

EXTENDED ABSTRACT

Subsidized Housing and the Concentration of Poverty: A Case Study of Eight American Cities

by

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Study Overview

My analysis will estimate the effect of change in the proportion of subsidized housing units within a census tract on the change in the concentration of poor residents within the surrounding neighborhood between 1980 and 2000 in eight American cities. I hypothesize that introducing subsidized housing increases the percent poor within a neighborhood while eliminating subsidized housing has the opposite effect. In addition, I will explore whether there are any spatial spillover effects of subsidized housing onto the poverty levels in adjacent neighborhoods and whether these diminish with increasing distance to large subsidized developments. I expect to find a smaller effect of subsidized housing on the concentration of poverty than in previous studies due to a change in HUD's policy towards providing low-income households with vouchers they can use in the private rental market and building mixed-income developments as opposed to exclusively low-income ones.

Background

Since the 1970s the goal of federal housing policy has been to deconcentrate poverty and minority dwellers to areas outside of major clusters of subsidized units, while at the same time help distressed neighborhoods through new construction of affordable housing. First, in 1976, the federal government introduced the Section 8 voucher and certificate program allowing low-income renters to take their subsidies to the private market and choose their own dwellings. The voucher program was intended to provide opportunities for low-income residents to move to less racially concentrated areas with lower levels of poverty. Second, in 1993, with the authorization of the HOPE VI program, the US government started providing funds for the development of mixed-income housing as a replacement for traditional public housing. The mixed-income housing agenda was also incorporated into the HOME block grant program, which allocates funds to local housing authorities for mixed-income developments. In a HOME model program guide, HUD states that "mixed income housing is believed to create a stable environment for low-income residents"; moreover, politically "mixed-income housing is more 'acceptable' than low-income housing because it is not linked with the social problems often associated with poverty" (HUD 2003).

Several studies have examined the effects that public housing has on the concentration of poverty (Carter, Schill, and Wachter 1998; Holloway et al. 1998; Massey and Kanaiaupuni 1993; Schill and Wachter 1995). Massey and Kanaiaupuni (1993) found that the development of public housing in Chicago was associated with higher neighborhood poverty levels in subsequent years. Schill and Wachter (1995), on the other hand,

examined the association of public housing and higher concentrations of poverty in Philadelphia by not only focusing on the proportion of subsidized units but also the distance to large developments and to the central business district. In an extension of this study, the authors confirmed the relationship between the concentration of poverty and the presence of public housing in a neighborhood in four different cities — Boston, Cleveland, Detroit, and Philadelphia (Carter, Schill, and Wachter 1998). Finally, Holloway et al. (1998) conducted another city-based case study in Columbus, OH, with most of their models providing statistically significant results of the positive association between a neighborhood's poverty rate and both its proximity to public housing and the development of public housing there.

My study will build upon previous research by focusing not only on building-based but also person-based voucher subsidies during a period that represented a shift in HUD's policy from exclusively low-income towards mixed-income housing. Subsidized housing programs introduce poverty into a neighborhood by the virtue of requiring low-income as a prerequisite for qualifying for subsidized rent. Therefore, it is important to examine whether the shift towards mixed-income housing developments and voucher-based subsidies redistributes poor households in a way that does not promote any further poverty concentration within neighborhoods where new subsidized housing units are built or to where voucher tenants choose to move.

Study Framework

My analysis will utilize a fixed effects model to estimate the effect of the change in the proportion of subsidized housing units within a census tract on the change in the percent poor households within that same census tract between 1980 and 2000 in eight American cities. I hypothesize that introducing subsidized housing increases the percent poor within a neighborhood while eliminating subsidized housing has the opposite effect. Nevertheless, I also expect to find a smaller effect on the concentration of poverty than previous studies have uncovered due to the shift in HUD's policy toward vouchers and mixed-income housing.

My dependent variable is expressed as the change in percent of households in poverty between 1980 and 2000 in eight American cities (Atlanta, Chicago, Cleveland, Dallas, Detroit, Los Angeles, New York, and Seattle). The explanatory variable of interest is measured as the percent change in subsidized housing units relative to the total housing stock of a neighborhood. I separate out the effects of building-based ("fixed") units versus person-based (voucher) units. Building-based subsidies, as opposed to person-based ones, add visible signs of poverty to neighborhoods. I hypothesize that adding fixed subsidized housing units is much more likely to produce a greater concentration of poor residents within a neighborhood than increasing the number of voucher units, as any new housing structure dedicated to poor households is more likely to stigmatize a neighborhood as undesirable and induce those who can afford it to move out of the census tract or deter higher-income households from moving into the neighborhood altogether.

In addition, I will explore if there are any spatial spillover effects of subsidized housing onto the poverty level of surrounding neighborhoods by including measures for the change in the number of subsidized units in directly contiguous census tracts as well as changes in the Euclidian distances between every tract in the eight cities to tracts with substantial presence of subsidized units.

My model will also include controls for within-tract changes in the percent of employed persons over 16, the change in percent non-Hispanic white residents, and the change in the share of owner-occupied units. All of these are hypothesized to have a negative relationship with the poverty level of a neighborhood

Data

I have already developed a database which links the location of subsidized housing and the socioeconomic characteristics of census tracts for a previous paper, which examines the relationship between changes in subsidized units within a neighborhood and the movement of non-Hispanic whites in and out of it (Kuceva 2008). The location and type of subsidized housing units for my eight study cities is available from the website of the Department of Housing and Urban Development (HUD). HUD's dataset Picture of Subsidized Households contains information on building-based subsidies (Public and Indian Housing, Section 236, Section 8 New Construction and Substantial Rehabilitation, FHA, LIHTC) as well as person-based subsidies (Section 8 voucher and certificate users). Due to sporadic data collection, HUD's database of subsidized households includes information for 1977, 1994, 1996, 1997, 1998, and 2000. In my current research, I utilize only the 1977 and the 2000 datasets.

I have downloaded information on the socioeconomic characteristics of census tracts from the U.S. Census for 1980 and 2000. In order to run my analysis on the same geographic units, I have utilized the Neighborhood Change Database, developed by Geolytics, which takes into account the boundary changes of census tracts between different collections of the U.S. Census.

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