



Have Reforms in U.S. Housing Assistance Reduced Neighborhood Poverty?

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Neighborhoods help to shape the lives of adults and children, and when many poor people live together, resources for residents tend to be minimal. Over the last several decades, U.S. housing programs have recognized the difficulties of neighborhoods with concentrated poverty and tried to provide opportunities for low-income people to move to higher-income neighborhoods. Many studies have tracked the people involved in new programs to see if adults or children surmount poverty in their new neighborhoods. But it is also important to ask, as I do, how housing assistance programs affect poverty rates in the places beneficiaries move into or leave behind.

Changes in U.S. Housing Assistance

To assist low-income families in getting decent, safe, and affordable housing, public housing projects have been administered by the U.S. Department of Housing and Urban Development since 1937. But since the 1970s, major changes have been made in federal policies.

- In 1974, the Housing and Community Development Act created Section 8 housing certificates, later called vouchers, to allow low-income families to choose units on the private market and obtain help with rent payments. Renamed the Housing Choice Voucher program, this program now covers nearly half of all assisted units.
- Section 8 has also subsidized the construction or rehabilitation of about 800,000 units in privately-owned buildings, where rents are subsidized for eligible low-income families.
- In 1986, the Low-Income Housing Tax Credit program was launched to encourage developers to invest in affordable housing by providing dollar-for-dollar reductions in federal taxes. Nearly two million affordable units have been developed.
- In contrast, the public housing program has shrunk, as over 250,000 units have been demolished since the mid-1990s. Only 1.2 million units are in use today. Since 1992, some public housing projects have been redeveloped into mixed-income developments.

Several factors drove these policy changes. The costs of maintaining public housing projects rose, making reliance on the private market more attractive. The demographic makeup of public housing residents changed, so that by the 1980s, most were very poor African-American single mothers. Public housing intended for low-income working families had become a choice of last resort, and high levels of crime, physical decay, and social problems tarred the public image of all projects, even though most were actually not large high-rise towers plagued by severe maladies. Finally, policymakers became concerned about racial and economic segregation in U.S. cities. Demolishing public housing, they hoped, would break up concentrated pockets of minority and poor residents. Housing vouchers were meant to let low-income residents find housing in a much wider range of neighborhoods, and private developers tended to build affordable units in somewhat higher-income neighborhoods than those with public projects.

The Impact of Assisted Housing on Neighborhood Poverty

Today, low-income families receiving housing assistance are indeed more dispersed and live in somewhat more racially integrated neighborhoods with lower levels of poverty than in the 1970s. But how have neighborhoods themselves been affected by additions or subtractions of voucher recipients or assisted housing units? This is an important question to ask, because housing assistance in any form is not an automatic entitlement. Only about a quarter of eligible low-income families actually receive it, and others depend on general neighborhood conditions. My research on neighborhoods nationwide reveals key trends

after the late 1970s:

- In neighborhoods where vouchers were used or subsidized units were added, or both, poverty rates increased by two to three percentage points from 1977 to 2008.
- Neighborhoods that gained assisted units were already at least moderately impoverished, and they became more impoverished as more assisted units were added.
- Surprisingly, neighborhoods that lost assisted housing units from 1977 to 2008 also experience *increased poverty*, on average, by about two percentage points.
- Poverty increased most in neighborhoods that had assisted housing and did not lose units.

My findings suggest that even major shifts in housing policy are not enough to reverse neighborhood poverty trajectories – and may accelerate them. Rather than shrinking, pockets of concentrated poverty seem to have shifted from neighborhood to neighborhood.

What Can Policymakers Do?

New tactics are needed if policymakers are to reach their original goals for breaking up poverty.

- When neighborhoods gain a few assisted units, poverty rates barely change and crime and housing values remain relatively stable. We can safely do much more to spread assisted housing through many neighborhoods at all income levels. Under current programs, landlords in attractive private markets have little incentive to rent to voucher users, and developers get larger tax credits for new units in lower-income neighborhoods. Incentives must shift to boost tax rebates and rents for developers and landlords who promote low-income housing options in better-off areas. Zoning laws and local projects are also critical to spreading the supply of affordable housing.
- Counselors can help assistance recipients find rentals in better neighborhoods, by informing them about local jobs, schools, and transportation and offering ongoing support.
- To ensure that neighborhood poverty rates decline after reductions in assisted housing, policymakers should promote investments in new amenities to attract non-poor residents. Too often, assisted housing projects are sold or demolished without redevelopment plans.

Read more in Ann Owens, “The New Geography of Subsidized Housing: Implications for Urban Poverty,” Doctoral dissertation, Harvard University, 2012.