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# Section 8 Tenant-Based Housing Assistance Program: A Case Study of the Negative Effects of the Program on Participating Communities

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**Section 8 Tenant-Based Housing Assistance Program:  
A Case Study of the Negative Effects of the Program on Participating  
Communities**

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# **Section 8 Tenant-Based Housing Assistance Program: A Case Study of the Negative Effects of the Program on Participating Communities**

## Executive Summary

After the Great Depression there was a need for federal housing assistance programs to help alleviate some of the distress that many Americans were experiencing during the United States housing crisis. The Section 8 Tenant Based Program, which is federally funded by the United States Department of Housing and Urban Development (HUD), helps to provide thousands of Americans each year with safe, decent and sanitary housing; something they might not have otherwise been able to obtain without an intervention.

The Section 8 Program is viewed by many to be a success, however, as the program has grown over the years some of its unforeseen effects have now become apparent. The program was not only intended to provide better living conditions for eligible low-income families, but it was also projected that it would be a means to disband many of the states' Public Housing units, which have become breeding grounds for poverty and crime. The program has been criticized of not only failing to decentralize these impoverished areas that are riddled with unlawful activity, but instead has been considered by some to be a major contributor in the destruction of many communities.

The purpose of this research is to investigate some of the negative effects of the Section 8 Program on participating communities. It is also the intent of this study to educate individuals on how the program works to enable them to make well-informed decisions and determination of the program's success and impacts. Suggestions were given based on research findings on how

to improve the Section 8 Program while adhering to the program's initial design and objectives.

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## **Section 8 Tenant-Based Housing Assistance Program: A Case Study of the Negative Effects of the Program on Participating Communities**

### **Introduction**

The Great Depression of the late 1920s was a momentous event that left its mark on countries all over the world. Countries with tremendous wealth as well as the extremely poor equally felt the effects of the depression because most industries were hit very hard and crippled by the economic downturn. The United States of America experienced massive layoffs and astonishing increases in unemployment due to lack of business activity globally (Eichengreen, 2004). The Great Depression had a snowball effect on the United States' economy, immediately affecting employment and trade which translated into citizens' inability to house themselves in the long run (Quigley, 2000). The American dream of homeownership was at stake as many Americans were forced out of their homes and were left homeless because they were unable to pay their once affordable mortgages or rent. The United States housing crisis was underway and hundreds of thousands of Americans were left homeless. The United States government was left to pick up the pieces and find possible solutions to help mend its broken society.

The United States Housing Act of 1937 created the Public Housing Program in an effort to promote the overall welfare of the nation, providing safe housing conditions to low-income families as well as increasing the number of housing units available to them. Public Housing Authorities (PHAs) were established to manage the public housing units which at the time were the main source of housing assistance for low-income families (Midgley, Martin, and Livermore, 2000). In 1965, the Housing Assistance Program changed its plan to involve private owned

housing units which started the Section 23 Leased Housing Program. The Housing Assistance Program was once again reformed and the Section 8 Tenant-based Program was created when Congress passed the Housing and Community Development Act of 1974.

The Section 8 Tenant-based Program provides rental subsidies for units which are chosen by the program participants. The program also makes housing mobility easier as participants are able to transfer to different areas in the United States as long as the Section 8 Program is present. Eligibility and admittance to the program is managed by the PHAs and limited to: very low-income families; households already assisted under the Housing Act of 1937; and households with incomes up to 80 percent of area median of qualifying participants (U.S. Department of Housing and Urban Development, 2004).

Rental subsidies are based on payment standards that are set by the PHAs and lie between 90 and 110 percent of the fair market rent (FMR). In addition, subsidy amounts are also determined by total family income in which the tenant is responsible for a maximum of 30 percent of his or her monthly adjusted income. The Housing Program has very strict regulations for both tenants as well as participating private market landlords. Landlords are required to meet and maintain specific housing quality standards for rental units while tenants are responsible for reporting all information regarding family composition as required by PHAs to reevaluate tenant's eligibility yearly. Failure of participants to adhere to program rules and family obligations can lead to termination from the program.

The purpose of this research is to investigate some of the alleged negative effects of the program on participating communities. This research is important because the negative effects pose a threat to the success and future of the program. For the purpose of this research, I will focus on five main areas and their impact, which are:

- Concentrated levels of poverty,
- Education,
- Work and unemployment,
- Crime, and
- Property value.

## **Literature Review**

The U.S. Department of Housing and Urban Development (HUD) seeks to increase homeownership opportunities, encourage community development, and increase access to affordable housing free from discrimination. As a means of meeting these goals, HUD has continued to administer the initiatives of the U.S. Housing Act of 1937. This Act created the Public Housing Program in an effort to promote the overall welfare of the nation, providing safe housing conditions to low-income families as well as increasing the number of housing units available to them. Beneficiaries of the Public Housing Program received housing support in three forms: public housing, publicly assisted housing, and tenant-based assistance (Kingsley, 1997). Although each area of assistance should be studied in depth, this project specifically focuses on the tenant-based vouchers also known as Section 8 vouchers.

The Section 8 Program is administered by Public Housing Authorities (PHAs) across the country, and the recipients of the program have often been labeled as problematic. There has been a great concern that participants in the Section 8 Program are increasing the amount of social problems in the communities in which they live and are negatively impacting the quality of life, health, and value of these neighborhoods (U.S. Department of Housing and Urban Development, 2000).

Much of the available literature thus far focuses primarily on the positive attributes and assesses the Section 8 Voucher Program in its entirety with very little attention given to problem areas (U.S. Department of Housing and Urban Development, 2000). On the other hand, studies have been done that show negative effects of the program, but this information is often grouped collectively with assessments on both the public housing and publicly assisted units. Further research also shows that a correlation is often made between the Section 8 Program and an increase in the amount of social problems present, however findings often attribute these issues to be preexisting conditions and not due to program participants (Lee, Culhane, and Wachter. 1999).

Most research on the subject appears to be descriptive through means of interrelationship and survey studies which focus on existing information and data. For the purpose of this study, this research trend examines the pertinent literature that supports the claim that participating communities are affected negatively by recipients of the program. All information gathered should allow us to determine how great an impact the negative influencers have if any and possible ways to circumvent them.

This information is extremely important because if ignored, the Section 8 Program will eventually lose the support of private landlords who often find the program difficult and risky to participate in (Pendall, 2000) rendering the program to be structurally ineffective. This research is significant because in light of current economic conditions, public administrators, and policy makers are being forced to do more with less. Programs are constantly being reviewed and modified in an effort to produce more positive, and efficient results. Analyzing these five areas will help give insight on the level of influence they have on the program.

Furthermore, this study is also important because it highlights weaknesses in the Section 8 Tenant-based Program which was ultimately designed to be a relief system, and not a burden, on communities and its citizens. The program spent \$15.5 billion in fiscal year 1996 and its funding increased to \$16.7 billion in fiscal year 1997 (U.S. Department of Housing and Urban Development, 2004). With such large amounts of funding involved there should be more research done on the impact of implementing such programs.

### **Concentrated Levels of Poverty**

Federal housing assistance programs provide relief to low-income families by reducing the amount of rent that they have to pay through subsidies. The Section 8 Program is the federal government's largest assisted housing program (Kingsley, 1997) that provides aid to a large group of people, which include but are not limited to families with children, the elderly, and the disabled. In an effort to eliminate many of the worse case needs in housing scenarios (unassisted renters who are paying more than 50 percent of their income for housing and/ or renters living in substandard housing), Section 8 participants would be instructed to pay no more than 30 percent of their total income. With the income cap being used and monitored, this gives some voucher holders an opportunity to beat the odds of generational poverty.

A clear presumption of the housing dispersal policy is that residence in concentrated poverty neighborhoods has a debilitating effect on residents and imposes disproportionate social costs (Galster and Zobel, 1998). As a result, one of the main objectives of the Section 8 Tenant-based Voucher Program is to give voucher holders the opportunity to choose where they want to live with hopes of selecting a housing unit in a decent neighborhood (Pendall, 2000). Flexibility and mobility are two important key factors of the Section 8 Tenant-based Program because

voucher holders are able to use their vouchers to find affordable housing anywhere in the country as long as there is a Section 8 Tenant-based Program in that area. In 1998, voucher holders were 75 percent more likely as other tenants to live in distressed neighborhoods, but 150 percent more likely than all other renters (Pendall, 2000, 881). Many voucher holders take advantage of the portability function (the ability to use the voucher in another jurisdiction other than the original PHA jurisdiction) because it allows them to remove themselves from high level poverty and crime stricken areas, which is common for many low-income families, to areas that have minimal levels of poverty and crime. Some voucher holders may also find better housing solutions, better neighborhoods, and better employment which hopefully will help them move toward self sufficiency.

The Section 8 Tenant-based Program is different from other federal housing programs because it uses households in the private housing market as a means to house the voucher holders unlike public housing projects, and publicly assisted housing units of which the government builds its own housing developments. In this case, the subsidy is attached to the unit and not the individual (Kingsley, 1997). The project-based housing over the years has become a breeding ground of high level poverty and crime, and in an effort to decrease the increasing number of social issues present in these units, the Section 8 Tenant-based Program was created. Unfortunately, one of the most popular criticisms of the program is that voucher holders tend to cluster together in spite of their relocation (U.S. Department of Housing and Urban Development, 2004).

Some of the causes of concentrated levels of poverty are economic restructuring, suburban exclusionism, disinvestment in central-city neighborhoods, discrimination in the housing market, and government policies, among others. Goetz (2003), states that the increase in

poverty concentrations is a result of global economic changes that have restructured local economies and eliminated employments and income sources for many lower and moderate income people. This causes higher levels of poverty concentrations to transfer to normally low level areas which show that the program also appears to be contributing to the spread of concentrated poverty in participating communities. Pendall (2000, 889) states that persons that live in metropolitan areas typically concentrated more in distressed tracts than other renters, and further adds that the poorest renters who earn less than \$10,000 have a tendency to concentrate more than others in mildly distressed (22.6 percent) and severely distressed tracts (4.5 percent). This study used data from 1989 targeted metropolitan statistical areas (MSA) and identified distressed areas by persons below the poverty line, percentage of households receiving public assistance, percentage of males 16 and older who worked fewer than 27 weeks in 1989, and percentage of households with children under 18 headed by a single woman. With a median income of \$8,663, recipients that receive tenant-based assistance are very poor. Families with children have a slightly higher median income of \$9,654, and working families average \$14,657 (U.S. Department of Housing and Urban Development, 2000). As a result of limited income, these numbers support why voucher holders often end up in distressed neighborhoods further increasing horizontal poverty and social dysfunction. A look at vouchers and available housing, discrimination and integration will give insight on the issue.

### *Vouchers and Available Housing*

In order to understand how the voucher works in the private housing market, the manner in which the voucher operates should first be understood. There are two key factors that are crucial to voucher holders – time and money. Once the voucher holders decide that they want to relocate, they are issued voucher certificates by PHA officials which are also used to validate the

voucher holders eligibility in the tenant-based program. The voucher certificate is very important because it states that the tenant must find new housing within 120 days. If the voucher holder is not housed by this time, they would be in violation of program policy, and will have forfeited their voucher. In addition to the voucher certificate, participants are issued Request for Tenancy Approval (RFTA) packages in which PHA officials have a predetermined maximum rent amount for participants based on their income, household composition, assigned bedroom size, and the payment standards which are set by HUD for each PHA. Although the payment standards are comparable to other housing units in the area, more often than not many voucher holders can have substantial difficulty finding a vacant unit that suits their needs (Pendall, 2000).

The Section 8 Program is not only beneficial to participants but it can also be useful to the private market landlords, depending on the market condition. If rental rates are high, the Section 8 Program will not be successful in providing assistance to many of its participants because it cannot compete with private market rents. However, if there is a large amount of vacancies, this will encourage landlords to compete, and reduce their rental rates allowing the voucher holders to rent out their units (Pendall, 2000). The option to participate in the Section 8 Tenant-based Program can even be more appealing to some landlords as they look at their monthly tenant payment from the government for the participant as a stable source of income and therefore a guarantee. This may all sound good, but it is often overlooked that not only do landlords compete for renters but voucher holders are also competing for those very same units. Due to the fact that a large percentage of voucher holders have low incomes, this reduces their pool of units available to them. There is also a further reduction in the units as a result of hundreds or thousands of other participants (depending on the size of the PHA) that are in search of housing as well.

In 1973 there were approximately 4.9 million low-cost, unsubsidized rental units in the private market. The number of affordable units has since dropped to 2.8 million in 1995 (Nichols and Gault, 2003, 109). The limited amount of housing units available, and the time constraint of 120 days make it extremely difficult for participants to find exactly the type of housing that they are looking for. Due to program constraints, many voucher holders end up moving into low cost rental units in low poverty areas that have far from desirable neighborhoods, in an effort to stay eligible in the program. When rental housing is concentrated in distressed tracts, so are voucher and certificate users (Pendall, 2000). Although the Section 8 Tenant-based Program encourages geographical dispersion of areas concentrated with poverty (Clark, 2005), it is not always possible. Due to the program restrictions, voucher holders often relocate from an extremely bad neighborhood to another area that has a high poverty concentration (Pendall, 2000). This was clearly not a part of the program design, but it has become a major issue that still needs to be addressed as the participants of this program are reconcentrating more and more in distressed tracts.

### *Discrimination and Integration*

In many communities, the Section 8 Tenant-based Program has not gotten favorable reviews. The main source of opposition comes from the middle class communities (Galster and Zobel, 1998), and many people view the program as the reason for the increase in social issues in their communities (Turner, Popkin, and Cunningham, 2000). Despite the fact that many of these accusations have not been found to be true, there were just as many complaints that have been found to be legitimate. The label remains that voucher holders are problematic, and that they discourage progress in thriving communities, and precipitate neighborhood destabilization (Turner, Popkin, and Cunningham, 2000). As a result many voucher holders choose not to

relocate, and those that do move from the high concentrated poverty tracts to that of the suburbs may find it difficult to become integrated into their new communities. Race can also influence results. This can be especially true for African Americans and Hispanics that make up 65 percent of total voucher holders (Pendall, 2000, 886). A large percentage of low-income participants are minorities, as a result, they are likely to be candidates for discrimination. For this reason, many of the participants choose to live in areas that have a higher population of individuals who have similar backgrounds to their own because it decreases the possibility of ridicule, and rejection. Unsurprisingly, many of these areas that are chosen still have above average poverty levels. For example, among assisted households, African Americans are more likely than whites to relocate to areas with higher concentrations of poverty and African American residents. This is also consistent with the fact that minority and white recipients have had disparate outcomes in the voucher program. As many as 25.2 and 27.9 percent of African American and Hispanic voucher recipients respectively, live in high poverty neighborhoods compared with only 8 percent of white voucher holders (Kutty, 2004, 17).

Some studies have shown that property owners also play a huge role in causing some low-income areas to have higher poverty concentrations as well (Turner, Popkin, and Cunningham, 2000). There are some property owners that will exploit the Section 8 Program in an effort to take advantage of the program and reasonable market rents that it offers. This type of behavior was more so present with property owners whose properties were in already declining neighborhoods which are mostly populated with low-income African American families and other racially mixed communities where the housing demand is low. In some cases, it is often the norm for property owners to purchase rental units in these types of distressed areas specifically for the purpose of renting to voucher holders. In a market where the housing options

available are limited and competition is high, many participants will see these units as their best choice.

Property owners also continue to add to the negative stereotype by not establishing good landlord and tenant relations as well as by not following the rules and guidelines of the program. Once the owners have secured a tenant into their property, many of them fail to have any concern thereafter. In an effort to receive the payments from the government, many property owners forgo proper tenant screening practices, fail to execute lease terms, and maintain their properties which has an overall effect on the community, and its citizens. Many problems arise due to the absentee landlords who do not care to be involved or simply live in another state, and are not able to assess their properties and handle issues when needed.

## **Education**

Education is very important because it sets the groundwork for what individuals will become in the future. In the early years, at school, many students are taught societal norms including knowing right from wrong, and the process of logical and critical thinking. These building blocks often give individuals many of the tools they need in order to have fulfilling and industrious lives. However, if an individual lacks the basic tools, then it would be very hard for that individual to be a productive member of their family, community or society in general. Being able to obtain shelter might not be considered problematic for non-subsidized renters, but for voucher holders it can be quite a headache. Many voucher holders and their families are at a disadvantage because they are not able to constantly receive the education that they need due to unstable housing conditions. Nichols and Gault (2003, 105), based on data collected through

welfare offices, found that of persons with worse case housing scenarios (paying more than 50 percent of their income on rent), 42 percent of those residents in Ohio had moved within the last six months. Families that are not able to secure decent and safe housing may develop social issues, however, the effects of improper housing mainly affects the children.

Housing instability and frequent school changes have been linked to lower reading, and math skill achievement, and greater rates of school drop outs (Nichols and Gault, 2003). Frequent moves can cause a disruption in normal routines. If a child moves to another affordable unit in the same area, although the school that the child attends may not have changed, there is still an adjustment period. That child now has to get acclimated with a new environment which can take some time. On the other hand, if a child moves to another unit and has to change schools, there can be major problems. The adjustment time for this scenario will take even longer due to the fact that the child has now been stripped of many of the relationships that he or she created over the years including friends and positive role models, which can inhibit development, and cause social stress (Evans, Saltzman, and Cooperman, 2001). Galster and Zobel (1998), state that although relocating to a better neighborhood does allow access to better quality schools, it does not guarantee a better education. Some youth do not perform as well in the suburbs due to stiffer standards and racial discrimination. As a result of the unpredictability of housing moves due to high costs, unemployment, evictions and/or crime, families are forced to relocate (Nichols and Gault, 2003), unknowingly causing more harm than good to the future of their children.

If these families were moving to areas with better living conditions, there might be a chance for positive results. However, due to the fact that many voucher holders have low wages, combined with the amount of low-income housing units available, the results are likely to be

unfavorable. It is during these times that children are most impressionable because if a child lives in a household with parents or other family members that do not have a high level of education, there may not be any incentives and encouragement for that child to stay in school. Research shows that numerous residential moves have a negative impact on children's educational achievement (Lubell and Brennan, 2007). A few missed days of school may be enough to change a child's life.

There are many studies that show that children are affected by an increased number of residential moves, however, research has not been done to give the exact number of children in Section 8 tenant-based housing that are affected. Jacob (2004) in a similar study on student achievement levels for children whose public housing units in Chicago were demolished, concluded that children over the age of 14 were more affected by the relocation and had higher dropout rates than that of children under the age of 14 (Jacob, 2004, 251). It is quite possible that the same may be true for children of Section 8 tenant-based voucher holders as the same low-income and poverty conditions exist. Nonetheless, children that are not in school can lead to other social issues in the community which may call for more assisted programs to help the needy. A family of uneducated individuals is very likely to become dependent on the government for additional benefits as many are not able to support themselves. This can only have a negative impact on the communities that they live in as overall value, and productivity of their neighborhood is likely to decline with the addition of more assisted, poor, and low-income families.

## **Employment**

A good reason to support mobility amongst Section 8 participants is because it affords them the ability to not only escape high poverty concentrated areas, but also to increase their chances of finding better employment opportunities. The more income a tenant has, the more the participant would pay in rent which would reduce total subsidies to the tenant, ultimately making the tenant self sufficient. Of the more than 2 million families with children that have worst case needs for housing, almost half list earnings as their main source of income. However, 84 percent of those families have income levels below the poverty line and 80 percent have incomes less than 30 percent of the area median (U.S. Department of Housing and Urban Development, 2000, 13).

Ong's (1998) research through a California survey compares data on Aid to Families with Dependent Children (AFDC) recipients in three rental categories including private market, Section 8, and public housing. The data show that voucher holders actually work more hours than both renters in the private sector as well as those living in public housing units as reported in Table 1. Ong's results may be skewed, since it does not take education levels and minimum wage variables into consideration. The fact that the educational levels of many participants are low, many of them are not always able to find decent paying jobs. The additional hours that are worked by voucher holders may be as a result of participants trying to earn more money to compensate for their low income, which further supports the claim that there is a large amount of families earning below the poverty line.

**Table 1.** Employment Outcomes

	Private Market	Section 8	Public Housing
Percent who worked last month	16	29	18
Average hours (including zeros)	12.3	19.3	6.5
Average hours (excluding zeros)	75.2	66.0	36.0

*Source:* Data from Ong, 1998, Table 3, 782.

Participants that live in the city often choose not to move to areas outside of the city limits for a number of reasons. Although there are jobs located in the urban areas, there is more competition for those jobs due to the high population density. As a result many individuals have a much easier time finding employment in suburbs due to the greater number of jobs (Ong, 1998). According to Varady and Walker (2003, 158), 56 percent of their survey respondents chose not to relocate to suburban areas because they were settled in the current neighborhood and had nice neighbors. Other reasons also included the convenience of being in close proximity to family members, transportation, schools, stores, and churches. There are many voucher holders that want to have jobs so that they can better support their families, however many of them are not willing to give up the comforts that the program has afforded them (low rent portions) to only receive minimal benefits.

The number of voucher holders employed is often low due to program design. The Section 8 Tenant-based Program was designed to be of assistance to those families who are not able to afford their rent amounts allowing them to pay typically no more than 30 percent of their income. This can also be misleading because a large percentage of housing authority's and local government administering the program do not have policies requiring that participants must have

earned income with the exception of the handicapped and those individuals attending school. If a tenant has no income, this means more than likely that she or he will not have a portion of rent to pay and will receive additional benefits as a result of the person's level of neediness. Herein lies the problem. Due to the lax policies regarding employment many participants are rewarded for not working, and this can create a disincentive to work among participants (Ong, 1998).

A Section 8 housing recipient who is not employed is very likely to receive other sources of benefits from the government. About one fifth of persons that received AFDC, now known as Temporary Assistance for Needy Families (TANF), also received housing assistance through HUD (Kingsley, 1997, 1). There are many participants that do take advantage of the program and are not interested in finding gainful employment because they do not have to. Most of their basic needs are currently being met. This type of attitude especially in high poverty tracts can lead to problems in those communities as many participants are idle during the day, thus decreasing productivity, and community wealth.

There have been new developments such as the Moving to Work (MTW) demonstration program which has been introduced as an option for PHAs administering the Section 8 Housing Program in the last decade. The program gives administrators flexibility in designing their own program with the intention of promoting self sufficiency while being efficient and cost effective. A common policy change for some of the participating PHAs is enforcing work requirements on participants, however, only a handful of PHAs opt for the MTW program therefore eliminating additional progress.

## **Crime**

The deconcentration of low income renters from poverty stricken areas to more prominent areas with low levels of crime has always been an issue. Many property owners view Section 8 tenants as the possible source for the increase in social problems in their communities. In Boston, St. Louis, Baltimore, Chicago, and Philadelphia, oppositions to Section 8 has flared up in neighborhoods where residents claimed that recipients were responsible for the rising rates of crime and disorder (Turner, Popkin, and Cunningham, 2000; Roncek, Bell, and Francik, 1981). Although this view is often considered hostile and racially stimulated, there may be legitimate public policy concerns that introducing subsidized tenants may seriously erode the quality of life in a neighborhood (Galster, Tatian, and Smith, 1999).

In a study of housing projects and crime in Cleveland, Roncek, Bell, and Francik (1981) found that proximity to public housing projects for families has a small but statistically significant effect on the incidence of violent crime. Table 2 shows the results of a comparison of crime rates between project and non-project blocks accounting for the various types of crime as well as 13 variables which represent the social and housing characteristics of the blocks which illustrate that the highly concentrated areas suffer from high criminal activity in comparison to the non-project blocks. It is also reasonable to expect spillover effects in the surrounding areas.

Common characteristic of tenants that live in public housing are poverty, minorities, and one parent families (Roncek, Bell, and Francik, 1981) which are also similar characteristics of Section 8 housing participants. Already segregated by income status, many of these families are forced to live in housing projects which often create a sense of alienation from the rest of society. This clear separation is often the catalyst for behaviors which make housing projects more opportune settings for crime. This study also showed that any effects of public housing and

crime will probably vary with distance, partially due to the following reasons: 1) criminals, especially those involved in “street crimes” rarely travel far to commit their offenses, and 2) crime depends on opportunities of the setting and the ability to avoid detection and apprehension. Although, Section 8 tenants are not necessarily confined to the same housing tracts, they may experience the same results as many participants are often found clustered in particular neighborhoods (U.S. Department of Housing and Urban Development, 2000).

**Table 2.** Differences of Mean Tests for Crimes and Social and Housing Characteristics

	Housing Project Blocks	Non-Housing Project Blocks	t	p
<b>Crime:</b>				
Violent Crimes	8.91	1.86	4.48	.000*
Property Crimes	27.37	5.62	5.58	.000*
Homicide	.31	.05	3.32	.001
Aggravated Assault	1.63	.33	3.56	.000*
Rape	.40	.05	2.99	.002
Robbery	4.26	.90	3.36	.001
Burglary	7.00	1.90	3.96	.000*
Grand Theft	4.83	.82	5.02	.000*
Auto Theft	15.54	2.90	5.44	.000*
<b>Social and Housing Characteristics:</b>				
% Primary Individuals	15.63	8.48	2.89	.004
% Female-Headed Families	32.41	13.07	6.60	.000*
% Black	62.13	31.82	4.16	.000*
% Spanish	3.15	2.11	1.53	.064
% Over 60	22.03	15.84	1.80	.040
Sex Ratio	69.98	95.94	- 6.91	.000*
% Males 18-24	4.03	4.94	- 2.88	.004
Rent	64.49	87.24	- 9.25	.000*
% Overcrowded	25.08	15.24	3.82	.000*
Density	73.87	51.84	2.51	.008
Population Potential	39.03	38.11	1.10	.135
% Multi-Unit	27.87	5.17	4.42	.000*
Vacancy Rate	6.50	5.14	.73	.473
Block Population	644.80	153.62	5.64	.000*
Number of Blocks	35	3958		

Source: Data from Roncek, Bell, and Francik 1981, Table 1, 156.

\*Note: Probability less than .00051

## **Property Value**

Few studies have been done to determine the relationship between assisted housing programs and property values (Lee, Culhane, and Wachter, 1999) as well as the impact it has on participating communities. Much of the literature has focused on racial segregation and concentration of poverty, which is not surprising because federally assisted programs have been linked to negative neighborhood impacts by a number of researchers (Lee, Culhane, and Wachter, 1999). The negativity surrounding assisted programs and its impacts are troubling to both policy makers and researchers as it destabilizes one of the main objectives of housing assistance programs which is to provide a suitable living environment (Newman and Schnare, 1997).

Previous studies conducted in St. Louis, Los Angeles, and New York, noted that there was no significant effect of housing assistance programs on real estate prices in both the intervention and controlled areas (Lee, Culhane, and Wachter, 1999). Recently, however, the conventional wisdom of no impact has been shaken by four sophisticated statistical studies that have emphasized the contextuality of impact (Galster, Tatian, and Smith, 1999, 883). These studies suggest that housing units had an effect on the real estate as the property value for homes furthest away from public housing developments was higher than that of those in close proximity to the subsidized units. This finding is also supported by the fact that in Baltimore County, researchers discovered that lower concentrations of Section 8 units have more positive effects on property values versus that of higher concentrations of units suggesting negative results (Galster, Tatian, and Smith, 1999).

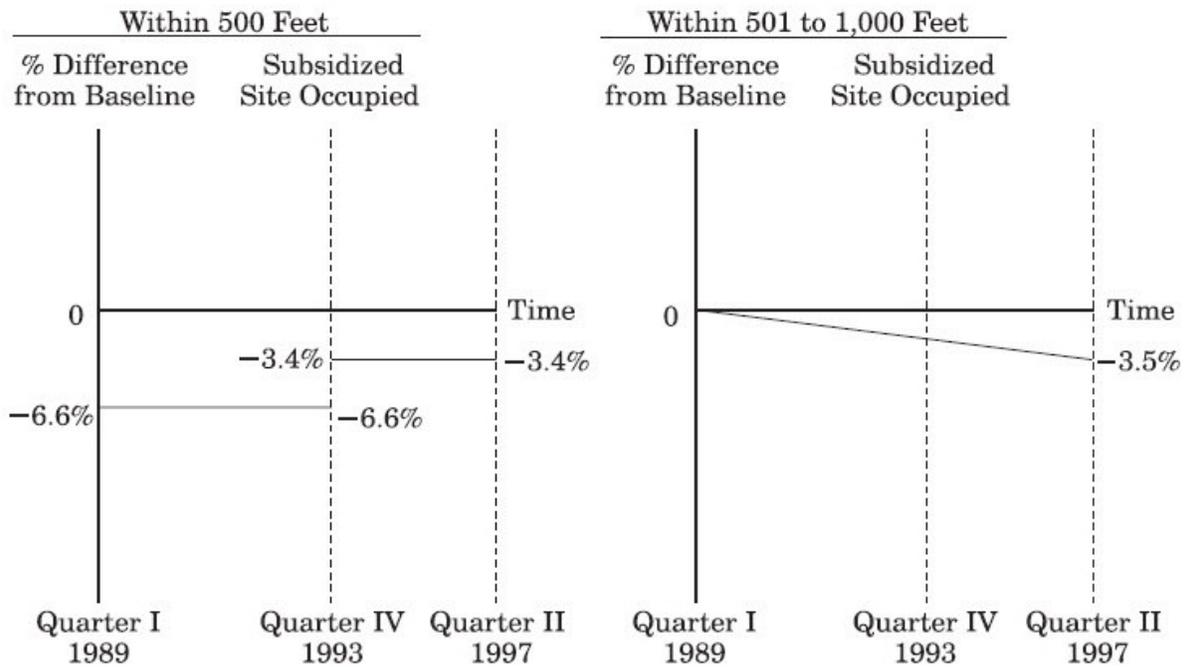
During the 1990s the Housing Authority of the City and County of Denver acquired property to house its tenants and received much political controversy once the threshold for

tenants had been met and the community no longer received positive benefits. A study on the Housing Authority of the City and County of Denver (DHA) shows that single-family homes sales for homes within 500 feet of DHA assisted housing sites experienced slight increases in property values compared to housing units within 1001 to 2000 feet of the subsidized units that experienced a sharp decline in sales prices (Santiago, Galster, and Tatian, 2001) between a rate of 3 to 4 percent compared to other areas with similar census tracts. This is not typically the norm due to the fact that there was a slight increase in value which may be contributed to a low concentration of subsidized housing units and perceived good program management by DHA officials. DHA officials did however state that they purchased vacant housing units that had been problematic creating negative externalities for the surrounding neighborhoods which lead to decreases in property value (Santiago, Galster, and Tatian, 2001). There were also some biases involved as DHA intentionally looked for homes in distressed areas which would ultimately allow them to stretch their programmatic resources and get more for their money.

A study on the effects of Section 8 participants and single-family home sales was also conducted in Baltimore County from 1989 to 1997 (Galster, Tatian, and Smith, 1999). The study included 72 Section 8 sites that had continuous occupancy (not necessarily the same tenant) between 1991 and 1995. Results showed that single-family homes within 500 feet of Section 8 assisted units were severely depreciated in comparison to similar units in different census tracts. Single-family households within 501 to 1000 feet of Section 8 housing sites also maintained below average sales values, but did not depreciate as quickly as those units closest to the Section 8 sites (as presented in Figure 1). This supports the claim that property values for housing units closest to Section 8 housing units depreciated at higher rates compared to units further away.

The study also showed that there was a tendency for Section 8 participants to cluster in less desirable distressed areas of Baltimore County (Galster, Tatian, and Smith, 1999, 899).

**Figure 1.** Estimated price trends within 500 to 1,000 feet of any Section 8 site, Baltimore County (relative to baseline areas of the same tracts not within 2000 feet)



Source: Data from Galster, Tatian, and Smith 1999, Figure 1, 896.

\*Note: Baseline prices account for seasonal and county-wide quarterly trends, plus housing stock characteristics.

Many property owners have not been happy with Section 8 voucher holders moving into their neighborhoods for fear of destabilization of the community. It has long been a concern that if there is a high concentration of voucher holders in one area, there will also be an increase in the amount of social issues including crime, violence, substance abuse, and out of wed-lock

childbearing which further increases the alienation of participants from individuals not receiving housing assistance (Galster, Tatian, and Smith, 1999). The fear of property owners is real as Galster and Zobel (1998) argue that high poverty concentration levels can have an effect on destination neighborhoods. Even more attention is being shed on this issue as more and more of the nation's public housing units are being demolished and tenants are being forced to relocate, and are moving to more affluent or predominantly white neighborhoods (Turner, Popkin, and Cunningham, 2000).

## **Methodology**

This research used a case study typology, analyzing pertinent literature from government documents, and other scholarly journals, which establish relationships between the Section 8 Tenant-based Program, and the negative effects it has on participating communities. The research was also supplemented by secondary sources, using presented papers and findings written by researchers who have also established correlations between the Section 8 Program and specific variables that influence program outcomes.

### *Data Collection*

Primary data were acquired from the organization that is responsible for developing and administering the Section 8 Tenant-based Program. Data were outlined, analyzed, and subject to the researcher's interpretation in order to generate findings, conclusions, and recommendations. Secondary data were obtained from academic texts discussing case study research and policy analysis, and from peer reviewed scholarly journal articles.

## **Discussion and Recommendations**

The Section 8 Tenant-based Program has been instrumental in facilitating the housing needs of low-income individuals who spend 50 percent or more of their total income on their housing. Although many view the program as a success, the program does have its faults as it has inadvertently caused an increase in social problems for participating communities that house a large number (relative to the area) of participants. Typically, the higher the poverty level for a population, the more resources will be needed to support that group. Much evidence suggests that Section 8 participants have a tendency to cluster in poverty stricken distressed neighborhoods (Turner, Popkin, and Cunningham, 2000; Galster, Tatian, and Smith, 1999; Pendall, 2000). This is due to the fact that the Section 8 Program was not designed to function in a housing market with high rental rates which generally eliminates areas that have lower levels of poverty and crime. As a result of jurisdictional constraints, maximum rent amounts and convenience, many participants find lower rental units in undesirable and distressed neighborhoods where there is a larger pool of available units, and there is typically less competition.

The question of how the Section 8 Tenant-based Program affects participating communities has been always been controversial. Private market homes owners are not always willing to participate in the program for fear that participants will increase neighborhood instability and deterioration (Turner, Popkin, and Cunningham, 2000) in the neighborhood due to an influx of low-income residents. Populations that live in poor census tracts commonly have increases in crime, violence, substance abuse, and continuous out of wed-lock childbearing. This is undoubtedly good cause for investors to withdraw any possibility of growth and development

in a neighborhood. Studies show that home owners' hesitation may be valid as areas closest to assisted units depreciate quicker than units further away.

Based on research findings, it is clear that the Section 8 Tenant-based Program can negatively impact participating communities, especially when participants are clustered in an area. However, there may be limitations to studies which support the negative impact as the effects of Section 8 participants on communities in various cities may have been a result of research being conducted in predominantly poor areas amplifying the negative results. The studies are not enough to make a generalization of the program overall effect, except only in the areas studied.

Almost all the social issues including crime, violence, and unemployment can be traced back to the underlying issue of poverty. Eighty percent of Section 8 participants fall below the average poverty line. Very few housing authorities administering the Section 8 Tenant-based Program have work requirements for their participants, and as a result, many voucher holders make minimum wage or are unemployed. Although the Section 8 Tenant-based Program immediately addresses housing needs, it does not put forth an active plan to make participants self-sufficient and less reliant on the housing program.

It is my opinion that the program has not fully reached its potential as it has the ability to help a larger group of people, and it can assist with decreasing the social impact on communities by streamlining the manner in which the program is administered. The following are recommendations that may assist in decreasing community impact and increase program efficiency.

### *Policy Reform*

One of the major issues with the Section 8 Program is that there are no time restraints on how long recipients are able to receive subsidies and benefit from the program. Participants are allowed to stay on the program for an indefinite period of time as long as they remain in compliance with program rules and policies. This is problematic as many recipients have no intention of giving up their subsidy and remain on the program for periods often longer than ten years. If legislation was passed to implement a maximum of 5 years for eligible participants, this would mean that the program would be able to help more people. Participants would hopefully be motivated to use their time on the wisely knowing well in advance when their time will be up. Temporary Assistance for Needy Families (TANF) is an example of a successful program with time restriction on eligibility. Originally, the program allowed persons to receive benefits indefinitely; however, most states now give a maximum lifetime benefit of 5 years (some states have shorter periods), which allows them to assist more clients.

### *Work Requirements*

In addition to time restrictions for program eligibility, the enforcement of work requirements should also be considered. When program eligibility is not dependent on employment, the majority of the rental burden is placed on the PHA. Participants may not receive a large subsidy as a result of low-income, and many recipients go without paying any rent for their housing units. There is a small amount of PHAs that have adopted Move to Work program (MTW), which allows them to make gainful employment a requirement for eligibility encouraging self-sufficiency.

### *Self-Sufficiency Programs*

In order to increase the productivity of the Section 8 Program, administrators should do more to help prevent the spread of concentrated poverty and promote self-sufficiency through outreach programs. As a result of a large number of low-income participants on the program, PHAs should facilitate programs that would enable participants to become self-sufficient so that they would be able to support themselves. For example, GED programs, money management, and housekeeping programs are helpful. The Moving to Opportunity (MTO) demonstration program was successful at deconcentrating voucher holders from distressed areas by providing additional counseling services to recipients. This may also prove to have a positive impact in the Section 8 Tenant-based Program.

### *Enforcement of Program Policies*

Due to scarce resources, and an increasing number of people in need of assistance, program administrators need to adhere, and enforce rules and policies. Participants need to be closely monitored and regularly evaluated to ensure that they are in compliance. If participants fail to follow guidelines, they should be warned immediately and terminated if necessary. In the same respect, property owners should also be monitored as they have a responsibility to the tenants, Section 8 Housing Program, and the community. Since absent landlords often contribute to property deterioration and community decline, administrators need to ensure that property owners are doing their part to ensure that properties meet housing quality standards, and that the lease and Housing Assistance Payment contract (HAP) are being followed.

### *Program Education*

PHAs should invest more time to properly educate both program participants and participating property owners. The more they know about the program, the more they will understand how the program works, and will be more inclined to adhere to policies. Program education will also go a long way in helping to clean up the negative image that many individuals have regarding the Section 8 Tenant-based Program.

### **Conclusion**

The Section 8 Tenant-based Program continues to be a valuable tool for providing housing assistance to low-income families. Although the program has come a long way since the original Housing Act of 1937, there is room for reform. Despite the fact that the program was established to help combat the increase in poverty concentration especially in public housing projects, the Section 8 Tenant-based Program has been criticized for creating new poverty census tracts. This study shows that Section 8 Tenant-based Program participants do have a negative impact on participating communities, especially when they are clustered in distressed neighborhoods. The increase in social issues as a result of program participants relocating to new areas continues to be a burden on participating communities with low levels of poverty and crime. As a result of program restrictions, maximum rent amounts, time and limited available housing; participants do not have an opportunity to break the cycle of poverty as they are forced to move into housing units in distressed neighborhoods. If the program continues to contribute to the poverty concentration problem, it will lose the support of the private market landlords, and the program will eventually become inefficient, and ineffective in achieving program objectives.

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