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### Deconcentrating Poverty With Housing Programs

Kirk McClure<sup>a</sup>  
<sup>a</sup> University of Kansas,

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# Deconcentrating Poverty With Housing Programs

Kirk McClure

**Problem:** Housing programs of the past have exacerbated the problems of concentrated poverty. Current housing programs serving very low-income households, including homebuyers as well as renters, should be examined to determine the extent to which they help households make entry into neighborhoods with low concentrations of poverty.

**Purpose:** This research is designed to assist planners in understanding how well various approaches to resolving housing affordability problems can facilitate the poverty deconcentration process.

**Methods:** Administrative data from the Department of Housing and Urban Development are used to assess the degree to which federal housing programs help low-income homebuyers and renters locate in neighborhoods where less than 10% of the population is below poverty.

**Results and conclusions:** Subsidizing households ought to be more effective than subsidizing housing units at helping low-income households locate in low-poverty areas, and whether a household rents or buys should not matter to whether a program succeeds at deconcentration of the poor. Yet, analysis of national datasets across several housing programs finds neither of the previous propositions to be true. Housing vouchers supplied to households are not helping renters locate in low-poverty areas any more effectively than are current project-based subsidies. It also turns out that tenure matters; a disproportionately higher share of low-income homebuyers are locating in low-poverty neighborhoods than are low-income renters.

Planners seek to make housing affordable, placing an acceptable burden upon the income of occupants (U.S. Department of Housing and Urban Development [HUD], 2003), but they should also seek to guide low-income households out of the cycle of poverty and into self-sufficiency (Ficke & Piesse, 2004; HUD, 2006; Wood et al., 1999). The economic development literature on self-sufficiency focuses on access to good jobs, while the objective of many housing and deconcentration efforts is access to good schools and shopping in safe neighborhoods (Goering, Feins, & Richardson, 2003). Central to helping households become self-sufficient is helping them move away from neighborhoods with high concentrations of poverty (Khaduri, 2001). In order to design local strategies to serve this goal, housing planners should understand the extent to which various types of housing programs facilitate such deconcentration. While much research has examined experimental and quasi-experimental housing initiatives designed to deconcentrate poverty,<sup>1</sup> less has been done to investigate whether the nation's largest housing programs deconcentrate poverty as they are routinely implemented. Thus I examine the primary federal rental housing assistance programs (the Low-Income Housing Tax Credit [LIHTC] program, and the Housing

**Takeaway for practice:** I recommend that housing planners seeking to make poverty deconcentration more effective use housing placement counselors, administer programs at the metropolitan scale, lease and broker market-rate housing directly, promote mixed-income LIHTC developments, practice inclusionary zoning, and monitor the impacts of these efforts.

**Keywords:** poverty deconcentration, affordable housing, housing choice vouchers, low-income housing tax credits, government sponsored enterprises

**Research support:** U.S. Department of Housing and Urban Development.

## About the author:

**Kirk McClure** (mcclure@ku.edu) is an associate professor in the graduate program in urban planning at the University of Kansas. His teaching and research interests are in the areas of real estate development and affordable housing finance.

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Choice Voucher [HCV] program), and main federal sources of homebuyer assistance for how effective they are helping low-income households locate in neighborhoods with low concentrations of poverty.<sup>2</sup> Federally sponsored homebuyer programs have not previously been evaluated in this way.

Researchers agree that when programs make housing affordable by subsidizing households they facilitate residential mobility better than when they subsidize housing units (Olsen, 2001; Sard, 2001; Turner, 1998; Winnick, 1995). Because there is a long history of neighborhood resistance to subsidized housing projects, and because low-income neighborhoods offer less resistance, subsidized housing projects tend to be located in areas where poverty is more concentrated (Goering, Kanely, & Richardson, 1997; Newman & Schnare, 1997; Rohe & Freeman, 2001). This means that subsidizing households ought to be more effective than subsidizing housing units at moving low-income households into low-poverty areas. Theoretically, tenure should not matter; if a household is free to choose its location, whether it receives assistance to buy or rent a home should not affect poverty deconcentration. Yet, analysis of national datasets across several housing programs finds neither of the previous propositions to be true. Housing vouchers supplied to households are not helping renters move to low-poverty areas any more effectively than are current project-based subsidies. It also turns out that tenure matters; a disproportionately higher share of low-income homebuyers are locating in low-poverty neighborhoods than are low-income renters.

## Poverty Deconcentration and Housing Assistance Programs

Concentrating low-income households in developments built exclusively for them creates social and economic isolation and contributes to the ills of our cities (Goering et al., 1997). The federal government has taken a variety of steps to remedy this. The HOPE VI program, for example, demolishes severely distressed projects and replaces them with mixed-income housing designed to revitalize the surrounding community (Popkin et al., 2004). The Quality Housing and Work Responsibility Act of 1998 mandates deconcentration within public housing by setting limits on the percentage of very low-income households in a single project (Hunt, Schulhof, Holmquist, & Solomon, 1998). The Section Eight Management Assessment Program evaluates whether public housing authorities are successful at moving voucher holders away from concentrated poverty (HUD, 2007). But deconcentrating poverty is not a pri-

mary goal for either the HCV or the LIHTC programs, the two largest federal programs for renters, though both serve this goal in varying degrees.

The HCV program is designed to foster the spatial mobility of the low-income (Winnick, 1995). Much of the argument for the voucher approach is based on this spatial mobility afforded to participating households. Unfortunately, the deconcentration outcomes of the voucher program, in its standard implementation, have been less than hoped for, and have given rise to an experimental demonstration version of the program, the Moving to Opportunity (MTO) program (Goering, Feins, & Richardson, 2003).

The LIHTC program is the nation's largest program producing rental housing. Its designers aimed to create mixed-income developments, avoiding the problems of concentrated poverty found in other production programs. Each LIHTC development must provide a minimum percentage of units that are affordable to low- or moderate-income households in order to claim any tax credits (McClure, 2006). However, the program is not generating much mixed-income housing, as most of its developments are entirely made up of affordable units subsidized by tax credits (HUD, 2005). However, the program is creating housing in neighborhoods with less poverty than those hosting most public housing and other project-based housing assistance programs (Freeman, 2004).

Homebuyer assistance programs can also help to deconcentrate poverty. The federal government helps homebuyers by regulating the secondary mortgage market activity of Fannie Mae and Freddie Mac, known collectively as the Government Sponsored Enterprises (GSEs), and by administering the loan insurance programs of the Federal Housing Administration (FHA) and the Veterans' Administration (VA). The GSEs and these insurance programs help low-income households purchase homes in locations they choose. Each year, a minimum share of the new loans the GSEs acquire must be to low-income and minority homebuyers, and a minimum share of the new loans must be located in underserved neighborhoods defined by the incidence of minorities and the poor (Bunce, 2002). The GSEs have met or exceeded these goals for the last several years, and have initiated many programs designed to serve low-income and minority first-time homebuyers (Manchester, 2002).

As with the rental programs, poverty deconcentration is not among the main goals of these homebuyer programs, though they affect it measurably. The FHA was once criticized for discriminatory practices, including red-lining neighborhoods with high concentrations of minorities (Schwartz, 2006), but now leads the housing finance industry in preventing discrimination (Pennington-Cross

& Yezer, 2000). Unlike in the past, the GSEs are now under statutory obligation to help low-income and minority homebuyers. Yet, they have no specific mandate to spatially deconcentrate low-income households, but are charged with assisting them by financing the purchase of homes located wherever the buyers want to reside (Manchester, 2002).

## The Effects of Deconcentration on Households and Neighborhoods

The benefits of deconcentrating low-income households through housing programs include improved housing, safer neighborhoods with better schools, and higher quality services for these households (Feins, 2003; van Kempen, 1997). But researchers worry about harm to receiving neighborhoods. Even small groupings of assisted households may create problems for the immediately surrounding area, possibly justifying some fears of opponents of deconcentration (Galster, Tatian, Santiago, Petit, & Smith, 2003). In addition, NIMBYism is a very real force that must be reckoned with in the design of housing programs. In Baltimore County, efforts to help low-income households locate in suburban low-poverty tracts through the MTO program confronted stiff opposition from residents of the receiving neighborhoods (Goering, 2003).

Our understanding of the linkage is incomplete, but evidence is growing that neighborhood conditions influence the outcomes a household will experience. Reviews of research on this topic are found in Brooks-Gunn, Duncan, and Aber (1997), Ellen & Turner (1997; 2003), Friedrichs (1998), Galster and Zoebel (1998), Leventhal and Brooks-Gunn (2000), Sampson, Morenoff, and Gannon-Rowley (2002), and van Kempen (1997). Goering and Feins (2003) collected studies from all five cities where the MTO program was implemented. These studies found that deconcentration was associated with reduced criminal behavior, higher school performance, and improved mental health gains for children (Leventhal & Brooks-Gunn, 2003; Ludwig, Duncan, & Hirschfield, 2001; Ludwig, Ladd, & Duncan, 2001), and with modest but statistically significant reductions in welfare usage and greater levels of employment for adults (Ludwig, Duncan, & Pinkston, 2000; Rosenbaum, 1995). However, the methodological challenges are great and the results not as robust as we might like, since researchers must isolate the neighborhood's influence (Galster, 2003; Leventhal & Brooks-Gunn, 2000). When this can be done, it appears that neighborhood conditions generally have less influence on individual outcomes than family or personal characteristics (Brooks-Gunn et al., 1997; Ellen & Turner, 1997).

However, because this influence exists, it is a positive development that the number of neighborhoods with high concentrations of poverty has decreased. While the spatial concentration of the poor worsened during the 1980s, with Blacks faring worse than Whites (Kasarda, 1993), it improved during the 1990s. The number of census tracts with more than 40% of the population in poverty (high poverty) fell 24% between 1990 and 2000, affecting 2.5 million people (Jargowsky, 2003).<sup>3</sup> The number of tracts with fewer than 10% of the population in poverty (low poverty) remained fairly constant during this time period, while those with from 10% to 40% of the population in poverty (moderate poverty) increased (Galster, 2002; Kingsley & Pettit, 2003).

Galster (2002, 2003) examined the social costs and benefits of deconcentrating low-income populations and suggested that though arguments for spatial mobility and deconcentration often focus only on benefits to individual households from moving out of areas with high levels of poverty, there are also potential negative effects on receiving neighborhoods. Galster (2002) suggested a net social gain may be generated only if deconcentration results in fewer neighborhoods with high poverty, more neighborhoods with low poverty, and no additional neighborhoods with moderate poverty.

Little is known about the relationship between the level of poverty in a neighborhood and measures of neighborhood condition, such as property values, but limited evidence suggests it may be nonlinear, and characterized by thresholds (Brooks-Gunn et al., 1997; Friedrichs, 1998; Galster, 2005). Where fewer than 15% to 20% of the population live below poverty it appears that problems associated with poverty may not significantly and negatively affect the neighborhood's condition. Above this threshold, the problems with increased poverty may rise significantly. A second threshold appears to exist in the range of 30% to 40% of the population in poverty. Above this level the negative effects of concentrated poverty may have taken their toll and even greater concentrations of poverty may have no additional negative effects.

This has important implications for the work of housing planners. If the negative consequences for the receiving neighborhood more than outweigh the gains realized by the low-income households who relocate, then the result may be a net social loss, meaning the program has failed. Jargowsky (2005) suggested that the negative effects to the receiving neighborhood could be small and the benefits to relocated households much larger, meaning that helping the low-income move to neighborhoods with moderate concentrations of poverty could pose little risk. Even if the benefits of moving to moderate-poverty areas outweigh the

negative consequences to the receiving neighborhoods, the net benefits will be greater if the movement is to neighborhoods with low concentrations of poverty (Galster, 2005).

## Housing Programs as Vehicles for Deconcentration

### Rental Assistance Programs of the Past

The problems of concentrated poverty were made worse by the fact that all federal rental assistance programs prior to 1974 subsidized projects rather than households. The vast majority of projects from this era were designed to be entirely occupied by low-income households. This created low-income enclaves, helping to perpetuate the cycle of poverty. Subsidized housing projects past and present (including programs such as Section 236 and Section 8 New Construction/Substantial Rehabilitation<sup>4</sup>) often create social isolation because they are located in distressed neighborhoods (Goering, Kanelly, & Richardson, 1997). The locations of these developments do little to improve the quality of the participating households' neighborhood; they may even worsen it (Freeman, 2002; Galster, Tatian, & Smith, 1999; Lee, Culhane, & Wachter, 1999). Residents of such housing projects typically reside in worse neighborhoods than do poor households without housing assistance (Newman & Schnare, 1997). This social isolation separates residents of housing projects from job networks and other social contacts.

Simply placing low-income housing projects in good neighborhoods may not be a solution if residents do not form social networks with new neighbors living outside the project. Briggs (1998) compared the social networks of residents who moved from large public housing projects in troubled neighborhoods to small scattered-site projects in better neighborhoods. He found that the negative effects of even a small housing project occupied entirely by low-income households can override the positive effects of being located in an otherwise low-poverty neighborhood. This suggests that planners may have greater success if they avoid projects altogether, and seek to locate households in existing housing where the assisted households can join the social networks that are crucial to achieving success in employment and education. Vouchers work this way, allowing residents to move out of projects and providing the opportunity to locate in better neighborhoods. Assisting households rather than projects makes tenants less likely to concentrate in high-poverty areas (Devine, Gray, Rubin, & Taghavi, 2002; Turner, 1998).

### Current Rental Programs

The HCV and the LIHTC programs are the nation's primary subsidized rental programs. Table 1 shows that the LIHTC program is making a greater impact in low-poverty neighborhoods than is the HCV program. About 32% of LIHTC units put in place in 2002 were in low-poverty areas, while only 26% of HCV households were in low-poverty tracts during the same year.

The HCV program considers a rental unit to be affordable if it charges rent at or below the Fair Market Rent for the metropolitan area where it is located.<sup>5</sup> These rent levels loosely govern the acceptability of a unit to the program. Table 1 shows that over 16 million such affordable rental units exist in metropolitan areas across the nation to house the approximately 1 million urban households in the HCV program. About 30% of these affordable rental units are located in low-poverty tracts, while about 26% of the households in the HCV program reside in such tracts. This difference amounts to about 40,000 HCV households living with a higher incidence of poverty than would be expected from the spatial distribution of affordable units.

The LIHTC program, in contrast, creates its own supply of affordable units wherever developers can successfully gain permission to build. Unfortunately, little is known about the income, race, or ethnicity of the households served by LIHTC program, as these attributes are not reported in the national database (HUD, 2005). Thus, little can be said about which subsets of renter households this program serves (Freeman, 2006; Varady, 2006). Households residing in LIHTC units must be income eligible, which usually means they have incomes below 60% of the Area Median Family Income (AMFI), though in some cases, the owner of the development may opt for setting a more stringent limit at 50% of AMFI. We know from a sample of LIHTC households who did not receive vouchers that the typical household has income at 45% of the AMFI (Ernst & Young, 1997).

Much more is known about the HCV households, who are typically much poorer than their LIHTC counterparts; the average income of a HCV household is 22% of AMFI (McClure, 2005). There is little evidence that the HCV program is promoting any significant movement of these extremely low-income households into areas with low concentrations of poverty. The 26% of the HCV households locating in tracts with less than 10% poverty corresponds closely to the 25% of extremely low-income renter households (those with income at or below 30% of AMFI) shown in Table 1 to live in low-poverty areas. If the HCV program were providing the means for low-income households to move away from high-poverty tracts and into low-poverty tracts, I would expect greater difference between

Table 1. Assisted rental housing units and households in U.S. metropolitan areas in 2002, affordable rental units, low-income renter and total households in 2000, and percentages in tracts with less than 10% poverty.

	Housing units/ households	% in tracts with fewer than 10% of population in poverty
LIHTC units placed in service in 2002	79,985	31.8
Households participating in HCV in fiscal 2002	1,007,971	26.0
Black	459,812	17.3
Hispanic	145,346	18.8
Total affordable <sup>a</sup> rental units in 2000	16,208,976	30.0
Renter households with income below 30% of Area Median Family Income in 2000	6,803,319	24.9
Renter households with income 30% to 50% of Area Median Family Income in 2000	4,968,329	33.9
Households, total in 2000	84,309,400	58.9
Black, non-Hispanic	10,254,834	26.1
Hispanic	8,384,892	28.5

Note:

a. Affordable rental units are those that charge no more than Fair Market Rent as defined by HUD for the metropolitan area where they are located.

Sources: Data from the HUD LIHTC database through 2002, HUD HCV MTCS data for fiscal 2002, HUD comprehensive housing affordability data for 2000, and the U.S. Census 2000.

these percentages and that of the HCV households to be higher.

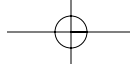
Race and ethnicity appear to play a significant role in how well the HCV program promotes movement to low-poverty areas. Minority households in the program do not locate in low-poverty tracts at the same rate as others. Table 1 shows only 17% of Black HCV households and 19% of Hispanic HCV households in low-poverty tracts, well below the percentages of affordable units, Black households, and Hispanic households in these tracts. The HCV program may reduce or even eliminate the income barriers preventing low-income households from consuming affordable units, but it is not deconcentrating minority households in proportion to the affordable units available.

In fact, neither the HCV nor the LIHTC program is fostering an impressive amount of deconcentration. The HCV program falls below expectations, and the LIHTC program located only about one-third of its units placed in service during 2002 in low-poverty areas. However, while a smaller share of HCV households (26.0%) than all affordable units (30.0%) are located in low-poverty tracts, a comparable share of LIHTC units (31.8%) to renter households with incomes 30% to 50% of AMFI (33.9%)

are in low-poverty tracts. Thus, the LIHTC program is meeting the market, but not leading it toward greater income integration.

### Current Homebuyer Programs

Programs to assist homebuyers were not tracked closely in the past. Only since 1993 have data been available to examine the locations of assisted homebuyers, but much is known about recent very-low-income homebuyers. The residential locations of very low-income homebuyers are rather different from those of the renter households in the HCV program. The HCV program placed renter households in low-poverty tracts in shares only marginally different from the market benchmarks. In contrast, the very-low-income homebuyer programs seem to be outpacing the market. About 66% of the GSE very-low-income homebuyers were located in low-poverty tracts, but only about 35% of units affordable to these households were located in these tracts. If the homebuyers were indifferent to the incidence of poverty, I would expect them to be distributed across metropolitan markets much like affordable units are. Rather, they seem to be distributed in a manner that avoids high, or even moderate, concentrations of poverty. See Table 2.



The FHA and VA insurance programs do not have the same effect. Only about 47% of their insured borrowers located in low-poverty areas. This is not surprising, as the insurance programs are intended to serve borrowers who, due to lower credit scores and less stable income, cannot meet the underwriting demands of conventional lenders without the loan insurance. This results in a higher share of FHA and VA loans in moderate and higher poverty areas. Even so, the insured borrowers located in low-poverty areas at a rate 12 percentage points above the 35% of affordable housing found there.

The effects of race and ethnicity are different between very low-income homebuyers and HCV households. In the HCV program the percentage of minority households located in low-poverty areas was much smaller than the percentage of affordable rental units in these tracts. In the homebuyer programs, the shares of minority GSE homebuyers located in low-poverty tracts was greater than the share of affordable housing in these tracts. The insured minority homebuyers located in these areas at rates only 1 to 3 percentage points below affordable owner-occupied housing units. Both the GSEs and the insurance programs

helped minority homebuyers locate in low-poverty areas at least in proportion to affordable housing units and other minority households. This is in stark contrast to the minority HCV households, who located in these tracts at rates 11 or more percentage points below affordable rental housing and other minority households.

## Policy Implications

I find that, at the most general level, the project-based LIHTC program is deconcentrating low income households into low-poverty areas more effectively than the household-based HCV program, and that the GSE and insurance initiatives for homebuyers do better than either of the programs for renters. Why might this be the case?

First, it is important to remember that the programs serve different populations. The HCV households typically live below poverty, while LIHTC households and very-low-income homebuyers have incomes between 30% and 50% of AMFI. In addition, even at modest income, a very low-income homebuyer has sufficient savings and regular income

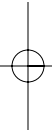
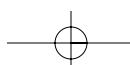
Table 2. Very-low-income households in GSE and FHA/VA homebuyer insurance programs in 2002, affordable owner-occupied units, low-income owner and total households in 2000, and percentages in tracts with less than 10% poverty.

	Housing units/ households	% in tracts with fewer than 10% of population in poverty
Very-low-income borrowers with uninsured loans purchased by Fannie Mae or Freddie Mac in 2002	56,598	65.6
Black, non-Hispanic	3,928	38.1
Hispanic	5,287	41.7
Very-low-income borrowers with loans insured by the FHA or VA in 2002	73,694	46.5
Black, non-Hispanic	16,335	33.4
Hispanic	14,632	32.4
Total affordable <sup>a</sup> owner-occupied units in 2000	6,119,854	34.8
Owner-occupant households with income below 30% of Area Median Family Income in 2000	3,351,599	49.1
Owner-occupant households with income 30% to 50% of Area Median Family Income in 2000	4,237,263	55.0
Households, total in 2000	84,309,400	58.9
Black, non-Hispanic	10,254,834	26.1
Hispanic	8,384,892	28.5

Note:

a. These units have market values affordable to very low-income households using average credit terms.

Sources: Data from HMDA data for 2002, HUD comprehensive housing affordability data for 2000, U.S. Census 2000.



to leverage a home purchase loan, a standard out of reach of many very-low-income renters.

Other factors may also be at work. The LIHTC program may be providing greater low-poverty market penetration than the HCV program because the developer makes the location decision in the LIHTC program, while in the HCV program the household chooses the location. When a household with a voucher searches for a rental unit in the market, there is understandable fear of discrimination. Neighbors and landlords may be unwelcoming. The voucher holder likely has only imperfect knowledge of what units are available and possesses few resources to find such units. All of this may inhibit a voucher holder from leasing a unit in a low-poverty area. By contrast, when a developer seeks a location for a LIHTC development, all of the developer's professional skills are brought into play. The developer maximizes return on investment through balancing a location's capacity to attract tenants, its development costs, and the political problems associated with gaining planning permission. As the LIHTC program matures, it is gaining greater popularity with developers from the suburbs (McClure, 2006). Because it assists private developers, it may confront less political opposition than the public project-based programs that preceded it (Freeman, 2004). Developing LIHTC projects demands detailed knowledge of the market, which means that the developer is almost certain to know more about, and be able to gain entry into, more desirable submarkets than is an individual household with a voucher, leading to more effective poverty deconcentration.

The higher proportion of very-low-income homebuyers than households in rental assistance programs locating in low-poverty areas may be explained by the differences between investment and consumption. Purchasing a home is more than just consumption; it is a long-term investment frequently involving most, if not all, of a household's savings. Any homebuyer, including one of modest income, aims to preserve his or her investment equity and gain wealth through appreciation. This motivation causes homebuyers to concern themselves more than renters with the damaging effects of poverty on the neighborhood where the home is located. Thus, low-income homebuyers may seek equity accumulation by locating in low-poverty neighborhoods while renter households, who incur only some moving expenses when they leave a unit, can live in poorer neighborhoods without concern for the investment value of their homes. This could explain the different locations of very low-income homebuyers and households in the HCV program.

### **Using Housing Placement Counselors to Facilitate Deconcentration**

Many research efforts have identified the value of housing counselors, especially for placing households into neighborhoods with low concentrations of poor households. Intensive placement counseling of assisted households appears to be a valuable component of any effort seeking to deconcentrate poverty (Galster et al., 2003; Goering, Haghghi, Stebbins, & Siewert, 1995; Marr, 2005; Orr et al., 2003). Professional counselors can improve the housing search process for program participants. They can also facilitate the transaction, whether leasing or buying a unit, and assist with all the complexities associated with moving to a new, and possibly unfamiliar, location.

### **Administering Programs at a Metropolitan Scale**

The federal government is experimenting with administering housing vouchers at a metropolitan scale. Katz and Turner (2001) argued that this approach could further the goals of deconcentration. Rather than many agencies each administering vouchers for individual submarkets, one agency administers vouchers across many jurisdictions under such an approach, allowing movement across municipal boundaries. Assisted households will have more low-poverty housing options if they can consider locations in suburbs as well as central cities. However, critics of this idea suggest that metropolitan administration will have little effect, as race and class differences are what prevent housing mobility rather than the level of administration (Basgal & Villarreal, 2001; Jennings & Quercia, 2001).

### **Direct Leasing and Brokerage of Market-Rate Housing**

Most housing programs rely upon individual households to find units. HCV households must seek out their units, although they often receive lists of available apartments from the public housing authority. The various homebuyer programs allow buyers to select their own homes. However, public agencies administering these programs could help households locate units in neighborhoods with low concentrations of poverty by giving landlords incentives to participate in the HCV program if their units would contribute to deconcentration, as well as by giving incentives to public housing authorities to locate units in less vulnerable neighborhoods (Galster et al., 2003). This could also mean direct negotiation for affordable homes for participants in the various programs for very low-income homebuyers, with the planner taking on the role of broker for the participating household, or through direct purchase and resale.

## Promoting Mixed-Income LIHTC Developments

Now that LIHTC developments are making inroads into low-poverty areas and tax credits are earning record high prices making them more attractive to developers, it is quite possible to structure multifamily developments so that only a fraction of the units are subsidized with tax credits (McClure, 2006). If more developments were mixed-income, the available tax credits would cover more housing developments, units in these developments would not be as easily identified as subsidized, and income mixing would be advanced. While much has yet to be learned about the benefits of mixed-income developments, this approach to assisted housing has promise (Berube, 2006; Costigan, 2006; Joseph, 2006; Vale, 2006).

## Inclusionary Zoning

The concept behind inclusionary zoning is to develop affordable housing in each new subdivision so low-income households will not be excluded from new housing (Burchell & Galley, 2000). This regulatory technique is widely used in growing markets and can create economically integrated communities at relatively little cost to the community. However, it takes both political and economic skill to negotiate with developers over the form and details of the affordable housing. If planners possess sufficient skill and market conditions are promising, this technique can both serve the goals of deconcentration and prevent the further development of economically segregated housing markets.

## Monitoring the Impact

In all of this work, planners need to be aware of the impact that deconcentration efforts can have on the receiving neighborhoods. A substantial number of voucher holders moving into a vulnerable neighborhood can add to existing problems (Zielenbach, 2005). Planners should therefore establish standards to protect vulnerable neighborhoods by limiting the level of concentration created when households move in (Galster et al., 2003). This could mean limiting the number of HCV households moving into any single neighborhood or limiting the number of assisted units developed within a neighborhood. Such constraints were a part of the Gautreaux program, which permitted no more than three households to locate in a single neighborhood (Rosenbaum, 1998). Denver adopted limits on the number of public and supportive housing units that can be built within a spatially defined area (Galster et al., 2003).

## The Challenge Ahead

Communities will continue to call upon planners to design strategies that resolve affordable housing problems. The deconcentration of poverty is among the goals these strategies will be expected to address. Much has been learned about how well various types of housing programs serve this goal, and many new tools, such as those suggested above, can be employed so that housing programs can better disperse low-income households to locations where these households gain better access to good jobs, schools, and shopping.

### Notes

1. See Rosenbaum (1995, 1998) for a review of the quasi-experimental Gautreaux program. See Goering and Feins (2003) and Leventhal and Brooks-Gunn (2003) for reviews of the experimental Moving to Opportunity program.
2. Although the portfolio of public housing is large, it is contracting (Millennial Housing Commission, 2002).
3. Although they are sometimes criticized as being too large for the purpose (Jargowsky & Bane, 1990), census tracts are widely used to represent neighborhoods in poverty deconcentration research because suitable data are only available at this scale (Basolo & Nguyen, 2005; Jargowsky, 2003; Goering et al., 2003).
4. The Section 236 and Section 8 New Construction/Substantial Rehabilitation programs subsidized the production of multifamily rental housing for low-income households during the 1960s and 1970s.
5. Fair Market Rents are, with some exceptions, the maximum rents that may be charged on housing rented through the Housing Choice Voucher program. They are published annually for all markets in the nation (Goering, Haghghi, Stebbins, & Siewert, 1995).

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