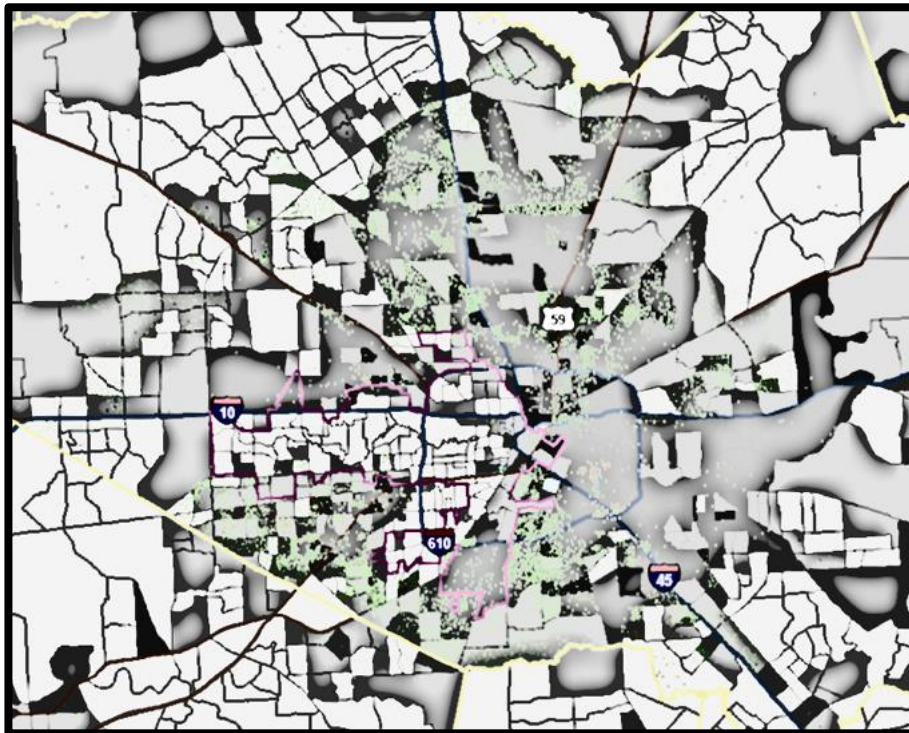


No Good Choice
for
Houston's Housing Choice Voucher Holders



Texas Low Income Housing Information Service
texashousing.org

The mission of the Housing Choice Voucher (HCV) program (previously known as Section 8) is, in short, to help low to very low income households afford privately-held rental housing. Vouchers are administered by local public housing authorities (PHAs). Tenants present their vouchers to private landlords to offset a portion of their rent. The U.S. Department of Housing and Urban Development (HUD) establishes regulations governing the program that are designed to ensure units rented with HCVs meet guidelines for quality and cost. The program also has the stated objective of “spatial deconcentration of housing opportunities for persons of lower income”¹ – in other words, to provide voucher households with a wide range of choices of homes and neighborhoods.

The HCV program is targeted at households generally earning less than 50 percent of the area median family income (AMFI). By law, at least 75 percent of a PHA’s vouchers must serve households earning no more than 30 percent AMFI. It is these poorest families that comprise the vast majority of both HCV holders and the lengthy waiting lists of households seeking scarce housing subsidies through the program. For example, 69 percent of the Houston Housing Authority’s HCV waiting list are extremely low income households (<30 percent AMFI).²

The PHA determines a maximum rent to be paid to house a voucher holder. This maximum rent is called the Fair Market Rent (FMR) and it is adjusted annually by HUD based on the prevailing rents for modest amenity apartments in each local jurisdiction.

The HCV holder pays 30 percent of their adjusted income for rent. The voucher pays directly to the landlord that portion of the rent (up to the FMR) that exceeds 30 percent of the voucher holder’s income.³

Vouchers benefit both the PHA and the tenants. PHAs, whose operating and capital development budgets have been severely constrained by federal funding reductions for the past 20 years, are able to provide affordable housing without making large capital investments in building new housing developments to meet demand (of course, most

¹ “Housing and Community Development Act of 1974” 42 USC §5301(c)(6)

² Houston Housing Authority, “PHA 5-year and Annual Plan” for US Dept. of Housing and Urban Development. 2010-2015.

³ “Housing Choice Vouchers Fact Sheet”

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet

housing authorities are still unable to meet the very high demand for low income housing in most cities). The tenant is benefited by having an affordable rent as well as being provided with a choice of where to live among a variety of housing units in different areas of a city that best meets their needs.

This “choice” in the Housing Choice Voucher program is limited to those housing units operated by landlords who agree to rent to families who rely on a HCV, however.

While not all rental housing qualifies under the HCV program (something that HUD seeks to address with a new rule)⁴, there are many rental units that are not available to voucher holders simply because landlords choose to not accept them. With the passage of a law by the 2015 Texas Legislature (a bill that the Texas Apartment Association actively supported and lobbied for), cities are now prohibited from adopting ordinances that ban source of income discrimination, or landlords refusing to rent to families solely because they use a HCV.⁵ The legislation was a reaction to a fair housing ordinance in Austin, unanimously adopted by the City Council in 2014, after a study by a fair housing and tenant advocacy nonprofit organization found that only nine percent of rent-eligible apartments in the Austin metro area accepted housing vouchers—most of which are located in segregated areas of concentrated poverty where schools are poor performing and crime is relatively high.⁶

Many housing voucher holders in Texas experience great difficulty and frustration in trying to find rental housing in a high opportunity neighborhood. Some lose their voucher for not using it within an allotted time as they search for a landlord willing to rent to them in an acceptable neighborhood.⁷ Other tenants resort to taking whatever housing they can find, regardless of its quality or the safety and desirability of the area. As a result of the limited choices available to them, voucher holders are largely confined to low opportunity areas

⁴ Currently only a demonstration program, HUD has proposed the use of Small Area Fair Market Rents (SAFMR) as an option open to public housing authorities in the place of Fair Market Rents (FMR). SAFMRs are calculated for a zip code, while FMRs are calculated for an entire metro area. The goal is to make a wider range of rent levels eligible for a voucher subsidy by calculating the FMR for a smaller area: <http://www.huduser.org/portal/datasets/fmr/smallarea/index.html>

⁵ Senate Bill 267 (Perry), signed by Governor June 19, 2015

⁶ *Voucher Holders Need Not Apply*, Austin Tenants Council, November 2012

⁷ 24 CFR 982.303 requires that a voucher holder must be given at least 60 days to submit a Request for Tenancy Approval. Each public housing authority can determine its own policies regarding extensions and their duration if necessary.

where few people with even modest financial resources would choose to live. Thus, a true choice simply isn't afforded to many of Texas' 160,000 voucher holders.⁸

Racial & ethnic groups in Houston at a glance

Houston is a large, diverse city of more than 2.2 million people. It is 44 percent Hispanic or Latino of any race, 26 percent white non-Hispanic, 24 percent African American and 6 percent Asian. While diverse, racial and ethnic groups in Houston are largely residentially segregated (*see map 2*). African-American and Hispanic segregation is especially severe in the eastern half of Houston. On the other hand, a large part of the city is a white segregated area. This area is located within an area of west Houston shaped like an arrow with its point resting on the city's downtown.

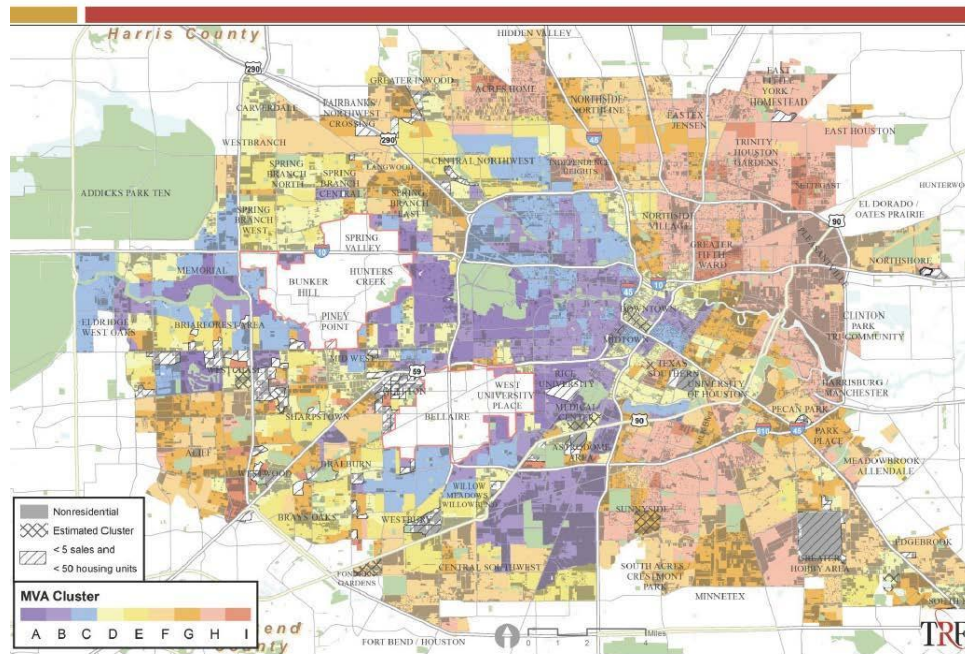
"The Arrow" in the subsequent maps is identified from the Market Value Analysis created by The Reinvestment Fund for the City of Houston Housing and Community Development Department in 2014.⁹ The map identifies areas by the quality, or health, of the economic and housing markets based on a variety of factors such as income, property values and foreclosures, and is an example of the type of analysis that businesses, developers, governments and individuals look to when making decisions about where to invest (*see map 1*). The Arrow encompasses the area of Houston with the strongest and healthiest markets (classified as A, B and C), where property values and incomes are high, vacancy and foreclosure rates are low and a higher rate of new development is occurring. This is important in the context of race and affordable housing, because people of color and voucher holders are conspicuously missing from the area within the Arrow.

⁸ Center on Budget and Policy Priorities, 2013

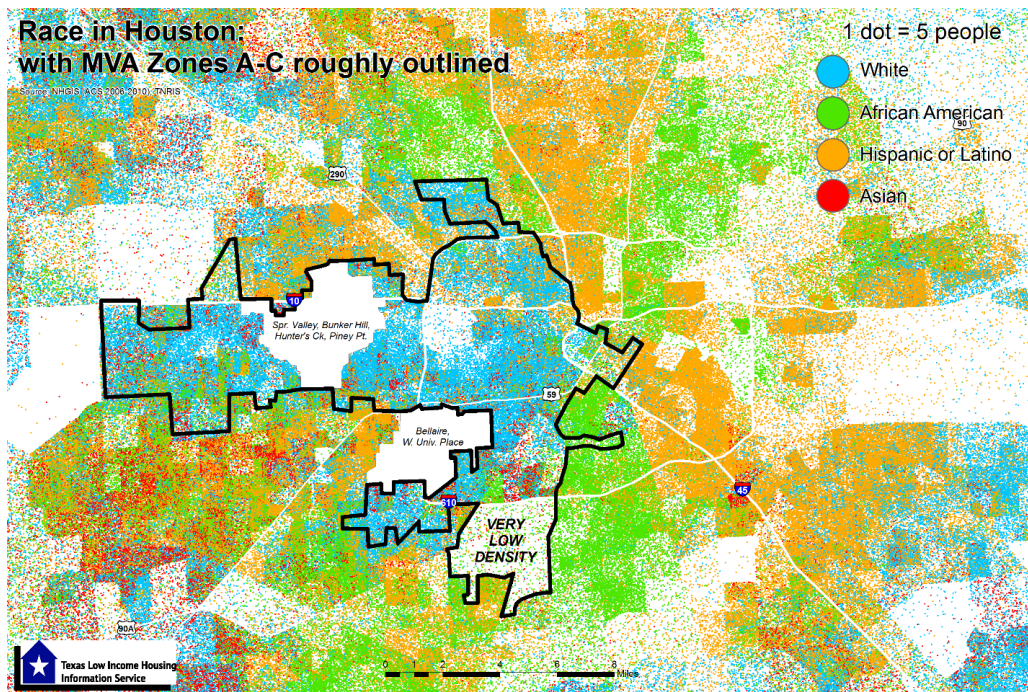
⁹ "Market Value Analysis, Houston, Tx; October 2014: http://houstontx.gov/housing/Houston_MVA_Public_Presentation.pdf

Map 1: Market Value Analysis market classifications (A=strongest, I=weakest)

MVA Clusters, Main Zoom



Map 2: Dot density map of racial & ethnic groups in Houston, Tx



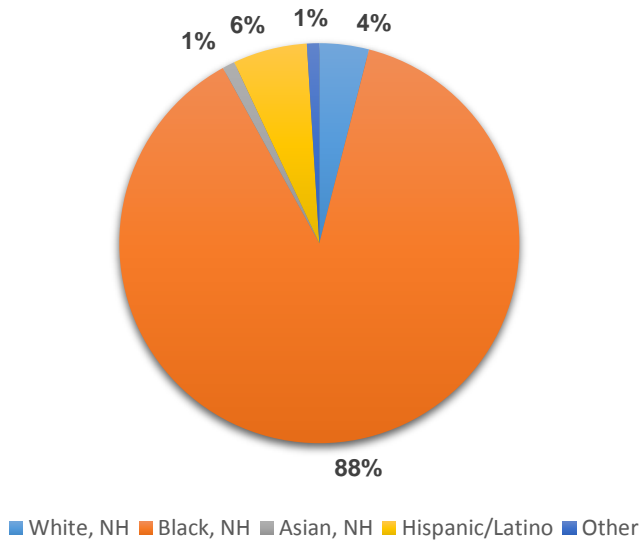
In summary, Houston's white population is largely concentrated within the high market value areas in the Arrow, while other racial and ethnic groups are generally in lower market value areas outside the Arrow.

Houston & Harris County Housing Authorities

The City of Houston Housing Authority (HHA) and Harris County Housing Authority (HCHA) have 17,820 and 4,425 vouchers, respectively. Given their average household size of about 2.7 people, that's over 60,000 people in Houston and Harris County who depend on the HVC program to afford a decent place to live.

*Chart 1: Voucher Holders, administered by HHA (*NH – non-Hispanic)*

HHA Voucher Holders by Race and Ethnicity



The great majority of voucher holders in Houston are black, making up 88 percent percent of all HHA voucher holders despite comprising only 24 percent of the city's population. Conversely, Hispanics and Latinos of any race make up 44 percent of Houston's population but only 6 percent of HHA's voucher holders.¹⁰

The extremely small percentage of HHA voucher holders who are Hispanic, given the large, very low income Hispanic population that is severely rent burdened, is a major civil rights and fair housing issue. We will explore this in a forthcoming study.

About the data & analysis

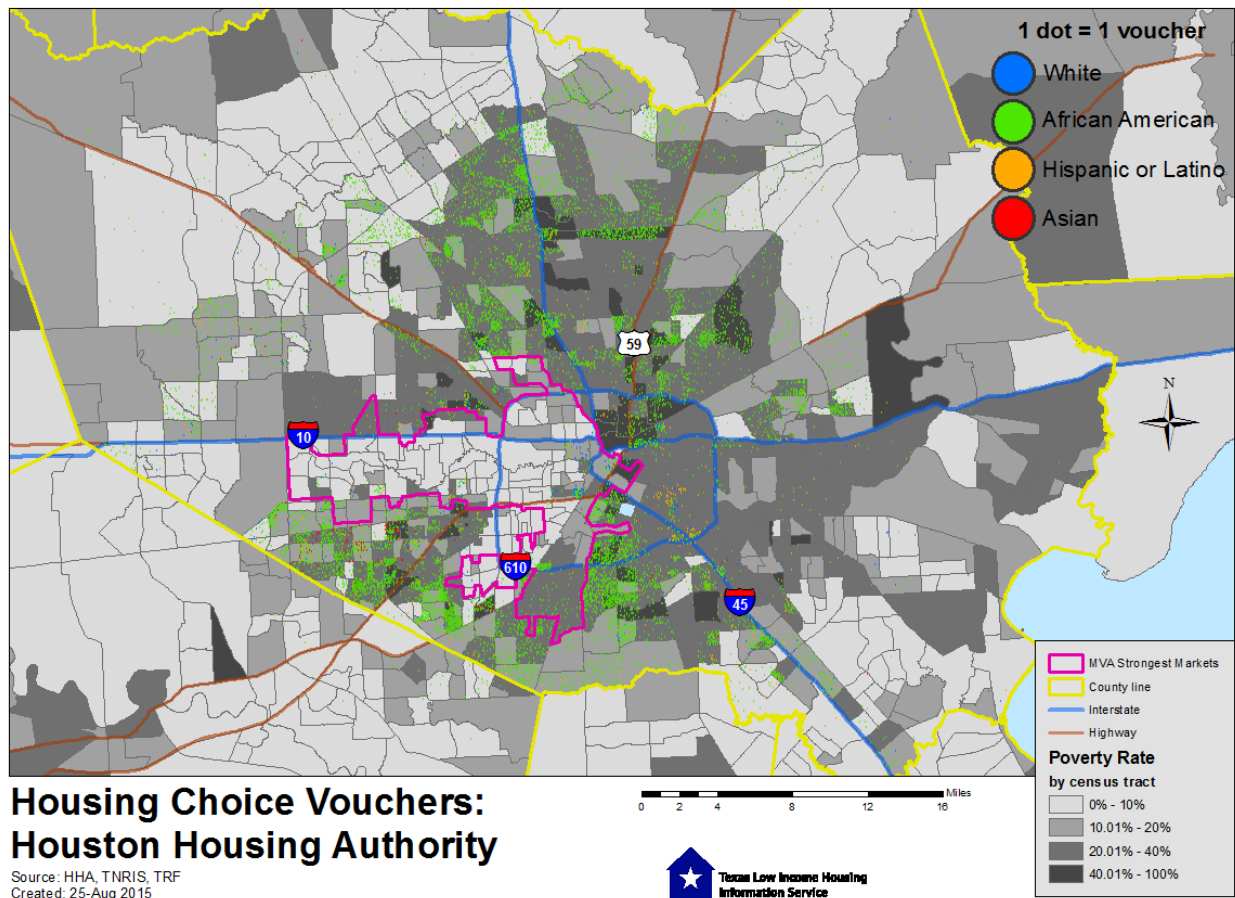
Through a public information request to HHA, we were not able to obtain the exact addresses of voucher holders, but instead were provided the Census block group in which

¹⁰ Census Quickfacts 2010: Houston, Texas

each voucher holder resided. A block group is a subdivision of a Census tract. It is generally about one square mile in area and has 1,000 to 2,000 people, though both the area and population can vary widely. Using the available data, we can ascertain how many voucher holders are in a block group, as well as how many voucher holders from a particular racial or ethnic group are in that Census block, but we cannot determine where within the block group they reside.

The following two maps show how voucher holders are geographically distributed within the Houston area. In Map 3, vouchers are represented by a single dot which is color coded based on the race or ethnicity of the holder. For every voucher holder in a particular Census block group, a dot is placed at random within that block group. In Map 4, the dots are removed and the vouchers are instead represented by outlines of Census block groups which contain a concentration of vouchers.

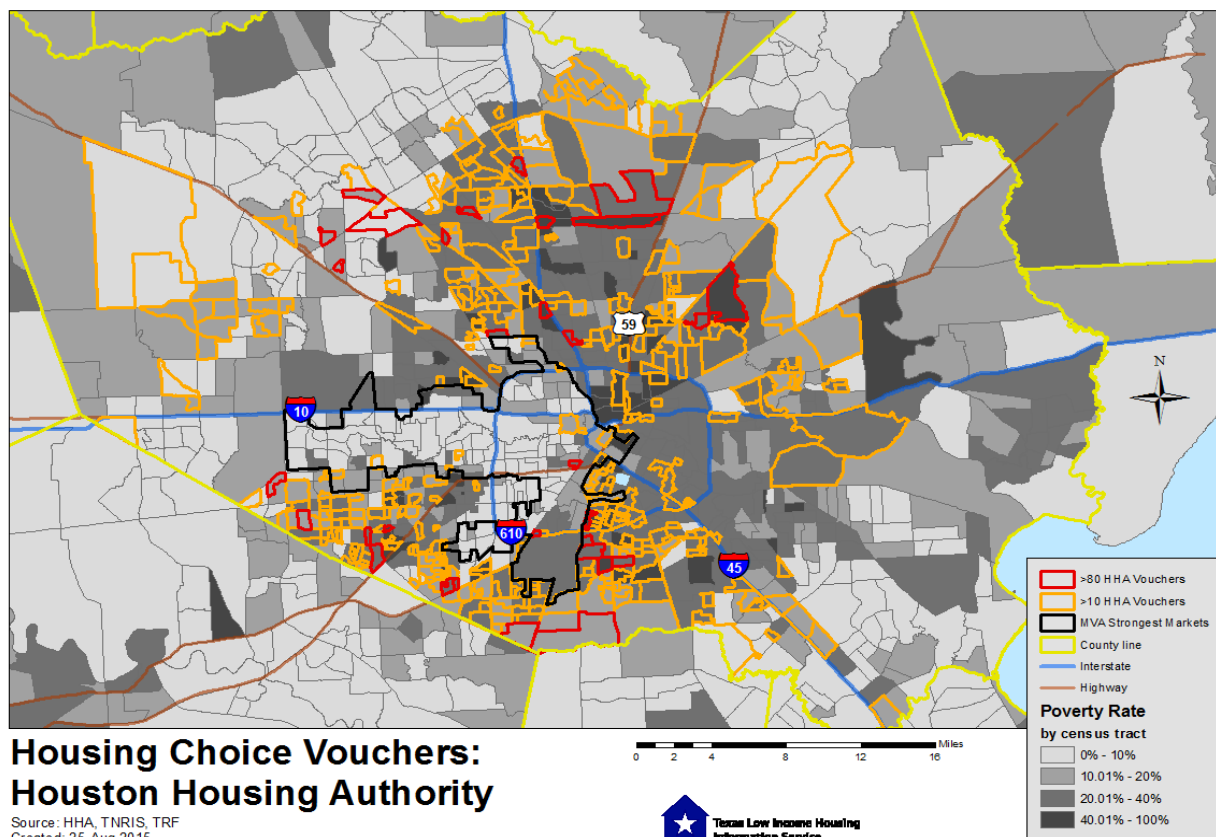
Map 3: Dot density map of HHA vouchers, with poverty rate



Housing Choice Vouchers: Houston Housing Authority

A comparison of the population dot density map (Map 2) with the locations of voucher holders shown on Maps 3 and 4 demonstrates the strong concentration of the predominantly African-American voucher holders with the city's extremely segregated African-American neighborhoods. Additionally, the voucher holders are heavily concentrated in the areas with the highest poverty rates, shown in the darker shades of gray. The darkest two shades are areas with poverty rates above 20 percent, a level of poverty recognized as a critical turning point for the economic and societal health of a community.¹¹ Houston's citywide poverty rate is 23 percent.¹²

Map 4: Census block groups with concentrations of HHA vouchers, with poverty rate



¹¹ In a recent [review of research](#), Galster notes that studies suggest “that the independent impacts of neighborhood poverty rates in encouraging negative outcomes for individuals like crime, school leaving, and duration of poverty spells appear to be nil unless the neighborhood exceeds about 20 percent poverty, whereupon the externality effects grow rapidly until the neighborhood reaches approximately 40 percent poverty; subsequent increases in the poverty population appear to have no marginal effect.”

¹² ACS 2009-2013

In Map 4, concentrations of vouchers are highlighted by a colored outlines of certain Census block groups. This allows for a better visualization of the poverty rates present in these areas. Overall, two out of three HHA voucher holders are living in a Census tract with a poverty rate of more than 20 percent.

Table 1: Percent of racial & ethnic groups of voucher holders living in varying concentrations of poverty

Poverty Rate in Census Tract	White, non Hispanic	African-American	Asian	Hispanic or Latino	Total
Below 10%	7%	6%	4%	7%	7%
10% - 20%	28%	28%	37%	33%	27%
20% - 30%	32%	29%	26%	34%	29%
30% - 40%	16%	20%	13%	20%	20%
Above 40%	17%	17%	21%	13%	17%

Source: ACS 2009-2013, HHA

Demographics of Census tracts containing any HCVs

If a Census block group contains at least one Housing Choice Voucher holder, then the Census tract containing the block group is considered in the numbers below. The demographics of these tracts are nearly identical to that of Houston, though slightly less white and slightly more black.

- 2,420,850 total population
- 546,578 white NH (23%)
- 647,246 black NH (27%)
- 158,319 Asian (7%)
- 1,034,961 Hispanic (43%)
- 23% poverty rate

With 10 or more vouchers (13,421 vouchers total, 80 percent of all)

If a Census block group contains 10 or more HCVs, then the containing Census tract is considered in this next set of numbers. Four out of five voucher holders live in such a block group—which goes to show where rental units that accept HCVs tend to be located. Compared to the previous analysis, these tracts have a greater share of African-American residents overall, as well as a slight increase in the poverty rate. It is worth noting that several of the lowest poverty Census tracts are larger, exurban tracts where the spatial concentration of voucher holders is effectively lower.

- 1,411,335 total population
- 214,176 white NH (15%)
- 465,769 black NH (33%)
- 90,175 Asian (6%)
- 623,764 Hispanic (44%)
- 24% poverty rate

With 80 or more vouchers (3,747 vouchers total, 21 percent of all)

If a Census block group contains 80 or more HCVs (a very high concentration), then the containing Census tract is included in the following numbers. With over 80 vouchers in such a small area, this strongly suggests that one or more multifamily developments exists which may market itself to voucher holders. While only 31 Census block groups out of 2164 in Houston and Harris County¹³ contained 80 or more vouchers (with several containing over 200), more than 3,700, or one in five of all voucher holders, are concentrated in these areas which collectively make up only six percent of the area of Houston. Some marked changes in demographics are observed in these areas. Black population increases to 45 percent, and there are four and eight percent decreases in white and Hispanic populations, respectively. Additionally, the poverty rate increases to a very high 28 percent.

- 170,993 total population

¹³ Most HHA-administered HCVs are within the 1300 block groups that make up Houston, 20 of which are in Fort Bend County. Many vouchers are located outside of the city limits and are within Harris County's 2144 block groups. This total number reflects the sum of Harris County block groups and City of Houston block groups in Fort Bend County.

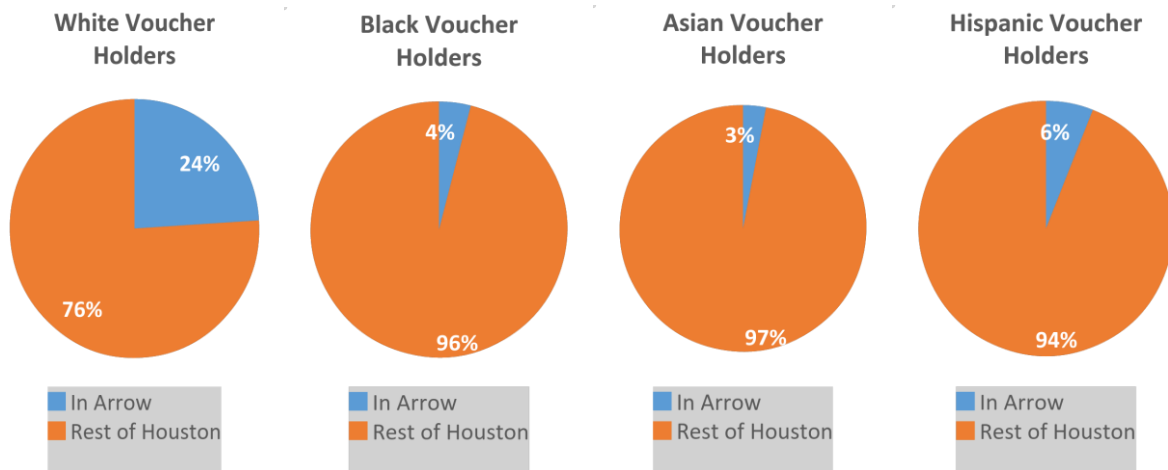
- 18,518 white NH (11%)
- 76,678 black NH (45%)
- 12,258 Asian (7%)
- 61,681 Hispanic (36%)
- 28% poverty rate

As voucher holders become more concentrated, so too does poverty and African-American population. Because 88 percent of voucher holders are themselves African-American, the housing choices that are afforded to most voucher holders perpetuate racial as well as economic segregation.

Inside & outside the Arrow

The Arrow, identified on Map 2 and formed by the strongest markets in the MVA, makes up approximately 18 percent of the area of Houston. This is an area that has a strong economy, a poverty rate of only 12 percent, good quality housing, relatively good schools, is free of environmental hazards and is predominately white.¹⁴

Charts 3, 4, 5, 6: Percent of voucher holders by race/ethnicity living in the Arrow



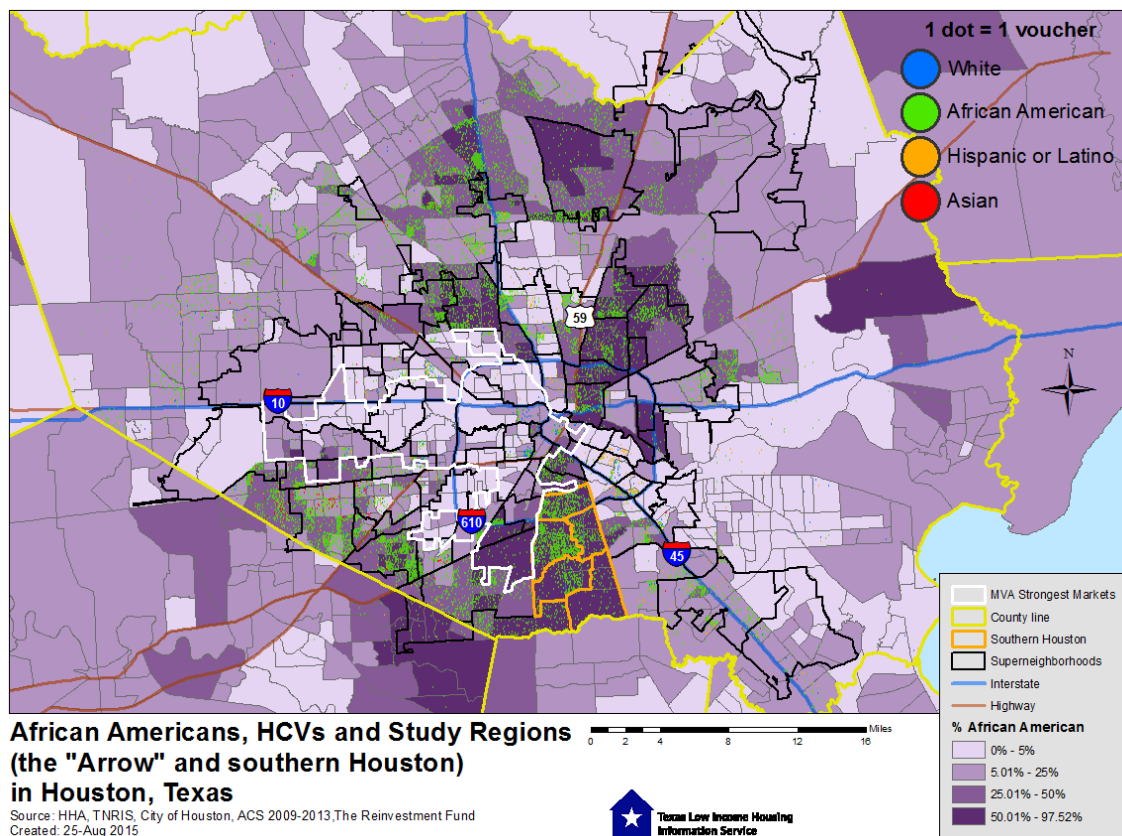
In this large area of much higher opportunity are only 808 vouchers holders, or less than 5 percent of the total. Of these vouchers holders, 165 are white, 571 are black, six are Asian and 61 are Hispanic. Twenty-four percent of all white-held vouchers are in the Arrow, yet

¹⁴ ACS 2009-2013, EPA, TCEQ, Children at Risk 2014

they account for less than four percent of all vouchers. Conversely, only four percent of black-held vouchers are in the Arrow, despite making up 88 percent of all vouchers. More than half of these black-held vouchers are concentrated in just three block groups within the arrow.

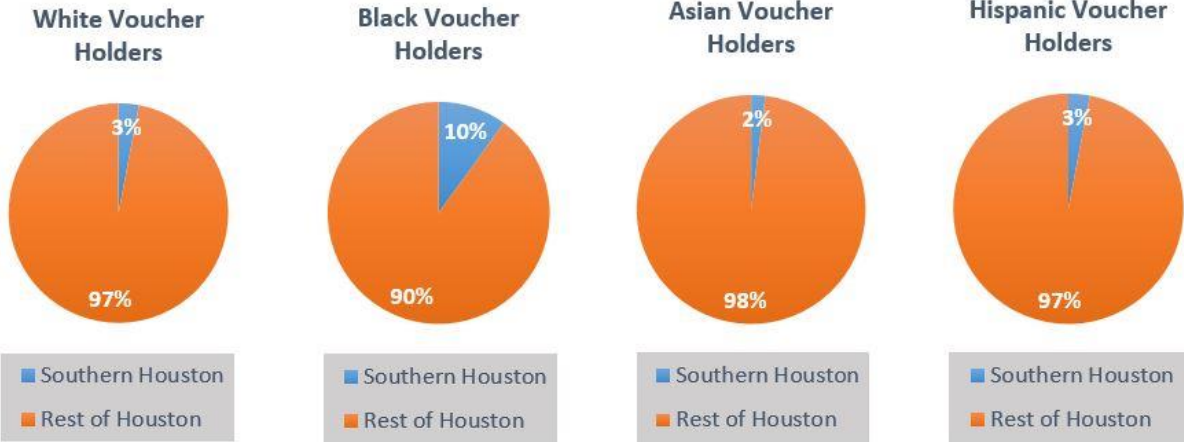
Turning to an area that is in many ways the Arrow's opposite – the five southern Houston neighborhoods of OST/South Union, Sunnyside, South Park, South Acres/Crestmont Park and Minnetex – we find neighborhoods that have historically very high poverty rates, severe degrees of African-American residential concentration and neighborhoods that lack critical public infrastructure, experience high crime, and relatively lower performing schools. These neighborhoods have a combined poverty rate of 31 percent.¹⁵

Map 5: Houston Study Regions, with HCVs



¹⁵ ACS 2009-2013, City of Houston, Neighborhood Scout 2015, Children at Risk 2014

Charts 7, 8, 9, 10: Percent of voucher holders by race/ethnicity living in OST/South Union, Sunnyside, South Park, South Acres/Crestmont Park and Minnetex superneighborhoods ("Southern Houston")



Together, these three neighborhoods make up only five percent of the geographic area of Houston. Yet, there are 1,582 voucher holders living in these neighborhoods — nine percent of all vouchers administered by HHA. Of these, 1,516 are held by an African-American household, while only 24 are held by white households. This means that there are nearly double the number of vouchers held by African-American households in these five neighborhoods than there are in the entire high opportunity Arrow of Houston which covers over three times as much area.

Table 2: Race, ethnicity, and poverty inside and outside the Arrow, 5 neighborhoods

	White, not Hispanic	African-American	Hispanic	Poverty Rate
Inside Arrow	56%	12%	21%	12%
Outside Arrow*	30%	19%	43%	19%
Southern Houston	1%	82%	16%	31%

*Harris County, which captures 99.7% of HHA-administered vouchers

Source: ACS 2009-2013, The Reinvestment Fund 2014, City of Houston

School Quality

There are 1,034 public schools in the City of Houston and Harris County, 274 of which, or 26 percent, have a low Children at Risk¹⁶ ranking of D or F. These schools are located in or within one-quarter mile of Census block groups that contain a total of 7,771 HHA vouchers. In the area of these low-performing schools are:

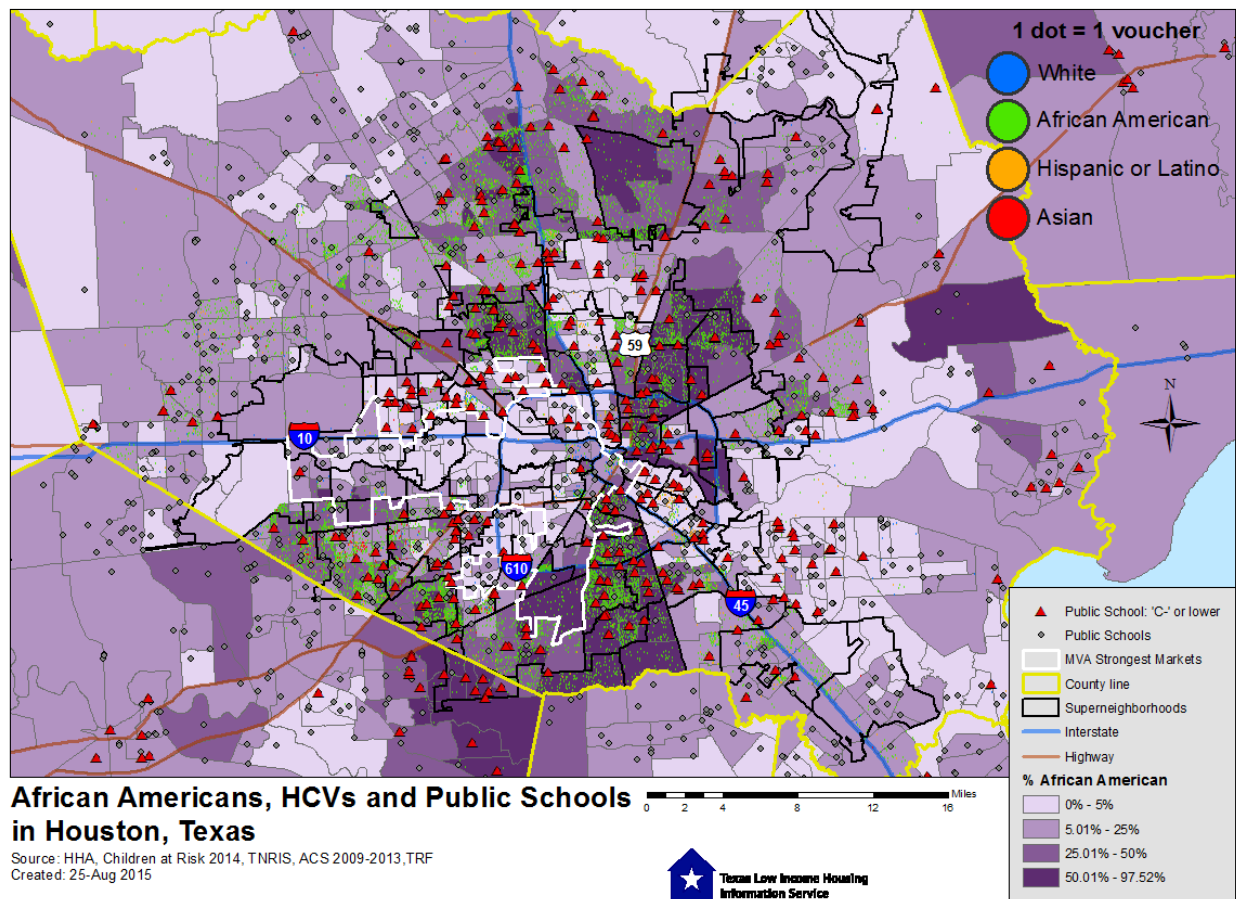
- 44 percent of all HHA vouchers
- 29 percent of all white-held vouchers
- 50 percent of all black-held vouchers
- 26 percent of all Asian-held vouchers
- 44 percent of all Hispanic/Latino-held vouchers

While not based on actual attendance zones, but rather the proximity of vouchers holders to an underperforming school, this suggests that black and Hispanic students living in a household that depends on an HCV are more likely to attend a low-performing public school than are Asian or white students.

Referring back to the two regions compared earlier, the Arrow and five neighborhoods in southern Houston, there exists a large disparity in the quality of schools available to students in these areas. While the Arrow has 104 public schools and only 10, or 10 percent, that are D or F rated, southern Houston neighborhoods have 31 public schools, 19 of which, or 61 percent, have a D or F rating.

¹⁶ http://childrenatrisk.org/content/?page_id=8074

Map 6: HISD schools, African American population, and HHA vouchers



Conclusion

As an August 2015 *New York Times* feature observed that, despite the mobility that the voucher program is supposed to provide, the reality is that voucher holders are largely segregated into high poverty, minority concentrated neighborhoods in proximity to lower performing schools. They have limited options when it comes to the types of locations they can live, and these locations are not necessarily areas that are considered to be high opportunity neighborhoods.¹⁷

In Houston, the "choice" part of a Housing Choice Voucher is a misnomer. Most voucher holders are limited to economically distressed, racially segregated neighborhoods with subpar schools. Meanwhile, the high opportunity parts of town exemplified by the Arrow are

¹⁷ Eligon, John. "A Year After Ferguson, Housing Segregation Defies Tools to Erase It." *The New York Times*, August 8, 2015.

all but closed off to voucher holders of color. Without better neighborhood options for families with vouchers to choose from, the voucher program increases, and does not improve, Houston's concentrated poverty and racial segregation.