Creating Opportunity for Children: How Housing Location Can Make a Difference

Why is this important? A growing body of evidence supports two conclusions about how neighborhoods affect children’s well-being. First, high-poverty neighborhoods tend to be violent, stressful and environmentally hazardous. This can impair the cognitive development, school performance, and mental and physical health of a child.

Second, poor children who live in low-poverty neighborhoods and consistently attend high-quality schools perform significantly academically better than those who do not. Nearly four million children in the United States live in families that receive federal rental assistance. However, in 2010 only 15 percent of the children in families that receive rent subsidies through the Department of Housing and Urban Development’s (HUD) three major rental programs lived in low-poverty neighborhoods.

In this report, PEC summarizes the findings and recommendations from “Creating Opportunity for Children.”

Who should read this report? This report is intended for policy makers and advocates concerned about housing programs providing children and youth access to low-poverty neighborhoods and schools. One of Philadelphia’s successful strategies for moving families out of homeless shelters or transitional housing is a partnership between the Philadelphia Housing Authority and City of Philadelphia called the “PHA Blueprint Program.” This program provides a mixture of conventional and Housing Choice vouchers to house families who have completed their emergency shelter or transitional housing program and are ready to move to permanent housing. Over the years, however, families have raised the issue that some conventional public housing is located in high crime areas with poor-performing schools. “Creating Opportunity for Children” reminds public officials of the importance of locating homeless families into safe communities.
Recommendations

While the Housing Choice Voucher (HCV) program have been successful at reducing families’ housing cost burdens and homelessness while increasing housing stability, performance on location outcomes has been disappointing. Based on the evidence indicating housing location affects low-income families, particularly children, two near-term goals are suggested. In the next several years, federal rental assistance programs should provide:

1. Greater opportunities for families to choose to rent affordable housing outside of extreme-poverty neighborhoods
2. Greater access for families to low-poverty, safe communities with better performing schools

Federal, state, and local agencies can make policy changes that will help more families in the HCV program to live in better locations by:

1. Creating strong incentives for state and local housing agencies to achieve better location outcomes
2. Modifying policies that discourage families from living in lower-poverty communities
3. Minimizing jurisdictional barriers to families’ ability to live in high-opportunity communities
4. Assisting families in using vouchers to rent in high-opportunity areas

Background

Federal rental assistance enables 5 million low-income households to afford modest homes. About 90 percent of these households are assisted through three major programs: Housing Choice Vouchers (HCV), Section 8 Project-Based Rental Assistance (PBRA) and Public Housing. In each of these programs, families generally pay 30 percent of their income for rent and utilities.

More than 5 million people in more than 2 million low-income households use these vouchers. PBRA allows 2 million people in more than 1 million households to

<table>
<thead>
<tr>
<th>More Families Would Move With:</th>
<th>More Families Could Move If They Had:</th>
<th>And If They Didn’t Have:</th>
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<tbody>
<tr>
<td>- Better information and reminders about where they can move and potential benefits</td>
<td>- Sufficiently high subsidy levels</td>
<td>- Added barriers to finding units in low-poverty neighborhoods</td>
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<td>- Encouragement (e.g., counseling, financial incentives/moving costs)</td>
<td>- Willing landlords</td>
<td>- Incentives to rent a larger unit in a higher-poverty neighborhood</td>
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<td>- Improved transportation to jobs and other key supports</td>
<td>- More search time in low-poverty areas</td>
<td>- Extra costs to move to and live in low-poverty neighborhoods</td>
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Create incentives for public housing agencies to modify practices, by:
- Revising performance assessment rules
- Issuing strong fair housing rule
- Providing additional administrative fees for “opportunity” moves

Require public housing agencies to:
- Set maximum subsidies based on Small Area Fair Market Rents
- Provide lists of willing landlords in diverse neighborhoods
- Allow additional search time for families to move to low-poverty areas

Set policies that:
- Make it easier to use vouchers throughout metropolitan areas
- Revise consortia policy and create other incentives for public housing agencies to consolidate operations
- Simplify portability procedures

State and local governments and philanthropic organizations can provide funding for:
- Mobility counseling
- Financial incentives
- Car access and other transportation programs

State and local governments can:
- Provide limited, carefully targeted tax incentives for landlords to accept vouchers in low-poverty areas
- Award points for proposed developments in low-poverty areas as part of competition for Low Income Housing Tax Credits
- Adopt and enforce anti-discrimination laws to protect voucher holders

State and local governments and philanthropic organizations also can provide funding for:
- Development or preservation of affordable rental units in opportunity areas with access to transit
- Moving costs
afford modest apartments due to long-term rental assistance contracts between private owners and HUD. Public Housing is owned and operated by local housing agencies but funded by the federal government. About 2.2 million people in about 1 million low-income households live in public housing.

The HCV program is federally funded but managed by state and local housing agencies. Families use housing vouchers to help pay for moderately priced, decent quality homes in the private market. The HCV program assists more families with children than the other two major rental assistance programs combined. Although the HCV program has performed much better than HUD’s Project-Based Rental Assistance programs in enabling more low-income families (particularly minority families) with children to live in lower-poverty neighborhoods, a quarter of a million children in the program still live in moderately or extremely poor neighborhoods despite the better options that a voucher should make available to them.

Over several decades, policymakers have adopted measures to reduce the extent to which low-income families receiving federal assistance are concentrated in distressed neighborhoods. The focus has been on improving these families’ access to safe neighborhoods with good schools, more opportunities for recreation and enrichment and better access to jobs. Despite these efforts, a greater percent of children (18%) lived in extreme-poverty neighborhoods (where at least 40 percent of the residents are poor) in 2010 than in low-poverty neighborhoods (where fewer than 10 percent of the residents had incomes below the poverty line).

**Findings:**

**Effects of neighborhood poverty on children’s well-being and success**

Many studies find evidence of the influence of neighborhood poverty on children’s behavioral and emotional health, cognitive development, and educational achievement. There are also a
A number of studies highlight the correlation between neighborhood poverty and poor student academic performance. Residents of poor neighborhoods also tend to experience health problems at higher rates than average. Furthermore, a recent study has shown that low-poverty, high-opportunity neighborhoods can improve children’s educational achievement. The study showed the students benefited from living in low-poverty neighborhoods but that most of their educational gains came from attending low-poverty schools.

**Federal rental assistance and opportunity**

As mentioned above, more families with children use the HCV program for rental assistance than the other two programs combined. In 2010, one of five families in the HVC program used their vouchers to live in a low-poverty area. The chart below shows that housing vouchers allow a larger number of children to live in low-poverty neighborhoods than the other HUD programs. The HCV program has also increased the number of children from minority families living in low-poverty neighborhoods. Among families using vouchers, more than twice the share of poor black children, and close to double the share of poor Hispanic children, lived in neighborhoods with less than 10 percent poverty in 2010, compared with poor black and Hispanic children generally. However, poor white families using vouchers were slightly less likely to live in low-poverty neighborhoods than poor white children overall.
As it is being currently administered, the HCV program does not expand access to good schools in safe neighborhoods. In 2008, only one in four families with children receiving HCV assistance (25.9%) lived near an elementary school ranked in the top half of their state. Families receiving each type of rental assistance were less likely to live near a better-performing elementary school, and more likely to live near a school ranked in the bottom 10 percent, than poor families generally. One reason for this may be that residential segregation and low vacancy rates have made many appropriately priced units near high-performing schools unavailable to families with vouchers. One exception to these findings is that using a voucher to rent housing slightly improves the schools that minority children are able to attend.
## Families Receiving Rental Assistance More Likely Than Poor Households and All Renters to Live Near Lower-Performing Schools

Households with children by characteristics of nearest elementary school in 2008

<table>
<thead>
<tr>
<th>Households with children in—</th>
<th>Performance of nearby school</th>
<th>Household income of students in nearby school</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Ranked in top 50th percentile</td>
<td>Ranked in bottom 10th percentile</td>
</tr>
<tr>
<td>All</td>
<td>52.8%</td>
<td>10.4%</td>
</tr>
<tr>
<td>All Rental Housing</td>
<td>37.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Housing Choice Voucher program</td>
<td>25.9%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Public Housing</td>
<td>19.4%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Project-Based Section 8 unit</td>
<td>24.5%</td>
<td>30.3%</td>
</tr>
<tr>
<td>All Poor Households</td>
<td>31.6%</td>
<td>21.6%</td>
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</tbody>
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<thead>
<tr>
<th></th>
<th>Very low poverty (below 20% FRPL*)</th>
<th>Very high poverty (over 80% FRPL*)</th>
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<tbody>
<tr>
<td>All</td>
<td>25.1%</td>
<td>20.1%</td>
</tr>
<tr>
<td>All Rental Housing</td>
<td>12.8%</td>
<td>34.0%</td>
</tr>
<tr>
<td>Housing Choice Voucher program</td>
<td>7.0%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Public Housing</td>
<td>5.7%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Project-Based Section 8 unit</td>
<td>8.3%</td>
<td>41.6%</td>
</tr>
<tr>
<td>All Poor Households</td>
<td>10.2%</td>
<td>40.6%</td>
</tr>
</tbody>
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*The two columns on the right show the percentage of families with children in various housing programs who live near schools where fewer than 20% or more than 80% of the children in the school have incomes low enough to qualify for free or reduced-price school meals (which requires family income below 185% of the poverty line).