

Public Housing and the Spatial Concentration of Poverty: New National Estimates

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EXENDED ABSTRACT

That public housing projects have contributed to the spatial concentration of poverty in American cities is well known. Program eligibility requirements mandate that only low-income families receive housing assistance, and many of the participants in assisted housing programs have extremely low levels of income. Especially in the case of high-density projects, eligibility rules combined with large numbers of units in a small space often contributed to high spatial concentrations of poverty.

In the popular press, public housing projects have come to be seen as illustrative of the problems of high-poverty neighborhoods (e.g. Kotlowitz 1990). Indeed, both common sense and past research have found that residence in a high-poverty neighborhood is a barrier to future socioeconomic success and an important source of reduced quality of life, especially because of high rates of crime in many high-poverty areas (Katz, Kling, and Liebman 2004). The problems created by high poverty rates in public housing has largely been responsible for the shift in housing assistance policy away from public housing and toward the provision of certificate and voucher programs of assistance. Despite this shift, enough public housing is in the available stock to assure that public housing projects will continue to be an important in housing low-income persons in urban areas. In 1998, the most recent year for which data is available, more than 2.8 million persons were living in traditional public housing projects in the United States.

Although the poverty-concentrating effect of public housing is commonly noted, no prior study has examined the importance of public housing for concentrating poverty on a nationwide scale. Several studies have, however, examined the contribution to concentrated poverty from public housing in single cities. One obvious limitation of these studies is that they have only focused on a few cities, mostly older cities in the East and Midwest. Past studies have considered Chicago, Columbus, Boston, Cleveland, Detroit, and Philadelphia (Massey and Kanaiaupuni 1993; Holloway, Bryan, Chabot, Rogers, and Rulli 1998; Carter, Schill, and Wachter 1998). A second limitation of these studies has been the method used, which is based on census tract-level regressions with

the percent of the population poor as the dependent variable and the presence of fixed-site public housing and controls as the independent variables. The resulting coefficient for the presence of public housing has been interpreted as measuring the increased concentration of poverty as a result of public housing. Although this may provide a good method for understanding the effect of a public housing project on a particular census tract, it does not provide a good method to understanding the results of public housing on the overall spatial concentration of poverty. The problem with this method is that the coefficients do not allow for the fact that the residents of public housing would be living somewhere else if they were not living in public housing, and in so doing they would be increasing the poverty rate of their destination tracts because the residents of public housing are disproportionately very low-income. Because of this omission, the apparent “effect” of public housing in concentrating poverty in these studies is strongly overstated.

To overcome the shortcomings of the traditional regression method, my estimates instead rely upon a set of simulations that reassign the population living in subsidized housing to other tracts within their metropolitan area. This provides a rough simulation of what might happen if residents of public housing were to relocate. The simulations use a variety of rules as the basis of this relocation to assess the sensitivity of the results to different possible scenarios of how the residents of public housing might be distributed if not in projects. For instance, one simulation rule reassigns the residents of public housing to other tracts based on their race and income level. Following the reassignment of project residents in each simulation, summary statistics of the degree of change in the spatial concentration of poverty are computed.

The basic data I used to perform the analysis came from the 1998 HUD data from the Picture of Subsidized Households database. My estimates use only the “complete” data from the picture of subsidized households, to avoid the problems of missing data for items not derived from HUD administrative records. Characteristics of residents are interpolated based on the characteristics of the census tract the project is in. This data was matched to 2000 data on census tracts from the U.S. Bureau of the Census, Summary Tape File 3.

The results suggest that public housing has had only tiny impact on the *average* level of the spatial concentration of poverty in American cities. Public housing has been somewhat more important, however, in creating neighborhoods with extremely high rates of poverty; that is, public housing has had some impact in forming the extreme tail of the tract poverty rate distribution. If the residents of public housing were reallocated in a fashion that redistributed population proportionately to their level of income, the proportion of the population in extreme poverty areas--tracts with more than 40% of their population poor--would decline from about 3% to about 2.7% of all tracts. This redistribution would also result in an increase in the number of moderately poor tracts with rates of poverty of 20% to 39%. Thus, without public housing we would probably have fewer extreme poverty tracts, but somewhat more moderate poverty tracts.

These results are based on a simulation in which the residents of projects move proportionately into tracts occupied by other low-income households in their

metropolitan area. This omits the important fact of racial segregation that dominates most American cities. If we instead reassign residents to move proportionately to the existing poverty population, with residents moving to tracts that are dominated by members of their own racial group, we find substantially smaller decreases with the simulations, with decreases of the percentage of the population living in extreme poverty areas from 3% to 2.9%. Allowing for racial segregation in relocation of the residents of public housing thus undercuts most of the poverty deconcentration that would result if residents moved based on level of income alone.

A second interesting counterfactual situation is where the residents of high-poverty tracts move into tracts similar to those occupied by current certificates and voucher recipients. This hypothetical is relevant for understanding the increasing shift from fixed-site assistance to certificate and voucher programs. The results of this simulation suggest that the shift to certificate and voucher policy will have only very modest effects on the spatial concentration of poverty. Reallocating the population of public housing to tracts in which certificate and voucher holders live results in only slightly lower rates of tract poverty, a reduction in the prevalence of extreme poverty areas (40%+ poor tracts) from 3% of metropolitan population to about 2.91%. Certificate and voucher users on average reside in tracts that are only a bit less poor than the residents of public housing, and the tracts of certificate and voucher holders become poorer to the extent they absorb former tenants of public housing.

In the presented paper, I plan to also discuss several other simulation scenarios. These scenarios include allocating former public housing residents to other tracts proportional to the availability of low-rent housing, and proportion to the availability of vacant low-rent housing.

Overall, the results to this point indicate that elimination of public housing is likely to reduce highly concentrated poverty only modestly, although it could reduce the neighborhood poverty contact of the residents of low-income tracts. This is because of the class and race segregated patterns that would dominate the relocation patterns of the residents of public housing if they were not to live there. If a goal of recent federal housing policy is to reduce the spatial concentration of poverty and corresponding problems by shifting to certificate and vouchers from public housing, then certificate and voucher programs must take active steps to counteract the race and class segregation that characterizes the private housing market.

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