUD 1998a.

On average, metropolitan-area voucher and certificate users in 1998 were more likely than all renters but less likely than other poor renters to live in distressed tracts. Of the 951,792 assisted households for whom address information was available and reported to HUD in 1998, 161,855 (17.0 percent) lived in mildly distressed tracts, and 2.3 percent lived in severely distressed tracts. Voucher and certificate users were between two and three times as concentrated in distressed tracts in 1998 as the 1990 population and half again as concentrated there as all renter households in 1990. On a more positive note for the voucher and certificate program, its beneficiaries were only half as concentrated in severely distressed tracts and 75 percent as concentrated in mildly distressed tracts as all renters earning less than \$10,000 in 1989.

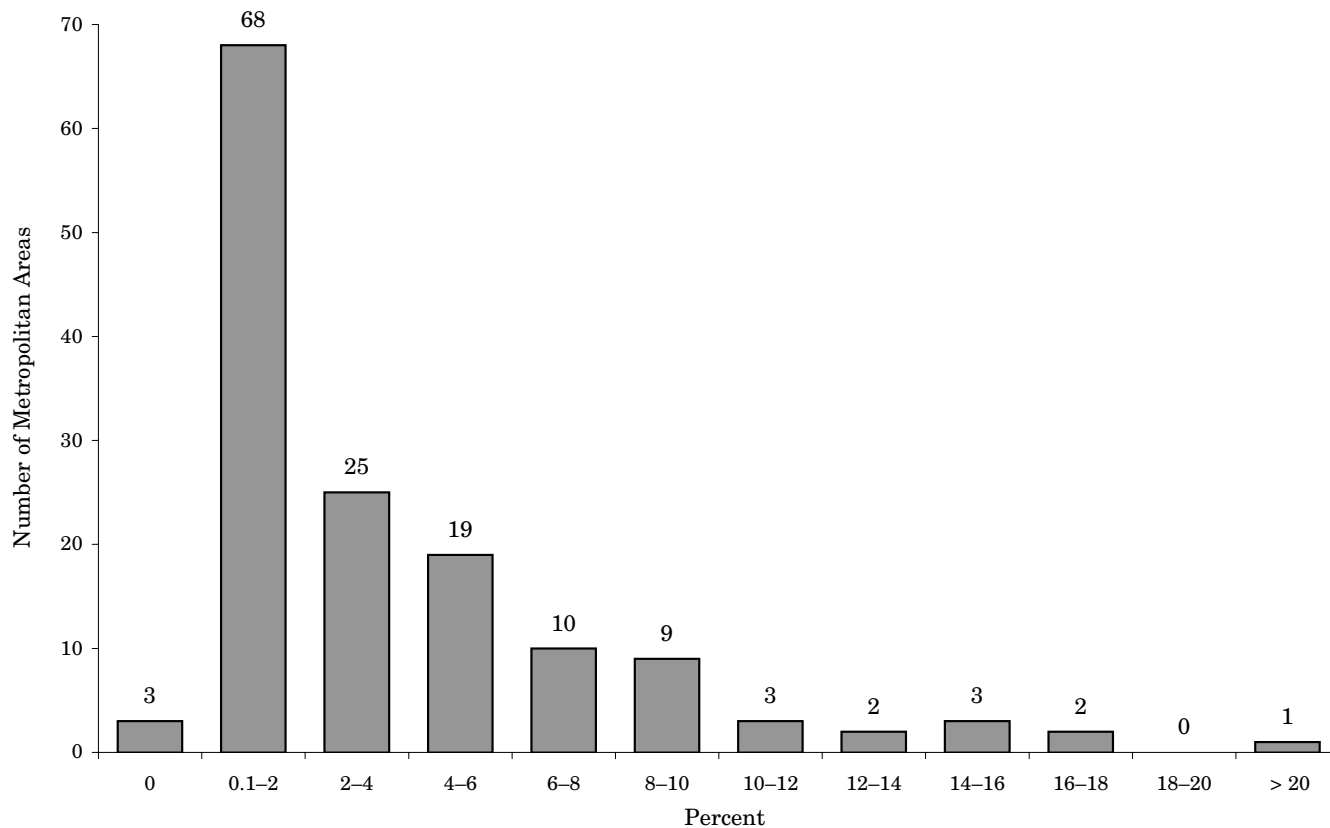
However, these national averages obscure substantial variation in the concentration of people, renters, and assisted households in distressed tracts across the nation. In 14 MSAs and PMSAs, over 40 percent of the voucher and certificate users lived in mildly distressed tracts (figure 1); in Lancaster (PA) and Flint (MI), more than three out of every five households with a voucher or certificate lived in a mildly distressed tract (table 5). In 11 metropolitan areas, over 10 percent of assisted households lived in severely distressed tracts. But in 90 metropolitan areas with mildly distressed tracts, less than 5 percent of assisted households lived in such tracts. And in 28 of the 145 metropolitan areas with severely distressed tracts, less than 1 percent of assisted households lived in such tracts (figure 2). In many metropolitan areas, then, the voucher and certificate program has been quite successful in helping tenants meet the most basic neighborhood quality goal—to find a place to live outside the worst neighborhoods in their regions—but in a minority of regions, this goal appears to be very distant.

Figure 1. Percentage of Metropolitan-Area Voucher and Certificate Users in Mildly Distressed Tracts, 1998



Source: Author's calculation based on HUD 1998a. Includes 303 metropolitan areas (out of 320) with any distressed tracts in 1990; excludes Modesto, CA; Ft. Pierce, FL; and Brazoria, TX, because of concerns over underreporting of voucher-holder addresses.

Figure 2. Percentage of Metropolitan-Area Voucher and Certificate Users in Severely Distressed Tracts, 1998



Source: Author's calculation based on HUD 1998a. Includes only the 145 metropolitan areas (out of 320) with any severely distressed tracts in 1990.

Table 5. Metropolitan Areas with High Concentrations of Assisted Tenants in Distressed Tracts, 1998

Area	%
<i>High concentration in mildly distressed tracts</i>	
Lancaster, PA	62.1
Flint, MI	60.8
Battle Creek, MI	57.0
Wausau, WI	54.6
Kankakee, IL	52.7
Decatur, IL	52.4
Saginaw–Bay City–Midland, MI	51.7
York, PA	45.1
Clarksville–Hopkinsville, TN-KY	43.8
Kalamazoo, MI	42.8
Trenton, NJ	42.3
Muskegon, MI	42.1
Jackson, MI	41.0
<i>High concentration in severely distressed tracts</i>	
Benton Harbor, MI	23.8
Sioux City, IA-NE	17.2
Florence, SC	16.6
Great Falls, MT	16.0
Springfield, MA	15.3
Jackson, MI	14.8
Huntsville, AL	13.5
Decatur, IL	12.1
Lima, OH	10.8
Johnstown, PA	10.5
Jamestown–Dunkirk, NY	10.2

Source: Author's calculations based on HUD 1998a.

Note: Distress defined using 1990 census data.

There is, of course, some danger in relying on 1990 data for an analysis of 1998 neighborhood conditions, but available data do not permit a more updated analysis. Kasarda (1993) finds that the number and percentage of distressed tracts in the 100 largest cities grew substantially in the 1970s and somewhat in the 1980s. Since voucher and certificate users live disproportionately in distressed tracts, it stands to reason that they also live disproportionately in “near-distressed” tracts. Thus, if the increase in distressed tracts continued through the 1990s, the real neighborhood conditions of voucher and certificate users in 1998 may have been inferior to those presented here, since some near-distressed tracts would likely have qualified as distressed.

Why assisted households concentrate in distressed tracts

The preceding review described some reasons why assisted households might concentrate in distressed tracts. I begin this section by discussing more explicitly the hypotheses to be tested in a multivariate regression

that attempts to explain the variation across MSAs in assisted tenants' concentration in distressed tracts. I then present the formal model, describe the data and their limitations, and present the results of the multiple regression.

Hypotheses: Why assisted households might concentrate in distressed tracts

I will examine four hypotheses. First, households with Section 8 assistance depend on a particular kind of housing: rentals that do not exceed the regional FMR. We should therefore expect a significant positive relationship between the proportion of rental housing in distressed tracts and the proportion of assisted households in those tracts. Assisted tenants should also concentrate in distressed tracts when nondistressed tracts in their regions have high average rents compared with either distressed tracts or HUD's FMR.

Second, I expect that voucher users' race will influence the extent to which assisted households concentrate in distressed tracts. Considering that 40 percent of households with vouchers and certificates are headed by blacks, and 15 percent by Hispanics, we should expect voucher users to concentrate to some extent, probably in less desirable (more distressed) neighborhoods. In MSAs and PMSAs with high proportions of minorities in the population, however, all else being equal, we should expect less concentration in distressed tracts because more minority residents translate into more minority neighborhoods. In these MSAs, minority voucher and certificate users should be able to find a larger number of decent, racially balanced neighborhoods.

Regions with high proportions of minority residents also tend to have high proportions of minority voucher users, raising problems of multicollinearity that can be overcome with a single measure accounting for the racial composition of both assisted households and other residents. By taking the difference between the proportion of voucher users who are black or Hispanic and the proportion of all residents who are black or Hispanic, one can identify the regions in which the racial composition of assisted households differs substantially from that of the rest of the population. Where a higher proportion of assisted tenants than of residents consists of minorities (i.e., assisted black or Hispanic households in mostly white metropolitan areas), assisted households are likely to live disproportionately in distressed tracts.

Third, concentration in distressed tracts should correlate negatively with the rental vacancy rate outside distressed tracts. When a large proportion of the rental stock (defined as all occupied rentals plus all vacant units available for rent) is vacant, tenants have more choice and landlords have fewer incentives to discriminate against assisted tenants.

Fourth, assisted tenants will probably concentrate less in distressed tracts when their regions have high poverty rates rather than low poverty rates. Metropolitan areas with higher proportions of poor people should have more low-cost apartments available generally and will likely have a higher proportion of tracts—distressed and nondistressed—with such apartments. Under these circumstances, voucher and certificate users should have a wider variety of nondistressed neighborhoods from which to choose.

The model and the data

This part of the article asks, How can we explain the concentration of assisted tenants in distressed tracts? Here is a formal model based on the literature discussed earlier for attempting to answer this question:

$$Y_m = a + b\text{RENTERS}_m + c\text{RENTDIFF}_m + d\text{FMRDIFF}_m + e\text{BLACKDIF}_m + f\text{HISPDIF}_m + g\text{VACRATE}_m + h\text{POVRATE}_m + \varepsilon$$

Y represents the dependent variable (percentage of voucher users living in distressed tracts in metropolitan area m). RENTERS_m is the proportion of renters living in distressed tracts in metropolitan area m in 1990. RENTDIFF_m is the average contract rent in the metropolitan area's nondistressed tracts minus the average contract rent in its distressed tracts, divided by the rent in the nondistressed tracts, all in 1990. FMRDIFF_m is the average contract rent in the metropolitan area's nondistressed tracts divided by the HUD FMR for a two-bedroom apartment in the metropolitan area in 1990. BLACKDIF_m and HISPDIF_m are, respectively, the difference between the proportion of assisted households in 1998 headed by blacks or Hispanics and the estimated proportion of all metropolitan residents who were black or Hispanic in 1997. VACRATE_m is the rental housing vacancy rate (vacant dwellings available for rent, divided by the total number of occupied rentals and vacant-for-rent dwellings) outside distressed tracts in 1990. POVRATE_m is the proportion of persons in the metropolitan area living below the federally defined poverty level in 1989.

The added variables required additional data collection, mostly from the 1990 decennial census. Average contract rent was calculated for distressed and nondistressed tracts by summing the aggregate rent for all tracts in each category, then dividing by the number of rentals whose occupants paid cash rent. A file of HUD's FMRs, including data from 1983 to 1999, was obtained online for metropolitan areas by 1999 definitions (HUD 1999a); I made substitutions in about 20 of 320 cases where MSA definitions have changed since 1990. I used county-level Census Bureau estimates (1998) to calculate the proportion of metropolitan-area residents who were black and Hispanic in 1997.

I specified two models, one for the mildly distressed and the other for the severely distressed tracts. In both, three metropolitan areas were excluded because their housing authorities reported the location of fewer than 100 assisted households. Also, I excluded all metropolitan areas with no distressed tracts, leaving 303 metropolitan areas in the mild model and 144 in the severe model.

Results

At the mean, as shown in table 6, 17.4 percent of assisted tenants lived in mildly distressed tracts and 3.6 percent lived in severely distressed tracts in regions that had such tracts, compared with 10.7 percent and 2.8 percent, respectively, of metropolitan-area renters in 1990.⁷ The average rent outside mildly and severely distressed tracts was about 30 percent and 39 percent higher, respectively, than inside them. Even so, the average contract rent outside distressed tracts was on average only about three-quarters of the HUD FMR in 1990. Minorities constitute consistently higher proportions of voucher and certificate users than of all residents: for blacks, 31 percentage points more in metropolitan areas with mildly distressed tracts and 37 percentage points more in severely distressed tracts; for Hispanics, 3 percentage points more for both types of tracts. The average rental vacancy rate outside distressed tracts in 1990 was about 8 percent, and the poverty rate was 13 percent.

The regressions (table 7) show that metropolitan areas with more rentals in distressed tracts have more assisted households in distressed tracts. Compare two hypothetical MSAs, matched perfectly on all these variables except that “Jackson” had 20 percent and “Johnson” 10 percent of its rental housing in distressed tracts. On average, Jackson would have 13.6 percentage points more assisted tenants in distressed tracts under the mild definition, and 11.7 more under the severe definition, than Johnson. Rental housing supply matters enormously; an increase of one standard deviation over the mean percentage of rentals in distressed tracts correlates with an increase of 0.7 standard deviations in the percentage of assisted households in distressed tracts.

Contract rent, surprisingly, has an effect opposite to that hypothesized. What will happen to assisted households if rents outside Jackson’s distressed tracts are 30 percent higher than those inside, while those outside Johnson’s are only 20 percent higher? The hypothesis stipulated that more assisted households should live in distressed tracts in Jackson than in Johnson, because Jackson’s relatively high rents in nondis-

⁷ The means differ from those reported earlier because they exclude the metropolitan areas with no distressed tracts. As mentioned earlier, 17.0 percent and 2.3 percent of all reported metropolitan voucher and certificate users nationwide lived in mildly and severely distressed tracts, respectively.

Table 6. Descriptive Statistics, Concentration Regressions

	Mild		Severe	
	Mean	Standard Deviation	Mean	Standard Deviation
Percentage of assisted tenants in distressed tracts	17.4	11.6	3.6	3.8
Percentage of MSA renters in distressed tracts	10.7	6.0	2.8	2.3
Rent differential as a percentage of average rent outside distressed tracts	30.4	13.5	39.1	14.4
Average rent outside as a percentage of HUD FMR 1990	0.8	0.1	0.7	0.1
Percentage of assisted tenants black (1998) – percentage of MSA residents black (1997)	31.4	23.6	36.6	21.6
Percentage of assisted tenants Hispanic (1998) – percentage of MSA residents Hispanic (1997)	3.2	9.5	3.0	9.9
Percentage of rentals vacant outside distressed tracts	8.3	3.6	8.8	2.9
MSA percentage poverty 1989	13.0	4.8	12.9	3.8
Number of MSAs/PMSAs	303		144	

Table 7. Regression Results, Percentage of Assisted Tenants in Mildly and Severely Distressed Tracts

	Mild		Severe	
	Coefficient	t-Statistic	Coefficient	t-Statistic
Intercept	6.632	1.813*	4.897	2.462**
Percentage of MSA renters in distressed tracts	1.355	19.777****	1.171	13.614****
Rent differential as a percentage of average rent outside distressed tracts	-0.221	-5.999****	-0.069	-4.445****
Average rent outside as a percentage of HUD FMR 1990	0.005	0.131	-0.022	-0.970
Percentage of assisted tenants black (1998) – percentage of MSA residents black (1997)	0.181	8.536****	0.029	2.605**
Percentage of assisted tenants Hispanic (1998) – percentage of MSA residents Hispanic (1997)	0.108	2.390**	0.012	0.502
Percentage of rentals vacant outside distressed tracts	-0.020	-0.164	0.046	0.606
MSA percentage poverty 1989	-0.258	-2.869****	-0.138	-2.427**
F-Statistic	87.329****		39.279****	
Adjusted R ²	0.668		0.652	
N	303		144	

Note: Dependent variable: Percentage of voucher and certificate holders in distressed tracts. **p* < 0.10. ***p* < 0.05. ****p* < 0.01. *****p* < 0.001.

tressed tracts would seem to represent a barrier to assisted tenants. The opposite seems to be the case, however; according to the regression coefficient, Jackson should have about 2.2 percentage points *fewer* assisted households in mildly distressed tracts than Johnson, and 0.7 points fewer in severely distressed tracts. This result is understandable if we recall that the average rent for all apartments outside distressed tracts was only 75 percent of the HUD FMR for two-bedroom apartments. In only 4 of the 303 metropolitan areas did the average rent outside mildly distressed tracts exceed HUD's FMR, and in no case was the average more than 10 percent higher than the FMR.⁸ In metropolitan areas with large differentials between distressed and other tracts, the rents in distressed tracts may reflect extremely poor unit quality, encouraging assisted tenants to flee when they have the opportunity.

Racial disparities between assisted householders and other metropolitan residents also influence the concentration of assisted households, especially when householders are black. Assume that 30 percent of Jackson's and Johnson's residents are black, while 40 percent of Jackson's and only 30 percent of Johnson's assisted householders are black. For every such 10 percent increase in the difference between voucher and population composition, the concentration of assisted tenants increases by 1.8 percentage points in mildly distressed tracts and 0.2 points in severely distressed ones. For every 10 percent differential in Hispanic residents, the concentration increases 1.1 percentage points in mildly distressed tracts. The Hispanic differential has no significant effect on concentration in severely distressed tracts.

Assisted households become less concentrated as the metropolitan poverty rate rises. If Jackson's poverty rate is 5 percent and Johnson's is 15 percent, then all else being equal, Johnson's assisted tenants would be 2.6 percentage points less concentrated than Jackson's in mildly distressed tracts and 1.4 points less concentrated in severely distressed ones. The vacancy rate outside distressed tracts was statistically insignificant in these models. The regressions had reasonably good adjusted *R*-squares in the range of 0.65.

Comparing voucher and certificate users with other poor renters

As noted earlier, voucher and certificate users did not concentrate in distressed tracts in 1998 to the same extent as other poor renters (de-

⁸ In 1990, the FMR was set at the 45th percentile for gross rent for apartments in a region occupied by recent movers, on the basis of surveys and adjustments for inflation. As a consequence, it is logical that the average contract rent for established tenants would be generally lower than the FMR, both because the FMR includes utilities and because recent movers tend to pay higher rents than long-established tenants.

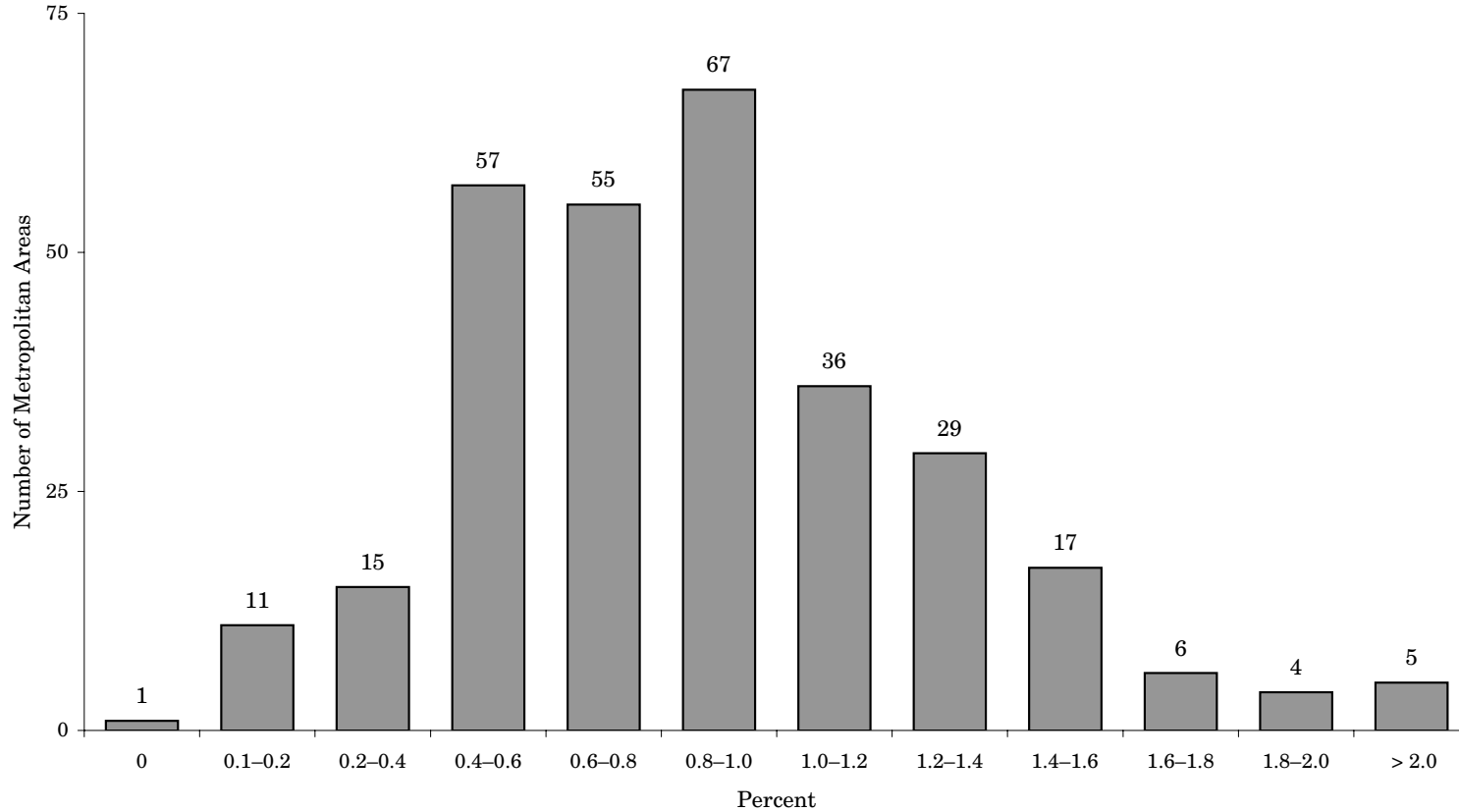
defined as those earning less than \$10,000 yearly in 1989), but this concentration varies among metropolitan areas. As illustrated in figure 3, voucher and certificate users were less concentrated in mildly distressed tracts than other poor renters in 206 of the 303 metropolitan areas with such tracts in 1990 (68 percent). In 84 of these MSAs and PMSAs, the tenants with Section 8 assistance were less than 60 percent as concentrated in mildly distressed tracts as other poor tenants. In another 32 MSAs and PMSAs (10.6 percent), by contrast, voucher and certificate holders were more than 1.4 times more likely to concentrate in mildly distressed tracts as other poor renters. Voucher and certificate users concentrated even less in severely distressed tracts (figure 4). In 116 (81 percent) of the 144 metropolitan areas with severely distressed tracts, Section 8 tenants were less likely to concentrate in such tracts than other poor renters; in only 12 regions (8.3 percent) were they over 1.4 times more likely to concentrate in severely distressed tracts.

What explains this variation? Using the same model specified earlier, I performed two additional ordinary least squares regression analyses, with the ratio of the percentage of voucher and certificate users in distressed tracts (1998) to the percentage of all renters earning less than \$10,000 in distressed tracts (1989) as the dependent variable (instead of the absolute concentration of voucher and certificate users in distressed tracts).

The analyses, whose results are reported in table 8, suggest that some of the same forces are responsible for overconcentration of Section 8 tenants compared with other poor tenants in distressed tracts. In particular, the racial and ethnic composition of assisted tenants remains a significant predictor of their disproportionate concentration. Disparities in both the African-American composition (voucher and certificate users compared with all residents) and the Hispanic composition are associated with a higher concentration of assisted tenants in mildly distressed tracts; disparities in the African-American composition are also associated with a higher concentration in severely distressed tracts. The rent differential had effects consistent with those reported in the first two regression analysis; the larger the disparity between rents in distressed tracts and those in nondistressed tracts, the less concentrated voucher and certificate users in distressed tracts were compared with other poor renters.

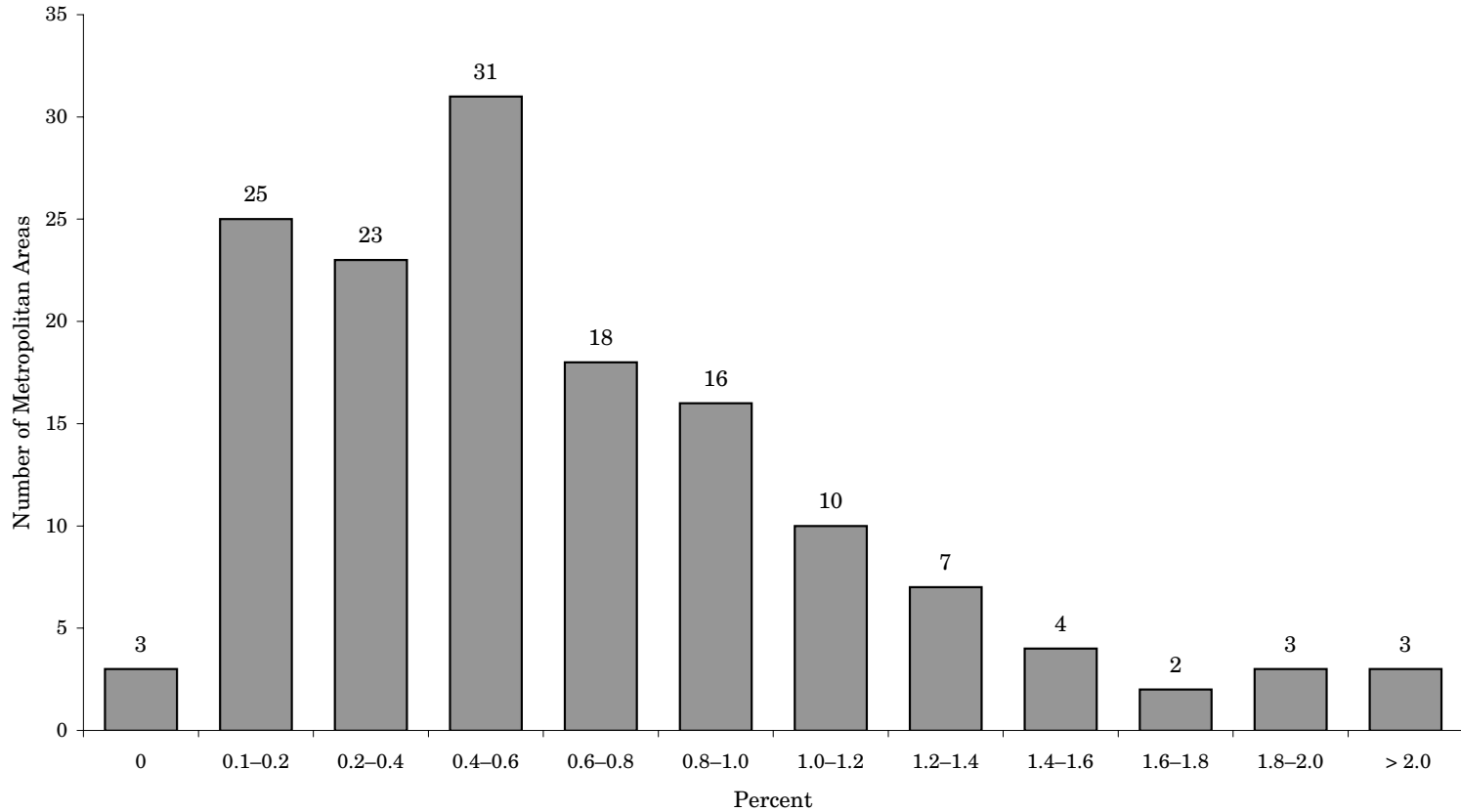
Two variables that were significant in predicting the percentage of voucher holders living in distressed tracts were reduced to insignificance in these new analyses. Neither the concentration of rental housing in distressed tracts nor the metropolitan poverty rate had a significant effect on the concentration of Section 8 tenants over other poor renters. This is not to say that the location of rental housing does not make a difference; on the contrary, location is even more powerful for predicting where all poor tenants live than it is for predicting where

Figure 3. Ratio of the Percentage of Voucher Holders in Mildly Distressed Tracts in 1998 to the Percentage of Poor Renters in Mildly Distressed Tracts in 1990



Source: Author's calculation based on HUD 1998a. Includes 303 metropolitan areas (out of 320) with any distressed tracts in 1990; excludes Modesto, CA; Ft. Pierce, FL; and Brazoria, TX, because of concerns over underreporting of voucher-holder addresses.

Figure 4. Ratio of the Percentage of Voucher Holders in Severely Distressed Tracts in 1998 to the Percentage of Poor Renters in Severely Distressed Tracts in 1990



Source: Author's calculation based on HUD 1998a. Includes only the 145 metropolitan areas (out of 320) with any severely distressed tracts in 1990.

Table 8. Regression Results for Voucher and Certificate Holders versus Other Poor Renters in Distressed Tracts

	Mild		Severe	
	Coefficient	<i>t</i> -Statistic	Coefficient	<i>t</i> -Statistic
Intercept	0.985	4.744****	1.333	3.518***
Percentage of MSA renters in distressed tracts	-0.003	-0.724	-0.018	-1.121
Rent differential as a percentage average rent outside of distressed tracts	-0.016	-7.806 ****	-0.019	-6.480 ****
Average rent outside as a percentage of HUD FMR 1990	0.001	0.550	-0.001	-0.215
Percentage of assisted tenants black (1998) – percentage of MSA residents black (1997)	0.009	7.309****	0.006	2.746***
Percentage of assisted tenants Hispanic (1998) – percentage of MSA residents Hispanic (1997)	0.004	1.649*	0.000	0.065
Percentage of rentals vacant outside distressed tracts	0.001	0.212	-0.002	-0.113
MSA percentage poverty 1989	0.002	0.401	-0.002	-0.200
<i>F</i> -Statistic	12.555****		8.043****	
Adjusted <i>R</i> ²	0.212		0.256	
N	303		144	

Note: Dependent variable: Ratio of the percentage of voucher and certificate holders in distressed tracts to the percentage of all renters earning less than \$10,000/year in 1989 in poor tracts.
p* < 0.10. *p* < 0.05. ****p* < 0.01. *****p* < 0.001.

voucher and certificate users live.⁹ These two regressions are substantially less powerful than the first ones, with adjusted *R*-squares of only 0.21 and 0.26 for the analyses of mild distress and severe distress, respectively.

Conclusions and policy implications

Section 8 assistance has allowed many tenants to live in better neighborhoods than other poor households. In all, the most comprehensive data available allow us to conclude that 2.3 percent of voucher and certificate users live in severely distressed neighborhoods and that 17 percent live in mildly distressed ones: areas with high poverty rates, joblessness, proportions of families receiving public assistance or headed by a single mother, and dropout rates. Compared with all poor renters—

⁹ The simple correlations (Pearson's *R*) between the percentage of poor renters in mildly and severely distressed tracts and the percentage of all rental housing in such tracts were 0.95 and 0.96, respectively, compared with correlations between the percentage of Section 8 tenants and the percentage of all rental housing in severely and mildly distressed tracts of 0.75 and 0.78, respectively.

4.5 percent and 22.6 percent of whom lived in severely and mildly distressed neighborhoods, respectively, in 1989—voucher and certificate users do well at the national level. These overall statistics provide some evidence that at least as far as mobility is concerned, the Section 8 tenant-based program may be succeeding more than expected by the researchers who evaluated the EHAP (Lowry 1983).

Compared with all other renters, however, Section 8 tenants still live disproportionately in distressed neighborhoods. In a few metropolitan areas, over half of these tenants live in the worst neighborhoods in the region. This fact is at odds with an important premise of U.S. housing policy: that vouchers will allow assisted families to find decent housing in a suitable living environment. This article suggests that voucher users concentrate disproportionately in distressed tracts for a variety of reasons relating to regional housing markets, poverty rates, and race. Together, these factors explain about two-thirds of the metropolitan variation in voucher users' concentration in distressed tracts.

One reason why assisted tenants still live in distressed neighborhoods is that voucher users can live only in neighborhoods with adequate supplies of rental housing. Since distressed tracts have disproportionate amounts of rental housing, assisted tenants live there disproportionately. Surprisingly, this article found that tenants do not live in distressed tracts primarily because rental housing in other areas is too expensive; on the contrary, tenants avoid distressed tracts when their average rents are much lower than those in nondistressed tracts.

A second reason that many assisted households end up in distressed tracts is because most Section 8 householders are black (40 percent) or Hispanic (15 percent). Assisted families with black householders are more likely than other assisted families to end up in distressed census tracts, especially when they live in metropolitan areas with relatively low proportions of black residents. This relationship also holds true for the overconcentration of assisted tenants in distressed tracts compared with other poor renters. One might contend that assisted households with black householders decide to live in distressed tracts because more black people live in these neighborhoods; it is, in fact, true that distressed tracts have disproportionate numbers of black residents. One must also acknowledge the prevalence of discrimination in rental housing, however. Unfortunately, cultural stereotypes make black mothers with children and Section 8 housing vouchers likely candidates for discrimination.

To summarize the dilemma, two out of every five Section 8 households are black. These households face a constrained regional housing market: Disproportionate numbers of rentals are in bad neighborhoods, and many black residents have been relegated to these neighborhoods. Should they confront discrimination by trying to move to one

of the relatively limited number of rental dwellings in better neighborhoods? Or should they move to a rental in a distressed neighborhood, where landlords advertise that they welcome Section 8 tenants and where a higher proportion of residents are likely to be black? Even when these rhetorical questions do not reflect the empirical/"objective" reality, they may reflect enough of the subjective reality of many Section 8 householders to make the choice clear and the outcome reported in this article completely unsurprising.

In the face of both objective and subjective realities, then, assisted tenants clearly need better information about their options. The Moving to Opportunity and Gautreaux programs (Ladd and Ludwig 1997; Rosenbaum 1995) both yield evidence that when tenants receive counseling and placement assistance, they tend to have better outcomes both inside and outside the housing sphere. However significant this is for assisted housing policy more broadly, it is even more so for the HOPE VI program. Without systematic tenant counseling and placement assistance, these public housing tenants will likely end up in distressed neighborhoods, displaced from the familiar "empathological places" (Vale 1997) that comprise a large part of their social network. HUD recognized this need in its 1999 budget by including a request for \$20 million to fund "Regional Opportunity Counseling" as part of the Section 8 program (HUD 1999b).

HUD is also developing the Section 8 Management Assessment Program to improve PHAs' administration of vouchers and certificates; Turner (1998) suggests that HUD emphasize locational outcomes by offering incentives to expand opportunities in low-poverty neighborhoods. This article underscores the importance of such incentives, especially in such areas as Lancaster (PA) and Flint (MI), where over three of every five assisted households live in distressed tracts. The incentives should also be structured to avoid overconcentration of assisted tenants in near-distressed neighborhoods (Briggs 1997; Hartung and Henig 1997).

Alongside counseling for tenants and better management of PHAs, the federal government and PHAs should redouble efforts to reduce discrimination in rental housing. Despite increased penalties, landlords still discriminate against minority households. A conservative estimate based on the last systematic national rental-housing audit, carried out in 1989, suggests that "in approximately 25 percent of searches for housing advertised in a major metropolitan area, blacks and Hispanics will be treated less favorably because of their race and ethnicity" (Yelnosky 1999, 1497). A less conservative estimate raises that number to 40 percent (Yelnosky 1999); a coordinated 1995 audit of five metropolitan areas revealed unfavorable treatment levels in the range of 40 to 50 percent (Yinger 1999). In early 1999, HUD announced plans for a new national study of rental, sales, and mortgage discrimination (Jacobs 1999); the Clinton administration has requested large increases in fund-

ing for HUD's fair housing enforcement division, but Congress has not been as generous as HUD would like.¹⁰ Under these straitened circumstances, it may still be possible to test apartments for discrimination. However, according to 1997 Census Bureau figures reported in Goodman (1999), most U.S. renters live in single-family houses and two- to four-unit buildings, which are more difficult and less fruitful to test systematically than apartments.¹¹

Information, counseling, and antidiscrimination efforts can go only so far, however, when there are too few rental units outside distressed neighborhoods. In many metropolitan areas, public policies, such as exclusionary zoning and infrastructure subsidies, and market phenomena that both result from and condition public policies have helped confine rental housing disproportionately to distressed neighborhoods. This entrenched pattern of confinement cannot be undone without deliberate action, and until it is undone, the voucher and certificate program will fall short of mobility goals in too many areas. Once the barriers to rental housing fall, however, this research suggests that all poor renters, subsidized or not, will be more likely to find a suitable home in a decent living environment.

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¹⁰ In 1998, for instance, Clinton requested a \$22 million increase in funding for the division, but Congress approved only a \$10 million increase (Holmes 1998).

¹¹ Agencies that test for discrimination can presumably do their work more efficiently if they concentrate on larger complexes, where 43 percent of the tenants live.

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