

Section 8: A Promise of Mobility

Joan Retsinas

This research investigates the impact of Section 8 Existing Housing, the rent subsidy component of the 1974 Housing and Community Development Act, on residential mobility. One goal of the Act was to increase residential heterogeneity by making it possible for minority and low income households to receive rent subsidies and move into previously unaffordable housing and neighborhoods. Data from five housing authorities in Rhode Island were analyzed, and it was found that for the most part, certificate holders did not move, but that the program served more in the capacity of an income transfer program. Reasons for the failure to achieve the social goal of mobility and heterogeneity are discussed in terms of individual, social, and market causes for failure.

The Housing and Community Development Act of 1974 sought to spur mobility and thus increase neighborhood heterogeneity by the use of rent subsidies. Section 8, the subsidy component of the Act, did not seek to directly integrate cities, but to have integration occur as a result of the residential mobility of low income renters. Explicitly, the Act sought:

reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial de-concentration of housing opportunities for persons of lower income.¹

The mechanics of Section 8 Existing Housing are straightforward, and, theoretically at least, the program is a reasonable vehicle to achieve mobility. To receive a rent subsidy, a low income renter applies for a "certificate of need" in any

community where he or she wishes to live. The applicant need not reside in the community at the time of application. After the appropriate housing authority issues a certificate, there is a limit of sixty days in which to find a "suitable dwelling" — suitable to the resident as well as to the housing authority. If the certificate holder wishes, the housing authority will help in finding a landlord willing to participate in the program.² Otherwise, the applicant uses his or her own resources in the search process.

Section 8 is unique in that it allows the certificate holder to participate in the search process, theoretically opening up the rental housing market to certificate holders. Previous HUD rent subsidy programs (Section 23, for instance) bound tenants to those buildings where landlords had already contracted with local housing authorities to offer housing to program recipients. Under Section 8, when a certificate holder finds a suitable apartment owned by a landlord willing to participate in the program and which rents at or below Fair Market rents as determined by HUD's

Joan Retsinas has recently completed her doctoral dissertation in the Department of Sociology, Brown University, Providence, Rhode Island 02912.

Economic and Marketing Analysis Division, the renter signs a tripartite lease with the housing authority and the landlord. The renter agrees to pay the land lord 25 percent of his or her monthly income, while the housing authority will pay the landlord the remainder due.

Barriers to Mobility

Social and Ecological

By spurring mobility, Section 8 hoped to reduce the black/white, rich/poor cleavages in our urban neighborhoods. It was hoped that subsidy in hand, black people would flee ghetto neighborhoods and low income workers would move near manufacturing jobs located in suburban industrial parks. Section 8 subsidies hoped to disperse the poor and offer them what Robert Weaver, former secretary of HUD dubbed "the last best hope" (Bureau of National Affairs, 1977:140).

The resultant patterns would be, however, contrary to the existing situation. Traditionally the poor have clustered together in cities, often near the center in what Burgess (1925) labeled a zone of transition. More recently, the poor are less likely to live near the center, but they continue to cluster in distinct neighborhoods. Although American cities today may not fit the stratified layout of Charles Booth's London (Pfautz, 1967) or the ethnic mosaic of Robert Park's Chicago, spatial distances continue to reflect social distances.

As cities are socioeconomically patterned with people living in neighborhoods of people of similar socioeconomic status, there is likely to be resistance to change. Nathan Glazer asserts that middle to upper income people prefer such residential patterns.

The variety that is so attractive to the architectural critic or the urban designer is less attractive to the homeowner as well as the family. If variety means only varied ornamentation on houses of the same basic style or price, that is fine with the homeowner. If it means the introduction of

apartment houses, homeowners will object . . . The social heterogeneity of mixed income groups is sought even more vigorously (even though it may do nothing to break physical heterogeneity)"

Glazer, (1974:416)

Racial

As factors other than economic factors influence residential patterns of urban areas, any program that seeks to change residential patterns must not only overcome the economic problems of residents, but the other causes as well. Racial discrimination has long curtailed the mobility of minority renters. Even with Fair Housing statutes, whites have resisted racial integration of neighborhoods. Karl Taeuber (1968) stated that at most, 15 percent of residential segregation of blacks was due to socioeconomic factors. In a study of black movement from central city to suburb in the Philadelphia SMSA, Phoebe Cottingham concluded that:

the low level of black residential movement from central city to the suburban areas . . . suggests that black residential decisions are relatively insensitive to income, especially when contrasted with the sensitivity of white residential choices to income. Income is not the only constraint on black residential movement.

(Cottingham, 1975:295)

Status

In racial segregation, status may also be a factor. Nourse and Little (1975) suggested that whites flee transition neighborhoods because they perceive that incoming blacks are of lower social status than they. With a greater influx of middle class blacks to a middle class white neighborhood, the white exodus would be less. Guest and Weed (1976) found a status factor in ethnic segregation: people of similar occupational levels yet different ethnic backgrounds may live apart because they perceive status differentials in their ethnic heritages.

Previous Research

Characteristics of Section 8 Participants

The HUD Office of Program Analysis (1976b) study found that about one-third of Section 8 participants were elderly; the majority (72 percent) to be female-headed households, primarily white (65 percent), and a mean family income of \$3808. (Table 1)

TABLE 1. — Characteristics of Participants in Section 8, based on a national survey of 2,025 participants*

	Percent
Proportion Elderly	33
Proportion Disabled	14
Proportion Households	
Female headed	72
Proportion White	65
Proportion Black	20
Proportion Spanish	12
Proportion on Public Assistance Only	26
Mean Family Income	\$3,808

*Office of Program Analysis, Department of Housing and Urban Development (1976b:6-17).

Resultant Mobility

In a HUD financed study of Section 8, Urban Systems Research examined whether Section 8 facilitated mobility by attracting residents to better housing in better neighborhoods (the pull factor). They concluded that tenants were pushed from their homes, rather than attracted to improved housing. Movers were tenants whom landlords deemed less desirable: single parent families with young children, often of minority status. Before Section 8, a landlord might risk violating Fair Housing statutes by refusing to rent to a minority single parent family — even a family on public assistance. Under Section 8, however, a landlord may legitimately refuse to participate in the program on the grounds that he does not want the added paperwork, the code inspections, or the government entanglement. If he does refuse, then

the Section 8 certificate-holder must move, or forego the subsidy.

Urban Systems found that minority persons were more likely than others to be unable to find suitable housing within 60 days of being certified. It is plausible that both the present landlord and potential landlords refused on the grounds of race rather than actual unwillingness to participate in Section 8.

Elderly Participation

As with subsidized housing, Section 8 Existing Housing has been a boon for the elderly, as everybody seems to want elderly tenants. If an elderly person wishes to lease in place, the landlord eagerly participates in the program, often taking advantage of the subsidy to make needed repairs. If the elderly wish to move, landlords welcome them. HUD noted that, "In Southern California Section 8 elderly were so desirable that one landlord put a 2 by 2 ad in the Los Angeles Times advertising units for 'Senior Citizens Holding H.A.P. Certificates' " (Office of Program Analysis, 1976b:25). Warwick has integrated its Section 8 program into its elderly housing program, offering elderly on impossibly long waiting lists for public housing the option of Section 8 certificates.³

The Rhode Island Study

This research investigates the extent to which Section 8 Existing Housing spurred mobility in five communities in Rhode Island. For the first two years of the program, 1975-77, data were gathered from the housing authorities in Providence, Cranston, Pawtucket, Warwick, and the state Department of Community Affairs. The housing authorities recorded information on standardized information forms. This information included basic information about heads of household: age, sex, number of dependents, prior rent, minority status, income, condition of prior housing, and, finally, whether the certificate-holder

elected to lease in place or move. The Office of Program Analysis of the Department of Housing and Urban Development, as well as Urban Systems Research and Engineering, Inc., compiled similar data nationally. The five Rhode Island communities offer both a range of demographic characteristics and a range of administrative experience in housing.

Providence is the capital and largest city in the state, with a population of 179,116, 10 percent of whom are minority. Its median income of \$12,000 ranks it 37th among Rhode Island's 39 cities and towns.

Cranston (population: 74,287) is a contiguous suburb. According to the 1970 Census, Cranston is almost exclusively white; however, more recently one neighborhood appears to be "turning" in racial composition.⁴ It generally fits one description of an older employing suburb (Schnore, 1965), with industry, tenements, hard-pressed city services. However, throughout the past twenty years the development of rural land into apartment complexes and elegant homesites has made the western part of the city into a fashionable residential suburb, similar to neighboring Warwick.

Warwick (population: 83,694) is a prototype upper income suburb that boasts the state's two largest shopping malls. It has few tenements: the only rental units are in modern apartments.

Pawtucket (population: 76,984) is a former mill town that is undergoing a kind of renaissance. Through grantsmanship it is parlaying different federal subsidies to improve its tax base and older housing stock. Taxes are low for the region (\$72.56 per \$1000 assessed valuation with an average assessment ratio of 43%), and many rental units are the typical two or three-decker tenements of the 19th century mill city. The median income is low; yet, as in Cranston and Warwick, few residents are nonwhite.

The *State Department of Community Affairs* serves as the Section 8 Existing Housing vehicle for communities that lack a housing authority capable of administering this program (rural

and/or suburban towns for the most part). The four cities operate housing for the elderly, and Pawtucket had previously administered a Section 23 Leased Housing program.

Findings

An overview of the Rhode Island Section 8 recipients reveals that the majority were white (82.9 percent), had lived in standard housing before Section 8 (87.4 percent), were likely to have a female head (67.7 percent), and that only about half had an able bodied, nonelderly head (50.9 percent). The mean family size was 2.4, with a median family income of \$3,836, and a rent income ratio of .46. (Table 2)

TABLE 2. — Characteristics of Rhode Island Section 8 Recipients

Characteristics	Total	Stayers	Movers
Proportion white	82.9	83.6	79.4
Proportion in standard housing before Section 8	87.4	88.4	82.4
Median housing cost	\$167.50	\$167.72	\$163.50
Proportion with able-bodied nonelderly head	50.9	51.2	49.5
Mean family size	2.4	2.5	2.3
Proportion with male head	32.3	32.9	29.0
Median family income	\$3836.00	\$4200.00	\$3402.00
Median family contribution	71.00	71.00	66.00
Median rent/income ratio	.46	.46	.49
Number	627	519	108

Mobility of Certificate Holders

The proportion of certificate holders who moved was small (as only about 17.2 percent of the 627 certificate holders moved). (Table 3) Only

Warwick had a substantial proportion of movers, but for the most part the movers were Warwick residents who moved when their landlords raised rents above Fair Market Levels in response to a recent property tax increase. The movers did not necessarily move to better housing, but quite possibly to less desirable housing. Presumably with a more realistic rate structure, more recipients would elect to lease in place.

Cranston Housing Authority staff noted that initially Providence minority residents applied for Section 8 certificates in both Cranston and Providence. Staff speculated that these certificate holders either preferred to remain in Providence and use their Providence Housing Authority certificates, or they perceived discrimination when they searched for an apartment. Pawtucket not only showed no movement from Providence, but it showed no movement within Pawtucket itself, as all certificate holders elected to lease in place.

TABLE 3. — Certificates issued and proportion who moved in Rhode Island housing authorities

Housing Authority	Number of Certificates Issued	Number of Movers	Proportion of Movers
Dept. of Community Affairs	186	20	10.8
Providence	222	42	18.9
Cranston	84	12	14.3
Pawtucket	84	0	.0
Warwick	51	34	66.7
Total	627	108	17.2

A comparison of recipients who moved and those who stayed indicates that movers were slightly more likely to be of minority status (20.6 percent versus 16.4 percent), were more likely to have lived in substandard housing before Section 8 (17.6 percent versus 11.6 percent) and had lower incomes (\$3,402 versus \$4,200). (Table 2)

Minority Mobility

Even though Warwick had a fairly high proportion of movers, these were not minority families coming from Providence to live near suburban industries and amenities, as the Warwick Housing Authority had no minority applicants for its Section 8 certification in spite of outreach letters to minority organizations in Providence. Data show that no minority certificate holders moved from Providence to either Cranston or Pawtucket. The

Discussion of Reasons for Low Mobility

Social Forces

Social forces (racial discrimination, socioeconomic clustering, ethnic ties, for example) largely determine the residential patterning of communities. The fact that Section 8 improved tenants' market capacity was a necessary, but not sufficient, prerequisite for mobility.

The fact that most renters remained in their neighborhood is perhaps a baffling choice from the perspective of legislative planners, but certainly not irrational from the perspective of Section 8 recipients. Low income neighborhoods offer distinct advantages over outlying areas as they offer established friendship networks and familiar neighborhood institutions that may provide more security than suburban greenery does. Rhode Island also has distinct immigrant communities comprised of Cape Verdeans, Portugese and Columbians that are hospitable to non-English speaking persons. Certificate holders could not likely find the same welcome elsewhere. The distinct neighborhoods can offer the poor a chance for political clout. With geographic dispersion, the poor lose their opportunity for concerted political action. City Halls are more likely to respond to neighborhood demands than to scattered demands of isolated families.

The goals of mobility also did not account for the age distribution of the recipients. The suggestion that low income workers would try to live

nearer suburban manufacturing firms is plausible, but half the Rhode Island Section 8 recipients are disabled or elderly, and thus would not be expected to move for job-related purposes. Many recipients are dependent upon public transportation and could not afford the private car necessary to live comfortably in outlying neighborhoods.

Finally, the goals of the recipients seem to differ from the overall social goals of the Act. The Housing and Community Development Act notwithstanding, many poor people may not want mobility as much as they want additional income, and as most recipients lived in standard housing prior to Section 8, this may be a very rational choice.

Instead of using the rent subsidy program as a ticket out of their neighborhoods, the poor have used the program as an income subsidy. Without debates about caseworker visits, Food Stamps, or flat grants, Section 8 Existing Housing has smoothly functioned as an income transfer program. Urban Systems reported that 95 percent of initial applicants saw Section 8 as such a program, intending to use their subsidy to relieve straitened budgets (Urban Systems, 1977b). In fact, analyzing the merit of Section 8 as an income maintenance program, the Office of Budget Analysis has recommended shifting it from HUD to HEW jurisdiction, as part of an overall reorganization of the national welfare program (Harney, 1977).

Landlord Solvency

Section 8 has proved to be an income subsidy that has benefited both tenants and landlords, as it has buttressed the financial ledgers of city landlords. For small scale landlords⁵, Section 8 offered a steady source of income, with annual rent increases that would not depend upon the vicissitudes of tenant income. HUD reported that, “. . . one Public Housing Authority in Northern California estimated that tenant stability was in dollar terms worth 10 percent of the rent to a landlord.” The report continues: “In the Atlanta area and Florida housing markets, landlords were also interested in the program primarily due to

recent overbuilding of luxury apartments. In Jacksonville, owners of recently completed projects with vacancies at extremely high and unprofitable levels went so far as to agree to rent to Section 8 tenants at lower rents than nonsubsidized families rather than allow units to remain vacant” (Office of Program Analysis, 1976a: 25). Paperwork aside, the government can be a solvent, trustworthy partner in a Section 8 lease.

The public sector — HUD — also owns property in central cities; and HUD has similarly used Section 8 Existing Housing to buttress its financial ledgers. Vacancies, vandalism, rent schedules too high for poor people yet too low to insure upkeep have threatened to turn many HUD-subsidized developments into financial albatrosses. Initially, HUD did not let Existing Housing certificateholders live in buildings created under subsidy programs. The theory was that up to 40 percent of the tenants in those buildings already received Rent Supplement aid. Permitting recipients to use their certificates in such buildings would amount to double subsidy. For properties in financial jeopardy, HUD has explicitly designed a Loan Management component of Section 8 to increase cash flow and reduce vacancies.⁶

In 1976 HUD recognized that, even with Loan Management money, some of these subsidized properties risked foreclosure. HUD thereupon relaxed its restrictions. As of August, 1977, twelve of Cranston's 84 Section 8 Existing Housing recipients lived in one Section 236 building. The Department of Community Affairs reported 17 recipients in a Newport Section 236 building. In Providencen Woonsocket, East Providence, and Lincoln, housing authorities placed recipients in subsidized buildings.

The specter is of subsidy upon subsidy. In Rhode Island, a building constructed under 236 or 221 d 3 can have Rent Supplement assistance, Loan Management Set Aside money, and Section 8 Existing Housing money. (In Connecticut, the same building could also have Leased Housing money.) In one Providence row house complex

(284 units), built under Section 221 d 3 as part of a large-scale urban renewal effort, the federal government is underwriting part of the rental income of 53 percent of the units. Five percent of the tenants receive Existing Housing subsidies. Instead of promoting the mobility of tenants, housing authorities are using Section 8 to promote the solvency of landlords.

Bureaucratic Detractors

The prime scapegoat is always the bureaucracy. Inept bureaucrats, or so the argument goes, thwarted the beneficial goals of the new housing legislation. To some extent, bureaucratic mishandling hampered Section 8 and probably served as a disincentive for landlords to participate. In Rhode Island, for instance, HUD promises landlords annual rent increases; yet one year HUD was three months late in issuing increases. Landlords who renewed leases were paid retroactively for those months; but, understandably, landlords may balk at signing a lease on trust, even with the federal government. Regulations change even before officials have mastered them. Initial legislation did not allow Section 8 families with young children to live in high-rise apartments; yet, as housing authorities continued to allow the practice, regulations relaxed (Comptroller General, 1977:46-47). Similarly, initial regulations did not let certificate holders live in federally subsidized buildings. Later regulations allowed the practice, in buildings where less than 40 percent of the tenants received Rent Supplement assistance. Even then HUD permitted special appeals. HUD promises to review Fair Market Rents upon request; yet the procedure is lengthy. Finally, paperwork can overwhelm even a diligent housing authority. One Providence Housing Authority official remarked that the forms HUD requires steadily and inexorably increase with each year of a program.

Market Factors

Certain market factors are also a prerequisite for rent subsidies to successfully spur mobility.

There must be an adequate supply of standard rental units available, and these standard rental units must be at rent levels at or below the HUD Fair Market levels. Critics suggest that HUD Economic and Marketing Analysis Division set rents low to allow mobility. In other words, HUD rates cemented people in their own neighborhoods. To some extent, the argument is valid, especially in the case of three plus bedroom units where HUD rates were often inadequate (Office of Program Analysis, 1976a). Also, some communities have little rental housing, and those scarce units rent far above Fair Market levels. Extraneous factors such as a low vacancy rate or limits on new construction may skew a community's rent schedules, making rental housing beyond the reach of even moderate income tenants. In Newport, for example, a renaissance as a tourist mecca has caused housing costs to rise dramatically.

Nevertheless, many Rhode Island communities do offer two or three bedroom units renting at Fair Market levels. Some Department of Community Affairs certificate holders secured units below Fair Market rates, receiving rent credits. Low Fair Market rents may explain the failure of Providence residents to move to Warwick, but not their failure to move to Cranston or Pawtucket.

Conclusion

Through rent subsidies, Section 8 Existing Housing hoped to reduce the isolation and geographic concentration of poor people. Thus far, Section 8 has failed to meet that particular legislative goal. Before and after Section 8, the poor live in the same communities, in the same neighborhoods, frequently in the same housing. The program, though, is not dysfunctional. Apart from its stated goals, Section 8 Existing Housing has efficiently served as an income transfer program, both to hard-pressed tenants and to their city landlords, one of these being HUD itself.

Perhaps the goal of mobility itself was too ambitious, even naive. European rent supplement

programs, while similar to Section 8 Existing Housing, have not professed a goal of socioeconomic/racial dispersion (Office of Policy Development, 1973). The Housing and Community Development Act of 1974 presumed that money would spur mobility; yet it was perhaps predictable that the very social and ecological forces responsible for the distinct patterned arrangement of American cities stymied Section 8.

References

- Bureau of National Affairs. 1977. "Plan To Scrap Housing Subsidy Program Abandoned." *Housing and Development Reporter*, Volume 5, Number 8 (July 25): 140.
- Burgess, Ernest. 1925. "Growth of the City." E. W. Burgess, R. D. McKenzie, and Robert Park. *The City*. Chicago: University of Chicago Press.
- Comptroller General of the United States. 1977. *Major Changes Are Needed in the New Leased Housing Program*. Report to the Congress. Washington, D.C.
- Cottingham, Phobem 1975. "Black Income and Metropolitan Residential Dispersion." *Urban Affairs Quarterly*, Volume 10, Number 3 (March): 273-296.
- Gibbard, Harold. 1941. "The Status Factor in Residential Succession". *American Journal of Sociology*, Volume 46, Number 6 (May): 835-842.
- Glazer, Nathan. 1973. "The Bias of American Housing Policy." Jon Pynoos, Robert Schafer, and Chester Hartman, editors. *Housing Urban America*. Chicago: Aldine Publishing Company.
- Guest, Avery and James Weed. 1976. "Ethnic Residential Segregation: Patterns of Change." *American Journal of Sociology*, Volume 81, Number 6 (March): 1088-1111.
- Harney, Kenneth. 1977. "Housing Policy Fight Just Beginning." *The Washington Post*, July 30.
- National Commission on Urban Problems. 1960. *Building the American City*. Report to the Congress and to the President of the United States. 91st Congress, 1st Session.
- Office of Policy Development and Research. United States Department of Housing and Urban Development. 1973. *First Annual Report of the Experimental Housing Allowance Program* Washington, D.C.
- Office of Program Analysis and Evaluation. United States Department of Housing and Urban Development. 1976a. *Section 8 Existing Housing Assistance Payments Program: Existing Housing: A Field Study*. Washington, D.C.
- _____. 1976b. *Section 8 Existing Housing Assistance Payments Program: Existing Housing: A Policy Paper*. Washington, D.C.
- Nourse, Hugh O. 1975. "The Neighborhood Succession Process: A Summary." Prepared for the Office of Policy Development and Research, United States Department of Housing and Urban Development. Washington, D.C.
- Park, Robert. 1967. "The Urban Community as a Spatial Pattern and a Moral Order." *Robert Park: On Social Control and Collective Behavior*. Chicago: University of Chicago Press.
- Pfautz, Harold W., editor. 1967. *Charles Booth on the City: Physical Patterns and Social Structure*. Chicago: University of Chicago Press.
- Schnore, Leo. 1965. *The Urban Scene*. New York: Free Press
- Taeuber, Karl. 1968. "Effect of Income Distribution in Racial Residential Segregation." *Urban Affairs Quarterly*, Volume 3, Number 4 (September): 5-14.
- United States Department of Housing and Urban Development. 1976. *Section 8 Additional Assistance Program for Projects with HUD-Insured or HUD-held Mortgages*. HUD Handbook. Washington, D.C.
- Urban Systems Research and Engineering, Inc. 1977a. *Research and Evaluation Regarding the Section 8 Housing Assistance Program: Par-*

ticipation by Jurisdiction Report. Prepared for the Office of Policy Development and Research, United States Department of Housing and Urban Development. Cambridge, Massachusetts.

_____. 1977b. *Research and Evaluation Regarding the Section 8 Housing Assistance Program: Sector A: Recipient and Landlord Participation Report*. Prepared for the Office of Policy Development and Research, United States Department of Housing and Urban Development. Cambridge, Massachusetts.

Notes

1. The Housing and Community Development Act of 1974 has been succeeded by the Housing and Community Develop-

- ment Act of 1977, which contains essentially unchanged the subsidy program described in this paper.
2. HUD encourages local housing authorities to actively help certificate-holders find suitable housing.
3. Conversation with Mary Walen, Director, Warwick Housing Authority, July 1977.
4. Comments by Donald Slate, President, Providence Board of Realtors. Housing forum, Beneficent Church, Providence, September 26, 1978.
5. Urban Systems reported that 67% of participating landlords owned twenty or fewer units (Urban Systems, 1977b).
6. From the tenant's perspective, a Loan Management subsidy works the same as in existing house subsidy: the tenant pays 25% of his income for rent, while HUD pays the remainder due. From HUD's perspective, though, Loan Management subsidies are earmarked for faltering HUD-subsidized projects, either to reduce vacancies, to allow for rent increases, or to increase cash flow. HUD has since redesigned this program.