



Voucher Recipients Enjoy Much Greater Choice About Where to Live Than Residents of Public Housing and Are Less Likely to be Concentrated in Distressed Neighborhoods

Summary: This paper compares the housing choice voucher (Section 8 tenant-based) and public housing assistance programs in terms of their ability to provide access to housing in lower poverty neighborhoods. Using data from the Multifamily Tenant Characteristics System (MTCS), we find that the housing choice voucher program offers tenants greater opportunity to live in less economically distressed neighborhoods as measured by median family incomes and poverty rates. Controlling for economic and demographic characteristics of public housing and Section 8 tenant-based households does not substantially change these results. For example, public housing households that are welfare recipients are more likely to live in concentrated poverty than Section 8 households on welfare. The same situation holds for employed households with children.

Reducing the geographic isolation of low-income people is one of the key objectives of HUD's Strategic Plan.¹ By promoting tenant mobility and choice, HUD's housing choice voucher program helps HUD to achieve this objective. HUD currently assists approximately 1.42 million households through the tenant-based housing choice voucher program. (By comparison, HUD assists approximately 1.12 million households through the public housing program and an additional 1.35 million households through the project-based Section 8 program.²)

This issue brief examines the extent of deconcentration in HUD's housing choice voucher program using data in the Multifamily Tenant Characteristics System (MTCS) for 1998. Our analysis indicates that the housing choice voucher

¹ U.S. Department of Housing and Urban Development FY 2000-2006 Strategic Plan, Objective 2.2, page 43.

² Based on occupied units.

program has been successful in achieving deconcentration and has helped people obtain housing outside of economically distressed areas.³

Analysis of Household Location in Relation to Area Median Income

Table 1 and Figures 1 and 3 show the distribution of assisted households by income level of the Census Tract in which they reside. The income levels represent the ratio of the Census Tract median family income to the Metropolitan Statistical Area (MSA) median family income. As reported in Table 1 and shown in Figure 1, over one-half of tenant-based Section 8 households live in neighborhoods with over 80% of MSA median income (29.2% in 80% - 100%; 15% in 100%-120%; and 7.4% in 100%-120% of MSA median income). This proportion is greater than that achieved under other assisted housing programs. In addition nearly one fourth of all Section 8 households live in neighborhoods with median income above the national median income of \$35,225. The corresponding percentage for public housing residents is 10%. In central cities, the percentage of tenant-based Section 8 households living in neighborhoods with income over 80% of the area median is 36.2%. While this is lower than the MSA proportion, nonetheless it exceeds that reported for other programs.

Analysis of Household Location by Poverty Rate

An alternative way to describe the economic status of a neighborhood is through the poverty rate, or the percent of persons living below the poverty threshold. Table 2 and Figures 2 and 4 show the distribution of assisted households by the poverty rate of the Census Tract in which they live. These data show that more than one-fourth of all Section 8 tenant-based households live in Census Tracts with poverty rates below 10% (which we define as “low-poverty” tracts for the purposes of this report), while only about eight percent of public housing households live in such low-poverty tracts. On the other extreme, more than one-half of all public housing households live in high-poverty (greater than 30% poverty rate) tracts compared to less than twenty percent of Section 8 tenant-based households. The disparity in neighborhood poverty is greater for family public housing developments, shown in Table 2 and Figure 4. In these developments, only five percent of families live in low-poverty tracts while nearly sixty-five percent live in high-poverty tracts.⁴

³ The Quality Housing and Work Responsibility Act of 1998 merged the Section 8 certificate and voucher programs into a single program known as the housing choice voucher program. The data analyzed in this report were collected prior to the implementation of this program merger; thus, some households had Section 8 vouchers while others had Section 8 certificates. Since this report does not distinguish between households in the Section 8 voucher and certificate programs, it refers to the collective group as “Section 8 tenant-based households.”

⁴ Not all elderly public housing households live in elderly developments. The family developments include about 17% elderly households, approximately the same proportion as in the Section 8 tenant-based program. Elderly households in the Section 8 tenant-based program live predominantly (78%) in low-poverty tracts.

Table 1: Location of Assisted Households by Census Tract Median Family Income Relative to Metropolitan Statistical Area (MSA) Median Family Income: 1998

	Tenant-Based Section 8	All Public Housing	Family P.H. Developments	Elderly P.H. Developments
All Locations				
Less Than 50% MSA Median	11.9%	54.4%	60.8%	29.2%
50%-80% MSA Median	36.5%	28.5%	26.4%	36.9%
80%-100% MSA Median	29.2%	10.1%	7.8%	19.0%
100%-120% MSA Median	15.0%	4.5%	3.3%	9.4%
Greater Than 120% MSA Median	7.4%	2.5%	1.7%	5.5%
Percent Above National Median Family Income (\$35,225)	24.9%	10.2%	6.2%	23.4%
Central Cities				
Less Than 50% MSA Median	20.6%	61.8%	67.3%	36.8%
50%-80% MSA Median	43.3%	26.4%	23.8%	38.5%
80%-100% MSA Median	21.6%	7.0%	5.6%	13.6%
100%-120% MSA Median	9.3%	2.8%	2.1%	6.1%
Greater Than 120% MSA Median	5.3%	1.9%	1.3%	4.9%
Percent Above National Median Family Income (\$35,225)	18.6%	6.6%	4.5%	16.2%

Source: Multifamily Tenant Characteristics System (MTCS), July 1998

Table 2: Location of Assisted Households by Census Tract Poverty Rates: 1998

	Tenant-Based Section 8	All Public Housing	Family P.H. Developments	Elderly P.H. Developments
All Locations				
Less Than 10% Poverty	26.2%	8.1%	4.9%	20.2%
10%-20% Poverty	33.8%	16.4%	13.4%	27.2%
20%-30% Poverty	20.7%	17.8%	16.8%	21.5%
30%-40% Poverty	11.4%	17.4%	18.1%	14.9%
Greater Than 40% Poverty	7.9%	40.3%	46.8%	16.2%
Percent Above National Poverty Rate (13.1%)	63.8%	88.2%	92.7%	73.1%
Central Cities				
Less Than 10% Poverty	17.2%	4.4%	2.7%	12.2%
10%-20% Poverty	30.8%	11.0%	8.7%	21.5%
20%-30% Poverty	24.0%	14.5%	12.8%	22.4%
30%-40% Poverty	15.9%	18.7%	18.5%	19.3%
Greater Than 40% Poverty	12.1%	51.4%	57.2%	24.7%
Percent Above National Poverty Rate (13.1%)	74.7%	93.7%	95.8%	84.1%

Source: Multifamily Tenant Characteristics System (MTCS), July 1998
Controlling for Economic and Demographic Characteristics

The second part of Table 2 reports on the locations of assisted households in the Nation's central cities. This analysis shows a very high concentration of public housing *families* in central-city high-poverty neighborhoods. In the central cities, over three-fourths of households in family developments live in high-poverty tracts, as compared with 44 percent of households in elderly developments and 28 percent of Section 8 tenant-based households.

Prior research has shown that controlling for economic and demographic characteristics of public housing and Section 8 tenant-based households does not qualitatively change the findings presented above. For example, Table 3 shows that public housing households who are welfare recipients are more likely to live in concentrated poverty than Section 8 tenant-based households who are welfare recipients. Table 3 also shows that public housing families with children who rely on wages as their primary source of income are more likely to live in concentrated poverty than voucher tenants with wages as their primary source.

Table 3: Percentage of Families with Children in Census Tracts with High Concentrations of the Poor

	Public housing	Tenant-based Certificates and Vouchers
Welfare families (majority of income is from welfare)		
More than 40% poor	52%	11%
More than 30% poor	68%	25%
Working families with children (majority of income is from work)		
More than 40% poor	39%	8%
More than 30% poor	57%	20%

Source: Table 5, Jill Khadduri, Mark Shroder, and Barry Steffen, "Can Housing Assistance Support Welfare Reform?" presented at Association for Public Policy Analysis and Management meeting, November 1999.

Past research similarly shows that the results do not change qualitatively if one controls for the race of the tenant. Table 4 shows that black public housing tenants are much more likely to live in concentrated poverty than black Section 8 tenant-based households.

Table 4: Percentage distribution of black public housing (PH) and Section 8 tenant-based households, by percentage of persons in poverty in the census tract

Tract Poverty	<5%	5-10%	10-20%	20-30%	30-40%	40%+
Black PH	0%	2%	8%	14%	18%	58%
Black Sec.8	5%	14%	29%	23%	16%	13%

Source: Multifamily Tenant Characteristics System, 1997.

The Moving to Opportunity Program

As an effort to further study the impact of deconcentration on the welfare of households, HUD is currently conducting a demonstration to investigate how neighborhood conditions influence the employment, income, educational achievement, and social well-being of low-income public housing families. This demonstration, called Moving to Opportunity (MTO), has provided Section 8 vouchers to about 3,000 families in five major metropolitan areas to enable them to move to lower-poverty areas in their community. Preliminary results have shown the families to be successful in securing housing in better neighborhoods. Just under one-half of the first 1,800 MTO families were able to obtain housing in lower-poverty neighborhoods under the program. While slightly less than the 60% success rate for a similar-sized control group, the early success rate is encouraging and should provide an ample opportunity to measure the effects of neighborhood conditions on family well being.

Researchers analyzing the early data from this program are finding some promising indications of positive outcomes for family members who use Section 8 tenant-based subsidies to move to lower-poverty tracts. Over the next several years, researchers will continue to follow these families and compare their circumstances to control groups that stayed in high-poverty neighborhoods. The results of this long-term study will show the extent to which the opportunity for reducing economic isolation provided by the voucher program improves the well-being of assisted families.

Figure 1: Location of Assisted Households by Neighborhood Income Relative to MSA Income: Section 8 and Public Housing Residents

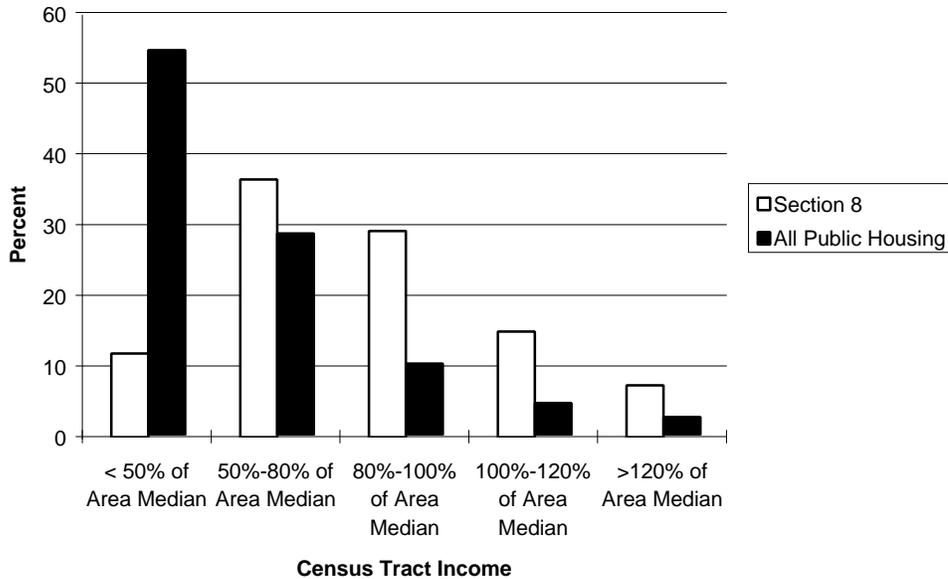


Figure 2: Location of Assisted Households by Neighborhood Poverty Rate: Section 8 and Public Housing Residents

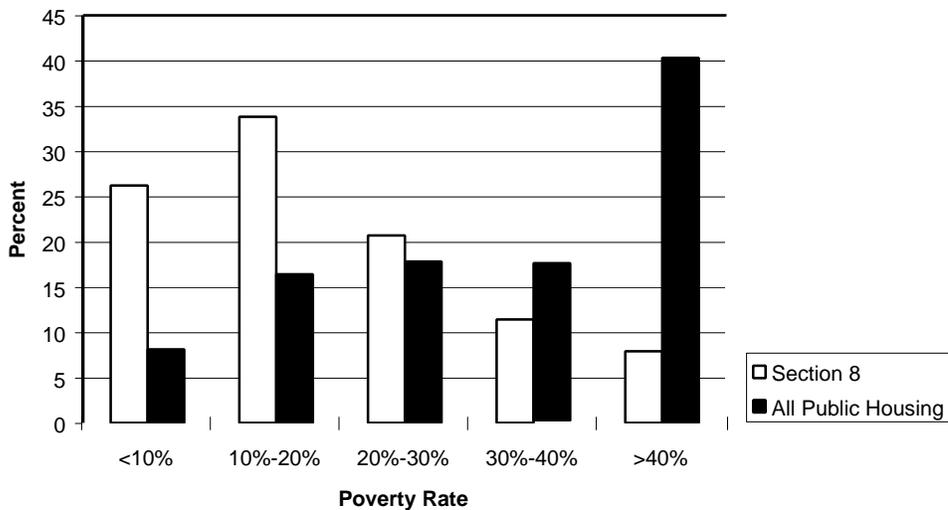


Figure 3: Location of Assisted Households by Neighborhood Income Relative to MSA Income: Section 8, Family Public Housing Developments, and Elderly Public Housing Developments

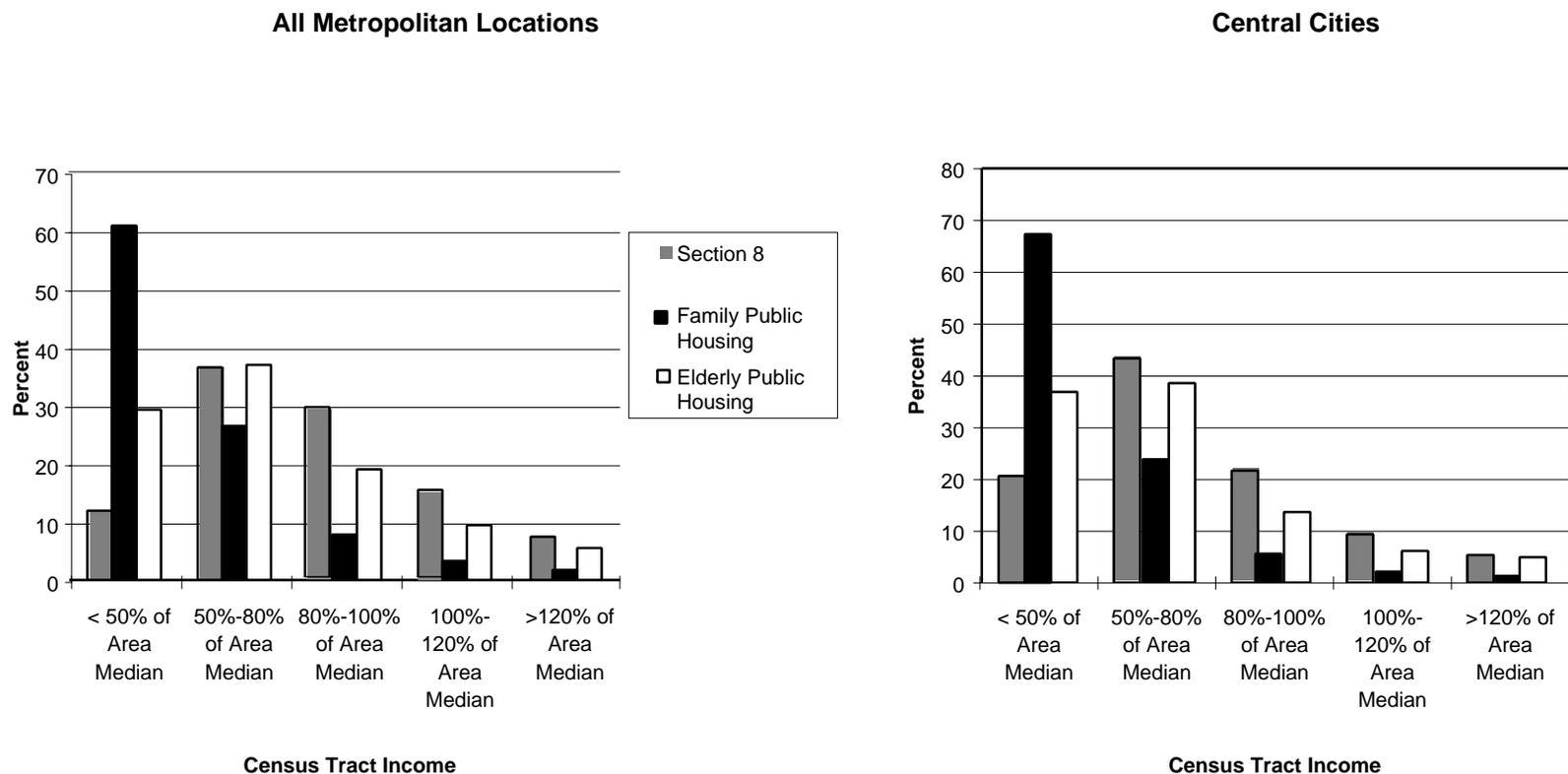


Figure 4: Location of Assisted Households by Neighborhood Poverty Rate: Section 8, Family Public Housing Developments, and Public Housing Developments

