

Comment on Bruce J. Katz and Margery Austin Turner's "Who Should Run the Housing Voucher Program? A Reform Proposal"

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Abstract

There is much evidence that the housing voucher program has successfully met its two main goals: housing low-income families and expanding housing opportunity. Nonetheless, efforts to address the program's limitations could improve success. We agree with Basgal and Villarreal that, on the subject of housing mobility, the focus of Katz and Turner is misplaced.

In addition to proposing a solution that does not address the problem, Katz and Turner fail to consider three key points: First, there is no consensus or clear definition of what "mobility" means, how it is measured, and what standard we hope to achieve. Second, the role and impact of family choice in the locational outcomes of voucher holders is a major factor. And third, the considerable trade-offs in outcomes that result from a greater emphasis on mobility should be examined.

Keywords: Low-income housing; Mobility; Neighborhood

Section 8 has been highly successful in housing low-income families

The strengths and limitations of the housing choice voucher program were highlighted in a recent survey of the Council of Large Public Housing Authorities' (CLPHA's) membership, large public housing authorities (PHAs) that in total administer over 20 percent of all tenant-based voucher assistance.¹ Survey results showed that PHA administrators were extremely successful in meeting the basic goal of providing housing assistance to low-income families. Excluding "special purpose," litigation, and recently issued (within four months) vouchers, the average lease-up rate for tenant-based vouchers was 92 percent. In addition, on average, PHA respondents utilized 93 percent of available budget authority (CLPHA 2000). These results are consistent with previous findings by Turner and colleagues, who noted in a recent Urban Institute report that the Section 8 program generally works well. According to the report,

The most recent national estimates indicate that the vast majority of families and individuals who receive certificates or vouchers are

¹ We received a 40 percent survey response rate from our membership.

successful in finding a house or apartment that qualifies for assistance. Minority households, families with children, elderly people and the disabled all appear to be successful in taking advantage of Section 8 assistance to obtain decent and affordable housing on the private market. (Turner, Popkin, and Cunningham 2000, 8)

Section 8's private-market orientation has known limitations

Despite this success, the voucher program has known limitations. These were also reflected in the CLPHA survey, where respondents cited an average voucher turn-back rate of 19 percent. In other words, one in five vouchers is ultimately returned unused to the PHA because the family cannot find housing. Survey results also showed that the average search time for families that do find housing is three months (85 days). Problems cited by PHA administrators were consistent across regions and included the lack of landlords willing to participate in the program, an inadequate supply of rental housing, low fair market rents, personal obstacles faced by voucher holders, and the 40 percent cap on initial rent burden. These survey results are entirely consistent with the problems cited by Basgal and Villarreal, and we should note that the U.S. Department of Housing and Urban Development (HUD) agrees that these factors can and do have a major impact on the successful use of Section 8 vouchers.²

HUD agrees that the Katz and Turner proposal is not a solution

When Congress asked HUD to report on the feasibility of using a competitive process to contract out the administration of vouchers in the manner proposed by Katz and Turner, the department was unequivocally opposed.³ It argues that such a change would require an elaborate and costly administrative effort, require a new and extensive staff of government employees, and result in disruption in assistance to families. In a panel discussion on the subject of mobility at a recent CLPHA membership meeting, HUD program staff noted that more than half of the entire tenant-based voucher program is administered by roughly 100 agencies. Clearly, the program is already operating in wide jurisdictions and to some extent is already regionalized. Moreover, HUD is

² This is documented in conference notes for a HUD panel presentation titled "Causes and Solutions to Underutilization of Housing Choice Vouchers" (HUD 2000).

³ HUD's position is detailed in a response to Senate Report 106-161 of the Senate Committee on Appropriations (HUD n.d.).

concerned about a significant trend indicating that state and regional administrators are dropping out of the voucher program.

The proposal put forth by Katz and Turner misdiagnoses the problem, offers a questionable solution, and misses key points along the way. First, there is no consensus or clear definition of what “mobility” means, how it is measured, and what standard we hope to achieve. Second, the role and impact of family choice in the locational outcomes of voucher holders is a major factor. And third, there are considerable trade-offs in outcomes that are inherent in a greater emphasis on mobility and should be examined.

What does mobility mean?

It is important to recognize that Katz and Turner propose a drastic change in policy on the premise that PHAs are not meeting some mobility goal that has, in fact, never been defined. Does mobility really mean housing choice, or does it presuppose a particular outcome? Does it mean deconcentration of low-income families to healthy neighborhoods? How might we define “healthy neighborhoods”? Are they defined by poverty or a lack of it? By access to jobs? By access to good schools? Or by all of these combined? Is mobility a socioeconomic issue? Is it a racial issue? Or is it both? In answering these questions, we should look critically at some of the underlying assumptions about neighborhoods, jobs, and their relationship to opportunity (Briggs 1997).

In the most general sense, mobility is understood to mean a move from one location to another. More specifically, it can mean a move between neighborhoods, presumably from one location to a better one. There is little consensus beyond this point. The literature, research, proposals, position papers, and policy briefs put forth any number of indicators and measures of mobility. (For more on this topic, see Peterson and Williams 1995). A socioeconomic approach seeks to measure the location of voucher holders against some indicator of neighborhood poverty, racial concentration, or a combination of the two—the specific percentages, of course, subject to further debate. For example, the Moving to Opportunity (MTO) demonstration program seeks to place voucher holders in census tracts with poverty levels of less than 10 percent. Ignoring the commonly cited 40 percent poverty level, HUD’s Site and Neighborhood Standards establish no income standard for assisted housing development and leave this decision primarily to local field offices.

At the same time, HUD’s Office of Fair Housing and Equal Opportunity does set a national standard for minority impactation, and the Section 8 Management Assessment Program (SEMAP) contemplates a relative measure of poverty, defining low-poverty neighborhoods as at or below 10 percent, or at or below the overall poverty rate for the principal oper-

ating area of the PHA, whichever is greater. In promoting expanded housing opportunities, SEMAP also seeks to determine how well informed voucher holders are about housing choices.

Yet another approach would measure the out-migration of voucher holders from central city to suburb, based primarily on race, as in the Gautreaux case. Moving to a better block, a safer street, or higher-quality housing is also consistent with the concept of mobility and the suggestion that a “good move” might involve smaller incremental steps for some families.

At first, Katz and Turner define mobility as the ability of low-income families “to move to neighborhoods of their choice” (240). Such an approach suggests that housing choice is the defining characteristic of mobility. However, the authors then offer a further corollary, that a “growing body of social science research indicates that housing mobility can benefit families by improving their access to educational, employment, and other opportunities...and that entire regions are better off when fewer people live in neighborhoods with concentrated poverty” (240). Thus, in this case, mobility ultimately comes to be defined not in terms of housing choice, but rather by the consequence of exercising *a perceived best choice*—a move to some specific neighborhood.

This suggests that researchers and policy makers proceed judiciously in defining what “better outcomes for voucher families” means. In so doing, they should consider the nexus between family choice, mobility, and neighborhood revitalization efforts (including HOPE VI revitalization) to recognize that positive outcomes for low-income families are not necessarily contingent on fleeing urban neighborhoods.

What role does family choice play in locational outcomes?

The fact is that the voucher holder ultimately selects a housing unit and, in effect, a neighborhood. Apart from ensuring housing quality and rent reasonableness, the PHA is generally prohibited from restricting this choice. No discussion on housing mobility is useful without understanding the role and impact of family choice in the locational outcomes of voucher holders.

Little systematic research has been done on what criteria and constraints guide a family’s decision in the search for housing. In studies of a handful of select sites, the demand for mobility programs and preferences for suburban moves were shown to vary among families as well as jurisdictions (Peterson and Williams 1995). An analysis of MTO families concluded that having a stated preference for making a move to a suburban location increased a family’s chances of finding an apartment

in a low-poverty area (Goering et al. 1999). But certainly not every family will make this choice.

A recent profile of families relocating from distressed public housing neighborhoods in Chicago testifies to the difficult personal decisions that families face in making the kind of mobility move that would pass the researchers' litmus test. In that case, nonprofit counselors working to relocate public housing residents estimated that less than 1 percent of their clients opted for the suburbs. Even families that did leave were eventually drawn back to the families, friends, health clinics, schools, libraries, and social service agencies they left behind (Eig 2000).

In addition to family choice, family characteristics play a role in where voucher holders find housing. Researchers found a clear relationship between families' demographic and socioeconomic characteristics and their ability to move to low-poverty areas with MTO counseling (Goering et al. 1999). Family composition, income level, and ethnicity were found to be statistically significant factors affecting the likelihood of finding an apartment. And the racial composition of voucher holders, if it differs markedly from that of the larger community, can work to influence either the housing preferences or the outcomes of voucher holders (Pendall 2000).

Finally, the skill levels of voucher holders significantly affect housing outcomes. In the MTO demonstration program, even highly motivated families often lacked the search skills and information resources necessary to be effective in their quest for private rental housing (Goering et al. 1999). These factors, combined with the unwillingness of landlords in low-poverty areas to accept Section 8 clients, made the search for housing in low-poverty areas extremely difficult and time-consuming. Even with the funding and support of Congress and HUD, a high level of commitment by PHAs and nonprofit counselors, and great effort on the part of volunteer families, roughly half of the families in the MTO treatment group did not succeed in finding a unit and moving to a low-poverty neighborhood.

What trade-offs in outcomes and costs are we willing to accept?

While mobility is the sole focus of the Katz and Turner proposal, it is not the sole focus of the Section 8 program. The full utilization of program funds and an improvement in voucher success rates have become key issues for Congress, HUD, PHAs, and advocates. The goal of full utilization demands that every dollar appropriated by Congress for voucher assistance be constantly in use. The goal of improved success rates assumes that voucher holders, after years on waiting lists, should be able to find decent housing at a certain price within a reasonable

time. In fact, research has found that success rates in using certificates and vouchers were significantly higher among participants who focused their housing search on established Section 8 submarkets than among those searching outside these markets (Finkel and Kennedy 1992). The initial findings on the MTO demonstration program provide further evidence of this trade-off. In three of the five demonstration cities, lease-up rates for the experimental group (families limited to housing in low-poverty areas) were significantly lower than those for the comparison group (standard Section 8 voucher holders) (Goering et al. 1999). There can be significant trade-offs in outcomes when policy goals collide.

Furthermore, costs matter. Unless significant additional resources are provided, the cost of providing intensive counseling, search assistance, and support as proposed by Katz and Turner would result in housing assistance to fewer families. In the MTO demonstration program, the average cost for each family that actually leased a unit was roughly \$3,000 (Goering et al. 1999), compared with the average annual housing assistance payment (fiscal year 2000) of \$4,860. Increasing the likelihood that voucher families will choose units available in desirable neighborhoods will undoubtedly require more counseling and rent assistance resources. Given the limited resources available for federal housing assistance, we should well consider the trade-off in serving fewer families and spending more on each one.

Meaningful strategies to improve mobility must be tailored to particular markets

There is strong evidence to support the conclusion that a small number of metropolitan areas experience much poorer locational outcomes for voucher holders than others across a variety of indicators. For example, Pendall cites 14 metropolitan regions where more than 40 percent of voucher holders live in mildly distressed tracts and 11 regions where more than 10 percent of voucher holders live in severely distressed tracts (2000). At the same time, it is clear that some PHAs experience much greater difficulties in administering the voucher program than others. Beginning this year, the newly implemented SEMAP will allow HUD to identify such agencies objectively.

An appropriate alternative to the proposal put forth by Katz and Turner would, first, seek to narrow its focus by identifying those regions and agencies most in need of intervention. It is quite possible that one would find little overlap between these regions and agencies, reinforcing the assertion that obstacles to mobility have less to do with PHA administration than with myriad other factors. Having identified regions at a macro level, research must next be directed at the local level to understand much more comprehensively the unique factors, or set of factors, that work against mobility in a particular market.

Federal policy can be effective in establishing goals, providing guidance, creating incentives, and committing resources, but real estate is inherently a local operation, and its private-market orientation means that vouchers must work in the local context. Mobility initiatives tailored to the unique opportunities, constraints, and priorities of a given local housing market are likely to be much more effective than a one-size-fits-all approach.

Conclusion

By any standards, the voucher program is complex administratively and programmatically. This complexity multiplies as the program grows in size, as voucher recipients grow increasingly poor because of deeper targeting, and as private rental markets grow tighter. For the most part, PHAs have been extremely successful in ensuring that voucher holders find safe and decent housing in suitable living environments, and there is no evidence to indicate that wider regional administration would improve on this success.

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