

# **Running to Stand Still: Through the Looking Glass with Federally Subsidized Housing in New York City**

**Revised Submission to *Urban Affairs Review*. Do not cite without authors' permission.**

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October, 2007

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<sup>1</sup> This project emerged when James DeFilippis was Housing Policy Analyst at the Community Service Society of New York (CSS). He is very grateful to Victor Bach of CSS for inspiring this project, and for his longstanding leadership on these issues, both in New York and nationally. The research was also supported by a PSC-CUNY Grant.

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“‘Well in our country,’ said Alice, still panting a little, ‘you’d generally get somewhere else – if you ran very fast for a long time, as we’ve been doing’

‘A slow sort of country!’ said the Queen, ‘Now here, you see, it takes all the running you can do, to keep in the same place. If you want get somewhere else, you must run at least twice as fast as that’”

- Lewis Carroll

### **I. Introduction: Through the Looking Glass**

Since the early 1970s, the study of affordable housing in U.S. cities has required ever more frequent use of the discourse of “crisis.” Nearly all analysts now agree, however, that the “continuing crisis” (Williams, 2006) worsened considerably over the last decade, with the stagnation of working-class renters’ incomes amidst vibrant economic growth, the dramatic expansion of gentrification, and an unprecedented house-price boom fueled by sophisticated, speculative financial innovation and rising levels of household debt (Atkinson and Bridge, 2005; Bratt et al., 2006; Dynan and Kohn, 2007; Greenspan and Kennedy, 2007; Lees et al., 2007). Taken together, all of these trends have transformed the circumstances confronting low-income renters in tight markets like Boston, San Francisco, Seattle, Portland, Minneapolis-St. Paul, Washington, DC, and New York City. In these kinds of cities, understanding the logic of federal policy on housing policy seems to require a trip through the looking glass with Lewis Carroll and Alice, his most famous fictional creation. By this we mean two things.

First, tight, inflationary central-city housing markets created an inverted relationship between the geographical axioms of federal housing subsidy programs and the local, empirical realities of neighborhood conditions. Since the Nixon Administration, federally subsidized housing has included both project-based and tenant-based (voucher) components. But over the years, federal policy has increasingly favored tenant-based assistance over project-based subsidies. This policy shift began as experimental in the 1970s and expanded in the deregulatory retrenchment of the 1980s, but it became the decisive conventional wisdom in the 1990s with perspectives on concentrated poverty derived from theories of the racialized urban “underclass” and culture-of-poverty dependency. The physical immobility of project-based assistance helps to concentrate poverty, the thinking goes, while vouchers allow assisted households the freedom to explore the entire urban housing market, and thus disperse themselves in a way that will promote poverty deconcentration and racial de-segregation. In many tight central-city housing markets, however, this is not what we are seeing. Instead, we see the loss of project-based housing assistance in gentrifying neighborhoods, and the re-concentration of voucher recipients in poor neighborhoods farther away from the urban core, and sometimes in poor inner-ring suburbs. Thus the policy consensus of using vouchers for deconcentration does not seem to deliver on its promises in certain kinds of cities.

Second, given that the project-based subsidized stock is being lost in gentrified or gentrifying neighborhoods, it actually represents a “double loss” – both of the affordable units (and the subsidies that enabled their affordability), and the loss of already “de-concentrated” units in good or improving neighborhoods. As a result, considerable work is required just to maintain the existing, inadequate status quo of today’s housing affordability crisis. Community organizations and tenant leaders have long recognized that we are losing our project-based subsidized housing stock in good neighborhoods and have organized accordingly. Their efforts, which have involved organizing at all scales from the community, to the city, to the state to the federal level, have yielded some significant victories that have allowed for the stock to be better preserved than it would otherwise be. As impressive as these efforts have often been, they have necessarily required defensive moves, diverting resources from more proactive maneuvers to expand the supply of affordable housing. Ultimately, we are running to stand still.

In this paper, we peer through the looking glass of federal housing policy, using New York City as a case study. The paper proceeds in four parts. First, we briefly discuss the background of federally subsidized housing and the theories of urban poverty that have shaped contemporary federal priorities. Second, we undertake a series of empirical analyses of the spatial distribution of vouchers and project-based units in New York City neighborhoods. Third, we discuss the efforts of local housing advocates to preserve the subsidized housing stock. Finally, in the conclusion we suggest that if mixed-income, multi-racial neighborhoods represent a worthy goal, then we need a contextual re-examination of the theories and assumptions woven into federal housing policy.

## **II. The Underclass, the Concentration of Poverty, and Subsidized Housing**

The deconcentration of urban poverty became a central goal of federal policymakers in the 1990s (de Souza Briggs, 2005; Goering et al., 1995; Goetz, 2003). This policy shift reflected a bipartisan recognition that spatial concentration effects exacerbated and intensified the social externalities of poverty. The spatial concentration of poverty was understood to create a permanent “underclass” isolated from the social ties and networks which support prosperity and success (see, most famously, the work of William Julius Wilson – Wilson, 1987; 1996). While there has been enormous scholarly debate over the merits and meanings of underclass research (see, for instance, Goetz, 2003; Katz, 1993; Reed and Steinberg, 2006), the perspective has been widely and uncritically accepted in public policy circles. When Clinton’s Secretary of Housing and Urban Development (HUD) Henry Cisneros declared that “the most serious problem we have in America today is the concentrations of our very poorest populations in specific neighborhoods” (quoted in Ramos, 1994), he was simply echoing the bipartisan Washington consensus that had been forged through significant policy debates in the first two years of the Administration. George W. Bush’s HUD secretaries have taken the consensus built during the Clinton years as a starting point, lacing speeches with Cisnerosesque assurances that “At HUD, we are breaking the obsolete mold of concentrating poverty in one area and wealth in another. This is good for families and communities.” (Jackson, 2007). The consensus has meant that for almost fifteen years, most federal decisions on assisted housing have been designed to promote deconcentration.

We do not raise this issue to participate in the academic debate about the merits of the underclass theory, which is beyond the scope of this paper, but rather to contextualize the federal housing policies examined here.<sup>2</sup>

The new policy consensus on poverty deconcentration has involved major changes in the implementation of federal housing assistance. McClure (2005, pp. 420-421) points out that “few programs were designed with the specific objective of deconcentrating poverty,” but over time, “more was asked of housing programs” to support racial desegregation, economic self-sufficiency, and poverty deconcentration. As a result, the last two decades have brought a decisive shift away from project-based to tenant-based assistance. Tenant-based forms of housing assistance take several forms, but the overwhelming majority are Housing Choice Vouchers (HCV), which enable the recipients to utilize the vouchers in the private rental market – and theoretically thereby enable the residents to move to areas with superior chances of potential employment, transportation, or which fulfill other household needs. The project-based stock takes two different forms: public housing and the privately-owned but federally-subsidized housing stock (much of it in what is called, “project-based Section 8”). In these subsidies, it is the actual housing units – rather than the households – that are directly subsidized. The subsidies are therefore immobile, while households come and go.

One federal program seems to complicate the dichotomy between project-based and tenant-based subsidies. Housing units developed under the Low Income Housing Tax Credit (LIHTC) program, created in federal tax legislation in 1986, share the feature of immobility with HUD’s project-based housing stock -- and yet a sizeable share of low-income residents of LIHTC properties are voucher recipients (Varady, 2006). Even so, the overall profile of residents of LIHTC developments is substantially higher income than HCV recipients (McClure, 2006). McClure (2006, p. 422) is technically correct to point out that “The LIHTC program is the production approach. The subsidy is attached to the unit, so it is described as project based.” But the LIHTC was intentionally designed to be very different from the legacy associated with HUD projects, and so we believe that it is misleading to describe it as project-based. LIHTC is administered through the tax code rather than HUD, and it produces affordable housing by motivating networks of investors, syndicators, developers, community development corporations, and state-level housing finance agencies. The program has become the nation’s largest program to support the construction of new affordable rental units, but it remains comparatively invisible as a government subsidy -- because much of the subsidy directly benefits investors, because tax expenditures are not subject to repeated budget appropriations battles, and because the local developments are created through public-private partnerships and investor/CDC collaborations. “The LIHTC is thus not identified with the same stigmatizing factors -- government bureaucracy, large-scale ‘projects’ -- as are HUD-subsidized developments.” (Dreier, 2006, p. 120). Therefore, although we do include LIHTC in parts of our analysis in this study, we use “project-based” to refer only to HUD’s project-based programs.

Both of HUD’s main programs for project-based subsidies have been attacked for many years for a variety of reasons, but for our purposes, the most important criticism has been their role in concentrating poverty. The emphasis from Washington over the last two decades has been to try to convert housing subsidies from project-

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<sup>2</sup> For a thorough discussion of the relationships between federal housing policies and theories of urban poverty, see Curley, 2005.

based to tenant-based. The project-based Section 8 program was discontinued in 1983, and HUD's Reinvention Blueprint in 1994, called for the conversion of the entire assisted housing stock to vouchers and full de-regulation of the projects. This proposal was never implemented, but since then, HUD has been more interested in protecting the tenants currently in this stock than in preserving the affordability of the units themselves. Similarly, a set of reforms to public housing in the 1990s have combined to reduce the stock of public housing around the country. By the late 1990s, tenant-based Section 8 had become the dominant form of housing assistance for low-income people in the United States, and 72 percent of all new federal rental assistance funds were devoted to tenant-based assistance (McClure, 1998).

Of the two forms of project-based subsidized housing, public housing has received much more attention in the academic literature than the privately-owned, but federally subsidized, stock. This is particularly true in the context of the HOPE VI program, which demolishes public housing with the goal of rebuilding mixed-income housing on site. Rather than add to the significant volume of work that has been published dealing with HOPE VI (for a good summary of much of this research, see Popkin, et al., 2004; and for two excellent critical discussions of the issues of public housing demolition see Crump, 2002; Goetz, 2003), in this article we focus on the geographical dimensions of the tensions between HUD's project-based and tenant-based assistance. Although we do provide baseline comparisons with the spatial distribution of LIHTC properties and traditional public housing, for three reasons we reserve special scrutiny for the relations between project-based Section 8 and HCV assistance. First, the two programs were introduced simultaneously, and have been compared to one another for more than thirty years; we extend and refine this established tradition of policy analysis. Second, both programs are intended to serve the same kinds of households in need; the key difference in the subsidy delivery mechanism allows us to isolate the fundamental premise of deconcentration policy -- that households with vouchers will be able to make choices that lead to deconcentration and desegregation. Third, we focus on these two programs in order to document the spatial dimensions of the rapid disappearance of project-based Section 8. From 1965 to 1983, around 1.5 million affordable housing units were built by private landlords with federal subsidies (Achtenberg, 2002). Of those, more than 236,000 units have been removed in the last decade from the stock of affordable housing in the United States (National Housing Trust, 2005).<sup>3</sup> Despite these numbers, there is a paucity of academic writing about the issue (but see Achtenberg, 2006; Bach, 1999). Affordable housing is being lost in large numbers in American cities while researchers have been focusing their attention elsewhere.

While most housing research has ignored the project-based housing stock, there is a growing literature on the distribution of voucher recipients (Basolo and Nguyen, 2005; Guhathakurta and Mushkatel, 2000; Hartung and Henig, 1997; McClure, 2005, 2006; Newman and Schnare, 1997; Pendall, 2000; U.S. Department of Housing and Urban Development, 2003; Varady and Walker, 2003; Wang and Varady, 2005). These studies have offered a mixed verdict on the success of vouchers in allowing subsidized households to move out of neighborhoods that are high-poverty, racially segregated, or both. Newman and Schnare (1997) found that only 5.3 percent of voucher recipients nationwide lived in high-poverty (>40 percent) neighborhoods, far better than the figures for public

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<sup>3</sup> These numbers dwarf those affected by HOPE VI, which has demolished 63,100 public housing units (out of a total national public housing stock of about 1.2 million), with another 20,300 planned for demolition (Popkin and Cunningham 2005, p. 178).

housing (36.3 percent) and other HUD-assisted units (12.6 percent); measured in terms of neighborhoods where more than 40 percent of households are headed by minorities, vouchers (26.4 percent) are more integrated than public housing (55.9 percent) and other HUD units (34.5 percent), while LIHTC units are more segregated than vouchers (31.4 percent). Research on the role of vouchers in promoting deconcentration has developed considerably in the decade since Newman and Schnare's (1997) work (Basolo and Nguyen, 2005; Varady and Walker, 2003; Wang and Varady, 2005), and there is some evidence to suggest that vouchers are somewhat less concentrated in poor and non-white neighborhoods compared to project-based units. But most of this research has focused on national aggregations, and there has been little consideration of the implications of the expansion of gentrification in tight rental markets (but see Basolo and Nguyen, 2005). New York is an especially important case, because the City has an unusually large stock of the kinds of assisted housing projects that are seen as obsolete legacies of a bygone era -- and the City has been at the leading edge of the housing-price boom of the last few years.

### **III. History of Subsidized Housing in NYC.**

#### *The Older Mortgage-Based Subsidies*

Privately-owned but publicly subsidized housing emerged in the mid-1960s as new concept in affordable housing provision. The first of these housing programs was the 221(d)3 Below Market Interest Rate (BMIR) program, which was enacted in 1961. The BMIR program, as its name suggests, was a mortgage-based subsidy program. Lenders would originate mortgage loans for rental developments at below market rates, and then loans could be sold to the federal government at the prevailing rates. The difference between the two prices was the subsidy. The Federal Housing Administration (FHA) also provided mortgage insurance, thus there was little risk to the developers, owners, or investors. The BMIR program was replaced by Section 236 housing, which was created in 1968. Section 236 operated in a similar manner to the 221(d)3 program, but in this program the interest rates paid by the developers were reduced to one percent, and the federal government made "Interest Reduction Payments" to the lender.

Together the Sections 221(d)3 and 236 were responsible for the construction of over 600,000 apartments for low income people nationwide, and almost one-tenth of those – over 58,000 units – were built in New York City (DeFilippis, 2003). Along with the subsidies and the government's absorption of the risk developers were given the further incentive of allowing them to withdraw from the subsidy programs after 20 years. While the mortgages were typically 40 years long, after 20 years owners had the option of prepaying the outstanding mortgages and thereby terminating the subsidy and the low income requirements (or "use restrictions" as they are commonly known) on the properties.

#### *Section 8*

In January 1973, President Nixon issued a moratorium on all new housing construction under Section 236, and the program was effectively eliminated. After significant political pressure from housing advocates, a new affordable housing program called Section 8 was created in 1974. Section 8 was divided into subsidies for either new construction/substantial rehabilitation (project-based) or existing housing (tenant- or voucher-based). Despite

the two forms of the subsidy being fundamentally different in that one is a subsidy of supply and the other a subsidy of demand, there were similarities in how the subsidies operated. Both were income-based, and rely on the 30% of the tenants' incomes as the point at which the subsidies kick in.

For the voucher-recipient households, the Section 8 vouchers make up the difference between 30% of their income and the rent that they pay in the open market for rent – up to 110% of the HUD-designated “Fair Market Rent” for the locality or metropolitan area. There are currently about 2.1 million voucher-receiving households in the United States (Center on Budget and Policy Priorities, 2003), with 96,000 of them in New York City (or 4.74% of the total occupied rental units in the city). The demand for vouchers goes largely unmet, and despite having closed its waiting list for vouchers in 1994, New York City maintains a waiting list of over 154,000 people (Bach and DeFilippis, 2003).<sup>4</sup> Also, it should be noted that a HUD study of voucher success rates found that 43% of vouchers in New York City were returned (there is a 120-day time limit to find an apartment, with a potential 60-day extension), because households could not find a landlord willing to accept a voucher and rent at FMR in the five boroughs (US Department of Housing and Urban Development, 2001). In tight housing markets like New York City, a voucher is akin to a hunting license: there is no guarantee that the assistance can actually be used.

Section 8 properties (that is, the project-based Section 8 stock) receive rent based assistance which makes up the difference between 30% of the residents' incomes and the HUD-designed formula for rents, which is based on the FMR of the property at the time of the property's construction. The Section 8 funding is both a deeper subsidy than the mortgage-subsidized stock, allowing units to be affordable to lower income people, and flexible, allowing the subsidy to be mixed with a variety of other public and private forms of financing. Initial rents were often higher than the neighborhood markets would otherwise bear in order to cover the owners' initial costs of development (given that developments were occurring in neighborhoods with markets that would not generate enough rent to pay the owners' costs). The contracts between HUD and the properties' owners varied in length, but usually were 20 years long, at which time owners could renew their contracts or opt-out of the program. The project-based Section 8 program was eliminated in 1983, but before its termination, it was responsible for the construction of more than 800,000 units nationwide, and more than 33,000 in New York City.

#### *Mixing the Subsidies with each other and Mitchell-Lama*

While the newer (that is, project-based Section 8) stock was meant to be distinct from the older subsidized stock, in practice the two forms of subsidies very often came together. Many of the older subsidized properties struggled with significant economic problems, and this was particularly true in the 1970s as a result of increased operating costs due to the OPEC crises. Section 8 rental contracts were then added to properties which were built with 221(d)3 BMIR and 236 to deepen their level of assistance and increase their earnings from low- and very low-income residents. In New York City, a total of 82% of all of the older-subsidized properties received Section 8 subsidies as well, and thus most of the older-subsidized stock can now rightly be understood as project-based Section 8.

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<sup>4</sup> In early 2007, New York Mayor Bloomberg's administration announced that an increase in federal voucher funding would allow the distribution of 12,000 additional vouchers in 2007, and another 10,000 in 2008; an estimated 800,000 households in the city have incomes low enough to qualify for the vouchers (Scott, 2007).

While the co-mingling of the federal subsidies was common nationwide, in New York there is the further intersection with Mitchell-Lama housing. The Mitchell-Lama program began as a state program in 1955, and like the older subsidized stock, is a housing program that limits owners operating costs, and thereby enables the affordability of housing. Many of the Mitchell-Lama properties were built with federal subsidies, with 40 percent of all Mitchell-Lama properties – and almost 70 percent of the rentals<sup>5</sup> – had federal moneys as part of their development subsidies. Most of these received Section 236 mortgage subsidies.

Taken together, the federal government either alone, or with the Mitchell-Lama program, produced 92,000 units of affordable housing for low income people (see Table 1), which amounts to 4.5% of the occupied rental housing stock in New York City.<sup>6</sup>

#### *Losses to the project-based stock*

While the number of voucher recipients has grown incrementally over time, the project-based subsidized stock has been in decline for two distinct reasons (Table 2). The first is the decision of landlords to opt-out of the subsidy programs (either through non-renewal of their Section 8 contract, or pre-payment of their subsidized mortgages). Upon termination, landlords are legally obligated to accept vouchers from the current residents whose incomes qualify them for vouchers (although HUD's enforcement of this law has required significant political organizing on the part of tenants). Upon any unit becoming vacant, landlords can raise rents to market levels or attempt conversion to coop/condo ownership, removing the properties from the stock of affordable housing, despite the public investment in the property during the prior decades.

The second is the disposal of properties from the stock that HUD has enacted enforcement proceedings against, or taken over, due to landlord mismanagement (physical or financial). In such cases HUD has often simply auctioned the properties to the highest bidder, and terminated the project-based contracts.

In properties that have had either type (owner or HUD) of termination of its project-based contract, the subsidies are converted to tenant-based vouchers for income qualified tenants. The voucher protects income-eligible tenants from displacement, but it moves with the household. Thus terminations do not, theoretically, reduce the number of subsidized households. In practice, however, many tenants get lost in the transition and have to move to find affordable units elsewhere. But even if the current tenants were all taken care of, as the analysis below shows, the units being lost in gentrified and gentrifying neighborhoods are not replaced by voucher holders in those same

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<sup>5</sup> Mitchell-Lama is divided into rental and cooperative housing. Because the residents in the co-ops are owners rather than tenants, their interests and issues are somewhat different from those discussed here, and they are not addressed in this article.

<sup>6</sup> For this study, we compiled a database on New York City assisted housing from several different sources. Information on the federally-assisted housing constructed between 1965 and 1974, along with owner terminations and HUD terminations, was derived from research conducted by Victor Bach and James DeFilippis at the Community Service Society using HUD's Terminated Multifamily Mortgages Database; information on the distribution of Housing Choice Vouchers (as of July, 2005) was taken from tract-level summaries provided by HUD; information on public housing was provided by the New York City Housing Authority (NYCHA); LIHTC properties put into service through 2004 were taken from HUD's LIHTC database; a rent-capitalization measure was calculated based on loan-level records from the 2003 Home Mortgage Disclosure Act release; and an array of tract-level housing and demographic variables were taken from Geolytics' Neighborhood Change Database derived from the U.S. Census of Population and Housing for 1990 and 2000. Replication datasets and SAS program files are available at <http://www.geog.ubc.ca/~ewyly/replication.html>

neighborhoods. Citywide, the project-based subsidized stock has declined by 17.6%, with most of this occurring in the last decade, and the bulk of it being from owner terminations, rather than HUD terminating the project-based contract.

#### **IV. Projects, Vouchers, and Deconcentration.**

Has the federal emphasis on tenant-based programs succeeded in deconcentrating assisted housing in New York City? Has the shift from project-based subsidies to vouchers delivered on the promise to give low-income households access to neighborhoods with lower poverty rates? Has it allowed low-income households to live in more racially and ethnically integrated communities? In this section, we answer these questions using three complementary approaches: a) straightforward map interpretation, b) simple univariate tabulations of the neighborhood characteristics for households receiving different types of subsidies, and c) a multivariate analysis to disentangle the interactions between poverty (de) concentration and racial (de) segregation for each program.

The first and simplest approach is to map the distribution of the project-based stock and voucher recipients, and to interpret any obvious differences in the neighborhood patterns. The active project-based stock is clustered in several different zones around the city (Figure 1), with disproportionate concentrations in upper Manhattan (East Harlem and Central Harlem in particular), the South Bronx, and a corridor of Central to East Brooklyn neighborhoods from Bed-Stuy and Bushwick to Ocean Hill-Brownsville and East New York. The pattern becomes a bit more complicated when we consider the properties that have left the stock of subsidized affordable housing. The distribution of the owner-terminated properties is skewed heavily towards Manhattan, with clusters of terminations in the Upper West Side, the East Village, and, recently, East and Central Harlem (Figure 2).

Given the disproportionate numbers of properties in the Bronx and Brooklyn, we see relatively few opt-outs in those boroughs. The HUD-terminated stock, conversely, is concentrated in the South Bronx and Central- to East-Brooklyn (Figure 3). Thus the decisions of property owners and HUD etch out starkly divergent geographies. HUD's decision to terminate a contract, through enforcement action or non-renewal, generally highlights the City's poorest neighborhoods in the South Bronx and the turbulent blocks of Central Flatbush and Bed-Study, whereas the largest clusters of units removed by owners highlight the dramatic transformation of Hell's Kitchen, the Lower East Side, Chelsea, and, increasingly, vast portions of Harlem.

Compared with the project-based stock, vouchers seem to permit a much more dispersed pattern across the city (Figure 4). At first glance, then, these maps appear to confirm the success of the effort to promote deconcentration. But several factors justify caution as we interpret these maps. Fundamental differences in the scale of these different programs mean that contrasts in their spatial distribution are inevitable; the geography of the project-based stock is a snapshot of a limited number of buildings developed in historical policy regimes that ended more than twenty years ago -- while the HCV map captures the actions of many different households and landlords adjusting to ongoing changes in the rental market in more recent times. And this market certainly does not grant equal access to all neighborhoods. HCV households are disproportionately located in the Bronx and Central

Brooklyn, with a smaller cluster around Jamaica, Queens. Comparatively few HCV households are able to live in the higher-rent districts of Manhattan or Brooklyn -- precisely those areas where the existing project-based housing stock is at risk. Thus it is possible that the contrasts between project-based units (Figure 1) and vouchers (Figure 4) are the product of aggregation bias. Project-based housing is clustered in a comparatively small number of neighborhoods that are (at least for now) more integrated in terms of income and racial composition. Vouchers are dispersed across a much larger number of neighborhoods across the city -- but these neighborhoods may very well be more segregated by race and class. Indeed, there is some support for this notion when we consider the racial composition of voucher households in each census tract (Figure 5). The racial/ethnic composition of voucher recipients closely mirrors the general population of the neighborhoods where they are living. Most voucher recipients in the Bronx are Latino; most in central Brooklyn are African American; and most of those in smaller voucher concentrations in southern Brooklyn are Non-Hispanic White. Yet this complex map also conveys the false impression of a vast number of vouchers scattered across the city. Although these patterns are intricate, rich reflections of the fine-grained fabric of neighborhood change and sedimented histories of housing development, we are still focusing on a tiny segment of the market -- HCV recipients account for fewer than one in twenty renter households in an intensely competitive market. Our analysis is focused on the sharp edge of restructuring of the physical and institutional legacy of the federal welfare state, cushioned by the City's continued (but precarious) role in collective consumption in the built environment.

Differences in spatial patterns, however, do not necessarily mean deconcentration: the policy emphasis on dispersal is justified by the idea that vouchers offer a fundamentally different neighborhood model for housing assistance, freeing subsidies from the anchors of old projects in high-poverty, racially-segregated neighborhoods. Literally as well as discursively, vouchers should provide greater housing choice and thus grant access to neighborhoods with lower rates of poverty and lower proportions of racially marginalized households. A second approach to evaluate the deconcentration hypothesis, therefore, is a univariate analysis of neighborhood conditions for households in different programs. Although our primary concern is the comparative performance of HCV and project-based assistance, we also compare neighborhood conditions for affordable units in LIHTC developments, for residents of traditional public housing, and for all persons in households with incomes below the poverty level; much of the controversy over the merits of project-based versus voucher approaches stems from different interpretations of which kind of household is taken as the point of reference (Basolo and Nguyen, 2005; Freeman, 2006; McClure, 2006; Varady, 2006). We calculated an array of social, demographic, and housing characteristics for every census tract across the City. We then weighted these neighborhood characteristics according to the number of households receiving each type of subsidy in each tract (or by the number of housing units affected for the case of project-based terminations). Summing the weighted neighborhood characteristics yields a portrait of the kinds of community circumstances for the "average" household in each program (see Table 3). With five categories for households, though, repeated tests for statistical significance between group means --  $\frac{\{6(6-1)\}}{2} = 15$  pairs of means for each separate variable -- can quickly inflate the danger of falsely rejecting the null hypothesis (Type I

error). Accordingly, we use a multiple-comparison test explicitly designed to control for error rates both for overall differences between means, and for specific intergroup contrasts (see SAS Institute, 1999, pp. 1542-1551).<sup>7</sup>

This procedure reveals a wide range of statistically significant contrasts in neighborhood characteristics between voucher recipients, project-based households, and other groups (Table 3). Several variables provide support for the deconcentration hypothesis, if vouchers are compared with traditional public housing. Compared with public housing residents, HCV households live in neighborhoods with higher incomes and lower rates of poverty and public assistance. Active project-based units are also better than public housing on these measures, though, and so the differences narrow when we focus on these two programs. Compared with active project-based units, voucher holders live in areas that are slightly higher income (37.7 thousand versus 35.8 thousand), slightly 'more White,' (18.9 percent vs. 16.0 percent), and with somewhat lower rates of public assistance (25.8 percent vs. 29.1 percent).

If the success of deconcentration is measured in terms of poverty, the gains are modest: the average voucher household lives in a neighborhood with poverty rate of 32.2 percent, compared with 34.0 percent for residents of active project-based units. LIHTC units post a poverty rate between these two figures (33.5 percent), although LIHTC developments are in areas with substantially higher average incomes. Recent entrants to the HCV program have a neighborhood poverty rate that is marginally higher than all voucher recipients (32.9 percent versus 32.2 percent); this difference is infinitesimal, but it is worth noting that in recent years there have been cutbacks in certain provisions that once allowed "families to move to lower-poverty areas that have higher rents." (Tegeler, 2005, p. 198).<sup>8</sup> Overall, however, both vouchers and project-based assistance are located in areas with higher poverty rates (32.2 - 24.0 percent) compared with the average neighborhood rate (30.0 percent) faced by all of the

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<sup>7</sup> This is the best that can be done with summary-level data, but it still remains vulnerable to the risk of falsely rejecting the null hypothesis. Weighting tract-level measures with the number of households has the effect of treating each household as a separate, independent observation. This is not entirely unreasonable, since total households and program households/units are all full-enumeration, non-sample variables in the Census and our HUD database. But some of the socio-demographic characteristics are based on samples (from the Census long form data), introducing an unknown amount of Type I error risk into the multiple-comparison mean-separation tests. Moreover, multiple-comparison tests were not specifically designed for weighted data. But this weighting is essential, since with aggregate data we have no individual household rosters that would permit a simple t-test procedure. For all of these reasons, we should evaluate the contrasts in Table 3 in terms of practical as well as statistical significance -- and we should place a great deal of confidence in findings pertaining to means that are not statistically significant (i.e., the risk of Type II error is very low).

<sup>8</sup> One reviewer raised the important question of the relationship between the timing of voucher approvals and residential moves: "recent entrants to the HCV program may be in neighborhoods that have more African Americans and fewer whites because they haven't moved yet from their previous apartments." Our data for recent entrants are based on new addresses for vouchers that were granted between the current reporting period (July, 2005) and the previous reporting period (12-18 months prior; HUD is unable to specify a precise time, since recertification was completed by NYCHA). The data do not distinguish between households who 1) had a voucher in a previous home and moved elsewhere with the voucher, 2) had no voucher before, but moved to find a landlord who would take a voucher, and 3) had no voucher before, but did not need to move, and the landlord accepted the voucher. It would be ideal to separate these different groups, but if indeed a significant share of new voucher recipients are staying in their previous homes, then this calls into question the assumptions that vouchers are inherently mobile and suitable for deconcentration.

City's 1.67 million persons in poverty.<sup>9</sup> It is crucial to remember that federal housing assistance is not an entitlement program, and relatively few eligible households get it (Dreier, 2006); whether it is granted through vouchers, project-based assistance, in an LIHTC development, or traditional public housing, it will typically require living in a poorer neighborhood. (New York City's rent stabilization laws, by contrast, provide a much more important protective covering for a much broader range of low- and moderate-income households).

Not surprisingly, HUD's terminations of project-based units are in the worst high-poverty areas (46.7 percent). But the properties being removed by owners from the project-based assistance are in the best neighborhoods: this group is (or was) the only category with neighborhood poverty rates below the figure for all poor persons in the city (27.2 percent vs. 30.0 percent).

If deconcentration is measured in terms of racial desegregation, vouchers seem to offer somewhat greater progress on stated policy goals: the average voucher household lives in a neighborhood that is 34.4 percent African American, compared with 41.8 percent for those in active project-based units. LIHTC developments are indistinguishable from traditional public housing on this measure (43.1 vs. 43.5 percent). Conversely, if desegregation is proxied by assimilation to Anglo Whiteness, vouchers deliver an average improvement over project-based units of about three percent (from 16.0 to 18.9 percent). But note that recent entrants to the HCV program are going to neighborhoods that are significantly more African American (38.4 percent vs. 34.4 percent) and less White (16.0 percent vs. 18.9 percent).

If racial desegregation is the goal, assisted households lose access to the 'Whitest' neighborhoods when owners terminate units from project-based subsidies. Tracts with more than 100 owner-terminated project-based units are, on average, 42.3 percent non-Hispanic White -- even Whiter than the city overall -- and they also stand out on several other key indicators. These areas posted comparatively rapid income growth during the 1990s, have average income that is nearly indistinguishable from the citywide level, and have rates of poverty and public assistance substantially below the levels for voucher households and active project-based units. Still, these areas have poverty rates above the citywide level even while posting the largest mortgage loan sizes, the highest share of very high-income households, and the highest increase in owner occupancy over the 1990s. Overall, the profile is suggestive of landlords deciding to withdraw from project-based programs when their properties are located in areas reshaped by the market opportunities that come with gentrification. Indeed, these neighborhoods score much higher than voucher areas on a specialized indicator of local housing market transformation -- a rent capitalization ratio that is similar to the price/earnings ratio used in stock market valuation.<sup>10</sup> Growth in homeownership and property

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<sup>9</sup> We also tabulated the same array of variables replacing the column for persons in poverty (Group 7 in Table 3) with households reporting public assistance income; the results were quite close for share non-Hispanic Black (32.9 vs. 31.1 percent), non-Hispanic White (22.6 vs. 23.1 percent), Hispanic (36.0 vs. 35.8 percent), and poverty rate (29.7 vs. 30.0 percent).

<sup>10</sup> Our capitalization ratio is calculated as the median single-family mortgage loan origination in a census tract, divided by the annualized median contract rent (based on 2000 Census data and adjusted based on inflation to 2003) for renter-occupied housing units. Rents more closely mirror the use value of housing services, while home values are much more sensitive to exchange-value considerations driven by interest rates and speculation. The capitalization ratio thus offers a benchmark gauge of the level of speculative, mortgage-driven real estate activity in neighborhoods with large concentrations of affordable rental housing. Note that in 2003, banks were granting \$190 thousand loans to homebuyers in public-housing neighborhoods, 42 times the average annual contract rent.

values has pushed median mortgage loans in these areas to 38 times the annualized rent. The ratio goes even higher in tracts where HUD has terminated more than 100 project-based units and in traditional public housing communities, but these areas are overwhelmingly Black and Hispanic, with extremely high rates of poverty and public assistance.

These results provide limited, qualified support for the deconcentration hypothesis. The maps suggest notable differences in the geographies of voucher households and residents of project-based units, but tabulations of neighborhood characteristics yield more ambiguous evidence. The average voucher holder lives in a neighborhood with a poverty rate that is 1.8 percent lower than the rate for residents of active project-based units; this gap narrows to 1.1 percent for recent voucher recipients. The comparable figure for residential segregation, proxied by neighborhood African American share) is 7.3 percent; but this drops to 5.1 percent if the owner-terminations in the wealthier, whiter neighborhoods had not occurred. LIHTC assistance yields insignificant improvements in neighborhood poverty, and seems to worsen racial segregation.<sup>11</sup> For the next steps in our analysis, therefore, we exclude LIHTC units to provide a more direct comparison between HUD's project-based and tenant-based assistance.

#### *A Multivariate Assessment*

Despite the insights enabled by such maps and tabulations, these approaches cannot provide a definitive, rigorous test of the deconcentration hypothesis. Deconcentration policy rests on assumptions about the interaction and correlation of different indicators of neighborhood quality. On the one hand, a shift from project-based assistance to vouchers is believed to open access to neighborhoods with lower poverty rates. For households living in high-poverty areas who are selected for tenant-based assistance, the public housing authority's initial oral briefing must "explain the advantages of moving to an area that does not have a high concentration of poor families" (HUD, 2006b; 24CFR, 2006 Edition, Section 982.301, iii(3)). HUD's site and neighborhood standards for conventional public housing, project-based Section 8, and several other programs "seek to avoid new construction in minority areas, reflecting an assumption that such housing will be primarily occupied by minority families and will thus increase racial segregation and concentration." (Tegeler, 2005, p. 200). HUD's regulations draw a sharp separation between racial non-discrimination and poverty deconcentration, in the hopes that mechanisms to reduce the latter will also reduce the former. Even so, HUD maintains that deconcentration and non-discrimination rules "arise under separate statutory authorities and are independent," (HUD 2006a; 24 CFR, 2006 Edition, Section 903.2(e)), but of course in statistical terms this regulatory view is anything but independent -- its success hinges on interdependence

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<sup>11</sup> The results for LIHTC on racial segregation are cause for concern. Lance Freeman (2006, p. 455) points out that the LIHTC program is not covered by the regulations and consent decrees that were designed to deal with HUD's history of segregated public housing construction. These regulations require HUD to collect and monitor detailed tenant demographic information (including race/ethnicity) to monitor compliance, for LIHTC we are left with "don't ask, don't tell," because there is no data to indicate success or failure. Freeman warns, "If the LIHTC program were indeed providing widespread opportunities for very poor minority families in predominantly white suburban neighborhoods, this would be an amazing feat." Our analysis excludes the suburbs, of course, but provides reasons to heed Freeman's cautious advice.

and correlation of varied measures of neighborhood conditions. HUD's policies eschew specific thresholds for neighborhood racial composition, and rely on the use of poverty deconcentration to achieve the goals of racial desegregation (for a critique, see Tegeler, 2005, pp. 207-209).

Poverty deconcentration, therefore, is assumed to be consonant with racial integration, and both are presumed to deliver improvements on a wide variety of other facets of neighborhood quality. Testing these assumptions, then, requires that we consider multiple factors at once, to measure a) the relations between neighborhood poverty and the distribution of vouchers and project-based units, b) the interaction between poverty and racial segregation for the two programs, and c) the relation between racial segregation amongst subsidized households and the general population characteristics of neighborhoods across the City.

Our first step in this approach is to analyze the relationship between neighborhood poverty rates and the distribution of subsidized households in the two programs, which together account for fewer than one in ten occupied rental units citywide. Does the location of subsidized households help us to predict the concentration of poverty? We estimated a set of regression models predicting tract poverty rates as a function of the proportion of active project-based units, voucher households, and a variety of other neighborhood controls. We estimated models for all tracts across the City, and a set of models that narrow the focus to those neighborhood with households in both programs. Diagnostics suggest a reasonable fit.<sup>12</sup>

About one quarter of the total variance in neighborhood poverty rates can be attributed solely to the distribution of voucher households (see the squared semi-partial correlation for Model 1 in Table 4). Project-based assistance, by contrast, explains only three percent of the variance in poverty rates. Narrowing the focus to mixed-subsidy tracts accentuates the contrasts (compare Models 1 and 4). It appears that the distribution of voucher households is much more closely tied to the overall spatial dynamics of poverty -- whereas active project-based units reflect the distinctive circumstances of each development and the subsequent trajectory of the surrounding area. Some projects built or renovated many years ago in working-class or poor districts are now surrounded by substantial reinvestment and gentrification. Of course, housing assistance is only one factor that can contribute to concentrated poverty. But even when we control for racial segregation, homeownership, and the ratio of tract rents to the metropolitan fair-market rent established by HUD,<sup>13</sup> the main interpretations still stand. The link between housing assistance and neighborhood poverty is strongest for vouchers, not for project-based units. Citywide, a one-standard deviation increase in the share of voucher households in a neighborhood is associated with a 0.182 standard deviation increase in neighborhood poverty, independent of all other factors in the model (see Model 3, Table 4). Small as it may be, this effect is 6.27 times as large as that for project-based units (i.e., a Beta of 0.182 versus 0.029 in Model 3). When we consider only mixed-subsidy tracts and again control for variations in rent levels (Model 6)

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<sup>12</sup> Tolerance values confirm no severe multicollinearity problems for the independent variables. With the exception of Model 6 in Table 4, all tolerances are above the 0.20 threshold normally regarded as cause for concern, and most are over 0.50. For Model 6, tolerances dip to 0.18 for income and 0.19 for the proportion non-Hispanic Black, but these variables are nonetheless retained because of their theoretical and policy significance (and their deletion would cause havoc with omitted-variable bias).

<sup>13</sup> Our rent variable is defined as the tract median 2002 contract rent (adjusted from the 2000 Census with local consumer price figures for shelter expenditures) as a proportion of the FY2002 fair market rent for a two-bedroom apartment in the New York City PMSA. This measure thus pre-dates the rapid housing-market inflation of 2003 and 2004, as well as HUD's retrenchment on exception payment standards in these years.

the distribution of project-based units has no significant effect at all in predicting the distribution of poverty; but a one-standard deviation increase in the share of voucher households is associated with a 0.25 standard deviation increase in neighborhood poverty. If poverty is used as the benchmark to evaluate success, then for the case of New York it is clear that vouchers have failed to break the link between housing assistance and neighborhood impoverishment.

Our second question involves scrutiny of the link between housing assistance and neighborhood racial segregation: Is neighborhood racial composition a better predictor of the distribution of voucher households or of project-based units? Vouchers should weaken the link: non-Hispanic Whites comprise 23 percent of the citywide voucher population, compared with 14 percent of households in the project-based stock (DeFilippis, 2003, p. 2). We estimated a set of model predicting the share of each type of assisted housing as a share of total tract housing, again with separate estimates for all tracts in the City and for mixed-subsidy areas (Table 5). Across all models, racial composition is much more closely correlated with the distribution of vouchers than with active project-based units; indeed, for mixed-subsidy tracts, the negligible overall model fit suddenly turns negative when adjusted for the number of predictor variables (note the negative adjusted r-squared for Model 4, Table 5). In other words, when we focus on tracts that have at least some vouchers alongside project-based units, there is absolutely no correlation between racial composition and the concentration of project-based assistance. Citywide, project-based units do tend to be in areas that are slightly more Hispanic and African American. But the effect is much smaller than that for vouchers, which are more strongly correlated with the segregation of Black and Latino families. About one-sixth of the total variance in the share of voucher households can be attributed to the neighborhood distribution of Hispanic households, although vouchers are a bit less common in areas that posted higher Latino growth rates in the 1990s (note Model 1, Table 5). And if we again narrow the focus to mixed-subsidy tracts, areas with increasing African American segregation are linked to vouchers, not project-based assistance.

These findings raise questions about the contemporary geography of vouchers in New York City: compared with traditional public housing, vouchers certainly help promote racial de-segregation (Table 3). But the same cannot be said if we take project-based assistance as the reference for comparison (Table 5). Still, it is possible that the simple tests presented in Table 5 conceal the role of the HCV program in promoting racial integration within each neighborhood. Vouchers are more common in Black and Latino neighborhoods, but perhaps voucher households are more racially integrated than the overall neighborhood population; it is possible, in other words, that low- and moderate-income Whites who receive assistance from the HCV program are more likely than unassisted households to be willing to live in Black and Latino neighborhoods. If so, and if the effect is substantially different from that in project-based units, then we would expect the increasing use of tenant-based assistance to promote greater racial-ethnic mixing over time.

To evaluate this possibility, we examined how the racial composition of vouchers and project-based units in each neighborhood relate to the neighborhoods' socio-demographic and housing conditions. In tracts with active project-based units, for example, non-Hispanic African Americans make up on average 48 percent of the households assisted by project-based units; but this share varies widely, from areas where the project-based stock is all Black, to areas where Blacks are completely absent from the project-based housing. Can we predict the African

American share on the basis of neighborhood income, poverty, rent levels, public assistance income, and concentration of assisted units? And after we control for all of these factors, is the overall neighborhood racial composition still a significant predictor of racial segregation in the assisted housing stock? We estimated a set of models to answer this question for both project-based units and vouchers, for the four main racial groups.<sup>14</sup> If the shift to vouchers facilitates desegregation, we should see significant differences in the link between neighborhood conditions and each program's racial composition.

Model diagnostics suggest robust fit (see Tables 6 and 7).<sup>15</sup> With the exception of Asians receiving vouchers, all the models are able to account for more than seven-tenths of the variance in racial composition in the assisted housing stock. Several key findings are apparent. Project-based assistance is tied closely to neighborhood racial segregation: if we increase the neighborhood share non-Hispanic Black by one standard deviation, then the Black share of project-based households increases by almost the same amount (a standardized Beta of 0.85, not far from a one-to-one elasticity; see Table 6). The squared semi-partial correlation indicates that more than half the variance in the Black share of project-based households can be attributed to the variance in neighborhood Black population, independent of all other factors in the model. For other racial/ethnic groups, the strength of the relationship is even more pronounced (Betas between 0.88 and 0.96) with the proportion of variance explained ranging from 47 percent (Anglo Whites) to 67 percent (Asians). Across the board, the only consistent predictor of project-based racial composition is the overall community racial composition, even after accounting for the amount of project-based housing, poverty, rent levels, and other key factors. In terms of race and ethnicity, households living in project-based homes are very much like their neighbors.

But the same applies to vouchers (Table 7). Defying the expectations for deconcentration, the racial composition of HCV households closely parallels neighborhood racial composition. Indeed, the connection seems to be slightly stronger than for project-based units, with slightly larger Beta values for Blacks and Hispanics. Half of the variance in the proportion Black and Hispanic in voucher holders across the City -- half of the intricate local geographies traced out on the map in Figure 5 -- can be attributed solely to general neighborhood racial segregation. This finding holds even after controlling for the prevalence of vouchers, as well as poverty, income and rent levels, and other indicators of the inequalities of racial segregation. Ominously, there is a small but statistically significant positive coefficient for recent voucher entrants in the African-American model, suggesting the possibility of resegregation and underlining the importance of several changes at HUD that Tegler (2005, p. 208) identifies as symptomatic of a "failure to meaningfully address racial and economic segregation." If racial desegregation is the criterion for evaluating vouchers as a deconcentration mechanism, then tenant-based assistance seems to operate no differently from project-based assistance. The racial composition of each program's clients closely mirrors the neighborhoods where they live.

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<sup>14</sup> To account for variations in the number of assisted households compared with each neighborhood's total population, the models are weighted by the number of households in each program; an indicator of the proportion of each tract's households receiving the specified assistance is also included as a control variable. Models excluding this control variable yield similar coefficient estimates and test diagnostics to the results presented here.

<sup>15</sup> All predictor-variable tolerance values are well above 0.20, with about half above 0.50.

All of our findings must be tempered by the limitations of our dataset – which includes tract-level summaries, rather than household-level data on assisted households who moved from one neighborhood to another. But our results are comparable to those of Basolo and Nguyen (2005, p. 319), who undertook a mail survey of voucher holders in Orange County, California, and who concluded that “The assumption that choice will result in deconcentrating poverty and minorities is not strongly supported by our data. Voucher holders in our sample face significant budget and supply constraints and, most likely discrimination.”

## **V. Fighting to save subsidized housing; or “running to stand still”**

While academic literature on the loss of the project-based subsidized housing stock has been limited, housing activists both locally, in NYC, and around the country, have long understood that landlords were withdrawing from the affordable housing programs once neighborhoods showed signs of gentrification. They have also recognized the validity of the analysis above – that losing the project-based units in gentrifying areas is a double loss, and that vouchers would not be an adequate substitute that would protect low-income households and allow them to live where they chose. Thus, the contradictions in federal housing policies that we have detailed in our analyses above have been recognized by advocates and activists who have tried to change federal housing policy in ways that allow for both the preservation of the subsidized stock and the de-concentration of poverty.

They have organized accordingly, and worked to put pressure on both the federal government and their local and state governments. These efforts have resulted in several victories, which have preserved the stock better than it would have been otherwise. And not only have they taken place at all scales of government, but also have taken programmatically different directions depending on whether the properties are subsidized through the older subsidy programs or the newer, Section 8 program.

### *Federal Preservation Policies*

At the national level, as soon as the older-subsidized stock starting leaving in the 1980s, activists organized<sup>16</sup> and won legislation in 1987, which was strengthened in 1990 to entice landlords to stay in the program – or sell the properties to “preservation purchasers” who would do so. The second of these two pieces of legislation, the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) of 1990, included language that explicitly preempted the rights of states or localities to limit the ability of owners to prepay, or otherwise specifically target 236 or 221(d)3 housing for preservation. The preservation acts, and their incentives, however, were de-funded in 1996 (though they – and LIHPRHA’s preemption – technically remain on the books). Only one property in New York City, on the Upper West Side of Manhattan, was preserved through this legislation. There are two other ways in which the older-subsidized stock can be preserved by federal policy, but their use is limited, and not likely to increase anytime soon. The first is the process of “de-coupling” a property’s mortgage subsidy from its initial mortgage. This allows the refinancing of the subsidized properties without terminating the subsidy or its accompanying use restrictions. This is therefore an attractive option for owners to preserve the affordability of their

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<sup>16</sup> These early organizing efforts did not just yield legislation, they also led to the creation of the National Alliance of HUD Tenants, a nationwide organization that mobilizes tenants in project-based subsidized housing. See Ceraso, 1997

properties, while taking advantage of other, sometimes subsidized, sources of capital. Thus far this has occurred in over 130 properties in several states, but has not yet occurred in New York City. The second is the pooling of the excess capital that remains when an older subsidized property's mortgage subsidy is terminated through prepayment or foreclosure. This pooled money, in turn, is to be used to provide grants or loans to other subsidized properties for various purposes. Despite being in HUD's annual budgets, and growing to \$300 million in the early 2000s, this money was never allocated and the policy never implemented by HUD. In the summer of 2002, Congress rescinded these funds to use them for other purposes (Achtenberg, 2002).

The bigger issue is the preservation of the project-based Section 8 stock (if for no other reason than most of the older stock is also now subsidized by Section 8). Section 8, as we already discussed, had its subsidy based on the federally-defined FMR at the time of the initial subsidy, which was thereafter adjusted upwards via HUD's "Annual Adjustment Factor" (AAF) (which is based on the Consumer Price Index's data on housing costs). The problem was that as rents rose dramatically in many cities around the country in the second half of the 1990s, they greatly outpaced the AAF that HUD was using. In hot neighborhood markets, therefore, landlords were getting significantly less from HUD than what they would have in the private rental market. Owner-opt outs exploded in this period (which also coincided with the end of the 20-year contracts for the bulk of the Section 8 properties, which were built from the mid- to late 1970s), and an estimated 40,000 units were removed nationwide just from October 1996 to April 1999 (Achtenberg, 2002). The widespread outcry from tenant and community activists around the country prompted HUD to introduce the "Mark-Up-to-Market" (MU2M) program. In June 1999 HUD issued a ruling saying that owners with expiring contracts with below market rents could be offered contracts that "Mark Up" their rents to the prevailing market, or "street rent" in their neighborhood. This was codified in legislation in October 1999. And the program has played a very significant role in preserving the affordability of the Section 8 stock in New York because it gave MU2M landlords enough of a financial incentive to remain in the Section 8 program and maintain their housing units' affordability. Thus far, almost 6,000 units have been preserved through MU2M in New York City. These properties, as would be expected, have tended to be in gentrified or gentrifying areas in the city – areas such as Hell's Kitchen/Clinton, the East Village, Morningside Heights, Harlem, and East Harlem. And the average unit preserved through MU2M is in a census tract that is wealthier, whiter, and less poor than the rest of the active project-based stock.<sup>17</sup>

The program is therefore doing largely what it had set out to do, preserve the stock in neighborhoods where the market is strong, and the option of opting-out of Section 8 is particularly appealing to landlords. There are, however, three basic problems with MU2M. First, the contract renewals that landlords sign with HUD have generally been only five years long, and are increasingly only for one year. Tenants are therefore left in a position of never knowing whether their home will be secure beyond the next twelve months. Second, getting owners to enroll usually requires significant mobilization by the tenants and their advocates to pressure a very often reluctant HUD to offer owners enough of an incentive to stay in the program. Meetings must be organized, demonstrations must be staged, etc. Such mobilizations also usually require the involvement of the communities' representatives in

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<sup>17</sup> The tract median incomes are \$34,958 for the MU2M properties, and \$23,928 for the rest of the stock. Similarly, MU2M units are in tracts that are much less poor, and with significantly whiter populations.

Washington in order to force HUD to act – the ease of which varies from representative to representative. HUD, of course, does not welcome these efforts, and we’ve been told by many tenant leaders that HUD has said they don’t want the tenants in the room when HUD is meeting with the landlords, because the tenants would side with the landlord against HUD.

Finally, there are the related questions of equity and sustainability that come with MU2M. That is, given the tightness of the rental market in New York City (and other cities, such as San Francisco, Boston, etc.) landlords are often given incredible sums of money to provide affordable housing. In the most extreme case in New York, French Apartments in Hell’s Kitchen/Clinton signed a MU2M renewal that pays 338% of the area’s FMR. That translates into more than \$3,200/month for a one-bedroom unit, and more than \$3,600/month for a two-bedroom. Not coincidentally, French Apartments is the only property in the five boroughs to sign a 20-year renewal through MU2M. This is an extreme case, but there are many properties in the 200-300% of FMR range. It is difficult to get away from the question of why should the public sector be paying landlords \$3,000 a month for a two-bedroom apartment in the East Village, just because the private rental market would pay that? Given the relative scarcity of public sector resources for affordable housing, is this a good use of limited funds? Related to the equity question is the issue of sustainability. Is this a long-term solution to the problem of affordability?

The MU2M program embodies a dangerous paradox of assisted housing policy. Conservative critics would readily agree with many progressive housing advocates that the case of the French Apartments exposes a serious waste of money. But conservative analysts are quick to use such examples to issue an indictment of public intervention in the housing market on behalf of the poor and working class. For conservatives, the French Apartments present a symbol of irresponsibility, of lavish government handouts doled out by a discredited welfare state. Framing the problem this way, conservatives are able to launch remarkably effective attacks on the tattered remains of the stillborn Great Society. Conveniently forgotten in such a narrative, however, is that the exorbitant subsidy goes directly to the landlord: a few tenants may benefit from the use value of apartments protected by MU2M adjustments, but the landlord class lays claim to the dramatic escalation of exchange values propelled by gentrification and broader speculative housing bubble dynamics. The MU2M program is thus fundamentally at odds with long-term protection of housing affordability. Matching the market simply reifies the market processes that have failed to deliver affordable housing services, and undermines the possibility of using public intervention to carve out an alternative to market failure. A more sensible use of resources would involve shifting ownership to preservation purchasers -- tenant organizations or community based not-for-profit corporations. These approaches are certainly not easy, nor are they free of complications and risks; but they offer a much more viable means of securing long-term affordability without paying ongoing bribes to the landlord class – and their success is evident in the important role of limited-equity cooperative apartment buildings in preserving affordable housing and acting as a “bulwark” against gentrification in the same neighborhood of Hell’s Kitchen/Clinton (see Saegert, et al., no date)

#### *State and Local Government Policies Around the Country*

While the federal government has been spotty and uneven in its preservation policies – shifting to vouchers and offloading properties on the one hand, and instituting MU2M on the other – state and local governments have

responded to pressure from housing activists to preserve the affordable stock by enacting a set of policies designed to preserve the stock. New York, while not leading the country in these efforts, has been active and contributing to them. The most basic efforts have included increased notification requirements for landlords to inform tenants when they are planning on terminating their project-based contract with HUD. Currently, federal law requires notification to the tenants and HUD of an anticipated termination of project-based Section 8 one year before such termination is to occur. For the older-subsidized properties, notification of prepayment requirements are no less than 150 days, and no more than 270 days. Many states and localities have notification requirements ranging up to two years (in Rhode Island), as well as expanding the list of recipients of the notification (to include state and local governments).

The next step up from notification requirements has been the passage of “right of first refusal” laws. These vary from a “true” right of first refusal, which allows the designated purchaser the opportunity to match any offer – and in some cases constrains the owners’ ability to set the asking price – to much weaker versions, which don’t amount to much more than a “right to make an offer” (with no obligation on the owner to sell). Local and state laws also vary in terms of the “triggering event” for the right to be exercised. Some legislation only provides the right of first refusal at the time of the sale of the property, but this means that terminations of the subsidy (through prepayment or opt-out) by an owner without sale of the property would trigger no such right. Finally, designated purchasers themselves can vary from local government agencies to tenant groups to CDCs, etc. – basically anyone that can be understood to be a “preservation purchaser.”

In New York City, after years of mobilizing by a coalition of 67 community organizations, non-profits, and tenant associations called “New York City United to Save Affordable Housing,” the city council passed the law *Intro 186-A* (now Local Law 79) in August of 2005. This law, which passed with an overwhelming majority, and overrode Mayor Michael Bloomberg’s veto, is a true “right of first refusal” law for properties in the five boroughs. Importantly, it applies to Mitchell-Lama and the federally-subsidized stock, thereby avoiding the potential fragmenting of its support into different groups of tenants based on which form of subsidized property they live in (as well as side-stepping LIHPRHA’s preemption clause). According to this law, if the landlord is going to terminate the use restrictions (project-based contract) of the property, the landlord must give the residents the ability to purchase the building (either by themselves, or in conjunction with a not-for-profit housing organization) to preserve the property as affordable housing. As of the time of this writing, the legislation is in court, having been challenged by the Real Estate Board of New York (a landlord organization) and its future is uncertain.

In addition to regulating notification and right of first refusal provisions, state and local governments have passed laws that are a mix of financial carrots and sticks to preserve the affordable housing stock. In terms of sticks, several states and municipalities have passed laws requiring landlords to mitigate the costs of relocation for displaced tenants. In New York, some housing activists had been pushing the idea of “community impact assessment” – borrowed from the environmental impact assessment required for many land use changes and developments – to be conducted and paid for by landlords when they plan to terminate their project-based contract, but that idea seems to have lost political traction.

The carrots are more common than the sticks, and many states and localities are now offering financial incentives to landlords to retain their project-based contracts, or financial support for preservation purchasers. This often takes the form of earmarking a certain portion of their private activity bonds for housing preservation, often in conjunction with Low Income Housing Tax Credits. Several cities, including Cook County, IL, offer tax abatements alone or along with reduced assessed taxes for properties that retain their affordability. In New York, the state's Housing Finance Agency has been earmarking tax credits for this purpose. Also, in October 2005 the city's Department of Housing Preservation and Development (HPD) announced the creation of a fund to help finance the acquisition of properties in order to preserve their affordability (Lee, 2005).

## **Conclusion**

The above analyses and discussion raise several important issues about housing policy and markets in American cities. We will conclude by highlighting four of them.

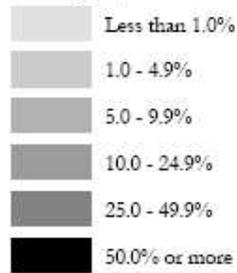
First, given the persistent crisis state of affordable housing in the United States, how we understand such housing and its relation to the rest of society is of vital importance. Vouchers, we have been told, are a way to allow poor households to improve their situation in life by moving to better neighborhoods, which presumably have better schools and other public services. This is simply not the case in New York City, where, if we believe in the goal of mixed-income neighborhoods we should be preserving the project-based stock, rather than converting to vouchers. We strongly suspect that similar analyses in other cities like Boston and San Francisco would yield comparable results. Thus productive work has been undertaken by housing advocates, tenant leaders and community groups to preserve the affordable housing stock already in place. And these efforts have scored some important victories. But these are victories that amount to a zero-sum – just holding on to what we already have, rather than expanding the quantity and quality of the stock of affordable housing. We are, in short, running to stand still. And as theory and policy coalesce around an unquestioned consensus on the virtues of deconcentration, activists and advocates working in the overheated housing markets of many American cities feel like they've walked through the looking glass.

But this almost inverted relationship between policy/theory and empirical reality in many cities highlights the paradoxes of “devolution” in American policy. That is, it seems to promise local flexibility but it really is based on universal assumptions woven into federal policy. States and localities therefore find themselves trapped. The federal government has been halting and inconsistent (at best) in its preservation efforts, and the overall thrust of federal policy has been towards voucherization. But in places, like New York City, where this national direction does not make sense, there has been little support from the federal government to go in another direction (despite the ceaseless rhetoric of local choice and devolution) – and often the federal government has been a barrier to states' and cities' abilities to pursue other policy directions. This is perhaps most evident in LIHPRHA's preemption of state and local preservation initiatives, despite the fact that LIHPRHA itself has been de-funded for 10 years. This contradiction is why it is so vital to understand the efforts undertaken by states and localities as they try to maintain their affordable housing stocks. This is also why understanding the realities of federal housing policies requires the kind of localized empirical detail about those policies, and local reactions to them, that has been done in this article.

Third, while we remain somewhat agnostic about the benefits of de-concentrating poverty, and the harm caused by its concentration, we are most concerned by the general tendency – exemplified in HOPE VI – to view the deconcentration of poverty as simply a process of spatial dispersal of poor people from their homes and communities. Deconcentration, in practice, seems to mean displacement. We share the goals of mixed-income and multi-racial/ethnic communities with those that would advocate poverty deconcentration. But we believe that the focus on dispersal, as both the means and the ends, significantly truncates a process that, properly understood, is about the ability of low income people to choose their place of residence. We would share with Imbroscio (2004) a concern for the “right to place” in American cities – a language that has echoes in the ideology of vouchers – but we would claim, putting us at odds with much of the housing choice research, that this right must include the “right to stay put” (Hartman, 2002 [1984]) as a central component of it.

Finally, the existence of (often large) concentrations of affordable housing in so many areas – such as the Lower East Side, Upper West Side, Clinton/Hell’s Kitchen, TriBeCa, etc. – that have gentrified in New York City is, in and of itself, an expression of how many of the assumptions in the literatures on both gentrification and the deconcentration of poverty need to be reconsidered. We have chosen only one part of the latter reconsideration, but it is clear that neighborhood improvement – with all of the public and private amenities that come with that – is not dependent upon the displacement of poor people. Landlords are currently in the process of opting out of affordable housing programs in areas that have been gentrified, in some cases, for well over 15 years. Surely, therefore, improved public and private amenities – that is, living in a “better neighborhood” – occurred long before the removal of often large numbers of low income people. If so, then why must we disperse poor people to allow them to live in better neighborhoods? And, similarly, why should poor people have to accept a framework in which the neighborhood’s improvement normally means their imminent displacement? Preserving the publicly-subsidized affordable housing stock, improving neighborhoods, and “deconcentrating poverty” are not competing or contradictory goals.

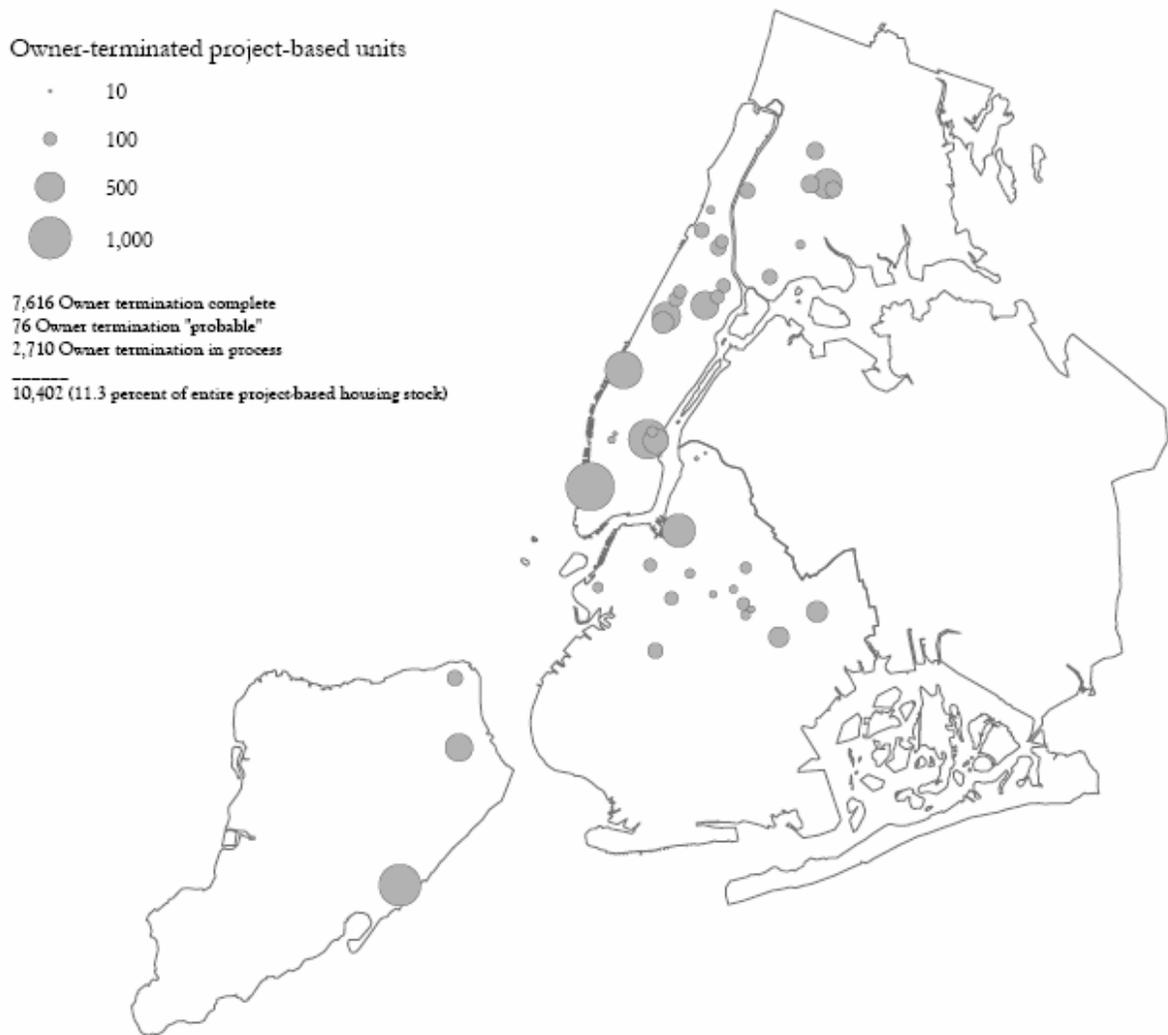
Active project-based units, as share of tract occupied rental units



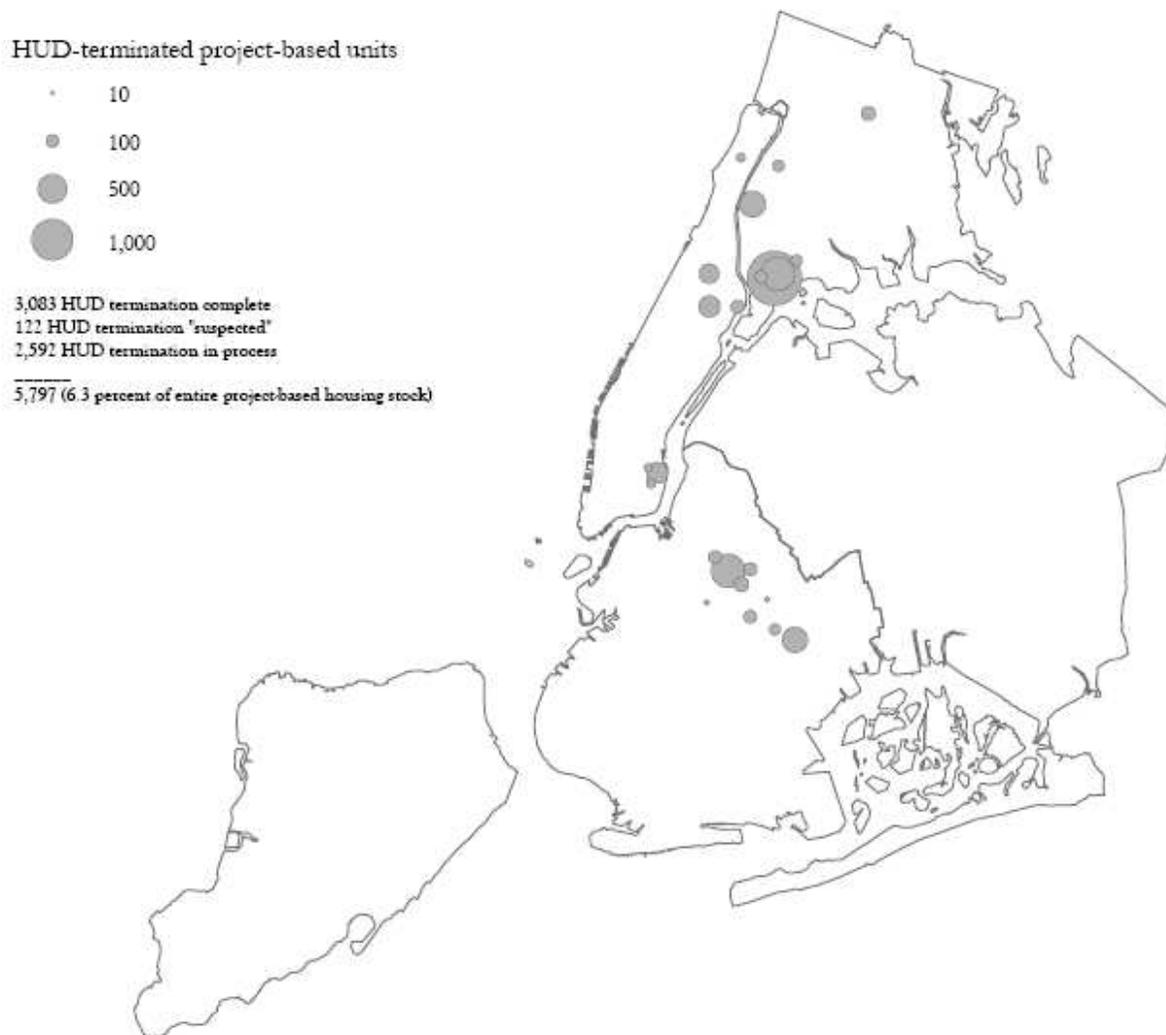
Note: Areas shaded white have no active project-based units



**Figure 1.** Active Project-Based Assisted Housing Units, as Share of Occupied Rental Housing Units. *Source:* U.S. Department of Housing and Urban Development (Multifamily Assistance and Section 8 Contracts Database), U.S. Bureau of the Census (2000 Census of Population and Housing).

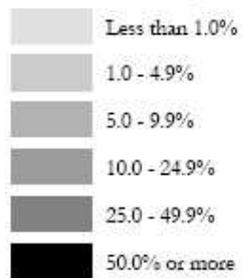


**Figure 2.** Owner-Terminated Project-Based Units. *Source:* U.S. Department of Housing and Urban Development (Terminated Multifamily Mortgages Database); Community Service Society of New York records; interviews with Andrea Foley-Murphy, Preservation Coordinator, New York State Tenants and Neighbors.

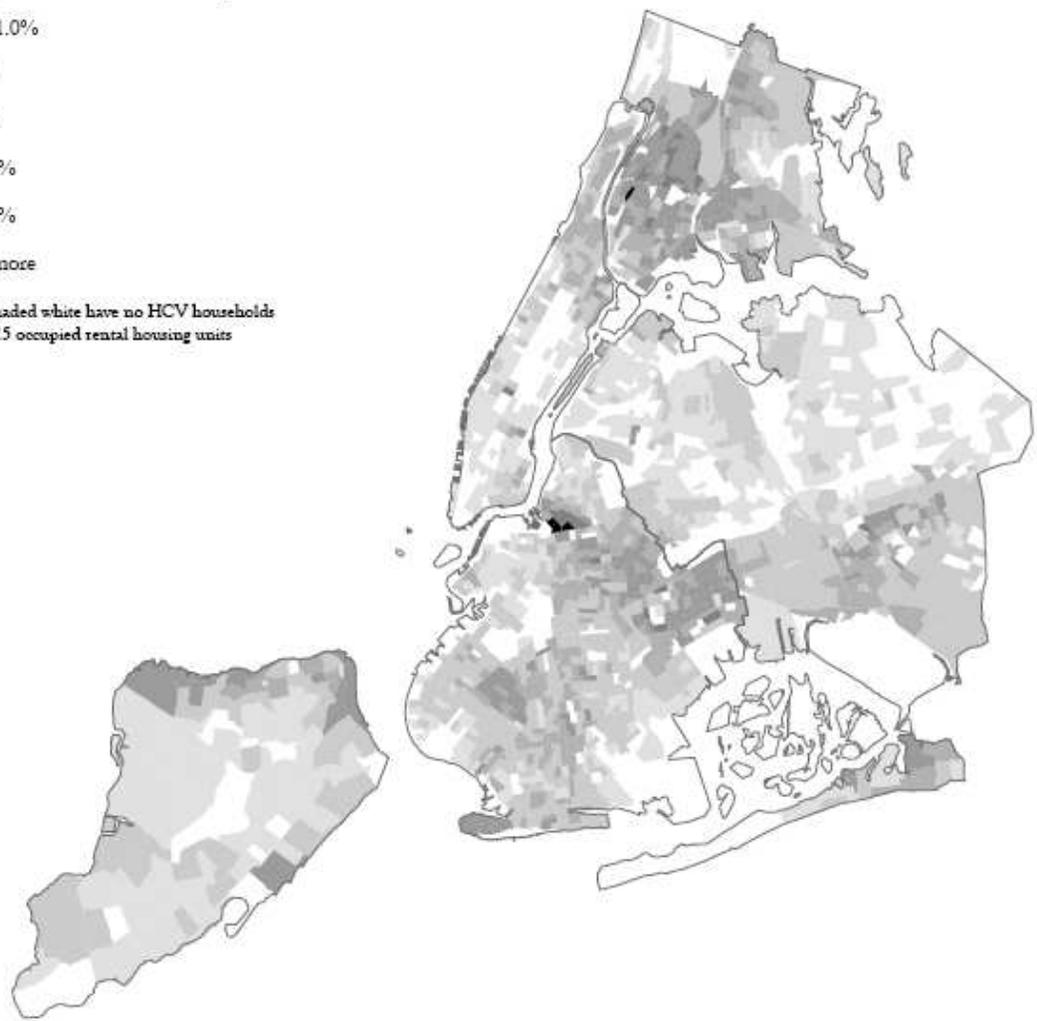


**Figure 3.** HUD-Terminated Project-Based Units. *Source:* U.S. Department of Housing and Urban Development (Terminated Multifamily Mortgages Database); Community Service Society of New York records; interviews with Andrea Foley-Murphy, Preservation Coordinator, New York State Tenants and Neighbors.

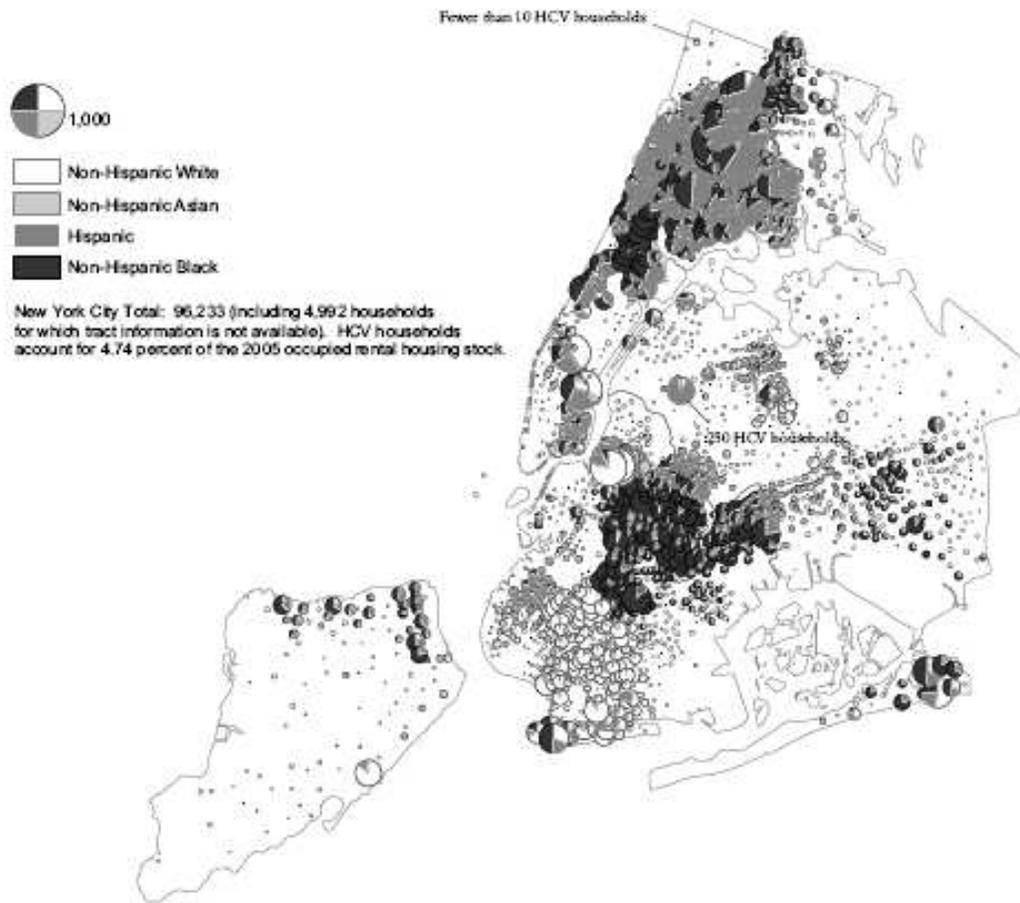
HCV households, as share of tract occupied rental units



Note: Areas shaded white have no HCV households or fewer than 25 occupied rental housing units



**Figure 4.** Voucher Households, as share of Renter Households. *Source:* U.S. Department of Housing and Urban Development (FOIA request).



**Figure 5.** Racial-Ethnic Composition of Voucher Households. Circle sizes are proportional to the total number of HCV households in each tract; circles are divided and colored according to the racial/ethnic composition of voucher recipients in each tract. *Source:* U.S. Department of Housing and Urban Development (FOIA request).

**Table 1.** Federally Assisted Private Housing Built in New York City, 1965-1984.

Primary Program Type	Number of Properties	Total housing units
Older subsidized housing stock (1965-1974)		
Older subsidized stock with Mitchell-Lama	82	29,100
Without Mitchell-Lama	142	29,200
<i>Subtotal</i>	224	58,300
Project-based Section 8 (1974-1984)		
Project-based Section 8 with Mitchell-Lama	2	1,920
Without Mitchell-Lama	275	31,680
<i>Subtotal</i>	277	33,600
Totals	501	91,900

*Source: Bach (1990); DeFilippis (2003).*

**Table 2.** Properties Removed from the Federally-Assisted Private Housing Stock, as of April 2006.

Type of Loss	Number of Properties	Total housing units
Owner Terminations		
Owner terminations completed	52	7,616
Owner termination in progress	12	2,786
<i>Subtotal</i>	64	10,402
HUD Terminations		
HUD terminations completed	19	3,083
HUD termination in progress	20	2,714
<i>Subtotal</i>	39	5,797
Totals	103	16,199

*Source: Bach (1990); DeFilippis (2003).*

**Table 3. Average Demographic Characteristics of Neighborhoods with Subsidized Households.**

Average Tract Characteristics ... <i>(Conditions in 2000 unless otherwise noted)</i>	... for the average Household								
	Group 1	2	3	4	5	6	7	8	9
	in New York City	in the HCV Program	recently entering HCV Program	in active project-based unit	in a tract with > 100 owner-terminated project-based units	in a tract with > 100 HUD-terminated project-based units	in an affordable LIHTC unit	in NYCHA public housing	persons in poverty
Growth in number of households, 1990-2000	111	118	114	156	112	123	198	59	111
Non-Hispanic White share	40.3	18.9	16.0	16.0	42.3	3.0	16.4	12.2	23.1
Non-Hispanic Black share	23.7	34.4	38.4	41.8	22.1	44.8	43.1	43.5	31.1
Non-Hispanic Asian share	10.5	5.2	4.4	4.1	4.4	1.2	3.9	5.2	9.0
Hispanic share	24.7	40.4	40.2	37.6	29.7	50.8	35.8	38.3	35.8
White change, 1990-2000	-7.6	-4.4	-4.0	-2.8	-3.0	-0.6	-0.6	-2.3	-5.7
Black change, 1990-2000	0.6	-0.3	-0.2	-1.0	-1.7	-3.3	-2.6	-3.8	-0.74
Hispanic change, 1990-2000	2.9	2.9	2.8	2.8	2.4	4.2	1.9	4.4	3.4
Average household income	\$ 58,505	\$ 37,675	\$ 38,254	\$ 35,765	\$ 56,640	\$ 27,654	\$ 43,401	\$ 33,464	\$ 41,488
Nominal change in average income, 1990-2000	41.5	40.8	40.9	48.1	56.9	53.2	61.6	44.1	40.1
Share of households with income > \$150,000	9.3	8.4	8.4	8.6	10.3	8.0	9.9	8.8	8.5
Share of persons in poverty	19.9	32.2	32.9	34.0	27.2	46.7	33.5	39.0	30.0
Share of households with public assistance income	15.0	25.8	25.9	29.1	18.9	36.3	26.0	33.7	23.3
Homeownership rate	29.2	16.0	15.8	11.1	19.5	11.1	11.7	10.4	19.6
Ownership change, 1990-2000	0.7	0.8	0.7	1.9	3.0	1.8	1.3	1.9	0.5
Vacant rental units, share of total housing units	2.3	3.6	4.0	3.5	2.8	7.4	5.7	3.5	3.6
Change in number of housing units, 1990-2000	97	133	128	165	110	209	206	84	121
Median single-family mortgage loan, 2003	\$ 220,016	\$210,829	\$ 216,775	\$ 197,441	\$ 271,080	\$ 197,555	\$222,411	\$189,932	\$ 214,743
Rent capitalization rate, 2003	25.9	28.9	30.0	34.5	37.8	39.1	32.7	41.8	30.9
Fair market rent ratio, 2002	0.78	0.64	0.64	0.53	0.64	0.43	0.64	0.44	0.64
Number of households / recipients	3,022,477	93,194	11,879	74,261	9,431	5,179	29,390	179,968	1,667,952

Note that the totals for Groups 4, 5, and 6 exclude some projects that could not be matched to 2000 census tract data; Group 3 also excludes 4,992 households for which HUD reports borough location but no tract information.

**Table 4.** Neighborhood Poverty Models.

Variable	Citywide																	
	Model 1			Model 2			Model 3			Model 4			Model 5			Model 6		
	Standardized	Squared		Standardized	Squared		Standardized	Squared		Standardized	Squared		Standardized	Squared		Standardized	Squared	
	Beta	Semi-partial	Corr Type II															
Active project-based units <sup>††</sup>	0.179 ***	0.031		0.057 ***	0.003		0.029 **	0.0007		0.103	0.010		0.030	0.001		-0.027	0.0006	
HCV households <sup>††</sup>	0.514 ***	0.256		0.167 ***	0.019		0.182 ***	0.023		0.497 ***	0.238		0.164 ***	0.018		0.247 ***	0.038	
Average household income				-0.278 ***	0.044		-0.028	0.0002					-0.536 ***	0.084		-0.182 *	0.006	
Population growth, 1990-2000				-0.022	0.0005		0.010	0.00009					-0.057	0.003		-0.026	0.0005	
Non-Hispanic Black share				0.190 ***	0.021		0.148 ***	0.012					0.041	0.0003		-0.057	0.0006	
Hispanic share				0.270 ***	0.037		0.224 ***	0.025					0.198 **	0.008		0.053	0.0006	
Non-Hispanic Asian share				0.014	0.0001		0.036 **	0.0009					-0.052	0.001		-0.053	0.001	
Change in Black share				-0.121 ***	0.013		-0.099 ***	0.009					-0.124 **	0.008		-0.074	0.003	
Change in Hispanic share				-0.067 ***	0.004		-0.062 ***	0.003					-0.108 *	0.006		-0.048	0.001	
Ownership rate				-0.281 ***	0.050		-0.300 ***	0.056					-0.164 ***	0.016		-0.190 ***	0.021	
Change in ownership rate				0.013	0.0002		-0.023 **	0.0005					0.071	0.004		0.009	0.00007	
Rental vacancy rate				0.041 **	0.001		0.037 **	0.001					0.035	0.001		0.012	0.0001	
Fair market rent ratio							-0.341 ***	0.034								-0.494 ***	0.062	
Adjusted Model R <sup>2</sup>	0.33			0.73			0.76			0.27			0.71			0.78		
Number of observations	2163			2163			2163			234			234			234		

Note: all regressions are weighted by total number of households in each census tract.

\*Coefficient significant at P<0.05; \*\*P<0.01; \*\*\*P<0.001.

†Tracts with both HCV voucher holders and active project-based housing units.

††As share of total tract housing units.

**Table 5.** Models of Assisted Housing Concentration.

Variable	Citywide						Mixed-Subsidy Tracts†					
	HCV households			Active project-based units			HCV households			Active project-based units		
	<b>Model 1</b>			<b>Model 2</b>			<b>Model 3</b>			<b>Model 4</b>		
	Standardized	Beta	Corr	Standardized	Beta	Corr	Standardized	Beta	Corr	Standardized	Beta	Corr
Non-Hispanic Black share	0.182 ***	0.027	0.139 ***	0.139 ***	0.016	0.348 ***	0.139	0.065	0.348 ***	0.139	0.010	
Hispanic share	0.453 ***	0.178	0.165 ***	0.165 ***	0.023	0.490 ***	0.087	0.146	0.490 ***	0.087	0.005	
Non-Hispanic Asian share	-0.129 ***	0.013	-0.057 *	-0.057 *	0.003	-0.048	0.020	0.001	-0.048	0.020	0.0003	
Change in Black share	-0.036	0.001	-0.045 *	-0.045 *	0.002	0.147 *	0.071	0.013	0.147 *	0.071	0.003	
Change in Hispanic share	-0.158 ***	0.022	-0.064 **	-0.064 **	0.003	0.113	0.085	0.007	0.113	0.085	0.004	
Adjusted Model R <sup>2</sup>	0.26		0.05	0.05		0.23			0.23		-0.002	
Number of observations	2163		2163	2163		234			234		234	

Note: all regressions are weighted by total number of households in each census tract.

\*Coefficient significant at P<0.05; \*\*P<0.01; \*\*\*P<0.001.

†Tracts with both HCV voucher holders and active project-based housing units.

‡As share of total tract housing units.

**Table 6. Project-Based Racial Segregation Models.**

Variable	Non-Hispanic Black			Non-Hispanic White			Hispanic			Non-Hispanic Asian		
	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared
Racial group share of tract population	0.855 ***	0.566	0.473	0.966 ***	0.473	0.473	0.885 ***	0.5623	0.891 ***	0.675	0.675	
Poverty rate	0.137	0.004	0.008	-0.194 *	0.008	0.008	-0.001	0.0000002	0.103	0.002	0.002	
Share of tract households with public assistance income	-0.106	0.003	0.008	0.186 *	0.008	0.008	-0.068	0.001	-0.073	0.001	0.001	
Average household income	0.019	0.0001	0.016	-0.270 ***	0.016	0.016	0.180 *	0.008	0.018	0.0001	0.0001	
Ownership rate	0.078	0.004	0.002	-0.049	0.002	0.002	-0.026	0.0004	-0.066	0.003	0.003	
Change in ownership rate	0.010	0.0001	0.006	-0.082 *	0.006	0.006	0.039	0.001	0.082 *	0.006	0.006	
Rental vacancy rate	0.043	0.001	0.0001	-0.011	0.0001	0.0001	-0.044	0.002	0.001	0.000	0.000	
Fair market rent ratio	0.056	0.001	0.002	0.079	0.002	0.002	-0.115	0.004	-0.042	0.001	0.001	
Active project-based units, as share of tract housing	0.030	0.001	0.0009	0.034	0.0009	0.0009	-0.080 *	0.005	0.039	0.001	0.001	
Adjusted Model R <sup>2</sup>	0.74			0.72			0.73		0.76			
Number of observations	219			219			219		219			

Note: all regressions are weighted with the total number active project-based units in each census tract. Models estimated only on tracts with active project-based units.  
 \*Coefficient significant at P<0.05; \*\*P<0.01; \*\*\*P<0.001.

**Table 7. Voucher Racial Segregation Models.**

Variable	Non-Hispanic Black			Non-Hispanic White			Hispanic			Non-Hispanic Asian		
	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared	Standardized Beta	Semi-partial Corr Type II	Squared
Racial group share of tract population	0.870 ***	0.548	0.233	0.715 ***	0.233	0.233	0.909 ***	0.4924	0.161	0.458 ***	0.161	0.161
Poverty rate	0.017	0.0001	0.010	0.217 ***	0.010	0.010	-0.110 ***	0.003	0.000004	-0.004	0.000004	0.000004
Share of tract households with public assistance income	0.038 *	0.0005	0.0004	-0.038 *	0.0004	0.0004	-0.103 ***	0.003	0.003	-0.097 **	0.003	0.003
Average household income	0.107 ***	0.004	0.014	-0.202 ***	0.014	0.014	-0.033	0.0004	0.004	0.110 **	0.004	0.004
Ownership rate	-0.112 ***	0.007	0.013	0.158 ***	0.013	0.013	-0.116 ***	0.006	0.0172	-0.179 ***	0.0172	0.0172
Change in ownership rate	0.048 ***	0.001	0.0015	-0.051 ***	0.0015	0.0015	0.013	0.0001	0.0002	0.017	0.0002	0.0002
Rental vacancy rate	0.066 ***	0.003	0.0005	0.025 *	0.0005	0.0005	-0.050 ***	0.002	0.001	-0.027	0.001	0.001
Fair market rent ratio	-0.004	0.00001	0.001	0.053 ***	0.001	0.001	0.055 **	0.001	0.012	-0.173 ***	0.012	0.012
HCV households, as share of total tract households	-0.049 ***	0.001	0.00005	0.010	0.00005	0.00005	0.039 *	0.001	0.0003	-0.028	0.0003	0.0003
Elderly as share of HCV households	-0.062 ***	0.003	0.078	0.383 ***	0.078	0.078	-0.004	0.00001	0.0002	0.018	0.0002	0.0002
Recent HCV households, as share of total tract households	0.039 **	0.001	0.00001	-0.005	0.00001	0.00001	0.010	0.0001	0.001	0.040	0.001	0.001
Adjusted Model R <sup>2</sup>	0.82			0.83			0.77			0.22		
Number of observations	1870			1870			1870			1870		

Note: all regressions are weighted with the total number of HCV households in each census tract. 293 tracts were excluded for missing values or no HCV households. \*Coefficient significant at P<0.05; \*\*P<0.01; \*\*\*P<0.001.

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