Accessing Opportunity:

Housing Choice Vouchers and Affordable Housing in the Washington, DC Region

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Executive Summary

In-migration of new residents has been both an opportunity for economic growth and a challenge for housing availability in the Washington, DC region. New households have put pressure on an already-tight rental housing market, reducing both the availability and affordability of rental housing in the region. While the region has seen intensive construction of high-end rental housing in the past three years, affordability remains particularly challenging for the region's low- and moderate-wage workers. These residents depend on affordable rental housing, both through market-affordable units and housing subsidies.

One method for expanding opportunities for low-income households to live in neighborhoods close to work and amenities has been the use of Housing Choice Vouchers (HCV). However, voucher-holders are concentrated in neighborhoods with poverty rates of 11.1%, compared to the regional average of 7.7% across all communities. Many of these neighborhoods also have limited access to jobs and good schools. Vouchers assist low-income housing-seekers by paying the difference between 30% of a household's income (HUD's definition of affordability) and the rent up to the Fair Market Rent (FMR), the upper limit set at the metropolitan level. Most jurisdictions have long, closed waiting lists for available vouchers. In the District, for example, the waiting list contains 72,000 households. In most jurisdictions, landlords can refuse to accept vouchers (the District and Montgomery County are exceptions).

Housing vouchers are portable, meaning they do not have to be used in the jurisdiction in which they were issued, but they are unevenly distributed in the Washington, DC region. In some cases, this is because there are limited rental housing options in affordable communities. If vouchers were evenly distributed where households could use them, it would be expected that voucher concentrations would be located in neighborhoods with high concentrations of rental housing. However, in much of the region, housing choice voucher concentrations are in census tracts where the rental housing rate is lower than other tracts in which vouchers could be used. There may also be questions of transportation access, awareness of available options, and openness of the community to affordable housing that prevent voucher-holders from accessing opportunity neighborhoods.

This research examines the characteristics and location of census tracts with high concentrations of Housing Choice Vouchers. High voucher concentration was defined as a concentration index greater than 1.5, meaning that the ratio of vouchers to total rental housing in the census tract was 8.25%, which is 50% higher than the regional average of 5.5% ("concentrated tracts"). It then looks at the tracts where the small area fair market rent¹ is lower than the fair market rent for the Metropolitan Statistical Area and the voucher concentration is lower than the regional average ("affordable tracts") to better understand where voucher-holders could afford to live. Finally, this research examined possible explanations for the concentration of voucher-holders in relatively few census tracts.

¹ Small Area Fair Market Rents are calculated by the US Department of Housing and Urban Development at the zip code level based on the 40th percentile of gross rents for 2 bedroom units of recent movers from the American Community Survey. http://www.huduser.org/portal/datasets/fmr/fmrs/FY2014_code/2014summary.odn

Summary of Key Findings

- Suburban Maryland had the highest number of census tracts with concentrations of Housing Choice Vouchers with 156 tracts or 25.5% of the total number of tracts in the metropolitan statistical area. The District had the highest percentage of concentrated tracts with almost half (45.5%) in which 8.3% or more of the rental housing unit were occupied by voucher-holders.
- The highest concentrations of voucher-holders in the region are the District where almost 75% of the concentrated tracts are 150% more concentrated than the regional percentage of vouchers (or 13.1% of all rentals). Conversely, in in Virginia, only 25% of concentrated census tracts are as concentrated.
- Voucher-holders are concentrated in 308 high-poverty and highly segregated neighborhoods, compared to other 412 tracts where rents are also affordable but voucher-holders are not concentrated. Concentrated census tracts have regional poverty rate of 11.1%, compared to 9.1% in affordable non-concentrated tracts. This contrast is most pronounced in the District where the rates are 24.7% and 15.4%, respectively.
- Highly concentrated tracts have lower rental housing rates than their affordable counterparts
 except in the District. Regionally, 40.0% of the units in affordable non-concentrated census tracts
 are rentals, compared to 35.2% in voucher-concentrated tracts. This suggests that voucher
 distribution is not necessarily related to overall rental housing availability.
- The reverse is true of vacancy in voucher-concentrated and affordable, low-voucher neighborhoods. In the region and in the District, vacancy rates are higher in voucher-concentrated tracts while in Maryland and Virginia tracts, vacancy rates are higher in the affordable tracts with fewer vouchers. This is most pronounced in the District where vacancy rates are 16.7% in concentrated tracts and 11.2% in affordable tracts.

Where are Housing Choice Vouchers used in the Washington, DC Region?

Housing Choice Vouchers (HCV) are used at various concentrations in almost 90% of the region's 1,349 census tracts. Across the region, vouchers are used in 5.5% of all rental housing stock. The District has the highest percentage of units where vouchers are used (9.3%), followed by Maryland (5.6%) and Virginia (3.7%). To get a better understanding of the concentration of vouchers in rental housing relative the region, a concentration index was created using the ratio of vouchers and rental housing in the tract over the ratio of vouchers and rental housing in the region. For this research a concentration index of 1.5 (or 50% greater than the regional average) is defined as a concentrated tract.

Figure 1 shows the concentrations of HCVs across the region. The largest concentrations are in the District where 45.6% of the city's total tracts are 50% more concentrated than the region, followed by Maryland (25.5%) and Virginia (12.8%). All of the District's concentrated tracts are located in the eastern half of the city, with the majority located east of the Anacostia River. In Maryland, 81% of the concentrated tracts are located in Montgomery and Prince George's counties, primarily along the I-270 corridor and in eastern Montgomery County and inside the Beltway in Prince George's County. Figure 2 shows the breakdown of tracts by state. Out of the region's 1,349 census tracts, 308 or 42.9% had high concentrations of Housing Choice Vouchers. Meanwhile, there were a total of 579 tracts with Small Area Fair Market Rents (FMR) that were below the region's FMR ("affordable tracts"). Of those, 412 did not have concentrations of voucher-holders.

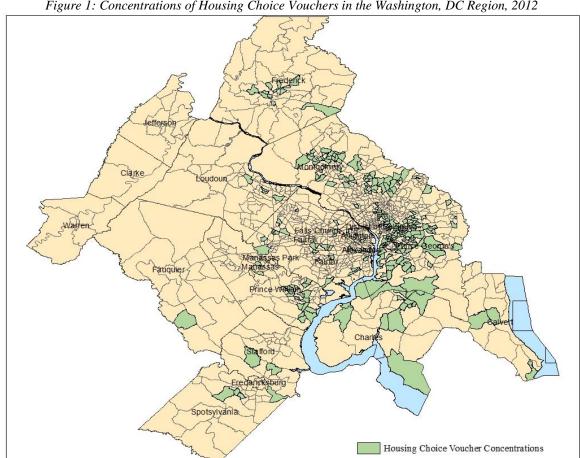


Figure 1: Concentrations of Housing Choice Vouchers in the Washington, DC Region, 2012

Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

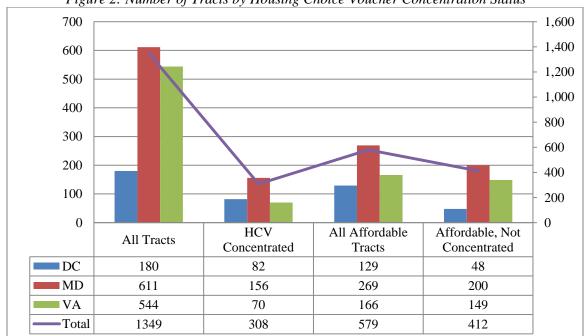


Figure 2: Number of Tracts by Housing Choice Voucher Concentration Status

Source: Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012, GMU Center for Regional Analysis

Some voucher-holders lived outside of the low rent tracts in small pockets. They found affordable rents in areas like Arlington, Alexandria, and Montgomery County. Figure 3 maps the tracts where the rents are affordable in red and the tracts in which the 40% percentile rents are higher than the region's FMR are in beige. The lined areas represent tracts in which housing vouchers are concentrated. While there is significant overlap in the District between affordable and HCV concentrated tracts (only one concentrated tracts was not also an affordable tract), Maryland and Virginia had more concentrated tracts outside of the affordable tracts than inside of them.

There may be several reasons for this. The first is that the degree of concentration in the Maryland and Virginia tracts was significantly lower than those in the District. Therefore, the few affordable units in those communities can house these voucher-holders. However, it also suggests that there may be high demand for these communities by voucher-holders as well as market-rate renters. In the District market-affordable and subsidized affordable housing is largely concentrated east of Rock Creek Park. Voucher-holders are using vouchers to rent units in buildings that have place-based subsidies such as the Lowincome Housing Tax Credit that are restricted for households at higher incomes.

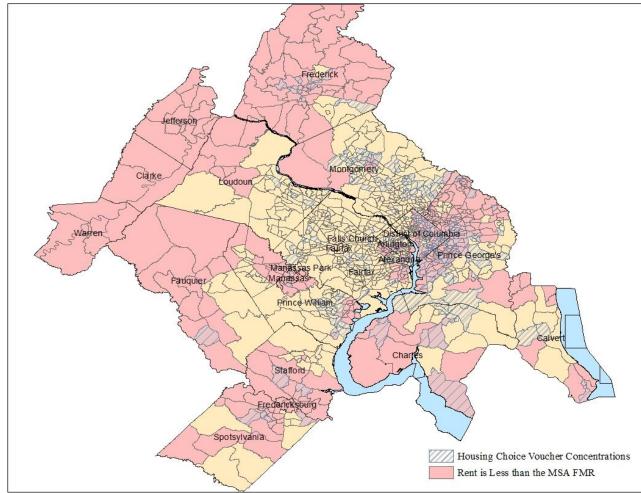


Figure 3: Affordable Census tracts in the Washington, DC Region

Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

What are the characteristics of voucher-concentrated communities?

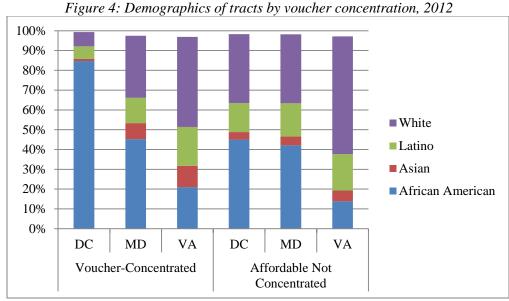
Vouchers are concentrated in neighborhoods that are higher poverty and more intensely segregated than affordable tracts. This trend is particularly evident in the District where concentrated tracts are 84.7% African American, compared to the affordable tracts (45.0%) and the city as a whole (51.1%). Figure 5 illustrates the demographic composition of the concentrated and affordable census tracts for the District, Maryland, and Virginia.

Maryland and Virginia had lower concentrations of African Americans in all tracts. In Maryland there was only a small difference in the percentage of African Americans in the tracts with voucher concentrations (45.2%), the affordable tracts (42.1%), and tracts across the county (35.6%). In Virginia, the differences were similar. African Americans represented 21.0% of the population in concentrated tracts, 13.8% in affordable tracts, and 11.9% in all tracts.

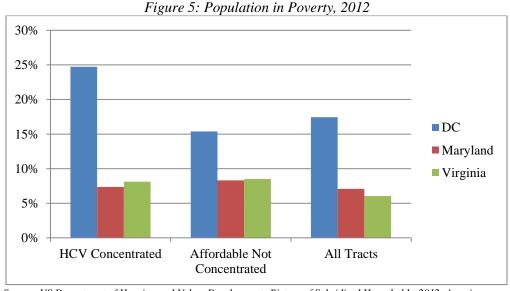
Latino populations of concentrated tracts were lower in all tracts except in Virginia where the percentage of Latinos was similar for concentrated and affordable tracts. In the District, Latinos made up just 6.4% of

concentrated tracts but 14.7% of affordable tracts. Asians make up larger proportions of concentrated tracts in Maryland (8.1%) and Virginia (10.7%) than in affordable tracts. However, in the District they make up a smaller proportion of concentrated tracts (1.1%).

Voucher-concentrated tracts also had higher poverty rates than the tracts where voucher-holders could afford to rent but did not. Poverty across all jurisdictions in tracts with concentrations of vouchers was 11.1%, compared to 24.7% in the District, 7.4% in Maryland and 8.1% in Virginia. Although there was not significant variation between voucher tracts and affordable tracts in Maryland and Virginia, affordable tracts in the District had far fewer households in poverty (15.4%), lower than the citywide average (17.4%).



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis



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One of the anticipated differences between tracts in which vouchers could be used and where vouchers have been concentrated is the concentration of rental housing in the tract. It would be expected that affordable tracts with small amounts of rental housing would have fewer vouchers because there is not housing available to voucher-holders. In fact, concentrated tracts in all jurisdictions have lower rates of rental housing than their affordable counterparts, suggesting that there is some other reason that voucher-holders are not accessing these neighborhoods. In the District, rental units make up 58.1% of the housing in voucher-concentrated tracts and 60.4% of the units in affordable tracts with low concentrations of vouchers.

Vacancy, a signal of a weaker housing market, may be another measure of places where voucher-holders can find housing. In the District, voucher-holders are far more likely to live in neighborhoods where vacancy is higher than in Maryland or Virginia. There were only minimal differences in vacancy between concentrated and affordable tracts in Maryland and Virginia.

Another factor influencing the accessibility of tracts is the prevalence of small rental units. Figure 7 shows the breakdown of unit type for the region's affordable tracts. Studios and one bedroom apartments represented 62.0% of the rental market in the District's affordable tracts, followed by Arlington/Alexandria (49.7%). The high percentage of small rental units in these areas may mean that though households could use their vouchers in theory, in practice the units do not accommodate larger households, and the rents for larger units are often out of reach for low-income households.

Figure 6: Rental housing and vacancy by jurisdiction

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	All Tracts	Washington, DC	Maryland	Virginia
Concentrated T	racts			
Vacancy	9.3%	16.7%	7.1%	7.5%
Rental Units	35.2%	58.1%	27.2%	31.6%
Affordable, Not	Concentrated			
Vacancy	8.8%	11.2%	7.8%	8.8%
Rental Units	40.0%	60.4%	38.4%	37.3%

Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

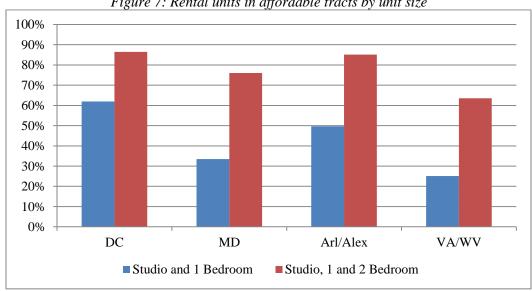


Figure 7: Rental units in affordable tracts by unit size

Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

Conclusions and Implications

Housing Choice Vouchers in the Washington, DC region do not increase access to integrated, low poverty communities

Concentrated census tracts had higher rates of poverty across the region than the neighborhoods to which voucher-holders should be able to access based on the median rent. In all jurisdictions, concentrated tracts had a poverty rate of 11.1%, compared to 9.1% among affordable census tracts. Vouchers also were concentrated in segregated minority neighborhoods in Washington, DC and Prince George's and Montgomery counties. Regionally, African Americans made up 47.0% of the population in concentrated tracts, compared to 30.0% in affordable tracts. Residents from these communities also have a higher incidence of commutes longer than one hour in the region in order to access low-wage jobs.

Availability of rental housing does not determine the distribution of vouchers in all jurisdictions

The availability of affordable rental housing does not determine where voucher-holders will live. Across the region, the rate of rental housing is higher in affordable census tracts where voucher-holders are not living than in the highly concentrated tracts. Future research should examine the reasons why this may be. However, the fact that vacancy remains higher in concentrated neighborhoods suggests that vouchers are operating in weaker markets where landlords have lower demand by renters, lowering the contract market rent. In low-rent neighborhoods this increases the incentives for landlords to accept vouchers in order to both fill units and to receive fair market rents, which may be higher than what rents may be in the local market. Education and outreach to tenants to help them find units outside of these communities should be a priority. Another element of policy should address enforcement of fair housing laws to ensure that tenants with vouchers can use them in buildings they can afford.

The size of rental units may contribute to the ability of voucher-holders to access low-poverty neighborhoods

The size of rental units may exclude voucher households from low-poverty neighborhoods. On average households living in voucher-concentrated neighborhoods have approximately two people per household. Given that many of these households will require two bedrooms or more, many of the existing units in the District and Arlington/Alexandria would be unsuitable for voucher-holders. This challenge will continue to grow with the increased construction of studios and one bedroom units in many of the region's changing neighborhoods. Although rental housing has increased in these areas, it has primarily met the demand of smaller households. Similarly, although many jurisdictions (Montgomery, Fairfax, and Arlington counties and the District, for example) have Affordable Dwelling Unit programs (ADU), Inclusionary Zoning (IZ) or density bonuses to create of affordable housing, they will do little to address the needs of voucher households which require larger units to house their families.