

# HOLLMAN v. CISNEROS

## **Deconcentrating Poverty in Minneapolis**

### **Report No. 1: Policy Context and Previous Research on Housing Dispersal**

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Center for Urban and Regional Affairs  
University of Minnesota



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# TABLE OF CONTENTS

List of Tables.....	vii
List of Figures .....	vii
Acknowledgments .....	ix
Introduction.....	1
Part One: Concentration of Poverty.....	3
Causes of Concentrated Poverty.....	4
Subsidized Housing and Its Impact on Concentrated Poverty.....	7
How Public and Subsidized Housing Came to Be Concentrated.....	7
Slum Clearance.....	7
Local Authority and Site Selection.....	8
Tenant Selection .....	10
Spatial Concentration of Public and Assisted Housing.....	10
Concentration of Units in Central Cities .....	10
Concentration by Racial Makeup of Neighborhoods .....	11
Concentration by Neighborhood Income.....	12
Concentration of Subsidized Housing by Neighborhood Housing Stock Characteristics.....	14
Segregation within Public and Subsidized Housing .....	14
Effects of Concentrated Public Housing.....	14
Why Neighborhoods Matter.....	16
Part Two: Policy Responses .....	21
Dispersal Approaches .....	22
Unit-Based Programs .....	24
Scattered-Site Programs.....	24

Implementation of Scattered-Site Programs.....	25
Resident Experience .....	25
Impact of Scattered Site on Receiving Communities.....	26
Resident Perceptions .....	27
Property Value Impacts .....	27
Yonkers .....	28
Fair-Share Housing Programs .....	30
Impact on Mobility .....	32
Mixed-Income Developments.....	33
Tenant-Based Programs.....	35
Cost.....	37
Choice and Desegregation.....	37
Reduction in Segregation .....	38
Experimental Housing Allowance Program (EHAP) ..	39
The Section 8 Program .....	41
Program Evolution .....	41
Vouchers.....	42
Portability.....	42
Summary of Section 8 Program Experience .....	43
Lease-Up Rates.....	43
Geographic Dispersion of Subsidized Households .....	44
Economic and Racial Integration of Program Participants.....	45
Neighborhood Impacts of Section 8 Units ....	47
Portability .....	47
Mobility Programs .....	48
Vouchering Out.....	50
Housing Search .....	50
Locational Outcomes .....	51
Individual Outcomes.....	51
<i>Gautreaux</i> .....	52
Education .....	53
Employment .....	54
Social Interaction .....	55
Satisfaction.....	55
Scale .....	55
Recent HUD Desegregation Lawsuits.....	56
Moving to Opportunity.....	59
Housing Search .....	61
Experience in the New Neighborhood.....	62

Summary of Mobility Programs.....	62
Program Operations .....	63
Program Impacts.....	64
Limitations and Opposition .....	65
HOPE VI.....	66
Program Features.....	67
Demolition .....	67
Involuntary Deconcentration .....	68
Impact on Concentrations of Poverty.....	69
HOPE VI Program Summary.....	70
Summary of Dispersal Policy.....	71
Dimensions of Dispersal Policy .....	71
Research Questions .....	72
Impact on Families .....	72
Impact on Receiving Communities.....	74
Impact on Poverty Communities .....	75
Works Cited .....	77



## LIST OF TABLES

Table 1.	Distribution of Federally Subsidized Housing by Neighborhood Minority Status . . . . .	12
Table 2.	Distribution of Federally Subsidized Housing by Neighborhood Poverty Level . . . . .	13
Table 3.	Project and Neighborhood Characteristics for the Average African American and Average White Resident of Public Housing, 1993 . . . . .	15
Table 4.	Concentration of Types of Subsidies in High- and Low-Poverty Areas . . . . .	46

## LIST OF FIGURES

Figure 1.	Housing Programs to Deconcentrate Poverty . . . . .	71
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## INTRODUCTION

In July 1992, attorneys for the Minnesota Legal Aid Society and the National Association for the Advancement of Colored People (NAACP) filed suit in federal district court on behalf of a group of plaintiffs living in public housing in Minneapolis.<sup>1</sup> Originally called *Hollman v. Kemp* it was renamed *Hollman v. Cisneros* with the change of administration resulting from the 1992 presidential election. The complaint alleged that the public housing and Section 8 programs in Minneapolis had been operated in a manner that helped to create and perpetuate racial segregation. The original defendants named in the suit were the Minneapolis Public Housing Authority (MPHA), the City of Minneapolis, the Minneapolis Community Development Agency (MCDA), and the U.S. Department of Housing and Urban Development (HUD). In 1994, the Metropolitan Council of the Twin Cities was added as a defendant. The defendants offered to enter into settlement negotiations with the plaintiffs that eventually lasted close to two years.

In April 1995, the parties signed a consent decree that committed the MPHA, HUD, and their co-defendants to a series of dramatic policy changes. First, four north side public housing projects and dozens of scattered-site public housing units would be reviewed for possible demolition or disposition. Second, the defendants would create up to 770 units of replacement public housing in nonimpacted areas of the city and suburbs. Third, the displaced residents of the demolished scattered-site and north side public housing were to be relocated with public assistance. Fourth, the 73-acre north side site was to be redeveloped. Fifth, hundreds of tenant-based housing subsidies would be made available to Minneapolis public housing residents to enable them to move out of areas of race and poverty concentration. Sixth, changes in the operation of the Minneapolis Section 8 program would occur to make it easier for participants to exercise geographic choice. Finally, an affordable housing clearinghouse would be created to provide low-income families a centralized source of information about housing options in the metropolitan area.

The consent decree negotiated between the parties clearly reflected several public policy themes prominent at that time. The first was a shift in HUD's public housing policy that emphasized the demolition of troubled projects and redevelopment of those sites into lower density, mixed-use, mixed-income communities. Second, HUD was also in the process of shifting much of its policy efforts away from "production" programs (funding the construction or rehabilitation of units) and toward "household-based assistance" (providing subsidies directly to families for use in the private market). One of the justifications for this shift was

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<sup>1</sup> This account of the history of the consent decree borrows heavily from Thompson (1996).

an attempt to provide subsidized families with greater locational choice. Third, concerns were growing about “concentrations of poverty” and their negative consequences, and these concerns were coming to dominate the affordable housing policy debate both nationally and in the Twin Cities. Fourth, at that time there was a growing interest in regional solutions to affordable housing issues in metropolitan areas. The lead attorney for the plaintiffs, for example, credited the influence of Minnesota State Representative Myron Orfield (DFL-Minneapolis) with orienting the settlement negotiations toward a regional focus (Thompson 1996). The consent decree in *Hollman v. Cisneros* reflects all of these factors, and thus represents an important test case for many of the assumptions underlying federal housing policy at the beginning of the 21st century.

The Center for Urban and Regional Affairs (CURA) at the University of Minnesota was contracted by the Family Housing Fund of Minneapolis–St. Paul and by the State of Minnesota in 1998 to conduct an evaluation of the implementation of the consent decree. This is the first in a series of eight reports generated by the consent decree.

This report summarizes the state of knowledge related to the federal housing policy paradigm. It begins by briefly summarizing recent research done on the issue of concentrated poverty and how “neighborhood effects” are transmitted to individuals (i.e., how people are affected by their neighborhood environments). It then reviews research demonstrating how the operation of federal housing policy has contributed to concentrated poverty. Next, the report examines what is known about several types of housing policies that are used to reduce concentrations of poverty. These programs attempt either to disperse subsidized units or to disperse subsidized families. The report looks at decades of research that indicates the potential of these strategies to significantly disperse people of low income. It also examines the more recent record of efforts to redevelop public housing, create mixed-income communities, and provide for greater residential choice. This report constitutes the most wide-ranging review of the relevant policy issues available, and can serve as the basis for evaluating the implementation of the consent decree in *Hollman v. Cisneros*.

## PART ONE: CONCENTRATION OF POVERTY

Publication of William Julius Wilson's (1987) *The Truly Disadvantaged* triggered more than a decade of scholarly and policy discourse about the dynamics of poverty in urban America. Wilson documented the extreme living conditions of the urban underclass, and argued that their systematic marginalization from mainstream social, economic, and political life produced an adaptive set of behavior norms. Wilson's work generated three streams of inquiry (Jargowsky 1996): some argued with Wilson about what factors caused concentrated poverty, others expanded on his research to document the scope of concentrated poverty nationwide, and still others examined the consequences associated with extreme and concentrated poverty. Much of this report and those to follow focus on a fourth variant of Wilson's work: the policy implications of concentrated poverty and the politics associated with those policies (Goetz 2000a).

The concentration of poverty has taken center stage in American urban policy during the past decade. Fighting concentrated poverty was the organizing framework of federal housing and community development policy during the 1990s. Former U.S. Department of Housing and Urban Development (HUD) secretary Henry Cisneros was especially vocal about the problem during his term in office from 1992 to 1996, saying "one of the greatest challenges to America's urban future is the persistent concentration and isolation of poor people and minorities in the central cities of our great metropolitan areas" (Cisneros 1995, 4). One policy analyst suggests that concentrated poverty is "the principal problem in American domestic life—a problem that poisons not just race relations but also our attitudes toward education, law enforcement, and city life itself" (Lemann 1991, 35, cited in Polikoff 1997).

The empirical investigations about the extent of the problem and its implications have taken on great public importance. Danziger and Gottschalk (1987) operationalized concentrated poverty as neighborhoods (or census tracts) in which more than 40% of the population was below the poverty level. Jargowsky and Bane (1991) validated that threshold with field observations in several cities. An alternative method of measuring the scope of concentrated poverty has been to measure the behavioral patterns associated with the underclass (Ricketts and Sawhill 1988).

Studies show that while concentrated poverty census tracts were rare in American cities in 1970, they were much more prevalent in 1980, and by 1990 they were ubiquitous (Danziger and Gottschalk 1987; Jargowsky 1996). From 1970 to 1990, the number of pock-

ets of high poverty more than doubled, and the number of persons living in neighborhoods of concentrated poverty increased from 4.1 million to 8 million (Jargowsky 1996). Concentrated poverty is most severe in the midwestern and northeastern regions of the country, and members of minority groups are far more likely to live in high-poverty neighborhoods than are Whites (Jargowsky 1996; Schill 1991).

There is, however, some debate as to whether the focus on concentrated poverty distorts the picture of poverty in America, as well as the picture of urban poverty. Jargowsky, using the 40% below poverty threshold for defining “high-poverty areas,” suggests that about 8 million people live in these neighborhoods. Yet, as Ellwood (1988) points out, and as Jargowsky acknowledges, most poor people do not live in neighborhoods of concentrated poverty. In the 1980s, less than 10% of the nation’s poor lived in such neighborhoods within urban areas. Furthermore, the common perception of these communities underestimates, according to Jargowsky (1996), the economic and social diversity that exists within areas of concentrated poverty.

In any case, concerns about concentrated poverty had become the organizing concept for American urban policy at the end of the century. Federal housing and community development policy has come under significant scrutiny for its role in creating concentrated poverty.

## CAUSES OF CONCENTRATED POVERTY

Explanations of the causes of concentrated poverty are beginning to converge on an understanding that stresses the importance of local contextual factors and the variability of the process across metropolitan areas. This has transformed the earlier debate that pitted several different explanations against each other. Wilson (1987), for example, argued that macroeconomic changes in the U.S. economy have adversely affected minority central-city residents. Higher concentrations of urban poverty, according to this view, are the result of global economic changes that have restructured local economies and eliminated employment and income sources for many low- and moderate-income people. A second part of the Wilsonian explanation identifies the exodus of the Black middle class from central-city neighborhoods following enactment of the Fair Housing Act of 1968 and the limited opening up of suburban areas to African American families (Schill 1991; see also Jargowsky 1996).

In a similar argument, the “spatial mismatch” hypothesis suggests that lower income populations are trapped in economically obsolete inner cities away from the dynamic growth centers of the economy that are now increasingly located in suburban and non-metropolitan areas (Hughes 1989; Kain 1968; Kasarda 1989; Ihlandfeldt and Sjoquist 1998). The growth of the urban underclass is tied, in this explanation, to the shift in the industrial economy during the 1970s to a high-skill, technology-oriented economy whose

job base is increasingly located in suburban areas. Job requirements with respect to both skill and education increased, and the suburban location of job growth made many of the new jobs physically inaccessible to low-income persons. As a result, residential location explains a large percentage of metropolitan White-Black employment rate differences, according to Stoll (1999).

Yet, as noted earlier, many analyses have shown that concentrated poverty is disproportionately experienced by people of color (Jargowsky 1996; Jargowsky and Bane 1991; Kasarda 1989; Mincy 1988). Thus, explanations of concentrated poverty must take into account the racial character of urban ghettos and the legacy of housing discrimination and segregation that created them (see, for example, Bullard and Lee 1994; Massey and Denton 1993; and Massey and Eggers 1990). Recent studies suggest there is evidence of continued racial discrimination in employment, particularly in the suburbs (Stoll 1999). Arguments about the declining significance or occurrence of racial discrimination in housing are simply not supported by the data (Yinger 1998). The actions of professionals in the real estate field, and those of “gatekeepers” within communities (Desena 1994), continue to limit geographic choice among minority groups. Intentional segregation and discrimination in the siting of public and assisted housing has also been identified as a contributor (Massey and Kanaiaupuni 1993; Holloway et al. 1998; Carter et al. 1998).

Arguments about the relative roles of structural economic changes, segregation, and public housing complement earlier ones that emphasized a slightly different set of impediments to economic and racial integration. These arguments also focused on the systematic private and public disinvestment from central-city areas in favor of outlying areas and smaller metropolitan areas, the exclusionary housing and zoning policies of suburban communities, and other government programs such as the Federal Housing Administration (FHA) (Jackson 1985; Judd 1999). Even tax incentives built into the capital gains tax that defer payments for those who sell their homes and purchase others of equal and greater value had the effect of spreading wealthier families outward from the central city (Bier and Maric 1994).

More recently, analysts have explored the relationship between governmental fragmentation and segregation by income and race. Rusk (1999), for example, suggests that the ability of central cities to annex territory and thus capture the benefits of regional growth is a strong predictor of the level of racial segregation and concentrated poverty across metropolitan areas. Furthermore, the high level of government fragmentation encourages the kind of metropolitan development that reinforces economic segregation. Sprawling metropolitan areas, according to Rusk (1999), generally work to keep poverty in central areas and allow the continued and heightened degree of economic polarization in metropolitan areas. Downs (1999), on the other hand, reports that quantitative analysis does not link sprawl with concentrated poverty.

The most recent analyses synthesize these different perspectives into an explanation of concentrated poverty that stresses the variability of the phenomenon and the complementary effects of multiple factors. Jargowsky's relatively early (1996) observation that there are regional variations in the degree and timing of concentrated poverty suggests that causes may vary across regions and cities as well. Holloway et al. (1999) and Cooke (1999), for example, argue that concentrated poverty is the result of both distributional forces (forces that spatially redistribute population within a region, such as racial and class-based residential segregation and middle-class out-migration), and rate factors that affect the aggregate amount of wealth and income in a region (such as industrial mix and regional business cycle characteristics).

In their study of metropolitan Columbus, Ohio, Holloway et al. (1999) find that metropolitan-level economic trends increased the exposure to neighborhood poverty among poor Blacks. At the same time, they note that the poor, on the whole, made integrative moves that actually worked to reduce concentrations of poverty. It was the spatial redistribution of the nonpoor, and their tendency to further segregate themselves from the lower income households, that increased neighborhood poverty rates in that metropolitan area.

Cooke's (1999) national cluster analysis of high-poverty census tracts strongly suggests that the causes of concentrated poverty "depend on the regional and local geographic context" (564). Cooke's analysis reveals four major clusters of poverty tracts that represent different processes producing concentrated poverty. The first cluster, the most common of the four, is associated with rates of income segregation and economic growth within metropolitan areas. There is no particular regional focus in this first cluster. Cities in which this process was most prevalent include Spokane, Washington; Erie, Pennsylvania; Amarillo, Texas; Denver, Colorado; and Peoria, Illinois. The second cluster describes neighborhoods in immigrant gateway cities with mixed-race ethnic/immigrant enclaves. These cities include New York, Los Angeles, and Miami, as well as El Paso, San Antonio, Brownsville, and Laredo, Texas. The third cluster of census tracts is associated with high rates of racial segregation that confine poorer minority groups to the most disadvantaged neighborhoods. Cities most characterized by this type of concentrated poverty tend to be mid-sized southern cities, including Atlanta, Georgia; Jackson, Mississippi; St. Louis, Missouri; Montgomery, Alabama; Shreveport, Louisiana; Memphis, Tennessee; New Orleans, Louisiana; and Baltimore, Maryland. The final cluster of high-poverty neighborhoods occurs in older, segregated, industrial cities that suffered job loss as a result of economic restructuring, and deindustrialization. Cities characterized by this type of concentrated poverty include Chicago, Philadelphia, Milwaukee, and Cleveland.

Finally, there is a school of thought that places the blame for concentrated poverty on the personal characteristics of the poor who live in these communities, and the role of



public policies in creating dependency and exacerbating the problems of urban poverty (Mead 1986; Mead 1992; Murray 1984; Banfield 1970).

The focus of the following examination, however, is on the evidence that points to the role of subsidized housing in creating and maintaining patterns of concentrated poverty in American urban areas.

## SUBSIDIZED HOUSING AND ITS IMPACT ON CONCENTRATED POVERTY

Several analyses across a number of decades have made the connection between the location of public housing and high levels of racial segregation and concentrated poverty (see Taeuber and Taeuber 1965; Hirsch 1996; Bauman 1987; Massey and Kanaiaupuni 1993; Holloway et al. 1998; Goering, Kamely, and Richardson 1997; and Carter et al. 1998). Public housing has been referred to as “vertical ghettos,” and has been implicated in the growth of the urban underclass (Hirsch 1996). Schill (1991), Schill and Wachter (1995), and Turner (1998) claim that the overconcentration of public and subsidized housing has had measurable negative impacts on urban neighborhoods and has hastened neighborhood decline and disinvestment.

### How Public and Subsidized Housing Came to Be Concentrated

There are two features of the federal public housing program that led to public housing units becoming concentrated in central-city neighborhoods. The first is the marriage of public housing with slum clearance in the 1949 Housing Act, and the second is the high degree of local autonomy in the program.

#### *Slum Clearance*

From its inception, the shaky political strength of the public housing program has been well noted (see, for example, Keith 1973; Gelfand 1975; Weiss 1985; Friedman 1968). From the beginning of congressional consideration of public housing in the 1930s, and even more so before enactment of the 1949 Housing Act, public housing had been tied to slum clearance (Weiss 1985). One of the chief justifications for engaging in public housing has always been its role in clearing previous slums. Hirsch (1996) argues that this coupling of public housing and slum clearance ensured that the housing would be built in areas already characterized by high-poverty and high-minority concentrations, leading to the creation of what he calls a “federally sponsored second ghetto.”

Slum clearance meant that public housing was located in central cities, not in outlying areas. It meant that public housing was built in the most troubled neighborhoods. It also meant that public housing tended to be built on relatively expensive land near the urban

core rather than in less expensive outlying and undeveloped areas. This was one of the contributing factors that led to the practice of building at higher densities to economize on land (Schill and Wachter 1995).

The public housing program, in its original form, also incorporated a clause calling for the “equivalent elimination” of dilapidated housing. That is, for every unit of public housing created, one unit of dilapidated housing was to be demolished. This, too, focused public housing development toward central cities and slum clearance (Schill and Wachter 1995).

### *Local Authority and Site Selection*

The 1935 federal district court decision in *U.S. v. Certain Lands in the City of Louisville* held that the federal government could not use the powers of eminent domain to clear slums to build public housing. State courts, on the other hand, were not so limiting, and local authorities were allowed to combine eminent domain with public housing construction (Fisher 1959). The federal government chose not to appeal the Louisville decision and thus accepted the limitations imposed by the ruling. Congress went on to incorporate the idea of local authority into the public housing program (Schill and Wachter 1995). As a result, public housing would not be owned and operated by the federal government, but rather by local public housing authorities created by states and localities, and to a large extent, under the control of these local legislative bodies.

The public housing program incorporated a strict policy of local control based on two mechanisms. First, there were various controls over participation in the program. Jurisdictions that wanted to participate in the program had to take highly public and positive steps before any units could be built. Localities had to create a local public housing authority (PHA) to receive the federal funds to construct, manage, and operate the public housing units. In addition, a “cooperating agreement” between the PHA and the local government was necessary before units could be built. In some places, state law required special referenda before a PHA could be established. Second, once a locality had taken the steps to become a participant in the program, local governments had absolute control over the siting of public housing units. This ensured that low-rent public housing would be located only in those neighborhoods approved for it by local politicians.

Because public housing was the federal government’s only housing assistance program targeted to low-income families for 20 years between 1939 and 1959, this policy of local veto power over subsidized housing easily came to be regarded as a matter of right for local officials, and one that could naturally be extended (and often was) to other forms of subsidized housing and low-cost housing more generally.

The 1954 amendments to the 1949 Housing Act strengthened local control by requiring that local governments file a “workable program” to receive redevelopment or public housing funds, adding yet another step to the process of program participation. Even the public housing innovations of the 1960s (turnkey and privatization) did nothing to change

the fundamental condition of local autonomy. Local autonomy also provided the opportunity to opt out of subsidized housing programs altogether, an option chosen by many suburban areas.

Most suburbs simply avoided public housing by never creating local housing authorities (McDonnell 1997). In states where the enabling legislation allowed housing authorities to cross jurisdictional boundaries and operate in a neighboring community not served by an authority, PHAs were created to do nothing in order to avoid unwanted public housing. For example, DuPage County, Illinois, established a PHA in 1942 that went more than 30 years before building a single unit, and the Fulton County (Georgia) Housing Authority was created to prevent the Atlanta Housing Authority from developing public housing units in unincorporated parts of the county (Danielson 1976).

There is even some evidence that local officials in charge of the program contributed to the spatial bias of the program. In Cuyahoga County, Ohio, the PHA built all of its units in Cleveland, and for 25 years did not build a single unit of public housing in any of the 66 suburban municipalities (Rabin 1987). A 1967 survey by Hartman and Carr (1969) of local PHA board members in cities across the nation found that 42% of the respondents disagreed with the contention that tenant assignment should promote racial integration.

That local politicians from the 1940s through the 1970s were responsible for decisions related to the placement of public housing virtually ensured that the housing would be constructed in high-poverty and high-minority neighborhoods. Decisions over the placement of public housing in many cities were made “to keep the Negroes where they were and so prevented the deterioration of property values and the other undesirable effects which were said to come from the movement of Negroes into outlying white areas” (Meyerson and Banfield 1955, 210).

Most public housing units (nearly 700,000) were built before the civil rights laws of the 1960s. Thus, antidiscrimination as a principal of public policy, and desegregation as an objective, did not exist when the original public housing projects were built. These units were built to conform to local patterns of segregated residential living.

In this respect, local authority and the slum clearance objective were complementary. In Chicago, for example, the city council decided to build public housing on slum sites before tearing down the slums in order to keep Blacks in their neighborhoods while the redevelopment was being carried out (Meyerson and Banfield 1955).

Thus, projects containing Blacks were built in or near existing Black neighborhoods, reinforcing existing segregation according to Goldstein and Yancey (1986; see also Meyerson and Banfield 1955; Rossi and Dentler 1961; Bickford and Massey 1991). During this time, almost 100% of potential project sites in White neighborhoods in Chicago were vetoed compared with 10% of potential sites in non-White neighborhoods (Tein 1992). From the mid-1950s until the mid-1960s, the mayor, city council, and Chicago Housing Authority (CHA) pursued a public housing siting protocol that guaranteed the location of

all new CHA developments in exclusively Black or racially changing areas (Bennett and Reed 1999). During the early years of the program, public housing was run according to the “neighborhood composition” rule, which stated that the residents of the public housing must mirror the ethnic distribution of the surrounding neighborhood. This was another way of ensuring that public housing, far from encouraging segregation, actually served the purpose of continued segregation.

The Housing Act of 1968 modified the local veto power over low-cost housing that had prevailed until then. The Section 235 and 236 programs created in 1968 required only a nonprofit or limited dividend partnership to secure construction funds from the federal government. These programs ended 30 years during which the principle of local autonomy established by the public housing program provided “the most widely employed and effective suburban defense against subsidized housing” (Danielson 1976, 93).

### *Tenant Selection*

The income qualifications for public housing have also worked to concentrate poverty. Over time, Congress has enacted selection criteria that have targeted the most disadvantaged among the poor. This has led to lower income residents, as well as residents with more social problems and economic obstacles, and has in turn generated selective migration into the projects themselves and the neighborhoods that contain them (Massey and Kanaiaupuni 1993; see also Spence 1993; Schill and Wachter 1995). For example, income limitations grew more stringent in 1949 with the requirement that PHAs establish income ceilings and force those whose incomes exceeded these levels to move out. The legislation also mandated that PHAs give preference in admissions to those displaced by slum clearance (Schill and Wachter 1995). In 1979, Congress established preferences for families displaced or in substandard housing. Two years later, Congress mandated an income limit of 50% of the area median for most units. Homeless families were also given preferences to public housing during the 1980s, as were households paying more than 50% of their incomes on housing (Spence 1993). In 1974, slightly more than 1% of all households living in nonelderly developments earned less than 10% of the area’s median income; this proportion grew to more than 19% in 1991 (Schill and Wachter 1995).

## Spatial Concentration of Public and Assisted Housing

### *Concentration of Units in Central Cities*

The factors mentioned above have served to concentrate public housing—and to a lesser extent, other forms of subsidized housing—in the central cities of American urban areas. By the 1990s, more than 61% of all public housing units were in central cities, only 19% in suburban areas, and another 19% in non-metropolitan areas.

One study of 10 metropolitan areas showed that public housing units exceeded the central city's share of income-eligible residents by 20 or more percentage points in seven of the metropolitan areas (Gray and Tursky 1986). In Yonkers, New York, for example, most of the city's 13,000 units of public housing are located in the southwest quadrant of the city. In addition, over 95% of the city's other subsidized units are located in or adjacent to that same southwest corner (Briggs 1998). A study of Philadelphia's public housing showed that its public housing projects were located near the core in areas of low-housing value, and were not accessible to industrial job opportunities (Goldstein and Yancey 1986).

Other forms of subsidized housing, such as the Section 236, Section 221(d)(3), and project-based Section 8, are less spatially concentrated than public housing (Gray and Tursky 1986), but they nevertheless show evidence of strong spatial concentration. Nationally, only 47% of privately owned subsidized housing is located in central cities, 33% in suburbs, and 20% in non-metropolitan areas (Newman and Schnare 1997). In Chicago, census tracts that had any public housing averaged 345 units of public housing, compared to an average of only 129 project-based Section 8 units in census tracts where they were located (Warren 1986). This is a pattern repeated for other cities.

Although more units of subsidized housing have been built outside of central cities in recent decades, the patterns of concentration have not changed dramatically. According to Schill and Wachter (1995), 1.1 million of the 3.5 million federally subsidized units for low- to very low income families were built in the suburbs. However, most of those have been built in close-in suburbs and were located in low-income areas. Burchell et al. (1994) suggest an estimate of only 250,000 low-income housing units being built in middle- or upper-income suburbs between 1973 and 1993. These units are typically reserved for existing suburban residents or the elderly (Polikoff 1997, 66).

The tenant-based Section 8 program is the least concentrated of federal housing assistance programs. As this program has grown over time and become a larger share of all subsidized housing, the overall concentration of subsidized housing has diminished. Nevertheless, even these tenant-based Section 8 subsidies, clearly the most mobile form of housing assistance, are overrepresented compared to need in most central cities (Gray and Tursky 1986).

### *Concentration by Racial Makeup of Neighborhoods*

As described above, local siting decisions allowed public housing to be placed in areas that reinforced local patterns of racial segregation. In Chicago, more than 99% of the public housing units in the city were placed in areas that were more than 50% Black (HUD 1994; Massey and Kanaiaupuni 1993).

In Philadelphia, public housing was built in areas that were becoming Black, and the introduction of public housing did not much affect the trajectory of these neighborhoods (Goldstein and Yancey 1986). In fact, according to Bauman (1987), "all of the projects

planned and built [in Philadelphia] from 1956 to 1967 were sited in ghetto or ‘transitional’ neighborhoods” (169).

Public housing is much more likely to be located in racially concentrated areas than other forms of subsidized housing. In Washington, D.C., Black census tracts have more than 6.2 times the average number of subsidized units, with project-based units being more racially skewed than tenant-based forms of assistance. Black tracts have 15 times more public housing units and 8 times more project-based units of all types compared to White tracts. However, tracts that are predominantly Black have only 3.4 times as many certificates and 2.1 times the vouchers that White tracts have (Hartung and Henig 1997).

Thirty-seven percent of public housing in the United States is located in neighborhoods with more than 80% minority households, compared to only 21% in low-minority neighborhoods (defined as neighborhoods with less than 10% minority residents; see Table 1). Privately owned subsidized housing and tenant-based subsidies are significantly less likely to be located in high-minority communities than is public housing (10% of tenant-based subsidies and 15% of privately subsidized housing are in neighborhoods with more than 80% minority residents, and 42% of private developments and 44% of tenant-based subsidies are in neighborhoods with fewer than 10% minorities; see Newman and Schnare 1997; Warren 1987; and Gray and Tursky 1986).

### *Concentration by Neighborhood Income*

Despite the strong patterns of concentration by race, the evidence suggests that subsidized housing is most highly concentrated in low-income neighborhoods (Hartung and Henig 1997). As with race, public housing is the most highly concentrated form of subsidized housing.

Table 1. Distribution of Federally Subsidized Housing by Neighborhood Minority Status

	Public housing	Privately owned, publicly subsidized	Tenant-based subsidies
Low-minority neighborhood (<10% minority residents)	21%	42%	44%
High-minority neighborhood (>80% minority residents)	37%	15%	10%

Source: Adapted from Newman and Schnare (1997).

Table 2. Distribution of Federally Subsidized Housing by Neighborhood Poverty Level

Poverty rate	Public housing	Privately owned	Tenant-based
<10%	7.5	27.4	27.5
10–29%	38.9	50.7	57.8
30–39%	17.1	11.5	9.5
>40%	36.5	10.4	5.3

Source: Adapted from Newman and Schnare (1997).

Note: Figures are column percentages.

Nationally, 53.6% of public housing is located in census tracts in which more than 30% of the population lives below the poverty level, while only 7.5% is located in low-poverty neighborhoods (less than 10% of the population lives below the poverty level; see Table 2). In contrast, only 21.9% of privately owned, publicly subsidized units and 14.8% of tenant-based forms of assistance are in high-poverty neighborhoods (Newman and Schnare 1997; Turner 1998).

Similarly, 26% of public housing is in very low income neighborhoods (census tracts with median income below \$10,000), compared to only 2.3% of certificates and vouchers. At the other end of the scale, only 9% of public housing is located in neighborhoods with median incomes of more than \$30,000, compared to 27% of privately owned subsidized housing and 26% of certificates and vouchers (Newman and Schnare 1997).

A study of the Washington, D.C., metropolitan area shows that low-income census tracts have about 165 times as dense a concentration of public housing as was found in 81 tracts with median incomes greater than \$75,000 (Hartung and Henig 1997). The overall concentration of public housing in the region was 28 times greater in low-income tracts compared to very high income tracts. Certificates were 17 times more dense in low-income tracts and vouchers 21 times more dense (Hartung and Henig 1997).

In Chicago, Massey and Kanaiaupuni (1993) found that in 1970, the amount of public housing a neighborhood had was highly correlated with its poverty rate (see also Holloway et al. 1998 for evidence from Columbus, Ohio). Neighborhoods with more public housing also saw greater out-migration during the 1970s (Massey and Kanaiaupuni 1993).

Warren's (1987) study of subsidized housing in Baltimore and Chicago showed the same changes occurring over time in the two cities. Public housing is highly concentrated in both cities, although the implementation of the Section 8 program contributed to a steady decrease in the overall segregation of federally subsidized housing in the two cities. In Baltimore, unlike in Chicago, the new public housing units added during the 1970s also decreased the concentration greatly.

### *Concentration of Subsidized Housing by Neighborhood Housing Stock Characteristics*

Public housing is also more likely to be located in neighborhoods with other assisted units. Only 24% of public housing units are located in neighborhoods in which less than 10% of the units are assisted, compared to 41% of privately owned subsidized units, and 80% of tenant-based subsidies. At the other end of the spectrum, 29% of public housing is in neighborhoods where more than half of all units are subsidized, compared to only 12% of privately owned subsidized units, and just 1% of tenant-based subsidies (Newman and Schnare 1997).

### *Segregation within Public and Subsidized Housing*

Finally, there is a high level of segregation by race within public housing projects (Hirsch 1996; Bauman 1987). A study by Bickford and Massey (1991) indicates that African Americans generally predominate in family projects, comprising 58% of all households in this category, and segregation within subsidized housing is greatest among authority-owned family projects compared to elderly projects or privately owned projects. Slightly more than one-fifth (22%) of all local public housing authorities were judged in this study to be “highly segregated,” while another 45% were moderately segregated. A more recent analysis of public housing data shows a decline in segregation since the 1970s (Goering, Kamely, and Richardson 1997).

This pattern of segregation within public housing varies considerably across metropolitan areas. Segregation within public housing is generally greater in the larger metropolitan areas of the country, and in areas that have experienced a rapid growth in the Black population (Bickford and Massey 1991).

Table 3 describes the degree of segregation within public housing. The left-hand column of numbers represents the project and neighborhood characteristics of the typical African American family in public housing; the right-hand column describes those same conditions for the typical white family in public housing. The typical African American public housing resident lives in a project in which 85% of residents are also African American. The typical white public housing resident, on the other hand, lives in a project in which only 27% of the residents are black and 60% are white. These differences carry over to the neighborhoods in which the projects are located. As the table shows, the average African American resident lives in a neighborhood that is 68% Black; the average White public housing resident resides in a neighborhood that is 78% White.

### *Effects of Concentrated Public Housing*

There are six published studies that directly measure the impact of concentrated public housing on the racial and poverty characteristics of communities. The preponderance of evidence suggests that concentrated public housing does result in socioeconomic changes in neighborhoods. The effects occur in two ways, one direct and the other indirect (Holloway



Table 3. Project and Neighborhood Characteristics for the Average African American and Average White Resident of Public Housing, 1993

	African American	White
<b>Characteristics of the public housing project:</b>		
Pct. African American	85	27
Pct. White	8	60
Pct. residents who are employed	25	27
Pct. single female-headed household	53	47
Pct. below poverty	80	74
<b>Characteristics of the neighborhood in which the project is located:</b>		
Pct. African American	68	15
Pct. White	25	78
Pct. residents who are employed	81	89
Pct. below poverty	47	26

Source: Adapted from Goering, Kamely, and Richardson (1997).

Note: Figures are column percentages.

et al. 1998). First, as already described, the families that reside in public housing are among the poorest in society. To the extent that many units of public housing are concentrated in a single neighborhood, the very fact of the overwhelming poverty of these residents results in a concentration of poverty. An example of this is the four-block area of Chicago's South Side that includes the Robert Taylor Homes. In 1980, this community was the poorest in the entire country due to the high number of units in the project and the low incomes of those residents.

The indirect effect of public housing concentration stems from its impact on the local housing market and the ways in which it can depress demand for housing in a neighborhood, producing an out-migration of the nonpoor (Holloway et al. 1998; Massey and Kanaiaupuni 1993).

Previous studies have found evidence for both the direct and indirect effects. In a study of Chicago public housing, Massey and Kanaiaupuni (1993) found that public housing in Chicago was built in predominantly Black neighborhoods, and that the existence of public housing in census tracts was related to the subsequent growth of poverty in those neighborhoods. The concentration of poverty was higher even in census tracts with public housing nearby. The 1980 poverty rate increased 11 percentage points when a housing project was located in that tract. Massey and Kanaiaupuni (1993) also found that public housing led to out-migration of higher income households from those neighborhoods.

In a similar analysis of Columbus, Ohio, Holloway et al. (1998) also found support for both the direct and indirect effects of public housing on neighborhood status. Interestingly, these authors found that concentrations of public housing have different impacts on White and Black populations. In tracts that had public housing in 1980, White poverty increased by more than 12 percentage points, while Black poverty rates jumped more than 16 percentage points. For Blacks, public housing has the effect of concentrating the groups most vulnerable to economic dislocation. For both races, housing market changes also contribute to concentrated poverty in public housing neighborhoods. More recent efforts to disperse public housing have avoided concentration effects. Holloway et al. (1998) found that dispersed public housing built in tracts that did not contain public housing in 1980 was not associated with an increase in poverty levels for Blacks.

A study of Yonkers, New York, shows only a slight impact of public housing on subsequent changes in racial composition of census tracts. Units built before 1970 concentrated minority residents directly because most of the units were inhabited by minorities. After 1970, public housing had a more indirect effect on racial change in neighborhoods by altering the mobility decisions of White residents (Galster and Keeney 1993, 179).

Evidence presented by Schill and Wachter (1995) in a study of Philadelphia confirms that the existence of public housing in a neighborhood contributes substantially to concentrated inner-city poverty. Increased levels of public housing in a neighborhood have a dramatic effect on neighborhood poverty. The average neighborhood with no public housing units had a 13% poverty rate. Neighborhoods that had just the average proportion of public housing had poverty rates that averaged 31.8%.

The one analysis that does not support the causal link between the siting of public housing and subsequent concentration of poverty is Goldstein and Yancey's (1986) study of Philadelphia. They found that public housing in that city was built in neighborhoods that were already becoming predominantly Black and lower income, and that the introduction of public housing did not alter the trajectory of those neighborhoods significantly.

## WHY NEIGHBORHOODS MATTER

How is it that neighborhoods affect the social and economic outcomes of their residents? How are neighborhood effects transmitted to individuals? According to Ellen and Turner (1997), previous studies have highlighted six different ways such effects occur (see also Jencks and Mayer 1990). The first is through the differential quality of services made available to people in different neighborhoods. The most important services in this respect include public schools, after-school programs, childcare and daycare centers, and medical care. When the quality and amount of these programs is reduced for residents of some neighborhoods, their ability to work and compete in the labor market can be seriously impaired.

The second means by which neighborhood matters for individual outcomes is through the socialization of young people by adults. Wilson (1996) argues, for example, that growing up around few working adults means that children may end up underestimating or undervaluing the human capital return on education, and may learn less about developing the personal habits necessary to succeed in the workforce.

Third, neighborhood effects can be transmitted through peer influence. This is essentially the “contagion theory” of neighborhood effects, or the importance of “the company you keep” (Case and Katz 1991). These influences are generally greatest in adolescent years and can be positive or negative. Neighborhoods in which dropout rates, teen pregnancy rates, or drug usage are high, for example, produce a different set of peer influences than neighborhoods in which these events are more rare.

The fourth means by which neighborhood effects are transmitted is through social networks. The composition of social networks determines the degree of social capital to which one has access. If one’s network contains few people with decent employment, then one will be less likely to hear of good job opportunities, and be less likely to have an employed person personally recommend one for a job. The density of personal networks is also important. If one’s network is extremely dense, then information about outside opportunities can be redundant and less extensive than that received from looser networks.

The fifth dynamic at work in neighborhoods is exposure to crime and violence. People living in areas of high crime have a higher risk of victimization and can become more isolated through fear, thus reducing the size of their social networks. In addition, the desensitizing nature of exposure to violent crime can alter a person’s perspective on the world, and can lead to acceptance of norms of violence and criminality.

The last means discussed by Ellen and Turner (1997) is the sheer physical distance from employment and educational opportunities for people living in neighborhoods undergoing economic disinvestment. This is an adaptation of the spatial mismatch hypothesis, which suggests that the opportunity to take advantage of social and economic opportunities can be constrained by one’s distance from the location of those opportunities.

The form these neighborhood effects take has also been the subject of research. Galster and Zobel (1998), for example, suggest that the relationship between neighborhood conditions and individual effects might be nonlinear; that is, conditions might need to reach some threshold before effects are felt at the individual level. In addition, these authors argue that although direct family effects are stronger than neighborhood effects, neighborhood effects are greatest in families with the fewest resources.

Ellen and Turner (1997) argue that neighborhood effects vary across the lifecycle. Neighborhood effects on infants and toddlers are manifest indirectly through parents. Several studies suggest that the degree of social and institutional supports available to parents can have a significant impact on the development of young children (Coulton 1996; Furstenberg 1993; Ellen and Turner 1997). Other studies show that neighborhood effects

are strong for low-birth-weight infants in their first year (Brooks-Gunn et al. 1993; Duncan, Brooks-Gunn, and Klabanov 1994; Ellen and Turner 1997).

The effects of neighborhood on school-aged children and adolescents, however, are more direct. The strongest documented effect is on school achievement (Aaronsen 1997; Corcoran et al. 1989; Duncan 1994; Haveman and Wolfe 1994; Rosenbaum 1991; Jencks and Mayer 1990; Wells and Crain 1994; Datcher 1982; Crane 1991; and Ellen and Turner 1997). Brooks-Gunn et al. (1993) and Crane (1991) provide evidence that high school graduation rates, child cognitive development, and rates of teenage childbearing can be sensitive to neighborhood effects. The effects on young people go far beyond education, however. Evidence on the impact of neighborhood on employment for youth is mixed (see Ellen and Turner 1997), but evidence on sexual activity, crime, drug use, and church attendance are well documented (see, for example, Case and Katz, 1991; Crane 1991).

Studies of neighborhood effects on adults tend to focus on employment. The growth of low-skilled jobs on the fringe of urban areas disadvantages inner-city residents on the basis of spatial mismatch (Ihlandfeldt and Sjoquist 1998; Schill 1991; Stoll 1999), but also because of continuing racial discrimination in employment in suburban areas (Bendick, Jackson, and Reinoso 1994; Stoll 1999).

Finally, Pack (cited in Cisneros 1995) suggests that these increased social problems brought on by concentrated poverty in central-city neighborhoods leads to increased public costs. Her study of large American cities shows that those with high poverty levels have higher per capita expenditures for most municipal functions.

There is some research that shows benefits to lower income households through proximity to higher income neighbors. As with negative effects, benefits can be produced through social interaction with neighbors or through access to better neighborhood services and job opportunities. Aaronson (1997), Brooks-Gunn et al. (1993), and Duncan (1994) show that the presence of neighbors with incomes above \$30,000 has a significant positive impact on low-income youth. Contagion theory, socialization theory, and social capital theory suggest that benefits are produced when low-income people interact or share space with higher income people or people who are well-connected to the economy and labor force (Briggs 1997). Advocates for dispersal also identify numerous potential benefits including access to better jobs and schools, reduced fear of crime, greater housing satisfaction, and the benefits of diversity in neighborhoods (Burby and Rohe 1989; Downs 1973; Kain 1968; Rosenbaum 1991, 1995). Sampson (1999) argues that greater levels of social cohesion can reduce rates of violent crime. Wells and Crain (1994) show that African Americans who attended desegregated schools have more White friends, work in jobs with more White coworkers, and have higher wages than Blacks educated in segregated schools.

Dispersal is also seen as a response to spatial mismatch by placing lower income families closer to areas of job growth on the urban fringe. The argument goes that proximity to employment opportunities would improve information about potential job prospects, as well

as make commutes more possible (Schill 1991). On the other hand, this assumes that spatial mismatch is the only obstacle to employment for low-income persons, and that dispersal could be ineffective in situations where discrimination is prevalent (Schill 1991). Indeed, as Stoll (1999) argues, many fear that even if young, lower income, minority men could access entry level jobs in the suburbs, they would still face racial discrimination in the job market.



## PART TWO: POLICY RESPONSES

This section of the report focuses on public policies related to housing and the housing mobility of lower income families. The policy response to concentrated poverty has been led by the U.S. Department of Housing and Urban Development (HUD). President Clinton's first secretary of HUD, Henry Cisneros, identified "highly concentrated minority poverty [as] urban America's toughest challenge" (HUD 1996, 1). In 1995, Cisneros toured the country and talked at each stop about the mistake in previous HUD policy of relying too heavily on high-rise public housing development (Hartung and Henig 1997), signaling a range of new HUD initiatives during the 1990s that focused on the dispersal of subsidized housing and subsidized families into communities with less poverty (see, for example, HUD 1994).

Political considerations have helped to foster HUD's interest in deconcentrating public and subsidized housing recipients. After the midterm election in 1994 gave control of both houses of Congress to the Republicans, HUD found itself in a precarious situation. With House Republicans publicly stating a desire to abolish the agency, Cisneros privately acknowledged the need for his agency "to quickly reposition itself rightward to survive" (Weisman 1996, 2517). The response was a plan to "reinvent" the agency, disavowing old supply-based housing strategies, and embracing policy options that had always been more favored by conservatives (Weisman 1996). This meant reducing support for subsidized housing development, and shifting to demand-based subsidies and block grants that gave local governments more discretion in their use of federal housing subsidies. These initiatives were outlined in the 1995 HUD Reinvention Blueprint, which called for the collapse of dozens of HUD programs into just three, most notably a conversion of public housing into an essentially privatized system relying entirely on tenant-based subsidies. One national observer called the blueprint "a sheer act of desperation" by an agency attempting to stave off its own elimination by a hostile Congress (Weisman 1996, 2517).

Regardless of the mix of motivations, federal housing policy during the 1990s has made a significant shift toward the use of tenant-based subsidies, the conversion of project-based assistance into a tenant-based form, and the deconcentration of publicly subsidized units out of central cities and neighborhoods of high poverty.

Dispersal programs typically, though not necessarily, are regional in scope. Given metropolitan-level patterns of subsidized housing described in part one of this report, true

dispersal of subsidized housing opportunities requires a metropolitan-wide approach, a reality recognized by the courts in their establishment of several regional programs around the country.

Dispersal programs do not necessarily require tenant-based subsidies. Some rely upon efforts to scatter subsidized units across a given area. Still, it is clear that tenant-based mobility programs are easier to administer than are project-based programs for a number of reasons. First, they are easier and quicker to start up, not requiring the lengthy process of land or building purchase and then construction. Second, because there is no need for building permits or zoning approval, there is less chance that household-based dispersal programs will encounter significant neighborhood resistance. Given the long tradition of opposition to subsidized housing by suburban communities (Danielson 1976), programs that can avoid high-profile public review are more likely to be implemented without resistance or controversy (or even to be implemented at all). This is a factor of major importance in designing dispersal programs. In fact, one of the major considerations in the implementation of the most well known dispersal program in the country, the Gautreaux program in Chicago, is to minimize neighborhood resistance by keeping the program “under the radar” of most local politicians and neighborhood groups.

## DISPERSAL APPROACHES

There are a number of specific approaches to initiating a regional dispersal program dealing with concentrated poverty. The direct methods are through the initiation of a household-based mobility program, or through unit-based fair-share or scattered-site programs. These are the programs that this review will focus on. It is worth noting, however, that there are several other, more indirect ways of reducing concentrations of poverty. Bollens (1997) lists several of these, including the vigorous implementation of existing fair housing laws to prevent residential discrimination and segregation,<sup>2</sup> limiting regional suburban sprawl that has the effect of increasing regional income segregation, initiatives to balance job and housing development, regional impact analysis for new development, and regional fiscal sharing to attack the fiscal reasons behind segregation. To this list might be added transportation assistance (HUD 1994), and the reduction of zoning and land-use regulations that present obstacles to the development of affordable housing (Schill 1991).

Dispersal programs are generally contrasted with place-based strategies of community development that attempt to bring jobs and opportunities to disadvantaged neighborhoods. Dispersal approaches have gained ascendancy as a growing number of policy analysts from both the left and the right have come to regard community development efforts as extremely limited at best or outright failures at worst (see Lemann 1994; Murray 1984; Orfield 1997; Rusk 1999). By way of synthesis, some argue that effective dispersal programs can be the prelude to effective place-based efforts. As Schill (1991) argues, if poverty and

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<sup>2</sup> For example, HUD regards its antihousing discrimination efforts as part of its larger mobility agenda (HUD 1994).



racial concentration are reduced in central-city neighborhoods through dispersal, economic development and residential revitalization might occur, attracting more jobs, more tax revenues, and greater levels of development to central neighborhoods.

One limitation on dispersal programs is the perceived risk to “receiving” communities. That is, suburban and outlying communities are not generally eager to receive very low income households, a concentration of which is believed to have negative effects on communities. Receiving communities quite naturally anticipate an increase in neighborhood stressors similar to those associated with concentrated poverty, including crime, delinquency, declining schools, and declining property values. In fact, it may be that the deconcentration of poverty argument is a singularly ineffective way to justify dispersal because it provides receiving communities with the precise rationale for opposition (Goetz 2000a).

Galster and Zobel (1998) argue that the potential negative effects of dispersal programs on receiving communities have been inadequately theorized and inadequately researched. They argue that there are several potential forms to the relationship between the introduction of poor households to a community and the social and economic well-being of that community. If the relationship is linear, then one neighborhood’s gain (in reducing its poverty rate) is another neighborhood’s loss. This, however, is unlikely to be the case; the addition of each new poor household is unlikely to add an equal increment of strain to the receiving community. One form of nonlinear relationship is one in which a gentle slope gives way to an ever-steeper one. In this scenario, the first few poor people in a receiving neighborhood have very little impact on the neighborhood, but at some point a threshold level is attained and the presence of additional poor people creates ever-larger detrimental effects. An opposite nonlinear pattern would posit a very large effect of the first few poor families in a neighborhood, with diminishing effects afterward. Finally, an S-shaped curve suggests that the first few and the last few poor households make little impact—that it is somewhere in the middle that the threshold lies and where neighborhood impacts occur. According to Galster and Zobel’s (1998) review of the studies of dispersal programs, nonlinearity of effects is rarely if ever considered.

The concentration of poverty argument suggests that the benefits of deconcentrating the poor are twofold. First, there is the reduction of social problems in previously concentrated neighborhoods. Second, there should be an improvement in the living conditions and life chances of the low-income families who have been dispersed.

Thus, there are three main research questions related to dispersal programs. First, what are the effects of dispersal on receiving communities? Second, what are the effects of deconcentration on the communities from which the poor are dispersed? Third, what are the impacts of these efforts on the individual families involved?

The rest of this report is a summary of decades of research on these questions. It begins by considering unit-based programs that focus on the development of affordable units, including scattered-site, fair-share, and mixed-income approaches. It then moves to a review

of the research related to household-based mobility programs, beginning with Section 8 and including Gautreaux, MTO, and the proliferation of local mobility programs around the country. Finally, it considers the experience to date of the HOPE VI program, which represents a hybrid of sorts between the unit-based approach and the mobility programs.

## UNIT-BASED PROGRAMS

Unit-based regional housing policies work by facilitating or causing the development of affordable housing units throughout a given region (as in either scattered-site or fair-share programs) or by introducing mixed-income housing within previously low-income neighborhoods. Scattered site typically refers to programs run by a single housing authority that attempt to disperse units within a single jurisdiction. Fair share typically refers to programs that are regional in nature and require the cooperation or participation of multiple jurisdictions to spread affordable and subsidized housing opportunities. Mixed-income approaches typically do not require regional cooperation or implementation. This review of dispersal programs begins by considering the evidence on these three approaches.

### Scattered-Site Programs

The term scattered site is applied most frequently to the public housing program and the practice of local public housing authorities (PHAs) purchasing and renting to public housing residents units that are located in single-family homes, duplexes, or small apartment buildings scattered throughout the local jurisdiction. Efforts to disperse public housing began as early as the 1950s (Hogan and Lengyel 1985; Chandler 1990), although the dominant practice was to continue with high-rise and large projects well into the 1960s. The Section 23 program, enacted in 1965, allowed PHAs to lease private homes on a scattered-site basis to public housing tenants.

Public housing authorities are restricted from buying or leasing properties outside their jurisdiction, so that most scattered-site programs involve dispersal within a jurisdiction. Furthermore, political opposition to public housing restricts the widespread application of principles of scattered-site housing (Polikoff 1997).

Scattered site also has a more generic meaning, referring to the practice of avoiding concentrations of publicly assisted housing, and moving away from the practice of developing large townhome or high-rise projects. For example, in *Shannon v. United States Department of Housing and Urban Development* (1970) the courts ruled that HUD and local PHAs could no longer locate subsidized housing only in non-White areas (Tein 1992). HUD responded with regulations adopted in 1972 that restricted new construction of subsidized housing in non-White areas except in cases where there were comparable opportunities for non-White families in White neighborhoods.

### *Implementation of Scattered-Site Programs*

Hartman and Carr (1969) found that less than one-fourth of the housing authorities they surveyed had initiated scattered-site programs by the end of the 1960s. The acceptance of the idea and the spread of scattered-site public housing increased during the late 1960s and early 1970s, a period of time in which the fair housing movement gained momentum and the first generation of HUD-sponsored regional approaches to housing emerged.

One of the impediments to widespread use of scattered-site programs is the fact that these units are more expensive to operate than other project-based programs. A study by the Office of Inspector General found that scattered-site projects in three cities were not cost effective because of the inefficiencies of providing maintenance and management services to small numbers of units across large areas. HUD showed that the costs of scattered site are as much as 30% more per unit compared to Section 8 certificates. Once the units are purchased, however, the ongoing costs of the program are less than the costs associated with Section 8 (studies cited in Varady and Preiser 1998).

The experience of scattered-site programs suggests that the residents of these units are systematically different from the overall public housing population. In at least two programs that have been studied, participants were shown to be different from the overall profile of public housing residents. In Cincinnati, scattered-site residents tended to have higher incomes and were more likely to be employed than residents of traditional public housing (Varady and Preiser 1998). This was the result of the tendency of the PHA to “reward” their working families with scattered-site housing and the ability of families with more resources to work the PHA system to their advantage (Varady and Preiser 1998). Galster and Keeney (1993) found that scattered-site residents in Yonkers, New York, were significantly different from other public housing residents; they were more racially diverse and economically independent.

### *Resident Experience*

Several studies have been done on scattered-site developments focusing on the experience of public housing residents. In a study of single-parent African Americans in Durham, North Carolina, residents of scattered-site units reported more residential satisfaction and less fear of crime than the comparison group (Burby and Rohe 1989). Scattered-site residents in Cincinnati did not report any greater levels of social isolation than the comparison group, although there was some evidence of isolation from employment opportunities (Varady and Preiser 1998). This latter finding, of course, is the opposite of what would be expected by the spatial mismatch theory. That theory suggests that low-income groups are more isolated from employment opportunities in disadvantaged central-city neighborhoods than they are in more dispersed locations. The Cincinnati findings, at least, contradict this expectation.

Two other studies show that residents of scattered-site public housing report high satisfaction with their housing (Hogan and Lengyel 1985; Lord and Rent 1985), although neither

study had a comparison group against which to judge the opinions of the scattered-site residents. Lord and Rent (1985) indicated that respondents mentioned the cleanliness of their new environment as producing greater satisfaction.

A study by Varady and Preiser (1998) of 340 households participating in Cincinnati's scattered-site program found that 75% reported they were satisfied or very satisfied with their housing, but there was no difference between the scattered-site households and those living in traditional public housing in the city. Scattered-site residents, however, did report significantly greater levels of neighborhood satisfaction and a reduction in fear of crime compared to the traditional public housing residents.

In Cleveland, Chandler (1990) found that 79% of the residents of scattered-site units rated their housing better than the traditional public housing they had had previously. This study did not incorporate a comparison group; rather, the author examined pre- and post-move attitudes. For example, 74% of former private housing residents also considered the scattered-site public housing an improvement over their former residences. Overall, the Cleveland participants moved from neighborhoods that were less well-off to neighborhoods with higher median incomes, median housing values, median rents, and ownership rates (Chandler 1990).

The Cleveland study also found that scattered-site residents reported improved school performance and interest in school among their children. As for the adults themselves, one-third became enrolled in training or education programs after moving, a small increase over the 28% who had enrolled in such programs prior to moving. Less than one-third reported that they felt their employment opportunities had improved compared to more than half who felt no change. There were no changes within the group in actual employment rates, hours of work, or wages of female heads of households (Polikoff 1997). The respondents reported lack of childcare, transportation, and skills as key barriers to employment after the move. Just fewer than one-fourth reported being the victims of racial harassment after their move. The Cleveland movers felt services were better in their new communities, with the notable exception of transportation (Chandler 1990).

These findings are in contrast to an early national study of 37 HUD-assisted developments (including 10 public housing projects) that found no relationship between satisfaction and project height, size, and density (HUD 1994). This study, however, was not an examination of scattered site per se, but looked at the impact of various project characteristics on resident attitudes.

### *Impact of Scattered Site on Receiving Communities*

Opponents of scattered-site public housing suggest a range of negative outcomes in neighborhoods that receive these units. Analysis of the impact of scattered-site housing has been pursued in two ways: by surveying the attitudes of residents in the receiving communities, and by measuring objective indicators (typically property values) to examine patterns of

change that could be attributed to the introduction of the scattered-site units. Briggs and Darden (1999) argue that ultimately, decisions by realtors, mortgage lenders, and others who do not reside in the target neighborhood are most critical in determining the effects of subsidized housing on a neighborhood. Typically, however, studies of scattered-site public housing have not incorporated analyses of these reactions.

### *Resident Perceptions*

If scattered-site public housing results in negative neighborhood outcomes, one would expect neighbors to notice these changes and to alter their feelings toward the neighborhood as a result. By these standards, the impact of scattered-site development on nearby residents seems minimal in most cases. A survey of 56 residents of market-rate units in Montgomery County, Maryland, found that 93% were either very satisfied or satisfied with their neighborhoods that included scattered-site public housing. Although there was no control group against which to compare these responses, the absolute percentage of those expressing satisfaction was very high (Innovative Housing Institute 1998). Briggs, Darden, and Aidala (1999) report no evidence that the introduction of scattered-site units in Yonkers has had substantial negative effects on psychological sense of community in receiving neighborhoods. It is probable that in many of these locations residents were unaware of the existence of scattered-site subsidized units in their neighborhoods (Chandler 1990).

### *Property Value Impacts*

Research on the impact of subsidized housing on nearby property values is mixed. Early studies indicated that subsidized housing had positive or undetectable impacts on the receiving neighborhoods (Babb, Pol, and Guy 1984; Baird 1980; DeSalvo 1974; Nourse 1963; Rabiega, Lin, and Robinson 1984; Saunders and Woodford 1979; Schafer 1972; Warren, Aduddell, and Tatalovich 1983). In more recent years, some studies have shown slight negative effects for public housing, and other forms of subsidized housing, while others have found no effect or slight positive impacts (see Galster, Tatian, and Smith 1999; Lee et al. 1999; Lyons and Loveridge 1993; Goetz, Lam, and Heitlinger 1996; Briggs, Darden, and Aidala 1999; and Cummings and Landis 1993). The evidence suggests that whatever effects occur, they are highly dependent upon the local context (Galster, Tatian, and Smith 1999; Briggs, Darden, and Aidala 1999; Freeman and Botein 2002).

Results of a study of Baltimore show that public housing developments exerted a modest negative impact on property values. Scattered-site public housing and units rented with Section 8 certificates and vouchers had slight negative impacts. Public housing homeowner-ship program units, FHA-assisted units, and Section 8 New Construction and Rehabilitation units had modest positive impacts. Low Income Housing Tax Credit sites had a slight negative impact (Galster, Tatian, and Smith 1999).

In Yonkers, where 200 units of scattered-site public housing were developed in projects of anywhere from 14 to 48 units each, overall proximity to the public housing was shown to

have no detectable price effect. The public housing units themselves tended to be sited in lower value areas within the new neighborhoods, a pattern seen in other studies (e.g., Innovative Housing Institute 1998). White homeowners living near scattered-site public housing were not particularly concerned about racial tipping, nor were they more likely to move than counterparts citywide (Briggs and Darden 1999).

A study of dispersed public housing in Denver found a positive impact on housing prices for properties within 500 feet of a scattered public housing site. In addition, the price increase “reversed a decline in house prices that existed in these areas prior to the presence” of the public housing (Santiago et al. 2001). The authors found that this effect was not universal, however. Dispersed public housing in predominantly African American neighborhoods actually had a negative effect on nearby house prices, suggesting that negative effects are most likely in more disadvantaged neighborhoods.

Despite the generally positive empirical evidence about the impacts of this housing, resistance to scattered-site housing is generally the norm, and dispersal has not proceeded without opposition. Opposition typically comes from middle-class communities fearing property value declines and increases in social problems (for example, in Denver in 1989 and Baltimore at the beginning of the Moving to Opportunity, or MTO, program, according to Galster, Tatian and Smith [1999]). Opposition in Yonkers precipitated millions of dollars in fines on the city when it defied the court-ordered scattered-site program. Those most opposed to scattered-site public housing were male homeowners who lived near the sites, held fairly conservative ideological views, and apparently subscribed to racial stereotypes (Briggs, Darden, and Aidala 1999). Not-in-my-backyard (NIMBY) attitudes against in-movers was based not only on race, but also on class (Briggs, Darden, and Aidala 1999). One key factor in neighborhood reaction is whether the units being introduced are scattered single-family homes or whether they are small complexes that are more identifiable (see Chandler 1990; Briggs 1997).

### *Yonkers*

The most notorious case of scattered-site housing is undoubtedly the Yonkers, New York, case. Yonkers is a first-ring suburb of New York City, located just north of the Bronx. Virtually all (97%) subsidized housing in the city is located in the southwest quadrant; “all of the city’s high-rise buildings are visible from a single street corner” (Briggs 1998, 190), and none of the city’s 27 family projects were located in the predominantly White eastern and northwestern sections of the city (Tein 1992). In 1980, the U.S. Department of Justice and NAACP filed suit against Yonkers, charging deliberate segregation of public housing and schools. In November 1985, a federal district court judge ruled for the plaintiffs in *United States v. City of Yonkers*, finding that the pattern of siting subsidized housing in Yonkers did, in fact, reinforce segregation (Briggs 1998; Galster and Keeney 1993).

The remedial order, issued six months after the ruling, required desegregation of public schools and the provision of subsidized housing in areas other than the southwest quadrant of the city. The desegregation of schools was achieved through busing and the creation of magnet schools. The desegregation of public housing was to be achieved through the development of 200 townhouse units to be built in the White, eastern neighborhoods of Yonkers (Tein 1992).

The city council, however, resisted the order to desegregate public housing. City council chambers were filled with White-led homeowner groups complaining about the potential negative effects of such desegregation on property values, crime, and “the social fabric” of their neighborhoods (Briggs 1998; see also Belkin 1999 for an extensive description of the events surrounding the Yonkers controversy). One city councilmember suggested that the court order would, in essence, erase the line between Yonkers and the Bronx (Abramsky 1998; Belkin 1999). The mayor, whose support of the desegregation plan ended his political career, received bullets in the mail because he refused to oppose the plan completely (Abramsky 1998; Belkin 1999).

As Briggs reports, the city spent more on attorney’s fees to stop the housing (more than \$20 million) than was spent building the housing. The judge who issued the order in the first place responded by imposing ever-increasing fines on the city until it complied. City officials gave in in September 1988 when it was clear that the accumulating fines would soon bankrupt the city (Briggs 1998).

Between 1990 and 1993, 200 public housing units, consisting of two- and three-bedroom townhouse units, were developed on seven different sites that ranged from 14 to 48 units. According to Briggs, the city council preferred fewer and larger sites so that fewer areas would be “contaminated” (Briggs 1998).

Briggs’ study of the Yonkers families compares the experiences of those who moved into the scattered-site units to a comparable group of public housing residents who stayed in their old units. The neighborhoods of the comparison group had higher poverty rates, lower labor force participation, lower educational attainment, and higher rates of female-headed households (Briggs 1998). The movers, who moved anywhere from two to seven miles away, perceived their neighborhoods as safer than did those residents who stayed behind. The children of mover families showed “lower expectancies for substance abuse and delinquent peer involvement” than did the children of stayers (Briggs 1998, 183).

The focus of Briggs’ study, however, was the social networks of families in scattered-site units. Important to his findings was the fact that the movers in Yonkers were not as scattered as they are in typical mobility or scattered-site programs. The fact that the movers moved into complexes that held up to 48 units of public housing was important for the development of their social networks. Briggs (1998) found that movers reported the same level of social interactions as those who stayed behind. Scattered-site residents were as likely as stayers to report having a regular place to meet friends and attend church. The movers,

however, did not attend church in their new neighborhoods; they tended to return to their old neighborhoods. The overall effect of resettling the families into the small developments with other public housing residents was to restrict their social networks to other public housing families with whom they shared their development.

Movers reported smaller acquaintance networks than stayers, but no fewer close ties (although these close ties were generally people who lived outside of their new neighborhoods). Despite the attempts of parents to orient their children toward their new neighborhoods, social ties tended to be limited to the complexes in which they lived (Briggs 1998). Movers were no more likely than stayers to know adults from socioeconomically diverse backgrounds. The social interactions of children in the Yonkers case were restricted to their immediate neighbors in the subsidized cluster housing, and did not extend to the more socioeconomically diverse population of the larger neighborhood.

The social isolation of the movers in their new neighborhoods is illustrated by these comments of a White homeowner living near one of the developments:

We're living with it. They're a separate entity, though, they are not part of our neighborhood. There is no interchange. There's no coming to my house for tea, or me going to your little abode for a cup of coffee. They're on their own. (Abramsky 1998, 25)

## Fair-Share Housing Programs

The second type of unit-based dispersal program to be considered is the so-called fair-share program. Fair-share approaches differ from scattered-site programs in that they typically operate on a regional scale and involve some level of cooperation among multiple agencies.

Fair-share programs, according to Listokin (1976), are designed to “improve the status quo by allocating units in a rational and equitable fashion.... [A] primary impetus for and emphasis of fair share is expanding housing opportunity usually, but not exclusively, for low- and moderate-income families” (1). Because they require the cooperation of municipalities throughout a metropolitan area, fair-share programs typically are operated by regional governments. The term “fair share” does not imply equal share; indeed, there are a number of different criteria that might be used to devise a fair-share formula, including the need for affordable housing in various communities, the suitability of the land or local environment to housing development, and concerns about racial or income integration (Listokin 1976). “Fair share” thus refers to the general objective of increasing affordable housing opportunities throughout a metropolitan region.

The methods of achieving fair share are quite varied, and include inclusionary zoning programs (e.g., Montgomery County, Maryland, and New Jersey) that require a percentage of units in new developments to be set aside for low- and moderate-income occupancy (Mallach 1984; Boger 1996; Calavita et al. 1997), “builders’ remedies” (as in Connecticut and Massachusetts) that provide opportunities for developers to appeal permit and zoning



decisions of local governments (Morgan 1995), and state programs (such as those in California, New Hampshire, and Oregon) that require local communities to provide reasonable opportunities for the development of affordable housing (Morgan 1995; Cummins 1996). These objectives typically are achieved through incentives or through direct regulation of the development process. According to Polikoff (1997), these programs shift the costs of supplying subsidized housing to developers and market-based homebuyers, and require a strong market to succeed.

The federal government became involved in regional cooperation in subsidized housing in 1968. In the years following the Fair Housing Act of 1968, the federal government provided support and funds for the development of areawide councils of government, and provided a brief period of support for the metropolitan dispersal of assisted housing (Keating 1994). The U.S. Department of Housing and Urban Development's Open Communities Program provided water, sewer, and infrastructure funds based on local governments' compliance with fair-share housing concerns. The Areawide Housing Opportunity Plan (AHOP), created in the late 1970s, was designed to promote the voluntary cooperation of regional bodies and suburban governments in desegregating federally subsidized housing. Dayton, Chicago, San Francisco, Washington, D.C., and other cities had brief experiments with fair-share housing programs (Keating 1994; Craig 1972; Listokin 1976).

The Mt. Laurel case, decided by the New Jersey Supreme Court in 1975, held that communities could not zone to exclude low-income housing. Two subsequent lawsuits were required to fully implement the court's mandate of regional fair-share strategies throughout the state. In 1985, the New Jersey legislature created the Council on Affordable Housing (COAH) to oversee statewide implementation of fair-share requirements. Communities in New Jersey are assigned low-income housing obligations based on existing housing mix, present and projected employment, and amount of open land (Anglin 1994). In addition, COAH was responsible for setting time limits for compliance, and was given the power to enforce its regulations. In the first six years of the program, COAH had facilitated the development of 14,000 affordable housing units in New Jersey suburbs, or 9% of new housing construction in the state (Haar 1996). In-depth analyses of the New Jersey program have not been done, so it is impossible to tell if the new housing has accommodated a dispersal of the urban poor, let alone what the experiences of those families might have been (Haar 1996).

In Hartford, Connecticut, a regional mediation process centering on affordable housing resulted in the transformation of a fair-share effort to build affordable housing units into a regional agreement to increase "housing opportunities." Housing opportunities, as defined in the Hartford case, can be provided primarily through Section 8 tenant-based subsidies. Even this watered-down version of fair share was further compromised when the suburban jurisdictions imposed residency preferences (Polikoff 1997).

In Minneapolis–St. Paul, the Minnesota state legislature created the Land Use Planning Act in 1976. This act required communities to prepare housing plans that outlined how they would meet their regional share of the metropolitan area need for low- and moderate-income housing. For several years, the Metropolitan Council of the Twin Cities calculated regional fair-share allocations for all communities within the growth boundaries. When federal subsidies for low- and moderate-income housing were cut in the 1980s, the Metropolitan Council discontinued the practice (Goetz, Chapple, and Lukermann 2002). In 1995, the Minnesota legislature created the Livable Communities Act. This is a voluntary program in which communities in the metropolitan area negotiate affordable housing goals with the Metropolitan Council. The Council, appointed at that time by a governor hostile to regional affordable housing goals, created extremely low standards that allowed most communities to claim that they had already exceeded program benchmarks. Negotiation of goals under the program was even more lax, leading to a situation in which the goals for affordable ownership and rental housing, if fully met, would result in a 12% decline in affordable units compared with a continuation of the regional status quo. In addition, if program goals are met, virtually no spatial redistribution in affordable units will take place in the region (Goetz 2000b).

### *Impact on Mobility*

The New Jersey program allows communities to fulfill up to half of their low-cost housing obligation by paying other localities to build the housing within their boundaries (Field, Gilbert, and Wheeler 1997). In practice, this has meant that whiter, more affluent communities have paid poorer communities with greater percentages of people of color to take a portion of their obligation. Among 54 regional contribution agreements (RCA), Negotiated in New Jersey between 1987 and 1996, all but one involved the transfer of affordable housing obligations from wealthier to poorer communities. The average sending community had a population that was 2% African-American. The average receiving community was 27% African-American (Field, Gilbert, and Wheeler 1997).

Suburban areas can fulfill the rest of their obligation by providing low-cost housing for the elderly and by imposing residency preferences that allow them to market the units to families already residing in the community (Polikoff 1997). Residency requirements are frequently used by suburban jurisdictions to minimize the degree of central-city out-migration that occurs as a result of these programs (Polikoff 1997). These residency requirements are especially significant in metropolitan areas in which there is already a serious lack of affordable housing in the suburbs. In those areas there are typically many households on suburban waiting lists.

Among those units that are built in suburban areas, most are occupied by White families who had previously lived in the suburbs (Wish and Eisdorfer 1997). In fact, the amount of city-to-suburb dispersal of lower income and minority households through the Mt. Laurel program has been minuscule. Wish and Eisdorfer (1997) traced the movement of more than

2,600 households and found that only 6.8% were families that moved from the city to the suburbs. Less than 2% of the families were African Americans who moved from the city to the suburbs. When the movement of African Americans from the suburbs back into the city is taken into account, there is a net rate of African American dispersal of less than 1%. Thus, fair-share programs, although justifiable on other conditions, show little potential for achieving a significant amount of central-city mobility.

Another example of the potential impact on central-city mobility from fair-share programs is demonstrated by an analysis of State Representative Myron Orfield's proposed program for the Twin Cities that was passed by the legislature but vetoed by the Governor from 1993 through 1995. Had Orfield's proposal been enacted, it could have worked at full funding for more than 20 years before it built enough affordable units to meet the need for affordable units among suburbanites alone, even before moving anyone out of the central cities (Hsieh 1994).

## Mixed-Income Developments

The last unit-based strategy to consider relative to the objectives of deconcentration of poverty and the dispersal of subsidized families is mixed-income housing. According to Schill (1997), mixed-income development (referred to as a mixed-income new community, or MINC, by Schill 1997) is a strategy to mix resident incomes within a project, but it also includes scattered-site housing. The 1990 Cranston-Gonzales National Affordable Housing Act authorized four public housing authorities to experiment with a "demonstration program" of mixed-income housing. The program consisted of merely relaxing the HUD preference guidelines to allow the PHAs to lease up to half of the units in selected developments to families with low but not very low incomes (Schill 1997). What separates the mixed-income model (the model that guides the HOPE VI program) from scattered-site housing is that it reverses the dispersal model. Instead of mixing low-income people into wealthier neighborhoods, it attempts to attract higher income groups into more disadvantaged communities by offering attractive housing options in previously concentrated project areas. This formula requires several elements to be successful. The developments must offer amenities attractive to market-rate residents, and the projects must be considered safe, thus necessitating strict enforcement of management rules and tenant screening (Schill 1997).

Mixed-income developments, and recent reforms in the resident preferences for public housing, signal a shift or return to the original premise of public housing (Nyden 1998). Public housing was originally meant as a way station for the working poor. Over time, resident preference policies ensured that the program was targeted to the neediest families, while changes in the fiscal structure of the program and in the larger urban political economy ensured that the experience was long term and even multigenerational for some families (Spence 1993).

The argument for a mixed-income approach to subsidized housing is similar to those for dispersal programs: communities are simply not viable without a cadre of employed residents to sustain businesses, provide role-models, and increase social capital. Such a mix will ensure that the public housing community fits more completely into the surrounding community; that is, it will reduce the chances that the public housing will be seen as a pocket of disadvantage within the larger community. Finally, according to the models of neighborhood effects described in part one of this report, there is the expectation that very low income households will benefit from the inclusion of higher income families in the projects they inhabit (Nyden 1998). This is perhaps the most difficult element in the mixed-income model, according to Brophy and Smith (1997; see also Rosenbaum, Stroh, and Flynn 1998).

The literature of social psychology suggests that moderate-income tenants are not likely to mix with low-income residents. “When members of a group feel insecure about their status, they may seek to draw favorable comparisons and create social distance between their group and the subordinate group” (Schill 1997, 150). Briggs’ early results (1998) raise concerns about barriers to greater resources on the part of lower income families in mixed-income environments, and barriers to interaction with more affluent neighbors (see also Rosenbaum, Stroh, and Flynn 1998). Brophy and Smith (1997) studied seven successful mixed-income projects. Some mixed-income developments have succeeded in drawing higher income groups, but have not succeeded in getting these groups involved in the operation of the buildings. In many developments, mixed income simply means “having two populations living side-by-side with little interaction” (Rosenbaum, Stroh, and Flynn 1998, 711). In one of the cases studied by Brophy and Smith, the developer inadvertently created a concentration of low-income renters by putting all of the three- and four-bedroom units in the same building because few of the market-rate households had children (Rosenbaum, Stroh, and Flynn 1998).

In his study of Lake Parc Place in Chicago, Schill (1997) found little interaction between residents of different income groups. Fishman’s (1993) study of the same mixed-income development concluded that both the moderate income and very low income tenants were conscious of the distinctions between the two groups (Schill 1997). Thus, for one of the first mixed-income projects completed with public housing, there is little evidence to suggest social interaction among different income groups and as a result there is little reason to expect “that the role model dynamic is operational” (Nyden 1998, 754). Tenants at the development were less concerned about their pattern of interactions than they were about the management of the building. Residents wanted their privacy, and any “attempts to explicitly manipulate their behavior and values through modeling were seen as an intrusion on this privacy” according to Mason (1998, cited in Nyden 1998, 743). That is, tenants valued the set of management rules and project amenities that accompanied the mixed-income development, but they were not interested in the mix of incomes per se.

The Lake Parc project was originally successful at getting moderate-income people to move in. However, because of lax management by the Chicago Housing Authority (CHA), the low-income portion of the project rose to 67% by 1996 (Nyden 1998). Although mixed-income developments have succeeded in some cases, there are lessons from the Lake Parc case. The cost of Lake Parc Place is prohibitive, and even if that were not the case, it is quite likely that middle-income households could not be lured into many of the most distressed public housing developments (Schill 1997). Although residents reported a strong sense of safety, they also saw their development as an “island of safety” within the larger neighborhood that remained unchanged by the improvements that had been made to their site.

## TENANT-BASED PROGRAMS

There has been a long-term trend toward greater reliance on tenant-based housing assistance at the federal level, which has been accelerated by concerns about concentrated poverty (Hartung and Henig 1997). Because of the political difficulties faced by unit-based programs and the limited impact of scattered site and fair share to disperse low-income families, policymakers have shifted to portable subsidies that are lower profile, more flexible, and can result directly in the movement of families out of concentrated poverty. The use of tenant-based assistance also matches better the main cause of housing problems in the country—lagging incomes and the high cost of housing rather than actual shortages of housing (HUD 1995a). Tenant-based assistance in the United States is provided through the Section 8 program. This program provides to families housing vouchers that may be taken and used in the marketplace. In many places, “special mobility programs” have been created to more effectively facilitate the movement of poor families into neighborhoods of primarily middle-income households (Polikoff 1997). Mobility programs go beyond the regular operation of the Section 8 program to require moves to neighborhoods that are low in poverty and minority residents.

Tenant-based forms of housing assistance date back to the formation of the public housing program in 1937 (Friedman and Weinberg 1983). Congress considered a program of tenant-based assistance when creating the Housing Act of 1937, and again in 1944. In both cases, Congress decided the national priority was slum clearance and the construction of more and newer housing units to deal with a shortage that had emerged during the Great Depression and grown during the war. Furthermore, it was felt that tenant-based assistance might simply subsidize profits in slum neighborhoods (Friedman and Weinberg 1983; Semer et al. 1976). The idea did not go away, however. Congress considered and rejected the idea again in 1949 and 1953. Finally, in 1965, Congress created the Section 23 program, which allowed public housing authorities to lease existing units for public housing families.

The riots of the 1960s highlighted the extent of residential segregation and substandard housing conditions for the poor in central cities, and brought to center stage the issue of

dispersal strategies through mobility programs (Hartung and Henig 1997). In 1968, the President's Commission on Housing, known as the Kaiser Commission, recommended a form of housing allowance for lower income families. In addition, by that time there was already a pronounced tendency for public housing to be located in the least attractive urban areas and for that housing to contribute to patterns of race and income segregation (see part one of this report). Others favored allowances because they represent a lesser degree of interference in the private market and, indeed, would work through the operation of the market (Friedman and Weinberg 1983). There was also growing criticism that unit-based programs were too costly and not serving enough families. For 25 years from the early 1970s through 1995, the central debate in federal housing policy circles has been about the relative merits of production programs on one hand, and housing allowances on the other (Weicher 1990).

In 1971, Congress authorized a national experiment in the use of tenant-based assistance. Called the Experimental Housing Allowance Program (EHAP), the initiative was meant to run for the better part of a decade, and the results were to be used to determine if a national program would be created. The program did run as designed, and the results were made available near the end of the decade. However, Congress and the Nixon administration decided in 1974 not to wait for the results and went ahead with creation of the Section 8 program. The program was expanded in the 1980s to include vouchers as well as certificates. Vouchers worked in a slightly different way than certificates, and were meant to increase the choice available to the families in the program.

Over time, the emphasis and expenditures of federal housing policy have steadily shifted from building units to providing housing allowances (Struyk 1991; McClure 1998; Hartung and Henig 1997). In the 1970s, according to Hartung and Henig (1997), federal housing subsidies were tilted toward project-based assistance by almost 2:1 over vouchers and certificates. By the 1990s, however, the emphasis was in the other direction: household-based subsidies outnumbered project subsidies by almost 5:1. By 1997, 72% of new federal rental assistance funds went to tenant-based assistance, and only 28% to project-based programs (McClure 1998). By the end of the 1990s, roughly one-third of all households assisted by the federal government received allowances (Newman and Schnare 1997; McClure 1998). As the review in part one of this report showed, because households receiving tenant-based assistance are more evenly distributed across metropolitan regions than are residents of project-based subsidized housing, the overall geographic dispersion of HUD-assisted households has increased over time (Gray and Tursky 1986). Section 8 vouchers form the basis of the mobility approach now favored at the federal level.

Initially, the move to tenant-based assistance was made for at least three reasons. The first is the contention that this form of subsidy is less expensive than unit-based assistance. The second is that tenant-based assistance allows families a greater level of choice in units

and neighborhoods. The third reason is the idea that tenant-based assistance can reduce the levels of segregation by race and poverty that characterize unit-based housing assistance programs.

## Cost

Although the belief that tenant-based assistance is less expensive than construction subsidies is widespread (Polikoff 1997), the empirical evidence on the issue is less overwhelming. The Abt Associates study (1981) found project-based subsidies to be almost twice as costly per unit compared to allowances. A later reanalysis concluded the cost differential was closer to 50% (Struyk 1991; Weicher 1990). Weicher also suggests that by projecting costs during a 20-year period, the differential between the two subsidy approaches decreases even more, to as low as 40%. Finally, if the value of the project-based building is taken into account, the differential approaches zero (see also McClure 1998). Shroder and Reiger (2000) produce findings that suggest the McClure and Weicher results are overly optimistic. They find that tenant-based assistance is significantly less costly than project subsidies, even in the long term.

Barton's (1998) study looks at the question in a slightly different manner. He compares tenant-based assistance and a program of acquisition and public ownership of existing units. He asks, given the same annual commitment of funds over a period of time, which program will assist the most households? The findings suggest that after 15 years an acquisition strategy would begin to assist more families, and after 28 years acquisition would provide more "cumulative household-years of assistance" (114). This is consistent with HUD's own comparison of public housing and tenant-based assistance.

A recent HUD study indicates that until recently, the costs of assisting a family in public housing have been lower than comparable costs with a certificate or a voucher. In fact, for some public housing developments the cost of providing housing is less than half that of housing certificates (GAO 1995). The rising costs of modernizing public housing, addressing the social needs of the poor residents, combating crime and drug activity, and improving the worst of the public housing stock have driven up those costs, however (HUD 1995b). HUD estimates that based on fiscal year 1995 appropriations, the cost of public housing per occupied unit was \$481 per month, compared to the cost of serving the same families in the same locations with certificates of \$440 month, a difference of 9% (HUD 1995b; GAO 1995).

## Choice and Desegregation

Greater freedom in residential mobility decisions by subsidized families was the primary advantage of tenant-based assistance, according to the Kaiser Commission in 1968. At the same time, however, the integrationist potential of Section 8 was problematic politically. Thus, although some are supportive of greater reliance on the market and greater consumer choice allowed by tenant-based assistance, many are equally uncomfortable with the notion of a mass migration of lower income families out of the central city into suburban

areas (Cronin and Rasmussen 1981). The potential impact of dispersing subsidized households in suburban areas, in fact, is what led the Nixon administration to rein in its regional housing initiatives in the early 1970s (Danielson 1976). In any case, the evidence is clear that tenant-based assistance does result in a greater dispersal of assisted households than does project-based assistance.

## Reduction in Segregation

Whether tenant-based assistance leads to greater levels of integration, however, is not certain. If the poor truly prefer to live in neighborhoods with other poor, then greater choice in housing will not lead to race or income integration. Discrimination in the housing search is reported by many, and for others the fear of discrimination limits a search. In addition, many simply want to retain proximity to their social networks and to supportive services upon which they rely, or stay in neighborhoods with which they are familiar.

There are, in fact, several elements of mobility choice that a housing voucher alone cannot address. Four categories of factors can be identified that can determine the impact of tenant-based subsidies on individual mobility patterns. First, household mobility is strongly affected by market factors, such as the availability of units at or below fair market rent (FMR); the quality, type, and size of those units; and the prevalence of discrimination among market actors. If barriers in the housing market exist—such as discrimination based on race or on one's status as a subsidized household—then tenant-based assistance may not result in meaningful levels of income or race integration. Virtually every analysis of housing discrimination undertaken in the country during the past 20 years, furthermore, shows that it continues to be a pervasive characteristic of housing markets everywhere (Yinger 1998, etc.). Combined with continued discrimination in suburban areas (Bendick, Jackson, and Reinoso 1994; Stoll 1999), these market distortions impede the ability of low-income and minority populations to disperse throughout metropolitan areas if they so desire. Even in the absence of discrimination, the operation of Section 8 requires a stock of housing units of modest rent for which the vouchers can be used. The geographic pattern of modest rental units in most metropolitan areas suggests that there will continue to be significant levels of segregation of voucher holders based only on prevailing rent patterns (see, for example, Pendall 2000).

Second, mobility decisions are strongly affected by the package of neighborhood amenities that exist, including the service endowments of neighborhoods, the distribution of public transportation facilities, and access to medical care and social services. Many low-income families use public transportation and social services that are not readily available in outlying neighborhoods of metropolitan areas. Communities that do not have shopping and service facilities within walking distance of residences will not work for many low-income families.

Third, dispersal depends on a range of individual barriers and preferences including health, household makeup, and motivational and self-sufficiency issues. Family makeup may require reliance on nearby friends and family for childcare. Health issues may diminish the ability of



families to move away from established social networks as well. Finally, individual motivational levels also strongly impact a family's ability to move to outlying neighborhoods.

Fourth, mobility can be affected by the mix of program features incorporated into mobility programs. If recipients of tenant-based assistance do not receive enough information about opportunities in the local housing market, then this form of assistance may not result in greater integration. Experience has shown that mobility counseling is extremely important in generating integrationist moves by lower income and African American families (Polikoff 1997; HUD 1994). Such counseling is often provided in special mobility programs by independent agencies or by fair housing organizations. In addition, special mobility programs often require participants to move to nonimpacted (or nonconcentrated) areas. These programs result in much greater dispersion of the poor than does a passive implementation of Section 8.

There are two potentially salient criticisms of mobility programs: they are not always good for the families who participate, and programs on a large enough scale to be meaningful would both undermine the stability of the receiving communities and undermine political support for the programs (Polikoff 1997). The first concern is related to the loss of social supports by families who leave their communities to go elsewhere. There is evidence that this does occur to some extent among families in mobility programs. Whether these losses are outweighed by the benefits experienced by these families is a more difficult question to answer. The second criticism related to scale is more problematic. The largest mobility program in the United States, the Gautreaux program in Chicago, moved only 5,000 families in the first 20 years. This is in a city of close to three million, with 41,000 units of public housing, most in areas of concentrated poverty and minority status. The Gautreaux program, furthermore, consciously limited itself in terms of the number of participants and the number of families relocated to the same receiving community. This was done for the very reason of operating the program in a nonthreatening manner (Polikoff 1997). On the other hand, advocates for mobility programs point out that only about 1.8 million poor families live in extreme poverty areas in the United States, and facilitating the movement of at least one-third of those families in metropolitan areas throughout the country would not be an impossible task (Polikoff 1997).

The sections that follow present a review of the experience to date of the Section 8 program. In addition, the report looks at the related mobility programs that utilize Section 8 subsidies and the impact these efforts have had on families and communities, and addresses the critiques of the approaches outlined above.

## Experimental Housing Allowance Program (EHAP)

In 1970, EHAP was launched in 12 metropolitan areas across the country. It was divided into three separate experiments. The demand experiment—conducted over three years in

Allegheny County, Pennsylvania (Pittsburgh), and Maricopa County, Arizona (Phoenix)—was designed to examine how families would respond to housing allowances: would tenant-based assistance change mobility decisions and lead to significant housing adjustments by families? The supply experiment—conducted in Green Bay, Wisconsin, and South Bend, Indiana—was designed to examine how the housing market would respond to the use of housing allowances. Would there be price inflation? Would there be an increase in production to match the increase in demand created by the housing allowances? Finally, the administrative experiment, conducted in eight separate metropolitan areas, was designed to highlight the best ways to administer a housing allowance program (Friedman and Weinberg 1983).

The EHAP project generated data on the locational choices of assisted households. There was some deconcentration of Blacks and some movement of Whites out of neighborhoods that were primarily Black. There was, however, no noticeable out-migration of assisted households from city to suburbs. In addition, although there was a slight tendency of assisted households to move to neighborhoods where minority and low-income households were less concentrated, when compared with the control group, the movement pattern was not significantly different (Cronin and Rasmussen 1981). In fact, the most notable detail about the experiment was that vouchers had virtually no effect on mobility or aggregate demand in the market (Lowry 1983).

For those in EHAP who moved, the increase in neighborhood income was small (Frieden 1985; Weicher 1990). In fact, the average per capita income in tracts occupied by recipients who moved was 4% higher than that in the tracts in which they had previously lived (Leger and Kennedy 1990). Overall, the allowances did not appear to improve the neighborhood characteristics of participating families in a significant way. For EHAP participants who did move, the mean minority population in their neighborhoods fell by 4 percentage points. For Black mover households, however, the reduction was 13 percentage points (Polikoff 1997, 23).

Mobility counseling services provided by EHAP were used more frequently by those who moved out of their original neighborhoods, and were used more frequently by African American program participants. In fact, evidence from the Tulsa site suggests the potential for agency informational services to have a particularly strong effect on locational choice. In the Tulsa example, however, the information services had the effect of reconcentrating Blacks (Cronin and Rasmussen 1981).

The allowances had no impact on distance moved, journey to work, or movement from central city to suburb (Cronin and Rasmussen 1981). In fact, there was little mobility generated by the program at all. When controlling for other factors, the effect of the allowance across the sites was an increase in the probability of moving of about 7 percentage points. Analysts suggest this is support for the idea that there is a high degree of inertia or place attachment among people. Households that had been offered allowances and lived in hous-

ing that failed the standards were no more likely to search than comparable nonprogram households in comparable housing (Cronin and Rasmussen 1981).

Clearly, families may have weighed the expected benefits of a move against the costs of moving, including out-of-pocket costs of searching and moving, loss of length of tenure discounts, loss of information capital, and psychic costs (Cronin and Rasmussen 1981). The net effect of the allowances on mobility might best be interpreted, according to Cronin and Rasmussen, as accelerating moves that would have been made otherwise.

The EHAP supply experiment provided assistance to all households in Green Bay and South Bend that qualified. Of those who qualified, 56% indicated a willingness to participate, although only 75% of those willing were able to participate because housing units had to meet quality standards (Weicher 1990). The results of the supply experiment seem to show that the quality of housing stock is more important in determining the level of participation than the tightness of the local housing market. Participation rates were higher in metro areas with a better housing stock (Leger and Kennedy 1990). The EHAP supply experiment indicated that allowances did not stimulate inflation in the local housing market. Hartman (1986) suggests that this can be understood in light of the findings of the demand experiment summarized above. Because the vouchers had virtually no impact on mobility (i.e., on demand for units), there was no aggregate housing market response.

In sum, the Experimental Housing Allowance Program showed that households using tenant-based assistance move away from neighborhoods of poverty and minority racial concentration, but no more so than the general population (Polikoff 1997). "Housing allowances, when administered in this passive way, have little if any impact on locational choice, economic or racial concentration, or neighborhood quality" (Cronin and Rasmussen 1981, 107).

## The Section 8 Program

### *Program Evolution*

Section 8 of the 1974 Housing and Community Development Act consisted of three separate housing assistance programs. The Section 8 New Construction and Section 8 Substantial Rehabilitation programs worked very much like the old project-based programs in which the subsidy was tied to the units built (or rehabilitated). The Section 8 Existing program was a truly tenant-based subsidy in which the household could use the certificate in the market. The tenant-based Section 8 program caught on quickly, and in just five years became the nation's second-largest low-income housing program behind public housing (Rasmussen 1980).

The program worked by allowing certificate holders to rent any unit in the market that met quality standards and rented at or below a HUD-established fair market rent (FMR) for that region. The certificate paid for the difference between the market rent of the unit and 25% of the household's income. In 1982, the certificate formula was changed so that house-

holds were responsible for paying 30% of their incomes. The FMRs are adjusted annually by HUD, and the legislation established that FMRs were to be set at the median rent for units of similar size in each regional market. In 1984, FMRs were reduced to the 45th percentile, and in 1995, they were reduced again to the 40th percentile (Turner 1998).

Section 8 certificates carried a 15-year term until 1987 when they were shortened to 5 years. Families who participate in the program are given 60 days to find a unit. If a unit isn't found within 60 days, a Section 8 holder must apply for an extension of time or lose the certificate. The local public housing authorities that issue the certificates have the discretion to deny or grant the waiver request. The search time period may be extended an extra 60 days.

### *Vouchers*

In 1983, Congress, at the urging of the Reagan administration, created a demonstration program of housing vouchers. Vouchers were similar to Section 8 certificates, except that they had fewer geographic restrictions and families could rent units above the FMR if they absorbed the extra cost (and thus paid more than 30% of their incomes on housing). Section 8 certificates were limited to the jurisdiction of the local agency that administers them, whereas vouchers were valid throughout the United States. The voucher program became permanent in 1987, and in 1999 Congress merged the certificate and voucher programs, retaining most of the features of the vouchers.

### *Portability*

During the 1970s, HUD took some preliminary steps to encourage the use of Section 8 certificates across jurisdictional boundaries. The agency's voluntary Areawide Housing Opportunity Plan (AHOP) and Regional Housing Mobility Program encouraged municipalities within metropolitan areas to collaborate in planning for low-income housing and facilitate cross-jurisdictional mobility by certificate holders (Tegeler, Hanley, and Liben 1995). These programs, however, never became major efforts. The Regional Housing Mobility Program, which was designed to assist areawide planning organizations in facilitating the interjurisdictional mobility of low-income and minority households, was abandoned by HUD at the beginning of the Reagan administration (HUD 1994).

In 1987, Congress amended Section 8 to allow certificate holders to use their subsidies throughout the metropolitan area in which the subsidy was issued, or in a contiguous metropolitan area. In 1990, Congress expanded this so-called portability provision to allow statewide mobility by certificate holders. Despite these changes, most local housing authorities did not implement portability guidelines quickly (Donovan 1994). A national survey in 1991 found that only 3% of Section 8 certificates and vouchers had been ported across jurisdictional boundaries (Polikoff 1997).

Portability was not vigorously adopted by local housing authorities for several reasons (Turner 1998). The first is the policy of many local authorities of establishing residency preferences for admission to the Section 8 programs. An internal HUD survey of the 51 field

offices found that 42% of 2,541 local public housing authorities had such residency preferences (Tegeler, Hanley, and Liben 1995, 472). In addition, Section 8 porting resulted in a loss of administrative revenues to local authorities, producing yet another disincentive to full implementation of the program (Tegeler, Hanley, and Liben 1995).

In 1992, Congress pulled back on the portability issue, requiring recipients who did not already live in the jurisdiction of an issuing housing authority to remain within that jurisdiction for at least 12 months before moving with the Section 8 certificate (Schill and Wachter 1995; Tegeler, Hanley, and Liben 1995).

When mobility became the top priority of HUD during the Clinton administration, the agency finally took action on the issue of residency preferences. In 1994 HUD determined that it would preapprove the use of local residency preferences (Tegeler, Hanley, and Liben 1995). Portability is now a permanent feature of the new combined Section 8 voucher program.

### *Summary of Section 8 Program Experience*

Lease-Up Rates There are several lessons to be taken from the evolution of housing allowances in the United States from their introduction in 1974 to their use at the end of the 1990s. The first is related to how well these subsidies work in the marketplace. One measure of that is the degree to which they can be utilized by families who qualify for the program. Successful Section 8 participation rates have been increasing over time. In the first few years of the program, less than half (45%) of the households who qualified for the program were able to find satisfactory housing with the certificates. That number increased to 60% by the mid-1980s, and 65% for vouchers (Weicher 1990). By the mid-1990s, the success rate for large cities nationally was up to 80%, although there is considerable variability in this rate. Excluding New York City, the national success rate for large cities was 87% (HUD 1995a), but in some cities the rate was significantly lower (in 1997, 30% of the Section 8 participants in Chicago returned their certificate or voucher [Wright 1998; Bennett and Reed 1999]).

Certificates and vouchers remain difficult to use in very tight housing markets (Wallace et al. 1981). Current program rules allow private landlords to refuse to accept Section 8 households, and where there is strong competition among tenants for housing, Section 8 voucher holders find themselves at a distinct disadvantage. An ongoing study of Section 8 participation by landlords in suburban Hennepin County, Minnesota (Minneapolis), shows a steady decline in the number of units that (a) qualify for Section 8 assistance (i.e., are at or below the fair market rent for the area), and (b) accept households with Section 8 subsidies. Community Action for Suburban Hennepin (CASH 1998) surveyed 43,738 apartment units in the county from 1995 to 1999. The number of units that qualify for the Section 8 program (that is, units that have rents below the FMR) fell from 23,793 in 1995 to 16,289 in 1998. The number of units that both qualify for and accept Section 8 subsidies fell, during

the same time period, from 11,646 to 6,686. Of the 6,686 in 1998 that qualified for and accepted Section 8 subsidies, 1,911 had minimum income requirements that excluded virtually all tenants with incomes qualifying for Section 8. This left 4,765 units available for Section 8 participants, or only 11% of the 43,738 units surveyed.

The performance of Section 8 is consistent with expectations; the program works better where there are sufficient units and the overriding market problem is lack of income. Where there is a lack of units (reflected by very low vacancy rates), however, lease-up rates are much lower as landlords become more choosy about the families they accept, and as rents go beyond local FMRs.

### Geographic Dispersion of Subsidized Households

As mentioned earlier, Section 8 does improve upon project-based assistance in terms of dispersing households. The evidence reported in part one describes the much greater level of dispersion achieved by Section 8 households compared to those in public housing and in other project-based programs. Warren's (1987) study of federally subsidized housing in Chicago, St. Louis, and Baltimore illustrates this phenomenon. In each city, the Index of Dissimilarity measuring the degree of segregation for subsidized housing is 30 to 40 points lower for the Section 8 Existing program compared to public housing and the Section 8 New Construction and Substantial Rehabilitation programs (indicating significantly greater integration of this form of housing throughout the market). Furthermore, improvements in the overall index in each city from 1970 to 1980 were due to the increase in units in the Section 8 Existing program. In each city there was an increase in the number of federally subsidized units in census tracts with median incomes higher than the city median, and in census tracts with more than 70% Whites. In each city this was due to the growth of the Section 8 Existing program.

Nevertheless, there remains a strong central-city bias to the program. Research on both EHAP and the Section 8 program indicates that, without special counseling, renter households receiving tenant-based assistance make short-distance moves, remain in or near their original neighborhoods, and experience little improvement in housing conditions (Goering, Stebbins, and Siewert 1995). In practice, demand-oriented subsidies have never realized their potential for achieving the deconcentration of poor households. Studies of allowances and vouchers show that many households remain in their current neighborhoods rather than move at all. In one study of ten metropolitan areas, there was evidence of a strong central-city concentration of certificates and vouchers (disproportionate to need) in seven of the regions (Gray and Tursky 1986). Even those certificate and voucher holders in suburban areas cluster in racially and economically defined neighborhoods according to Hartung and Henig (1997). Market forces simply tend to steer voucher holders into neighborhoods where other lower income residents live. Section 8 holders are restricted to apartments that are below the FMR for their region, and regional FMRs

might not be high enough to allow access to suburban apartments (Tegeler, Hanley, and Liben 1995).

Tenant-based forms of housing assistance compare favorably with project-based assistance in the geographic dispersion of poor households. But tenant-based assistance does not lead to a greater level of dispersion of the poor than occurs in the population as a whole.

Economic and Racial Integration of Program Participants Studies of Section 8 show four patterns in the economic and social integration of program participants. First, when Section 8 families move they typically do not experience significant changes in the economic and social characteristics of their neighborhoods. Second, White participants experience greater improvement in neighborhood conditions than do non-White families. Third, Section 8 families are generally segregated more by income than they are by race. Finally, Section 8 families are less segregated than residents of project-based subsidized housing.

Studies of Section 8 show that many families remain in their current neighborhoods rather than move. For those who do move, the increase in neighborhood income is quite modest (Leger and Kennedy 1990; Polikoff 1997; Schill and Wachter 1995). This is because program participants tend to locate in neighborhoods that have the largest number of low-cost apartments (Pendall 2000). In addition, participants are typically inexperienced housing consumers with little market information who tend to remain in neighborhoods with which they are familiar. In addition, they are likely to face discrimination in the housing search or to restrict their search in order to avoid such discrimination.

Section 8 has not reduced the housing market obstacles faced by minority households. Specifically, White households are more successful in using Section 8 outside of poor and minority neighborhoods than are Black households (HUD 1995a). In five of six cities studied by Turner (1998), for example, the share of Black and Hispanic certificate holders living in high-poverty areas far exceeds the share of White certificate holders. In a 1979 study of Section 8, 52% of minority households moved to neighborhoods with minority concentrations similar to their origin neighborhood, 35% moved to neighborhoods with smaller minority concentrations, and 15% moved to higher minority areas (Stucker 1986). In addition, HUD (1995a) reports that 55% of White recipients and only 36% of Black recipients lived in neighborhoods of low poverty (defined as having less than 10% poverty). Minority households continue to spend more time looking for housing, look in fewer neighborhoods, and search in neighborhoods with less physical and socioeconomic distance from their current homes than do White families with similar incomes (Polikoff 1997).

On the whole, Section 8 certificates and vouchers are more income-concentrated than race-concentrated, both in an absolute sense and relative to project-based units. Goering, Stebbins, and Siewart (1995), for example, found that certificate and voucher holders were for the most part living in racially integrated areas. Most White participants lived in tracts

with an African American population of at least 40%, and most Black participants lived in tracts with a less than 20% Black population. In the Washington, D.C. area, although predominantly African American census tracts have 15 times more public housing units and 8 times more project-based units compared to White tracts, African American tracts have only 3.4 times as many certificates and 2.1 times as many vouchers as White tracts (Hartung and Henig 1997). But when tracts are broken down by income, subsidized housing concentration is 28 times greater in low-income tracts compared to very high income tracts, and certificates and vouchers are 17 times and 21 times more concentrated respectively (Hartung and Henig 1997).

Section 8 recipients enjoy greater racial and income diversity in their neighborhoods compared to residents in public housing and other project-based subsidy programs. It is also the case that vouchers and certificates service minority households better than project-based subsidies (Weicher 1990). In another study, Turner (1998) found that in five of six cities he studied, certificates and vouchers were less likely to be used in high-poverty and majority Black neighborhoods than was public housing. In four of the study cities, certificates also outperform other forms of project-based assistance, though not by as much (Turner 1998). As far as the racial makeup of neighborhoods, certificates and vouchers were less concentrated than nonpublic housing project-based assistance in only three of the six cities (Turner 1998). Overall, Turner shows that only 15% of certificate and voucher holders live in high-poverty neighborhoods (poverty greater than 30%), compared to 54% of public housing residents and 22% of other project-based residents. On the other hand, 27.5% of certificate and voucher holders were in low-poverty (less than 10%) neighborhoods, compared to only 7.5% of public housing residents and 15% of project-based residents (see Table 4).

Similarly, a study by the General Accounting Office (GAO) found that fewer than 10% of Section 8 recipients live in high-poverty neighborhoods in the four metropolitan areas they studied, but more than 40% of public housing residents in those metro areas lived in high-poverty neighborhoods (HUD 1995a).

Although project-based subsidies are more concentrated than are household-based subsidies, Guhathakurta and Mushkatel (2000) found that recipients of both forms of subsidies tend to concentrate in similar kinds of neighborhoods.

Table 4. Concentration of Types of Subsidies in High- and Low-Poverty Areas

	Pct. in high-poverty tracts	Pct. in low-poverty tracts
Section 8 certificates and vouchers	15	27.5
Public housing units	54	7.5
Project-based subsidized units	22	15

Source: Adapted from Turner (1998).



Neighborhood Impacts of Section 8 Units A much less studied aspect of the Section 8 program is its impact on the neighborhoods in which it is located. A study of the impact of the concentration of Section 8 certificate and voucher units on nearby property values in Baltimore County indicated that within a 500-foot ring, lower concentrations of Section 8 units are associated with positive effects on property values, except in low-income neighborhoods where the effects were small but negative. Larger concentrations of units—either within 500, 1,000, or 2,000 feet of sales, and particularly within the 500-foot ring—are also associated with negative impacts on value (Galster, Tatian and Smith 1999).

Portability Studies of the portability features of the Section 8 program have produced mixed conclusions. Polikoff (1997) argues that portability is a way of “reaching scale” in mobility programs aimed at moving subsidized households out of disadvantaged central-city neighborhoods. Donovan (1994) reports that 68% of respondents to a survey of Section 8 participants in Hartford, Connecticut, were interested in living in towns other than Hartford if possible. The high level of interest was due to the desire to move away from crime (32%) and to better schools (19%).

According to Donovan (1994), those who ported out of Hartford enjoyed improvements in neighborhood quality. A regular Section 8 holder from Hartford living in the city lives in a census tract with a poverty rate of 28.7%, while the poverty rate for the average participant who ports out of the city is 7.0%. The level of minority segregation in these neighborhoods is also less compared to city areas. In addition, the minority population in a census tract within the city for a Section 8 holder is 73.7%, compared to an average mobility program participant who lives in a minority population of 19.3%. Ninety percent of participants live in census tracts with less than 40% minority population.

The limiting factor for the success of portability is the difficulty faced by low-income families in leaving neighborhoods and support networks. In the New Haven survey, 52% thought they would have obstacles to moving such as a lack of transportation (cited by 33%) and difficulty separating from relatives and friends (11%) (Donovan 1994, 7).

Despite the success of the Hartford program, other evidence reveals little sign of large-scale deconcentration of subsidized households. Pope (1995) found evidence of only 41 households who ported from Washington, D.C., to Maryland, and only 7 who moved from Washington, D.C. to Virginia, while finding 99 moving (changing jurisdictions) within Maryland and 657 moving within Virginia. Most Section 8 participants porting out of Berkeley, California, go to Oakland, where there is a more affordable rental housing stock (Barton 1998).

In the Minneapolis–St. Paul metropolitan area, Malaby and Lukermann (1996) found that the two central cities reaped the largest gains in Section 8 households—253 for Minneapolis and 198 families for St. Paul. Suburban areas tended to lose more subsidized

families than they gained through portability. Households moving to the central cities were most likely to cite “no acceptable units elsewhere” and “need for a larger unit” as reasons. They also mentioned availability of public transportation, a reason almost never mentioned by those going elsewhere. The central cities retain critical advantages for low-income families when it comes to making mobility decisions, and in that context the deconcentrating effects of porting are limited at best. It is even possible that greater concentration might be the ultimate outcome of enhanced geographic choice for Section 8 families (Malaby and Lukermann 1996).

## Mobility Programs

Programs that combine Section 8 tenant-based assistance with mobility counseling and other special efforts (or special program requirements) to deconcentrate subsidized households are referred to as “mobility programs.” Mobility programs go beyond the regular Section 8 program in any of three different ways: (1) they require participants to move to “nonconcentrated” neighborhoods; (2) they incorporate forms of mobility counseling to assist households in choosing neighborhoods they would not necessarily have chosen without greater information; and (3) they include an active recruitment of landlords in neighborhoods not traditionally receptive to Section 8 families.

There are five major categories of mobility programs in operation in the United States currently (Turner 1998), three of which this report addresses in detail. The first is the result of recent efforts on the part of the federal government to shift project-based subsidies to tenant-based assistance. In HUD subsidized buildings that are no longer financially viable, or that have high vacancy rates, or in which the project-based subsidies have expired or are prepaid, families are given Section 8 vouchers in a process called “vouchering out.” These families are then instructed and assisted in using the vouchers on the open market, relocating to a neighborhood and housing unit of their choice. This is included in the category of a mobility program because of the mobility counseling provided to households, and because the policy objective in vouchering out is to disperse subsidized households.<sup>3</sup>

The second category of mobility program stems from a set of litigation settlements across the country. These lawsuits were typically filed as housing discrimination cases in which it is alleged that the local housing authority and HUD willfully and negligently segregated subsidized housing projects in predominantly minority neighborhoods. The most famous of these suits is the Gautreaux case in Chicago, which has resulted in a mobility program that has become a national model for other efforts. More recently, HUD has taken to settling these cases out of court where possible (Hartman 1995). Many of the resulting consent decrees incorporate Gautreaux-like mobility efforts.

The third category of mobility program is the federal government’s Moving to Opportunity (MTO) program. This demonstration program, enacted by Congress in 1992,

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<sup>3</sup> A second policy objective that is at least as important is the financial rationalization of the older HUD projects.

was influenced by the documented outcomes of the Gautreaux program, and incorporated many of the features of the Gautreaux effort (Briggs 1997; Stoll 1999).

Fourth, HUD has created several Regional Opportunity Counseling programs around the country to promote regional collaboration in Section 8. These programs combine landlord recruitment and mobility counseling to enhance mobility.

Finally, there are a variety of local programs around the country, such as the Hartford voluntary program (Donovan 1994), that combine elements of counseling and placement to facilitate the mobility of low-income households. In all, there are more than 50 of all types of programs operating in more than 35 metropolitan areas across the country (Briggs 1998).

A significant amount of research has been completed on the impacts of mobility programs on lower income households. The typical method of research has been to interview families after they have moved to ask them a series of questions about their experiences in their new homes compared to their previous residence. In the case of the Gautreaux program, which has been in operation for a long period of time, follow-up interviews were conducted several years later to determine long-term impacts. Briggs (1998) argues that there are some methodological problems with these studies that hinder our ability to apply the findings across the entire population of low-income households. The most notable limitation is "selection bias." Most mobility programs are voluntary programs that also incorporate screening of participants. This means that those who end up in the program are systematically different from the entire population of subsidized (or low-income) households. As a result, it is impossible to determine whether the improvements that occur in the lives of mobility participants are the result of their new environment, or the result of the fact that these households may have, on average, more resources or initiative to improve their situations than families not participating in the program.

In the Gautreaux studies where a comparison group is used, participants volunteered for one or the other group, indicating the high potential for selection bias. In some studies, no comparison group is used at all, making causal inferences impossible. Briggs (1998) also argues that most studies have failed to distinguish between direct and indirect effects, and have poorly specified how those effects may have occurred. Briggs argues, for example, that many studies do not attempt to establish whether mobility families have indeed experienced the level of contact and exposure to the environments thought to influence behavior.

The Moving to Opportunity program was designed to rectify the selection bias problem as much as possible. Participants still volunteer for the program, thus generalizing the findings to the entire population of public housing residents is not possible. However, assignment to the mobility program, the regular Section 8 program, or no further assistance at all (the stay-in-place control group) is done randomly. Therefore, differences in outcomes for these groups should be related only to the program treatment. HUD has awarded eight research grants to teams around the country to study the social, employment, and educational impacts of mobility on parents and children (HUD 1996; HUD 1999).

Briggs (1997) attempts to determine how mobility impacts occur. Referring to Wilson's (1987) argument about the social isolation of the poor, and Wacquant and Wilson's (1989) findings that ghetto residents have fewer social contacts and fewer employed social contacts compared to those living outside of concentrated poverty, Briggs focused on the size and nature of the social networks of mobility participants. He distinguishes between two types of social capital: social support and social leverage. Social support is the kind of assistance people rely upon to get by on a daily basis, such as someone to watch the kids for a couple of hours, give a ride to the grocery store, and so on. Social leverage is the kind of assistance that could result in improving one's situation; for example, information on job opportunities or a reference to a potential employer. Briggs (1998) hypothesizes that living in concentrated poverty makes one's social network "denser, more strictly local, and often redundant from the standpoint of social leverage (i.e., having the same limited information on jobs and educational opportunities)" (189). Mobility programs hold the promise of increasing that type of social leverage for low-income families, but only if these families interact socially in their new communities. At the same time, the worry related to mobility programs is that they may significantly reduce the amount of social support for low-income families (Briggs 1997).

The following sections examine the empirical studies that have been conducted on various mobility programs. The report considers "vouchering out" and the Gautreaux programs separately, because of the special features of the former and the large body of research on the latter.

### *Vouchering Out*

"Vouchering out" occurs when HUD project-based assistance is terminated—either through a conversion of a building to market rate rents, or through a demolition of an older project and the provision of tenant-based subsidies to the displaced households. Typically, families that are vouchered out are given some form of mobility or relocation counseling and assistance. As Polikoff (1997) argues, programs that demolish housing units and replace them with Section 8 certificates have the largest impact on reducing small concentrations of poverty. The policy objective of promoting greater choice depends upon (a) tenants' desire to move, (b) availability of affordable units, (c) landlords' acceptance of housing certificates, and (d) housing discrimination (GAO 1995). Vouchering out is significantly different from other mobility programs in that the families are involuntarily displaced from their homes. This can have important implications for the experiences of the families who move. To date, there is only one careful study of vouchering out. The study looks at the experiences of families in four different projects, one each in San Francisco, California; Newport News, Virginia; Kansas City, Missouri; and Baltimore, Maryland (HUD 1998; Varady, Walker, and Wang 1999).

Housing Search Many of the displaced residents wanted to remain in the same community in which they had been living for a number of reasons. Respondents cited their own lack of transportation, a desire to remain close to their support systems (including

friends, family, and church), a tendency to search in familiar areas, and a fear of discrimination in their searches and in their new neighborhoods as reasons for restricting their searches (HUD 1998). Many of the families were directed to nearby units through the referral lists of landlords given to them in the relocation process.

In San Francisco, where the housing market was tight, displaced households took an average of three and a half months to find a new apartment. At the other three sites, the average was between one and two months. About one in four families reported being the victim of discrimination in their housing search. The most frequently cited reason for the discrimination was the family's status as a Section 8 certificate/voucher holder. The authors conclude that the rate of reported discrimination might have been higher except that families avoided predominantly white areas in their housing searches (HUD 1998).

Relocation counseling was made available to the displaced families at these sites, although not all families made use of it. The data showed that those who used the relocation services were no more likely to learn about opportunities in distant places than other families who did not use the relocation counseling (Varady, Walker, and Wang 1999).

Locational Outcomes Most of the voucherred-out families at the four study sites made short moves. In Baltimore, 40% remained in the West Baltimore neighborhood from which they came. Most of the rest of the households moved elsewhere in the city. In San Francisco, although only 10% remained in the original neighborhood (Visitacion Valley), the rest of the households moved into Bayview Hunters Point and the Western Addition, the two nearest high-poverty, high-minority neighborhoods in the city. In Newport News, about 50% remained in the east end of town, 27% moved to other parts of the town, and the rest went to the neighboring city of Hampton. In Kansas City, 99% stayed in the city (HUD 1998).

The new neighborhoods of the voucherred-out families had, on average, higher median incomes than did the older neighborhoods. In three of the cities, a slight majority of households moved to neighborhoods with fewer African Americans as a percentage of all residents. In Baltimore, only 10% of the families made such moves. The housing values in the newer neighborhoods were lower than in the original neighborhoods at all sites except San Francisco (HUD 1998).

Individual Outcomes At three of the four sites (excluding Kansas City), more than half of the households surveyed stated they were unhappy about moving or would have preferred to stay in their old homes. Long-term residents and older residents were least happy to move (HUD 1998).

Vouchering out did not lead to any increase in employment among the families studied. The authors suggest that this is because most of the moves made by families were very short, and, as a result, most families did not improve their chances of accessing more

employment opportunities. Housing expenses for vouchered-out families rose in two of the sites (considerably so in San Francisco), and fell at the other two (HUD 1998).

Despite the fact that these households were involuntarily displaced from their homes, and despite the fact that most did not want to move, approximately two-thirds were more satisfied with their new homes than with their original developments. The other one-third of the respondents said that their current housing conditions were worse, or the same as, conditions at their previous development (HUD 1998).

The increased residential satisfaction is probably due to the fact that their vouchered-out projects were in “exceptionally bad condition” by the time they moved. Similarly, households were more satisfied with their new neighborhoods than with their previous ones. Respondents reported a greater sense of safety at their new homes, as well as improvements in shopping and proximity to friends (HUD 1998).

Housing and neighborhood satisfaction were not related to the distance moved or to the use of mobility counseling in the relocation process. In fact, housing satisfaction was greatest among those who confined their search to the immediate neighborhood and relocated to a location close to their old apartment (Varady, Walker, and Wang 1999). Similarly, those who began to look for a new apartment relatively soon after learning they had to move were more likely to be satisfied with their new homes than those who waited. This, argue Varady, Walker, and Wang, is probably a reflection of their greater motivation to move. Those who spent the most time in the housing search were least likely to be satisfied with the new housing conditions. Thus, the expectation that mobility counseling leads to a longer, more intensive housing search, a longer distance move, and ultimately greater satisfaction with the new home was not supported at these four sites.

### *Gautreaux*

The most notable lawsuit dealing with desegregation and deconcentration is the Gautreaux case. There were, in fact, two Gautreaux cases. The first, decided in 1969, was a case in which the federal district court found that the Chicago Housing Authority discriminated in the placement and leasing of public housing, and ordered it to provide additional units on a scattered-site basis in predominantly White areas (Rubinowitz and Rosenbaum 2001). There were several court-ordered modifications of this remedy during the next two decades. A second Gautreaux case against HUD moved along another track. After an appellate court had ruled that HUD was also culpable, the Supreme Court ruled in 1976 that a metropolitan-wide remedy was possible (Rubinowitz 1992). As a result, the remedy that was adopted encompassed the entire six-county Chicago metropolitan area in which HUD operated programs.

The legal remedy called for CHA units to be built in census tracts that were less than 30% African American, or within one mile of such tracts (Rubinowitz 1992). The metropolitan remedy allowed for the use of Section 8 certificates by African American public housing

residents in areas of the region that were less than 30% Black. In the first 15 years of the program, 4,500 participants moved to mostly White areas. The majority moved into about 115 predominantly White suburbs (Rubinowitz 1992).

The program provides an orientation workshop and initial credit check and home visit for interested families. At that time, a counselor is assigned to the family. Participants have six months to find an appropriate apartment, with the help of the mobility counselors. The counseling also includes information the tenants would need after their move, such as referrals to local service agencies. Rubinowitz (1992) argues that many families would not participate were it not for the counseling element of the program.

To get landlords to participate, the program screens applicants for them. Program officials obtain credit checks, make home visits, and also require letters of reference for each applicant. Participating landlords are assured of both confidentiality and the fact that the program would avoid reconcentrating participants (Rubinowitz 1992).

The experiences of Gautreaux families were tracked by researchers at Northwestern University. The research is a form of quasi-experimental design (post-test-only with non-equivalent groups). In the Gautreaux research, those who used the program to move to the suburbs are compared to those who entered the program and moved to other (non-concentrated) parts of Chicago. The study also incorporates retrospective comparison of participants with their previous housing situation. Thus, the following research summaries present comparisons between city movers and suburban movers, and comparisons between post-move conditions and pre-move conditions.

Education Among the suburban movers, youth aged 17 years or younger were less likely to drop out of high school compared to city movers (5% to 20%), more likely to be on a college track (40% to 24%), and more likely to attend college (54% to 21%) (Kaufman and Rosenbaum 1992). Among those attending college, half of suburban movers went to four-year institutions and two-thirds were working toward an associate's degree (compared to only half of city movers) (Kaufman and Rosenbaum 1992).

The research also showed that suburban teachers offered more educational assistance to children than was reported by city movers. Parents felt that teachers responded better to the educational needs of their children, treated them better, helped more often, and went out of their way to help their children more frequently than city-mover parents (Rosenbaum, Kulieke, and Rubinowitz 1987; 1988). Grade-school children had difficulty adjusting to higher expectations of suburban schools, but their grades (relative to the city movers) did not suffer, indicating they had adjusted to the more rigorous standards (Rosenbaum, Kulieke, and Rubinowitz 1987; 1988; Kaufman and Rosenbaum 1992). Parents also noted that their children's attitudes toward school improved after moving to suburban areas (Rosenbaum, Kulieke and Rubinowitz 1987; 1988).

Despite these positive outcomes for suburban movers, there were also significant problems noted in the suburban schools that received these African American inner-city children. Participants reported a racial bias in the suburban schools that made adjustments by their children difficult. Second, and perhaps most troubling, was the tendency for suburban schools to place these children in special education programs (for learning disabilities and for educable mentally retarded children) at a significantly higher rate than did city schools (Rosenbaum, Kulieke, and Rubinowitz 1987; 1988). Pre-move, 7% of families reported children in special education tracks, compared to 19% post-move in the suburbs and 5% post-move in the city (Rosenbaum, Kulieke, and Rubinowitz 1987). Most of the parents attributed this outcome to the racism of suburban school officials. Despite these reservations, participants reported significantly greater overall satisfaction with schools in the suburbs than did the city movers (Rosenbaum, Kulieke, and Rubinowitz 1987; 1988).

Employment The studies of Gautreaux families indicate that there were some employment benefits associated with a move to the suburbs. A significantly higher percentage of suburban youth than city youth were working (75% to 41%) (Rosenbaum 1991; Kaufman and Rosenbaum 1992). Among adults, the work experience prior to moving was identical for city and suburban movers. After moving, however, suburban movers were 13% more likely to have a job than were city movers (Rosenbaum and Popkin 1991). Even controlling for human capital factors, suburban movers were more likely to become employed than were city movers. Among those who were unemployed prior to moving, 46% of the suburban movers found jobs compared to only 30% of the city movers (Rosenbaum and Popkin 1991).

There was little difference between city and suburban movers in hourly wages and the number of hours worked (Rosenbaum 1991; Rosenbaum and Popkin 1991). Suburban youth reported higher pay than city movers, although there was no difference in job prestige across the groups (Kaufman and Rosenbaum 1992). Suburban youth were also more likely to have paid vacation, sick leave, and health and education benefits than were city movers (Kaufman and Rosenbaum 1992; Rosenbaum 1991).

Suburban movers indicated that the greater number of jobs in the suburbs was a factor in their employment success. They also mentioned that their increased sense of personal safety and the safety of their children allowed them to get out of the house to work. Suburban movers also reported that their new environment increased the motivation of their children. The environmental effects mentioned included higher school expectations and having positive role-models and peer pressure (Kaufman and Rosenbaum 1992; Rosenbaum and Popkin 1991). Overall, suburban movers reported that they believed the move had improved their labor market experiences, while the city movers did not (Rosenbaum 1991). Participants did report that the lack of transportation in suburban areas, the difficulties of securing childcare, and discrimination were significant obstacles to the search for employment (Rosenbaum 1991).



Social Interaction The Gautreaux evaluation also looked at the degree to which participants (both adults and children) were integrating into their social environment in the city and the suburbs. Among children, there were no differences between the city and suburban movers in “feeling a part of the school,” in receiving respect from other students, or in overall social integration (Rosenbaum and Meaden 1992; Rosenbaum et al. 1991).

Moving to the suburbs did not seem to have an effect on the size of the social circle reported by youth. Suburban movers did report, however, having fewer Black friends and more White friends than did city movers (Rosenbaum and Meaden 1992; Rosenbaum et al. 1991; Rosenbaum and Popkin 1990). Suburban movers reported a higher degree of interaction with White children on a number of dimensions, including contact outside of school, sharing homework, and visiting homes. Suburban movers are more in agreement than city movers with the statement “Whites are friendly” (Rosenbaum and Meaden 1992). In the suburbs, however, 52% of young people reported at least one incident of name-calling compared to only 13% of city movers (Rosenbaum and Meaden 1992; Rosenbaum and Popkin 1990). The percentage of suburban movers who reported harassment decreased over time to 25%, a percentage that is not statistically different than that reported by city movers (Rosenbaum and Popkin 1990).

Among adults, a move to the suburbs did not have a detrimental impact on social interaction. There are no significant differences between city and suburban movers on any of the individual scale items or the full-scale measure of social integration. The scale items included how frequently they loan things to neighbors, let a neighbor use the telephone, watch kids, eat lunch or dinner with neighbors, greet neighbors in the street, or talk to neighbors for at least 10 minutes (Rosenbaum and Popkin 1990). Both city and suburban movers reported less interaction with neighbors after moving. Suburban movers were, however, twice as likely to complain of isolation and loneliness compared to city movers (Rosenbaum and Popkin 1990; Rosenbaum et al. 1991).

Satisfaction Both city and suburban movers reported higher levels of satisfaction after moving out of their public housing units. Suburban movers reported significantly greater satisfaction with police and schools, but significantly less satisfaction with medical and transportation services. City movers reported more satisfaction in all four areas (Rosenbaum and Popkin 1990).

Suburban movers also felt better about their children’s experiences: they were more likely to indicate that their children were doing better in school, that they were happier with their children’s school, and that they were happier with their children’s friends (Rosenbaum and Popkin 1990). There were no differences between city and suburban movers on respondents’ reporting that they had “more money” or “better housing” (Rosenbaum and Popkin 1990).

Scale Schill and Wachter (1995) argue that the successes of the Gautreaux program are an indication that counseling can help poor families escape racial segregation and

concentrations of poverty. But, they argue, the program needs to incorporate more fully the interests of landlords, because many landlords were scared away by the types of families (ex-public housing families), the race of participants, and the rights that are accorded Section 8. As a result, the program was only able to achieve a 25% lease-up rate. That is, for every four families who tried, only one actually found an apartment on which to use their Section 8 subsidy.

This outcome reveals somewhat the self-limiting nature of the program. At minimum, cooperation from private landlords is necessary to operate the program. This participation can be negatively affected by the popular image of public housing households or by prevailing racial attitudes in metropolitan areas. In addition, too much visibility in such a program could lead to neighborhood opposition, which in turn might negatively affect landlord reactions. Ultimately, Rubinowitz (1992) argues that programs like Gautreaux can, at best, play only a modest role in dealing with concentrated poverty in central-city areas.

One analysis of the program argues that the system of Section 8 FMRs significantly limits the housing available to Gautreaux families. There is also some evidence that some landlords opted out of the program because of the race of Gautreaux families and other attributes of the families (Rubinowitz 1992).

Finally, there is some question as to how far one can generalize the Gautreaux findings. The program generally selected smaller families, and they screened these families to make sure they had a source of income, had regularly paid their rents in the past, and had acceptable housekeeping skills. Rosenbaum et al. (1991), arguing that self-selection was not a serious source of bias, point out that these criteria reduced the eligible pool by less than 30%. Overall the researchers argue that the Gautreaux families are representative of perhaps 50 to 75% of public housing residents.

In any case, the experience of the Gautreaux program convinced many that mobility programs that integrate landlord recruitment, tenant counseling, and placement services could begin to overcome patterns of residential segregation and improve the lives of poor families (Goering, Stebbins, and Siewart 1995).

Recent HUD Desegregation Lawsuits Although the Gautreaux cases are the oldest and perhaps best known court cases alleging discrimination and segregation in public housing, a number of other lawsuits have been filed in cities across the country. During the Clinton administration, HUD decided to settle with plaintiffs in these cases whenever possible. In all, HUD has entered into consent decrees in more than 12 cases nationwide, the Hollman consent decree being one such case. Although the settlements differ in detail from case to case, there are several common themes that run through them all. Typically, the settlements call for demolition of some public housing, construction of scattered-site replacement housing, and development of mobility programs (with counseling) through which those in the plaintiff class are provided with tenant-based assistance

to make desegregative moves (Popkin et al. 2000b). Elements of some of the decrees not included in the Hollmansettlement are the merging of Section 8 and public housing waiting lists, and community development in areas surrounding the public housing stock.

The combination of public housing demolition, redevelopment, and mobility programs makes these legal settlements hybrids of the HOPE VI and MTO programs. The settlements deal with older public housing much as the HOPE VI program does—by emphasizing demolition and redevelopment of the sites into lower density, mixed-use developments. Many of the consent decree sites have, in fact, made use of HOPE VI program funds to accomplish just those objectives. In addition, however, the lawsuits incorporate the MTO model of geographically restricted Section 8 vouchers and mobility counseling to facilitate deconcentration of households.

A recent Urban Institute baseline evaluation offers some early findings on how the decrees are being implemented. The researchers found that remedies that require greater cooperation between agencies are typically the most difficult to implement. This includes the development of scattered-site housing, the creation of interjurisdictional mobility programs, and the provision of tenant-based subsidies (Popkin et al. 2000a).

Typically, the demolition of public housing has proceeded without much delay. This is not surprising given the local housing authorities' almost total control over this process, and the priority HUD has given to demolition in recent years. Dallas has demolished more than 2,500 units, and in Omaha more than 700 units were taken down in a two-year period. Sometimes, as in Omaha, the rate of demolition was faster than the ability of tenants to find new homes, necessitating temporary relocations and subsequent moves by the families (Popkin et al. 2000a).

Changes to tenant selection procedures and the merging of waiting lists also has occurred quickly at most sites. Even public housing modernization and rehabilitation has taken place without problems in those cities where it is called for by the decree. As Popkin et al. (2000a) point out, action on these items has been swift because it does not require coordination across separate agencies.

Other elements of the decrees have been more difficult to implement. The development of replacement housing, for example, has not occurred on a large scale at any of the sites studied by the authors. In some cases the delays have been due to community resistance to the development of scattered-site housing, in other cases a lack of interest from private developers.

The researchers identify a number of factors that have impeded progress in implementing the decrees. The first, as suggested above, is conflict among the different agencies implementing the decrees and the difficulty of coordinating multiple agency activities. In most cities, there are multiple defendants responsible for implementing portions of the decrees. In some cases, there has been conflict in the selection of contractors, while in other

cases, simply coordinating the agendas and resources of multiple agencies has slowed down implementation.

Another impediment identified by Popkin et al. (2000a) is community opposition that has arisen at each site to scattered-site housing. In Dallas, two lawsuits by homeowners associations have been filed to stop the development of scattered-site units in suburban areas. The first suit was dismissed by the district court, but the second suit, *Highlands of McKamy et al. v. the Dallas Housing Authority* (1999), was ruled on by the Fifth Circuit Court of Appeals. The ruling was in favor of the homeowners association and the court essentially held that the scattered-site development of new public housing in White neighborhoods violated the equal protection rights of homeowners in those neighborhoods (Popkin et al. 2000b). This extraordinary ruling effectively ended the scattered-site program in Dallas. The court of appeals preferred a tenant-based remedy that it considered more race-neutral than a program of scattered-site development.

In Allegheny County, Pennsylvania, local government officials in receiving communities vocally opposed the scattered-site program, and a crowd of 250 people protested the housing authority's purchase of three townhouses. Some even started a movement to secede from the county to avoid having to accept three units of subsidized housing (Popkin et al. 2000a). In New Haven, several homes purchased by the housing authority for the scattered-site program were the targets of arson. Public hearings in New Haven and Omaha have been extremely contentious on the issue of developing affordable units in nonimpacted neighborhoods.

Another impediment to the smooth implementation of the decrees has been opposition to some elements of the decrees by the plaintiff class. In Dallas, a group of public housing residents opposed the demolition of the public housing. In Buffalo, too, there was resistance to demolition.

The mobility programs launched as part of the decrees in those cities also produced implementation challenges. First, there was the reluctance on the part of many people to make desegregative moves. Many participants feared discrimination in the housing search and harassment in the new communities. Others shied away from the mobility programs because of perceived financial barriers to the relocation process, while still others were reluctant to move away from areas with which they were familiar and away from support networks on which they relied. In Omaha, where families could use their Section 8 subsidies in any area if they were unable to find a unit in a non-impact neighborhood after four months, many simply waited out the four months and then moved into an impacted area (Popkin et al. 2000a). In New Haven, members of the plaintiff class did not want to move to the suburbs, away from friends and support networks (Popkin et al. 2000b). The authors suggest that long-term support for those who relocate is necessary to keep families from moving back into impacted areas.

Mobility programs were also hindered by a lack of units at or below the fair market rents. Very tight rental housing markets in New York City, Dallas, and Omaha made the competition for units very intense, and made it difficult for the housing authorities to recruit landlords to participate in their programs. Finally, many mobility participants suggested that the lack of transportation in nonimpacted communities was a barrier to mobility. Even where bus routes existed, the distances are so great that getting to and from work and stores was very difficult.

Despite these implementation problems, the Popkin et al. (2000a) study concludes that there has been encouraging progress made at most of the consent decree sites. Local housing authorities have shown a willingness to reform themselves to meet changing priorities. Participants in the mobility programs report greater (although not uniformly so) satisfaction with their neighborhoods and their children's schools.

### *Moving to Opportunity*

The Moving to Opportunity (MTO) program was authorized by Section 152 of the 1992 Housing and Community Development Act. Congress appropriated \$20 million in 1992 and another \$50 million in 1993 for the program. Authorized as a demonstration program, MTO operates in five cities: New York, Los Angeles, Chicago, Boston, and Baltimore. The program is designed to provide Section 8 tenant-based assistance to families living in public housing or project-based Section 8 in areas with high-poverty concentrations (greater than 40% of residents below the poverty level) (HUD 1996; HUD 1999). Although modeled after the Gautreaux program, MTO differs from that litigation-based program in one important way: the receiving neighborhoods are defined by their degree of poverty, not by their degree of racial concentration. Similar to Gautreaux, however, MTO uses nonprofit agencies to recruit landlords to participate, and to provide screening of program participants, mobility counseling, and support in the search and resettlement process (HUD 1996; HUD 1999).

The program was operational in all five cities by February 1995. Each of the five local housing authorities established a waiting list of those eligible for MTO, and then proceeded with recruitment and the random assignment of volunteers to one of three groups—the MTO experimental group, the Section 8 comparison group, and the stay-in-place control group. The experimental group members were referred to the nonprofit counseling agency to begin their counseling and search for housing. They were given Section 8 tenant-based subsidies and were required to relocate into census tracts in which less than 10% of the population was under the poverty level. The Section 8 comparison group was also given a Section 8 certificate, but thereafter treated no differently than any other regular program participant. Thus, their housing search was not restricted to low-poverty areas and they received no special mobility counseling. Finally, the stay-in-place control group members remained in their public housing or project-based Section 8 units (HUD 1996; HUD 1999). Program participants were randomly assigned to one of the three experimental groups to

determine more precisely whether differences in outcome that occur across the groups are attributable to the counseling and assistance received by the participants. The U.S. Department of Housing and Urban Development plans to monitor the families for a 10-year period to document their educational, employment, and social experiences (HUD 1996; HUD 1999).

The program implementation was delayed in Baltimore because of the strong reaction of politicians in some inner suburbs. Moving to Opportunity was starting up just at the time that local elections were taking place in Maryland, and the issue was picked up by several political candidates in the area. A Republican gubernatorial candidate called the program “social engineering.” Another statewide candidate from the suburbs of Maryland made the program a main campaign issue and talked about the prospect of public housing families moving out of Baltimore and into the suburbs. Intense opposition to the program arose in a number of inner-ring suburbs (ironically enough, these suburbs had poverty levels too high to even qualify to receive any MTO families). The reaction, according to one observer, “bordered on mass hysteria” (Moberg 1995). One political candidate, perpetuating negative images of public housing families, suggested that residents of “the projects had to be taught to bathe and how not to steal” (Moberg 1995, 16). Anti-MTO buttons and T-shirts were made up and distributed to people fearing an “onslaught of inner-city blacks” (Moberg 1995, 15). The result was that Maryland Senator Barbara Mikulski, chair of the subcommittee of the Senate Appropriations Committee, killed further funding for the program. As one HUD source was quoted as saying, “the congressional message was clear: ‘We don’t want to hear anything more about HUD programs to move poor blacks into white neighborhoods’” (quoted in Rusk 1999, 274).

The Baltimore program did recover to operate as the others, but MTO as a whole was restricted by Congress to its original appropriation of \$70 million. According to Moberg (1995):

The experience of Baltimore suggests that public authorities should lay careful political groundwork for housing mobility programs to minimize the ability of demagogues to distort plans and inflame passions. Ultimately, white suburbs in most cases are willing, if they do not seem overwhelmed with their own economic and social problems, to accept some inner-city black poor in their midst. (31)

Rosenbaum and Miller (1997), therefore, argue that participant screening is one of the most important elements of a successful mobility program. According to them, screening does not have to be highly selective, but it is essential to reassure third-party participants such as landlords and neighbors that the program’s participants have the resources to meet the demands of the program. Appealing to landlords and neighbors is, according to Rosenbaum and Miller (1997), absolutely necessary for the program to succeed.

Housing Search Participants of mobility programs are doubly restricted in their housing search compared to conventional Section 8 participants. Like all Section 8 participants, they are restricted to apartments that are at or below the HUD-established fair market rent level. In addition, however, mobility program participants are restricted to looking for those units only in certain neighborhoods—neighborhoods that meet the low-poverty- or low-racial-concentration criteria of the program. Because FMRs may not be high enough to allow access to many suburban markets (Tegeler, Hanley, and Liben 1995) and most lower cost apartments are clustered in disadvantaged neighborhoods, the additional restrictions of mobility programs make the successful utilization of the subsidies difficult. As noted, the Gautreaux program has achieved only a 25% lease-up rate over its years of operation. In contrast, MTO improved on Gautreaux lease-up rates at all of its sites, but still only achieved a 47% lease-up rate across the five program sites (HUD 1999).

Early results from Baltimore show that 5% of the participants wanted to relocate elsewhere in their neighborhood, 60% wanted to move to different neighborhoods within Baltimore, 26% expressed a preference for the suburbs, and 7% wished to leave the Baltimore area entirely (Norris and Bembry 1998). In actuality, 38% of the experimental group moved outside the city compared to only 3% of the comparison group (Ladd and Ludwig 1997).

Most participants in Baltimore indicated they wanted to move into integrated neighborhoods: 78% preferred a neighborhood with a racial/ethnic mix, while only 4% preferred mostly White and 13% preferred mostly Black neighborhoods (Norris and Bembry 1998). More than half (58%) said that race was not an important factor in their ultimate choice of neighborhood.

Most participants wanted to move out of their neighborhoods to escape “drugs and violence” (54%) or to improve their housing conditions (27%). Among second reasons for moving, 31% identified better schools, 29% wanted a better apartment, and 27% wanted to escape drugs and violence (Norris and Bembry 1998).

The MTO participants in Baltimore were not strongly attached to their neighborhoods (Norris and Bembry 1998). Fewer mobility participants, compared to the comparison group, felt that it was important to live near family and friends. Most entered the program because they wanted to move away from gangs, crime, and drugs (HUD 1996; HUD 1999). Many also indicated a desire for better housing conditions and schools. Less than 1 in 14 identified a job-related concern. MTO applicants had a higher rate of crime victimization than did public housing residents overall (HUD 1996; HUD 1999). The mobility counselors in Baltimore identified transportation as a significant constraint for many movers: 95% did not have cars, and more than 80% did not have valid drivers' licenses.

Evidence going back as far as the Experimental Housing Allowance Program (EHAP) indicates that mobility counseling can have a significant influence on locational choices

(Cronin and Rasmussen 1981). This has been confirmed by more recent studies showing that counseling and housing search assistance is very important to families who want to move to nonconcentrated areas (HUD 1996). In the MTO program, nonprofit organizations help to recruit landlords in low-poverty areas, assist families in finding properties, provide short-term counseling to participants aimed at easing the adjustment to their new communities, conduct credit checks, and visit MTO families after the move (HUD 1996). More than half of the Baltimore movers (59%) reported that budgeting assistance was the most valuable support they received, and transportation was most frequently identified as the most important service provided by the program.

Experience in the New Neighborhood Tegeler, Hanley, and Liben (1995) argue that mobility programs have resulted in a higher rate of movement from high-poverty to low-poverty neighborhoods compared to the passively applied Section 8 program. In Chicago, the neighborhoods to which MTO families moved were dramatically better than those of the Section 8 comparison group. In Baltimore, the treatment group in MTO was less likely to move to a neighborhood that was mostly African American (14% to 48% for the Section 8 comparison group) (Norris and Bembry 1998).

Early MTO findings report higher satisfaction with neighborhood, much lower fear of neighborhood crime, and low exposure to violence (Rosenbaum and Harris 2001). In the stay-in-place control group in Baltimore, 61% of participants reported problems with drugs and violence in their new neighborhoods, compared to 28% of the treatment group. For those who reported problems, a higher percentage of the comparison group (87% to 63%) felt the problem was serious (Norris and Bembry 1998).

Both the treatment and control groups were generally satisfied with their new neighborhoods. The treatment group reported higher levels of satisfaction with the new apartments compared to the regular Section 8 comparison group. But the comparison group was more satisfied with the public transportation in their neighborhoods, and there was no difference between the two groups on satisfaction with schools (Norris and Bembry 1998).

The early MTO results showed some gains in employment and earnings in Los Angeles (Hanratty, McLanahan, and Pettit 1997), but not in Boston (Katz, Kling, and Liebman 2001) or Chicago (Rosenbaum and Harris 2001).

## Summary of Mobility Programs

A significant body of research has accumulated that looks at the variety of mobility programs, from Section 8 portability and vouchers out to Gautreaux and MTO. The experiences of these programs are summarized below, and some final observations about mobility programs are offered.



## *Program Operations*

Three groups must accept mobility programs if they are to work well. The first group is the participants themselves. They must see the program as a legitimate avenue for improvement in their lives or housing situation. The acceptance of this group is easily measured by monitoring the demand for the programs locally. The second group that must cooperate for a mobility program to work is landlords and property managers. Because landlords are not required to accept Section 8 applicants, mobility programs must generate voluntary participation on the part of building owners and operators. Without a sufficient pool of apartments from which participants can choose, mobility programs will be unable to achieve their goals of deconcentrating subsidized households. Finally, mobility programs must also be accepted by local politicians and residents of the receiving communities. The support of these groups is critical if mobility programs are ever to achieve the scale necessary to make a significant dent in the problems of central-city ghettos and their residents.

In most mobility programs, the eligible population includes residents of public housing or those on the waiting list. In many cases, these families can move anywhere in the metropolitan area, and can even move back to a “concentrated” area after a year and keep the certificate (Polikoff 1997). The demand for participation in mobility programs varies. The Gautreaux program in Chicago generated more than 15,000 sign-up calls a year, while in other places, housing authorities struggle to allocate all of the mobility certificates they have available. The way a program is structured may have some impact on its success. The size of the eligible population is important. Second, some programs provide up-front bonuses to landlords who make more units available to the program. Other programs secure waivers from regular Section 8 guidelines to allow for larger security deposits and relax written notification requirements (Polikoff 1997).

Involuntary programs such as vouchering out and relocation due to demolition present a different type of difficulty in terms of participant acceptance. There is evidence from a few cities that participants often object to the loss of their homes, and that many prefer not to move from their units.

Voluntary mobility programs generally “cream” from the population of eligible public housing residents (Polikoff 1997). The fact that they are voluntary programs indicates the strong possibility that those who participate are more motivated than those who do not. Furthermore, the use of screening also ensures that participants are fundamentally different from those who are weeded out of the program. Even the lease-up rate may differentiate ultimate program participants from others. In the Gautreaux program, the lease-up rate (participants who successfully found and moved to an apartment that met all of the program criteria) was around 25%. In other cities, lower rates have been achieved. It is possible that those who are successful in leasing units are systematically different from those who are unable to do so. On the other hand, Donovan (1994) finds no evidence of creaming in Hartford, and Rosenbaum suggests that Gautreaux participants are representative of 50 to 75% of Chicago

public housing residents. Early MTO results indicate that applicants to the program are slightly older and are more likely to be employed than non-participants (HUD 1996).

Most programs screen tenants for rental payment history. This is done to enhance the political acceptance the programs receive, and to attract landlords to the programs (Polikoff 1997). Most programs also receive exceptions to the Section 8 FMR that allow them to authorize units up to as much as 120% of the area FMR.

Recruitment of new landlords or new units in middle-income areas is critical to the smooth and effective operation of mobility programs (Polikoff 1997). For example, the Gautreaux program in Chicago was implemented by a nonprofit organization with considerable experience in affordable housing issues in the city's suburbs. Suburban officials were familiar with the group and cooperated with the program. Even so, this level of experience in suburban areas was insufficient to attract large numbers of new landlords to the program. Chicago area landlords, as a group, harbored negative attitudes toward the Section 8 program and toward Section 8 participants (Rubinowitz 1992), and this limited their willingness to participate.

The shortage of appropriate units in the suburbs can also minimize program impact. This was a problem in Chicago and a concern in Hartford (Donovan 1994).

### *Program Impacts*

Housing counseling is an extremely important element of successful mobility programs. The experience of programs in Hartford, Dallas, and Alameda County indicates that even simple information about regional housing opportunities can be helpful in facilitating moves to lower poverty areas (Polikoff 1997). Polikoff reports that mobility programs have housing counseling costs of between \$950 and \$1,650 per participant.

An examination of mobility programs that allow a move to suburban areas indicates that roughly 15 to 20% of the participants choose to move to suburbs (Polikoff 1997). That figure is higher for programs such as MTO that require a move to a low-poverty area. The MTO program in Baltimore, for example, had 38% of the treatment group relocate outside of the city, compared to only 3% of the Section 8 comparison group (Ladd and Ludwig 1997). In the Hartford program, which did not require a deconcentrating move, 36% of the families moved outside of Hartford (Donovan 1994).

Mobility programs typically produce significant changes in the social and economic characteristics of participants' neighborhoods (Polikoff 1997). These changes are the greatest among programs that require deconcentrating moves and less strong in voluntary programs (Polikoff 1997). For example, the voluntary relocation in Hartford was consistently geared toward lower minority areas. For those who moved to suburban areas, the percentage of owner-occupied units is two-and-a-half times that of central-city tracts (Donovan 1994). In the Cincinnati HOME program, the average destination census tract is 86% non-Hispanic White (Rosenbaum and Miller 1997).

Despite this record, have mobility programs weakened poverty concentrations at all? Even supporters of the approach suggest that the scale of programs has been too modest to produce a noticeable impact (Polikoff 1997; Rubinowitz 1992).

Employment effects were mixed. The Gautreaux program produced some improvements, while MTO and vouchering out generally have not resulted in job gains by participants. Changes in satisfaction among mobility program participants are more widespread. Mobility participants typically report that the move contributed to greater satisfaction in their living situation, greater feelings of safety, a belief that their children were receiving better schooling, and better services (except for public transportation). Those who moved also felt that they had more interracial and interclass interaction (Polikoff 1997).

### *Limitations and Opposition*

There are five commonly voiced concerns about dispersal programs: (1) reclustered families might have adverse impacts on receiving communities, (2) the programs cream and therefore cannot be generalized to a broader population of the poor, (3) the programs can never operate at a scale great enough to make a difference, (4) the adjustment to a new community is very difficult for poorer families losing their support networks, and (5) the programs privilege an integrationist approach over one that stresses antidiscrimination. The possibility of other criticisms being made in specific cases can expand this list. For example, Donovan (1994) reported that there was political resistance to the Hartford mobility program due to the loss of revenue by city landlords when mobility participants moved to the suburbs.

The self-limiting nature of mobility was acknowledged in the Gautreaux program, where officials consciously attempted to run the program under the radar screen of suburban residents. The Gautreaux program generated little community response. Most of the limited organized response took place in integrated communities concerned about concentration and possible resegregation (Rubinowitz 1992). The political fragility of mobility is well illustrated by what happened to MTO in Baltimore in 1996.

Hartung and Henig (1997) argue that mobility programs may fare better politically if there are viable project-based alternatives (such as scattered-site or fair-share programs) because potential opponents would accept mobility more readily than they would the construction of new subsidized units in specific communities. Mobility programs like MTO and Gautreaux are faced with the paradoxical situation that they must remain small to remain politically viable, but that smallness ensures the problem will never be adequately addressed. The MTO program has succeeded in the demonstration sites (other than Baltimore) because its effect on neighborhood racial composition is imperceptible. In 1990, 5.9 million Black residents lived in urban neighborhoods with a Black poverty rate of more than 40%. Mobility programs, to date, have served less than 15,000 households (Polikoff 1997).

The distinction between efforts to remedy past discrimination on one hand, and efforts to force integration on the other, are pertinent to some inner-city advocates. As several observers have pointed out in the past, there can be tension between these two goals, the pursuit of integration sometimes requiring discrimination (Tein 1992). Rubinowitz (1992) argues that there is a “tension between the goals of providing as much housing as possible for low-income people and bringing about racial integration through publicly funded housing programs. Although those objectives may be compatible in theory, the urban historical, political, and social context suggests the difficulty of reconciling them in practice” (598). The tension is produced because of the relative ease of creating subsidized housing in central-city neighborhoods and the difficulty of locating these units in less disadvantaged neighborhoods.

Judicial remedies that force integration in subsidized housing fail to account for the right of non-White tenants to choose not to integrate. Forced integration in subsidized housing presumes that in a society free from discrimination, non-Whites will choose to live dispersed among Whites. Some argue that the belief that non-Whites prefer an integrated environment is, in itself, discriminatory because it denies legitimacy to the non-White community (see, for example, Tein 1992, 1470). It is unclear whether non-Whites, absent pervasive discrimination, would necessarily choose to live amidst “others with whom they share common heritage, values, beliefs, and culture” (Tein 1992, 1473). Where this is not explicitly known, there may be something problematic about judicial remedial structures that privilege (as most do) integration over antidiscrimination (Tein 1992).

When examined in this light, mobility programs take on a significantly different tone.

[W]e know of hardly a more suppressive move that governments can take in this society, than to control where we can live. Would any other people in this country even be thought of as fit subjects for such policies? And, would any other people not raise holy hell at the very thought that they should be shunted around from area to area, in the interests of satisfying white fear that whites will flee an area? (quoted in Goering 1986, 15)

Some in the minority community also argue that dispersal programs act to dilute minority political strength by draining off resources, attention, commitment, and people from the Black community (Rubinowitz 1992). Forced dispersal programs “imply a view of valid community as white over black and solidifies an already entrenched racial hierarchy” (Tein 1992). At the very least, mobility programs may imply that suburban areas are preferable to cities as places to live (Donovan 1994). There is a portion of the community that views dispersal as part of a history of forced migrations. “Why should we again be maneuvered from the land that we occupy?” (Rubinowitz 1992, 104).

## HOPE VI

The federal HOPE VI program incorporates elements of both project-based and tenant-based assistance, and so it is considered as a separate category. The program works primarily

to demolish large and troubled public housing projects, redeveloping the sites into lower density, mixed-use, mixed-income developments. The redevelopment usually includes some units of public housing on-site, but also results in the conversion of many public housing families into Section 8 voucher holders. Thus, the program results in a net loss of public housing units, reduces concentrations of subsidized families, and contributes to the general federal conversion to household-based forms of housing assistance.

The HOPE VI program stems from recommendations made by the National Commission on Severely Distressed Public Housing, established in 1989. The commission reported in 1992 that approximately 86,000 units, or 6% of public housing, could be considered severely distressed. Congress authorized the HOPE VI program in 1992 to eliminate or revitalize the worst public housing developments in cities across the country. In order for this to occur, HUD and Congress revised several important policies related to public housing. The first was the repeal of the one-for-one replacement law, originally a part of the 1987 Housing and Community Development Act, which required housing authorities to produce a new unit of affordable housing for every one they demolished. Second, HUD eliminated the set of federal preferences that reserved public housing for the lowest income households. Finally, the agency gave authorization to use public housing development funds and operating subsidies for projects owned by a private entity other than a public housing authority (Salama, 1999). Thus, HOPE VI results in a triple deconcentration when combined with the guidelines of the new public housing law. There are fewer public housing units on site, they are mixed with more nonpublic housing units, and the income mix within public housing is greater than before.

### *Program Features*

Demolition The one-for-one replacement law was the largest obstacle to the implementation of HOPE VI. The replacement rule, combined with the lack of federal funding for the development of new units, made the demolition of dysfunctional public housing developments virtually impossible, and certainly precluded any large-scale activity (Williams-Bridgers 1994). Housing and Urban Development Secretary Henry Cisneros was instrumental during the first two years of his administration trying to convince fellow Democrats to waive the rule for public housing. One Senate Republican aide said the secretary was “doing what no Republican Housing Secretary could have gotten away with” (Weisman 1996, 2517). Cisneros advocated the repeal of the rule even before the 1994 election gave Republicans the majority and threatened the very future of HUD. After the election, however, “every word out of Cisneros’ mouth...is about the need for demolition” wrote one national housing expert (Weisman, 1996, 2517). One-for-one replacement was eliminated in 1995, and permanently repealed in the 1998 public housing bill.

In the first three years of the program, only PHAs from the 40 largest U.S. cities or PHAs on HUD’s list of troubled housing authorities were eligible for HOPE VI funds

(GAO 1997). There was little doubt from the beginning that the biggest impact of HOPE VI would be in the demolition of thousands of units of public housing. Initial HUD targets were to demolish 100,000 units of public housing by the end of the century. They were almost one-quarter of the way there by the end of 1996 (Weisman 1996). The first five years of HOPE VI projects included plans to demolish 37,449 units of public housing and replace 27,526 units. The difference was to be made up in vouchers for families who had previously inhabited public housing (GAO 1997). By the end of the 1990s, HUD had planned to replace roughly 60,000 of the 100,000 units they wished to demolish. Although replacement housing is a goal of the program, HOPE VI does not provide funding for it (Salama 1999). Public housing authorities are required to channel other sources of public housing funds into the replacement housing. In Atlanta, for example, there were plans to build replacement housing off-site using the cash flow from the profitable on-site HOPE VI housing (Salama 1999).

In some cities the HOPE VI guidelines would virtually remake the face of public housing. In Chicago, which had a high percentage of distressed public housing projects, HUD guidelines call for demolition of 18,000 of the city's 41,000 public housing units (Wright 1998). Many of the city's most notorious public housing projects would be demolished under HUD plans. The Robert Taylor Homes would see the demolition of more than 4,000 units and only 1,276 rebuilt (Rogal 1999). On the city's north side, Cabrini-Green is slated to lose 1,200 units, with less than 600 being rebuilt (Bennett and Reed 1999).

Involuntary Deconcentration An important feature of the HOPE VI program is that residents who are displaced by the demolition of their public housing units are, like vouchered-out households, involuntarily dispersed. This has implications for the enthusiasm that program participants may have for the program, and because involuntarily displaced households are not forced to relocate to nonconcentrated neighborhoods, for the degree to which families are dispersed and the experiences they report in their new communities. Another group of HOPE VI participants stay in whatever public housing units are rehabilitated and maintained on-site, and so they experience deconcentration in place. These households experience something similar to those in the mixed-income developments discussed earlier.

In some cities, the scale of the demolition makes the relocation of public housing families difficult. Chicago lost 40,000 housing units in the 1980s, most occupied by low-income families. Presently there are simply not enough suitable affordable housing units in the private market to absorb all of the public housing families projected to be displaced (Wright 1998). Nevertheless, the CHA claimed that residents overwhelmingly supported the switch to Section 8. The residents' council, however, claimed just the opposite—that two-thirds of residents oppose CHA's demolition plan and the vouchering out of public housing residents (Rogal 1999).

Residents displaced in the Cabrini-Green redevelopment also had problems using Section 8 vouchers to find replacement housing. As Bennett and Reed (1999) argue, displacing public housing residents who are assumed to suffer from a lack of institutional and social supports actually severs any social networks that they might have had in place.

Former public housing residents in Chicago primarily have moved into segregated areas where the residents are as poor as they are, according to Rumbler (1998). A total of 71% of the public housing residents moved to census tracts that are greater than 90% Black, confirming Rubinstein's observation of a decade earlier that "displacees...are followers of racial change rather than pioneers" (Rubenstein 1988, 195). Approximately 85% live in tracts with an average income of \$15,000 or less. Thus, the record of relocated families is even worse than the Section 8 program as a whole.

Impact on Concentrations of Poverty There have been very few analyses of HOPE VI redevelopments and the new communities built on sites that had been the country's worst public housing. Bennett's work on public housing redevelopment in Chicago is the exception. His analyses of the Chicago case highlight the strong pressures for gentrification affecting even the worst of the city's public housing neighborhoods (Bennett 1999). The Cabrini-Green project was in the middle of a north side neighborhood undergoing aggressive real estate investment and upgrading as early as the late 1970s. By the mid-1990s, the median sales price of homes had increased from \$138,000 to \$700,000. Almost three times as many building permits were issued in 1990 compared to 1977. During the 1980s, the area lost 7,000 African American residents and gained 4,000 White residents (Bennett and Reed 1999).

The same process occurred two miles from the city's Loop, in an area next to the University of Illinois at Chicago campus. Gentrification began in that area, followed closely by plans to demolish three-quarters of the Abbott, Brooks, Loomis, Addams (ABLA) projects, to be replaced by 1,000 public housing units, 1,000 market-rate units, and 450 affordable units (Bennett 1999). Elsewhere, the City of Chicago has invested millions of dollars in neighborhood infrastructure improvements that have generated private market improvements in neighborhoods with large public housing projects. The dramatic real estate appreciation in neighborhoods near the Henry Horner Homes has slowed the development of off-site replacement housing for units demolished at that project. The Horner replacement units have also met with neighborhood opposition.

As in most HOPE VI programs, the redevelopment incorporates many of the precepts of new urbanism in the physical design of the site. These design orientations are meant to increase the informal socializing that takes place in the community and build social capital (see, for example, Lang and Hornburg 1998; Bothwell, Gindroz, and Lang 1998; Epp 1996). But beyond the physical proximity of public housing residents to more affluent residents of market-rate housing, Bennett (1999) argues, there is little that will ensure that cross-class social integration will actually take place. Popkin et al. (2000a), in fact, report that there is

little social cohesion in the redeveloped Henry Horner Homes and little evidence that the mixed-income approach results in socialization across income groups.

### *HOPE VI Program Summary*

The HOPE VI program attacks the worst of the public housing that exists in American cities. Across the country, the program has accomplished the physical rehabilitation and redesign of the nation's most distressed projects. The worst of these projects have been demolished, and more will be demolished in the future. In their places are new, mixed-income, mixed-use communities, developed along neo-traditional design principles aimed at maximizing sense of community and the development of social capital. The new developments are undeniably more attractive than the deteriorated structures they replaced. Although HUD has encouraged cities to engage in evaluations of the community impacts of HOPE VI activity, and the agency is conducting an overall evaluation of its own, it is too early for any of those results to be in.

Salama's (1999) review of HOPE VI in three cities suggests a number of experiences. First, although the program was designed to leverage private investment in the redevelopment process, little investment has occurred. Public subsidies typically are required for all phases of HOPE VI projects, from relocation to demolition to infrastructure development. In San Antonio, public subsidy was being considered even for the development of market-rate housing. Salama also concludes that the total development costs per unit were well above those for the Low Income Housing Tax Credit program (62% above in Atlanta, 81% above in Chicago, and 113% above in San Antonio). Salama's results illustrate the fine line that the program must walk between triggering large-scale gentrification (as is suggested by Bennett's [1999] analysis of Chicago), and being forced to heavily subsidize redevelopment in other communities where the market is not so eager to reinvest.

Salama (1999) also presents findings on resident participation in HOPE VI planning. In places such as San Antonio, resident participation went smoothly and no problems were reported. In other cases, resident participation is more difficult to achieve or it is complicated by resident opposition to PHA plans. The Atlanta redevelopment studied by Salama was first proposed in 1972. It was resurrected before the Atlanta Olympics in 1996 and funded through HOPE VI. The Atlanta Housing Authority was not the driving force for redevelopment in Atlanta, and this created battles between the residents and developers. Because of the drawn-out process of redevelopment and the gradual emptying of the project, Salama argues that "resident participation becomes a strange concept when virtually no residents remain to participate" (131). The Chicago Cabrini-Green project generated significant resident opposition and was among the most acrimonious programs in the nation. Residents have fought for a greater say in the project for years, even suing to delay the project. Because of these types of political conflicts, HOPE VI resembles the urban renewal program when it was forcing primarily minority residents from their homes and neighborhoods in the name of revitalization (Keating 2000).



## SUMMARY OF DISPERSAL POLICY

### Dimensions of Dispersal Policy

There are three dimensions of dispersal policy that are especially relevant when considering the record of dispersal and its prospects in the future. The first is whether the program is unit-based (like scattered-site or fair-share approaches) or tenant-based (as in Section 8 mobility programs). The second relevant distinction is whether the program attempts to deconcentrate by introducing more low-income families into affluent areas, or by introducing more affluent families into neighborhoods that are currently poverty-concentrated. Scattered-site and mobility programs work by facilitating the movement of low-income families out of neighborhoods of poverty, and HOPE VI and some mixed-income approaches attempt to introduce greater income diversity in poor neighborhoods. Finally, most dispersal programs are based on voluntary participation, while vouchering out and HOPE VI are involuntary. Where a program lies on each of these dimensions has significant implications for the experience of the families and communities involved.

Figure 1 depicts dispersal programs along the first two dimensions: whether they are unit-based or tenant-based forms of housing assistance; and whether they target neighborhoods of concentrated poverty, operate to initiate changes in non-impacted areas, or are untargeted.

Vacancy consolidation and vouchering out are listed in both box 1 and box 6 because they involve the shift from unit-based to tenant-based housing subsidies. Thus, in equal amounts, they directly reduce concentrations of poverty at the site of the original subsidized development (box 1) and also disperse subsidized households in a nontargeted manner (box 6).

	Unit-based approaches	Tenant-based approaches
Neighborhoods of concentrated poverty	- HOPE VI 1 - Vacancy Consolidation - “Vouchering Out” - The Quality Housing and Work Responsibility Act of 1998	2
Nonconcentrated neighborhoods	- Scattered-site 3 - Fair-Share	- “Mobility programs” 4 - MTO, Gautreaux, etc.
Nontargeted	- Mixed-income developments 5	- Section 8 6 - Vacancy Consolidation - “Vouchering Out” - Regional Opportunity Counseling - Portability

Figure 1. Housing Programs to Deconcentrate Poverty

The public housing reforms of 1998 (The Quality Housing and Work Responsibility Act) also aim to reduce concentrations of poverty by increasing the diversity of incomes within public housing developments. The act requires that no more than 40% of new public housing residents have incomes below 30% of the area median. In addition, HUD regulations to enforce the act also aim to enforce income mixing within all buildings.

Using tenant-based forms of assistance to target subsidized housing in nonconcentrated areas is achieved through mobility programs that require participants to move to areas with lower concentrations of poverty or minority groups.

This leaves a final set of initiatives, both unit- and tenant-based, that are untargeted (boxes 5 and 6). The development of mixed-income housing, for example, is an attempt to desegregate by income within subsidized developments and is undertaken in both concentrated and nonconcentrated areas. There is no inherent targeting principle associated with this approach. Tenant-based efforts such as Section 8, the portability of Section 8, and the “vouchering out” of subsidized projects attempt to increase the mobility choices of subsidized households, but do not require relocation to nonconcentrated areas.

## Research Questions

### *Impact on Families*

Previous research has shown that the impact of dispersal programs on families is generally positive. Participants in a range of programs—from scattered site to mobility—report greater satisfaction with their new neighborhood environments. Most report fewer concerns about crime and improvements in their children’s experiences in school. Typically, too, objective indicators of neighborhood characteristics improve for families in a range of dispersal programs.

There are three caveats to these conclusions, however. First, although tenant-based assistance does improve the neighborhood environments of families compared to project-based forms of subsidized housing, when passively applied (with no mobility counseling or restrictions on neighborhood of destination) Section 8 does not result in greater geographic dispersion of the poor compared to the overall housing market. The mobility constraints that restrict the poor to certain neighborhoods are not overcome with the simple use of a Section 8 voucher.

Second, when families move to suburban locations or to nonconcentrated areas within a metropolitan region, they tend to experience a degree of social isolation and some isolation from services upon which they rely. Although most families in dispersal programs report higher neighborhood satisfaction, for example, there is a tendency for these same families to report less satisfaction with public transportation and the availability of medical services in their new communities. In addition, evidence suggests that there is little social interaction with new neighbors, and in some cases actual harassment. Although this effect may decrease over time, it does identify an area of difficulty for low-income families.

Finally, there is a difference between the experiences of families who voluntarily participate in dispersal programs and those who are involuntary participants. The distinction between voluntary and involuntary approaches is important for identifying participant motivation (or lack thereof) and the probable dispersal outcomes of different programs. This is, of course, not a surprising outcome, for among involuntary participants in most cases are families that did not want to move. The evidence on displaced households indicates that they typically do not move very far, often relocating to the nearest low-income neighborhood or elsewhere within the same neighborhood. This limits the deconcentrating impact of relocation, and does not change the households' neighborhood experiences greatly. These families are less likely to report changes or improvements in education and employment than are voluntary participants.

A major difference between voluntary and involuntary participants is that when families are forcibly displaced from their homes, they are given full choice in relocation. In contrast, most voluntary dispersal programs restrict the choice of participants to "approved" neighborhoods that are below some threshold in poverty or minority population, or both. As a result, the change in neighborhood characteristics—and in the perceptions of those neighborhoods by the families—is greater for voluntary participants. Does that mean that when given full choice (as the involuntarily displaced are), poor households prefer to remain in poorer neighborhoods? What are the true mobility preferences of the poor? Do the poor really wish to leave the central city and locate in suburban areas that have hitherto been unaffordable or unavailable to them?

The answers to these questions remain unclear, despite 30 years of research. There are two ways the question might be answered, both of them flawed. First, one could impute the preferences of subsidized households by looking at where they choose to relocate when given the choice and the means (a Section 8 voucher) to do so. Yet, as shown, Section 8 subsidies do not provide unlimited choice in the housing market. Voucher holders must find apartments at or below the fair market rent limit established by HUD, and they must find a landlord willing to rent to them. Section 8, by itself, does not eliminate discrimination in the market, it does not rearrange the spatial distribution of city services and social services upon which the poor rely, and it does not relocate the social support networks and kinship connections of lower income families. Thus, a mobility choice with a Section 8 voucher remains a highly constrained choice. Mobility programs, scattered-site programs, and fair-share efforts restrict choice even more by allowing moves only to approved areas or to the few units available through such programs. In the end, the actual behavior of poor households in mobility and dispersal programs says more about the kinds of neighborhoods they may wish to leave than about their destination preferences.

Beyond looking at the highly constrained choices made by poor families, there is a body of research that asks people about the types of neighborhoods they feel are ideal, or the neighborhoods in which they would consider relocating. This research is in many ways even

more flawed as a means of determining the true mobility preferences of the poor, and was therefore not summarized in this report. First, this research tends to focus on issues of race rather than poverty, and is therefore of somewhat limited relevance. Second, the data gathered in such studies reflect hypothetical cases, which are greatly simplified in comparison with real mobility choices. There are obvious and important differences between merely stating preferences for a hypothetical neighborhood (typically defined by researchers only by its demographic characteristics) and an actual decision to move. Actual mobility decisions incorporate issues of transportation, employment, education, proximity to friends and family, and opportunity, to name just a few. These complicating factors are simply not addressed in this research. Third, it is unclear in this research how respondents are thinking when they answer questions. When a majority of African Americans report, for example, that they would prefer a neighborhood that has a majority White population, are they reporting a preference for White (or more affluent) neighbors or a preference for the better schools, parks, and shopping, the reduced crime, or the appreciating property values that characterize the typical White neighborhood in comparison with African American neighborhoods?

In the end, one may question whether a “true” or “pure” mobility preference can be said to exist independent of the economic and social environments and the constraints to mobility that these impose on all households, especially poor households. It makes more sense to focus instead on the effects of policy interventions. Passive application of Section 8 subsidies makes little difference in the distribution of the poor, as does involuntary displacement and relocation. Only voluntary dispersal programs (most of which require a deconcentrating move) result in a greater geographic dispersion of the poor.

### *Impact on Receiving Communities*

Much of the research on the impact of dispersal on receiving communities focuses on the issue of property values. Here the evidence is generally favorable related to dispersal programs. Scattered-site subsidized housing has been found to not have a detrimental impact on property values. A study of Section 8 showed that in strong neighborhoods, a scattering of tenant-based subsidies will not have a negative impact. In more troubled neighborhoods, a concentration of Section 8 can contribute to declining values, however.

The experience of the Gautreaux and MTO programs suggests that perceptions of residents are extremely important to the success of dispersal. Both programs have attempted to operate below the radar screen of potential opponents in receiving communities. This is possible for most dispersal programs. A study in Cleveland found that most neighbors were unaware of scattered-site housing in their neighborhoods. Even when neighbors are unaware of which housing in their neighborhood is assisted, they make guesses. One study indicated that neighbors simply assumed that the worst housing in their neighborhoods was Section 8, an assumption that was untrue in most cases (Urban Institute 1999). The political resistance of residents and officials in receiving communities remains perhaps the biggest obstacle to more widespread use of dispersal strategies.

*Impact on Poverty Communities*

There has not been much research to date on the impact of dispersal efforts on communities of concentrated poverty. Scattered-site and mobility programs are not seen by many of their proponents as programs designed to improve high-poverty neighborhoods. Instead, they are seen as “people” programs that are designed to improve the lives of families, one at a time. There should be an emerging body of research in the next few years that examines the impacts of various HOPE VI redevelopment projects across the country.

What can be said, at this point, is that HOPE VI and the legal settlements entered into by HUD during the past two decades have focused so far on the most negatively impacted and problematic public housing projects. The program has targeted the worst concentrations of poverty in publicly subsidized housing, and therefore should produce beneficial effects.

Despite this, however, political opposition has arisen not only within receiving communities, but also within the neighborhoods in which demolition and displacement have occurred. Opponents criticize the forced displacement of families and the breakup of social networks. Others criticize the integrationist orientation of the programs. For advocates of dispersal, of course, this represents a second political front on which they must fight for acceptance of deconcentration strategies.



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