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Andrew J. Greenlee, Research Assistant
Nathalie P. Voorhees Center
University of Illinois at Chicago

Thank you distinguished guests and members for your participation today. I have been asked to talk today about some of the challenges faced by the Housing Choice Voucher Program, more commonly known as tenant-based Section 8 housing in Chicago.

Since 1974 when federal legislation made it possible to provide tenant-based rental assistance, the Housing Choice Voucher Program has grown to become the nation's largest low-income housing program, nationally serving over two million households per year. Based on recent federal budget outlays and what is proposed in the FY2010 budget, tenant-based rental assistance makes up about 40 percent of the total U.S. Department of Housing and Urban Development budget. These HCV outlays are more than twice the amount of funds allocated for the development, operation and maintenance of public and other permanent subsidized housing.

The primary goal of the Housing Choice Voucher program is to make housing affordable to low-income renters on the private housing market. However, the program has also helped to open up communities previously inaccessible to lower income renters. Similarly, HCVs have been used to address long standing patterns of racial segregation and to promote racial and ethnic as well as economic integration. This includes helping residents in public housing to relocate from economically segregated low-income developments to neighborhoods that can offer more and better opportunities to access good education, work and other amenities often lacking in public housing neighborhoods. Within housing policy circles, this strategic use of vouchers aims to "move people to opportunity" as well as promote racial, ethnic and economic integration.

While there is evidence that segregation patterns are changing slowly in the US – with some credit given to the HCV program – this is not the case in the City of Chicago. Within the City of Chicago, Federal HCV funds currently assist about 35,000 households (or nearly 97,000 individuals) renting housing in the private market, which accounts for nearly half of the voucher holders in Illinois. This means that not only do these families have an affordable place to live, but also that about 15,000 landlords—many small "mom and pop" property owners—have secure tenants.

A February 2010 study entitled "Are We Home Yet?: Creating Real Choice for Housing Choice Voucher Families in Chicago" released by the Nathalie P. Voorhees Center in collaboration with several of the other organizations present today focused on where HCV families live in Chicago, finds very little change in the spatial distribution of voucher holders in Chicago over the past decade. In fact, the data indicates that an increasing number of HCV families are now concentrated in more predominantly African American communities than ten years ago. Our findings show that many of these communities have poverty rates well above the city average. Many of these communities have struggled with high unemployment rates, depressed housing values and disinvestment since the 1960s – nearly two decades before the voucher program began. While often attributed to "White flight," the story of racial and economic change is more complex in each of these communities. And unfortunately, the current conditions in most communities are being further complicated by increased numbers of residential foreclosures, above average rates of crime and overall poor health of residents.

Given the context under which I speak today, I would like to highlight the following findings from this study:

- There were no real changes since 1998 in where the majority of HCV families are located within the city. As such, nearly half of all voucher holders in Chicago live in just 10 of the 77 community areas in the city. While this is not different than 1998, there are now a higher number and percentage of voucher holders living on the south side of the city, particularly in the far south, while there are fewer voucher holders living on the north side, particularly in historically integrated areas such as Rogers Park and Uptown.
- 55% of Chicago HCV users had been admitted to the program within the last seven years.
- Most voucher holders in Chicago currently live in communities with the most affordable rental housing options based on federal Fair Market Rent levels. Two majority Latino communities, Pilsen and Little Village, are exceptions to this pattern; despite having a very large portion of their rental housing affordable, these communities have less than one percent of families using voucher residing within their boundaries.
- While most HCV families consist of less than three people, approximately 30% of Chicago HCV households had four or more people.
- One-third of HCV households in 2007 had a head of household or other family member with a physical disability.

Factors such as these complicate the process of moving to a new neighborhood or city with a tenant-based housing voucher. The HCV program is designed not only to allow households to move within the housing authority jurisdiction in which they reside, but also allows households to "port" their voucher nationally in between housing authorities. The promise of such mobility whether exercised locally, regionally, or nationally is to provide voucher households with increased

residential choice, in the hope that such choice will help leverage other household resources. However, as I mentioned earlier, voucher households within Chicago continue to concentrate within the same communities despite the fact that the Chicago Housing Authority's rate of residential mobility in 2007 was 13.3 percent per year, which is higher than the statewide rate of 9 percent. This suggests that Chicago voucher households are "churning" or shifting residence within the city, but tend to paradoxically remain within the same or similarly voucher-concentrated communities. The question at hand, then is how much of this spatial fixity is household choice, and how much represents external constraints such as unit size and rental cost, formal and informal social supports, access to transportation, and availability of landlords participating or willing to participate in the voucher program.

Based upon these findings, it is clear that despite the presence of residential mobility within Chicago's HCV program, racial and economic segregation still persists, and have gotten worse in recent years.

Based upon the results which we have found in this study, I would like to provide several policy recommendations for consideration:

1. The CHA, the City of Chicago, and public housing authorities and public officials in the region must all do more to affirmatively further fair housing and work cooperatively to see that this occurs. Promoting opportunity moves to low-poverty, racially and ethnically diverse neighborhoods must become a greater, permanent priority for all. One potential strategy for accomplishing this would be for the CHA to partner with an established mobility housing counseling agency to provide education and services to all HCV holders regarding opportunity moves. Similarly, the Chicago Housing Authority could use the flexibility granted through its Moving to Work (MTW) agreement with HUD to aggressively promote opportunity moves. CHA should consider how this funding flexibility can be used to affirmatively further fair housing and implement new programs. In addition, the CHA and public housing authorities in the region should conduct an information campaign to dispel myths and educate people about the HCV program. In order to expand housing options for HCV holders, prospective landlords (particularly those owners with properties in areas of opportunity) must be educated about what the HCV program really is and how it actually works.

2. In terms of program design, advocates and public officials should request that HUD develop more targeted Fair Market Rents (FMR) for the Chicago region. HUD uses wide metropolitan geographic areas to set the FMRs that will be paid under the HCV program. With the rent level diversity for the Chicago metropolitan area, FMRs may be higher than the actual market rents for lower-quality units in high poverty, racially segregated areas and lower than the actual market rents for higher-quality units in mixed or low poverty "opportunity" areas. Similarly, the CHA should use the maximum allowable Fair Market Rent in opportunity areas. Even if HUD does not develop more targeted FMRs as proposed above, CHA

can still provide HCV holders with greater access to units in opportunity areas by using a 50th percentile FMR and permitting higher or "exception" rents in higher income communities.

3. Elected officials should enact passage of source of income protections that include HCVs. Chicago currently prohibits discrimination against a tenant because of his or her source of income, which includes an HCV. However, for the voucher program to provide real choice, HCV recipients must not be discriminated against solely because of the source of their income no matter where they search anywhere in the region, state or US.

4. HUD should provide incentives for public housing agencies to cooperate with regard to portability. Under its MTW agreement, "CHA is authorized to establish its own portability policies with other MTW and non-MTW housing authorities." Helping HCV households move outside of the CHA's jurisdiction is critical to ensuring low-income families have all available fair housing choices.

5. The City of Chicago and the CHA should work to invest in all communities following HUD's new sustainable communities' initiative. In addition to promoting opportunity moves, CHA must also look at where its HCV recipients are currently residing, and work to make these "healthy communities" as well. Policy makers must look across agency lines so that decent affordable housing is provided in safe communities with good schools and good public transportation options.

The findings of this study and studies like it point to the continued promise and potential of such programs to use mobility as a tool to reduce some of the sequelae associated with racial and economic segregation, but such findings also indicate that we have a long way to go to achieve such goals. In these challenging times, it is important that policy makers, public officials, and housing advocates rethink and expand how they view the communities where housing voucher holders *currently* live and what strategies might actually help change the decades of disinvestment including transportation, economic development and regional approaches to mobility.

Thank you very much. I look forward to answering any questions which you might have.