The New Orleans Index at Ten

Expanding Choice and Opportunity in the Housing Choice Voucher Program

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Introduction

The Housing Choice Voucher (HCV) is the nation's largest rental assistance program. The HCV program is administered by local public housing agencies (PHAs). Participants are responsible for finding suitable housing in the private market and must pay at least 30 percent of their monthly adjusted gross income on rent and utilities. The PHA pays a subsidy to the landlord to help cover the difference between what the tenant can afford and what the PHA considers a reasonable rent (the payment standard). The typical voucher household is very low-income at 22 percent of the area median.

The significance of the housing voucher program in the New Orleans metro area post-Katrina cannot be overstated; the number of housing vouchers in use in Orleans Parish alone more than tripled from 2000 to 2010. Housing vouchers were a primary means of assisting households displaced by Katrina, especially following demolitions of public housing units that housed over 5,000 low-income households before the storm. In this paper, we present data regarding the use of housing vouchers by low-income renters in the pre- and post-disaster New Orleans housing markets; evaluate the subsidies' effectiveness in increasing access to wider housing opportunity after the storm; and recommend mechanisms to increase the effectiveness of the subsidies in reducing income and racial segregation in the region.

Housing choice vouchers: Tool for short-term survival or long-term opportunity?

The United States Department of Housing and Urban Development (HUD) reports 17,347 vouchers used in Orleans Parish in 2010, up from about 8,400 in 2005 and 4,763 in 2000. In the entire metro area (including Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany Parishes), there were 25,439 voucher households in 2010 compared with 7,978 in 2000.

Many former public housing residents and other low-income households received housing vouchers after they were displaced by Katrina and the demolition of nearly 5,000 public housing units. The public housing developments demolished since Katrina have been rebuilt, but gradually, on a smaller scale, and in a mixed-income fashion, reducing the number of public housing units on-site to slightly more than 600. Housing administrators justified public housing demolitions, which were underway even before the storm, based on high poverty concentrations and poor living conditions pre-Katrina. Meanwhile, the reliance on the private market to fill the affordable housing gap neglected to account for the post-disaster housing shortage—over 50 percent of New Orleans rental units were destroyed—and reluctance of many jurisdictions to bring back, much less create new, rental housing. As noted in The New Orleans Index at Five, efforts to redevelop and reform affordable rental housing post-Katrina "do
not equal the scale of the housing lost or provide enough affordable homes to those who lost a home they could afford pre-Katrina.” We may not be able to determine exactly where displaced low-income residents are using the vouchers now, but an analysis of voucher use in the metro area before and after Katrina provides some insight on this question.

The transition from project-based (supply-side) rental assistance to tenant-based (demand-side) assistance reflects a federal policy shift and is consistent with national trends. For example, from 1995 through 2012, approximately 500,000 units of public housing and privately owned assisted housing were demolished or discontinued, whereas Congress funded 800,000 additional housing vouchers in the same period. As of 2012, there were 2.2 million households assisted with housing vouchers nationwide.

Vouchers provide the potential for greater housing choice and socioeconomic mobility for low-income families that utilize them. Vouchers create the possibility that families, armed with data and information, can exercise choices about where to live that might open up areas of greater opportunity than traditionally available to them, such as neighborhoods with fewer environmental and health hazards, higher quality schools, and job growth. A vast literature documents the link between neighborhoods, physical and mental health, and life prospects.

For example, wider housing choice may assist families with children, 39 percent of whom lived in poverty in New Orleans in 2013, overcome the documented negative health effects of living in poverty. As noted in a recent study by The Data Center, “Scientific research shows that child poverty can lead to chronic, toxic stress that disrupts the architecture of the developing brain.” This makes poverty perhaps “the single greatest threat to children’s healthy brain development.” The voucher program assists more families with children than all other HUD rental assistance programs combined. In Louisiana, over half of voucher households included children in 2014.

Policy debates about which housing choices are best for low-income households miss the larger point that these households have historically had minimal neighborhood choice and mobility in the marketplace. Scholars have found that low-income families’ perceptions of their housing options are shaped by years of living in public housing, concentrated poverty, and racial isolation, so they “tend to value housing units over neighborhood quality, because they spend much of their time in the home in order to ‘keep to themselves’ and avoid violence.” As noted by one participant in the Baltimore Housing Mobility Program that assists voucher holders to move from public housing neighborhoods to high opportunity neighborhoods, “It’s only in leaving that I started growing and wanting to do different things, learn different things and be something different.”

Depending on how it is used, therefore, the voucher can serve as a short-term instrument of survival or a long-term tool of opportunity. Unfortunately, the voucher program has fallen short of its potential for creating wider housing choice and access by low-income families to neighborhoods of opportunity. According to one nationwide study, the voucher program is not currently structured to achieve poverty de-concentration, especially for minority households; this is notwithstanding the assumption in New Orleans and elsewhere that vouchers would assist former public housing residents in particular with that goal. Another national study examining voucher use in the 50 most populous metro areas from 2000 to 2008 finds that “households using vouchers are more economically and racially segregated than an extremely low-income comparison group.” The author notes that although the expansion of voucher use nationally was tied to the idea of poverty concentration, studies have shown that voucher programs frequently perpetuate the poverty and racial concentration they are intended to challenge.

Given the widespread use of housing vouchers in the post-Katrina recovery landscape, and the potential for housing vouchers to transform the lives of low-income renters, this essay examines the location of voucher households before and after Katrina. The essay also examines market barriers to the use of housing vouchers and proposes tools for reform.

Where voucher households lived pre-Katrina

Prior to Katrina, voucher households in the New Orleans metro area, compared with their national counterparts, had less access to low-poverty neighborhoods and were more concentrated in extreme-poverty neighborhoods. HUD published a study in 2003 examining voucher location patterns in the top 50 metropolitan areas using 1998 voucher data and 1990 census data. HUD found that nearly 30 percent of voucher households nationally lived in low-poverty neighborhoods; this compared with 6 percent of households in metro New Orleans. The HUD study also revealed that twice as many metro New Orleans voucher households (21 percent) lived in neighborhoods of extreme poverty compared with their national counterparts (10 percent).
HUD’s study also revealed racial disparities in voucher household access to low-poverty neighborhoods, which underscores the observation made by Sheryll Cashin, “By allowing them to live in more socioeconomically integrated settings, American society tends to afford the white poor a chance at upward mobility that it denies to many of its poor black and Latino citizens.” For example, 19 percent of white voucher households used vouchers in low-poverty neighborhoods in metro New Orleans, compared with only 6 percent of black households. Conversely, the study reported that 10 times as many black voucher households (21 percent) used vouchers in neighborhoods of extreme poverty in metro New Orleans when compared with their white counterparts (2 percent).

Although voucher households in pre-Katrina New Orleans were more concentrated in poor neighborhoods than their national counterparts, they were less concentrated by poverty when compared with families in public housing. In metro New Orleans, no public housing families lived in low-poverty or even middle-class neighborhoods; 83 percent of families lived in neighborhoods of extreme poverty; and nearly all public housing residents (97 percent) lived in high-poverty neighborhoods.

Where voucher households lived post-Katrina

After Katrina, voucher households in the New Orleans metro area continued to have less access to low-poverty neighborhoods than their national counterparts, with notable clustering of Orleans Parish voucher users in certain census tracts.

HOUSING VOUCHER USE IN METRO NEW ORLEANS

In his recent national study examining voucher households’ access to low-poverty neighborhoods by metro area, Kirk McClure reports that 19 percent of voucher households in 2010 located in low-poverty metropolitan census tracts “with only very minimal encouragement.” Thus, McClure describes this 19 percent figure as “a baseline... under the standard administration of the HCVP.” By contrast, McClure reports that 9 percent of metro New Orleans voucher households used vouchers in low-poverty tracts in 2010. New Orleans in 2010 was in the bottom quartile of all U.S. metro areas with respect to voucher household access to low-poverty neighborhoods and among the five worst performing large metros (population greater than 800,000). The performance of New Orleans reflects a regional phenomenon. The south central region of the U.S. has the lowest average percentage of voucher holders living in low-poverty neighborhoods. However, the overall trend in the New Orleans metro is moving toward less poverty concentration, whereas the overall trend nationally is moving toward greater poverty concentration and less access to low-poverty neighborhoods for voucher holders.

McClure contributed additional data for this essay and reports that white voucher households in metro New Orleans in 2010 continued to have much greater access to low-poverty neighborhoods than black voucher households: 21 percent of whites used vouchers in low poverty neighborhoods compared with only 9 percent of blacks. By contrast, 6 percent of whites used vouchers in neighborhoods of extreme poverty compared with 15 percent of blacks. Compared to the HUD study, McClure’s data reveal that black voucher households in metro New Orleans are trending toward less extreme poverty concentration even though there are still large numbers of vouchers being used in extreme poverty neighborhoods. McClure reports the use of almost 6,400 vouchers used by blacks in metro high-poverty neighborhoods in 2010.

McClure’s data also reveal that Hispanic household access to low-poverty neighborhoods by 2010 in metro New Orleans was 12 percent—slightly better than blacks, but worse than whites. Their representation in extreme poverty neighborhoods, also 12 percent, was lower than blacks, but higher than whites.

HOUSING VOUCHER USE IN ORLEANS PARISH

The question arises whether the tripling of vouchers in Orleans Parish resulted in voucher households settling in clustered patterns. An examination of voucher households reported by HUD in 2010 reveals that 25 percent of the vouchers were used in 5 percent of the census tracts (4,279 total vouchers used in nine tracts). In each of these nine tracts, more than 300 vouchers were used, which is triple the amount that would be present if vouchers were evenly distributed across all tracts. The number of vouchers appearing in these tracts ranged from 318 to 843. Seven of the nine census tracts are located in New Orleans East; six of the nine tracts in this group are in high-poverty areas; and all of them are in neighborhoods with fewer than 25 percent white residents.

When considering census tracts with 200 or more vouchers present—double the amount of vouchers that would be present if evenly distributed—42 percent of vouchers are concentrated in 13 percent of the census tracts (7,320 total vouchers used in 22 census tracts). Overall, nearly three-quarters of these census tracts are in high-poverty areas and more than three-quarters are in neighborhoods with fewer than 25 percent white residents. Figure 1 shows the distribution of vouchers across all census tracts in Orleans Parish along
with their corresponding poverty rates. Figure 2 shows the distribution of all vouchers used in Orleans Parish census tracts with the corresponding percent white population.37

Market limitations on voucher household mobility

It is easy to understand how the tripling in the number of vouchers used in Orleans Parish between 2000 and 2010 could contribute to the difficulty of voucher households in accessing a wide range of neighborhoods after Katrina. However, other market challenges were also at play. McClure notes greater entry into low-poverty census tracts “in soft [buyers’] markets and markets with a high percentage of total tracts that are low-poverty tracts.”38 New Orleans voucher holders have been disadvantaged because Orleans Parish has neither.

Post-Katrina estimates indicated that over half of the New Orleans region’s rental housing was destroyed.39 Given the decreased supply and low vacancy rates, there has been a significant increase in the share of renters who are cost-burdened both at the metro and individual parish levels.40 The metro area saw an increase in households paying more than 50 percent of their household income on rent and utilities from 22 percent of such households in 2004 to 33 percent in 2013. In Orleans Parish during the same time period, the percentage of severely cost-burdened renters increased from 24 percent to 37 percent, and in Jefferson Parish from 22 percent to 34 percent. The median gross rents between 2004 and 2013 in the New Orleans metro rose from $760 to $908, in Orleans from $698 to $925, and in Jefferson from $807 to $876.

New Orleans is also disadvantaged because it has fewer low-poverty census tracts than the national average. In 2005-09, the metro area had 126 census tracts, or 32 percent, meeting the low-poverty threshold compared with 44 percent nationwide.41 The numbers are trending positively in the New Orleans metro, but trending negatively nationally. When considering the number of rental units in low-poverty neighborhoods with rents below the voucher payment standard, about half of the rental units qualified.42

The scarcity of rental units, historically high-poverty rates, and the massive infusion of vouchers into the rental marketplace likely hampered voucher households’ overall access to high opportunity neighborhoods in post-Katrina New Orleans. Another factor weighing heavily on the scale with respect to the housing mobility of voucher households is housing discrimination.

HOUSING DISCRIMINATION AS A MARKET BARRIER

A significant barrier remains in the New Orleans metro with respect to discrimination against voucher users and differential access to rental housing opportunities generally on the basis of race. Given that over 90 percent of voucher users in the New Orleans metro in 2010 were black,43 the existence of rental discrimination on the basis of race serves as a real and persistent barrier to voucher users’ access to housing opportunity. When considering the prevalence of discrimination on the basis of voucher use, the barriers to opportunity for voucher holders in New Orleans appear particularly acute.

Rental audits conducted by Greater New Orleans Fair Housing Action Center (GNOFHAC) both before and after Katrina have used a method of investigation referred to as “testing.” This method engages matched pairs of testers posing as home seekers who are equally qualified to rent the advertised unit. Tester profiles and qualifications relevant to a rental transaction such as income, career path, family type, and rental history, are held constant; only one variable, such as race or voucher status, is measured.44

A 2009 GNOFHAC audit designed to measure landlord willingness to accept rental vouchers revealed that landlords either refused to accept vouchers or imposed insurmountable requirements for voucher holders in 82 percent of the 100 rental tests conducted in the greater New Orleans area.45

A November 2014 audit measuring race-based rental discrimination examined 50 advertised properties consisting of apartment complexes, multifamily residences, and single-family homes located in New Orleans neighborhoods with fewer than 30 percent of families living in poverty.46 The audit revealed that 44 percent of African American testers seeking rental housing in lower poverty neighborhoods received less favorable treatment than their white counterparts. This included property owners and managers who refused to respond to inquiries or show the apartment, failed to provide rental applications, quoted less favorable terms and incentives, and imposed stricter standards.47 The 2014 audit, with its focus on access to lower poverty neighborhoods, provides evidence that racial discrimination in the rental market persists and has troubling implications for the use of housing vouchers as a tool of upward socioeconomic mobility. Thus, both race-based rental audits and voucher-based audits conducted post-Katrina in the region reflect market barriers that limit housing choice for those attempting to use vouchers to gain wider housing mobility and opportunity.

In a 2009 GNOFHAC study examining the location of landlord listings provided on HANO’s website for voucher holders, 62 percent of one- and two-bedroom units and 73 percent of three-bedroom units were located in neighborhoods designated as “low and very low” opportunity neighborhoods, when utilizing various indices of opportunity developed by the Kirwin Institute, including: educational quality, economic health and mobility, housing and neighborhood stability, public health access, and environmental quality.48 Although HANO does not guarantee the suitability of properties listed on its website for voucher use, the fact that rental units in low to very low opportunity neighborhoods are enjoying such prominent placement on HANO’s website is cause for concern.
Orleans Parish
2010 Housing Choice Vouchers per Census Tract
with Percent Below Poverty 2009-2013 ACS

Sources: HUD Picture of Subsidized Households, 2010 Housing Choice Voucher Data by Census 2000 Tracts; American Community Survey 2009-2013 5-year Estimates by Census 2010 Tracts, Table B17001.
Orleans Parish
2010 Housing Choice Vouchers per Census Tract with Percent White not Hispanic 2009-2013 ACS

Sources: HUD Picture of Subsidized Households, 2010 Housing Choice Voucher Data by Census 2000 Tracts; American Community Survey 2009-2013 5-year Estimates by Census 2010 Tracts, Table B03002.
Expanding choice and opportunity

The voucher program has fallen short of its potential to assist low-income renters to access neighborhoods of greater opportunity in the post-Katrina landscape. To that end, we offer the following recommendations:

1. **Provide Data and Counseling Support:** A review of the mobility programs and counseling initiatives designed to assist voucher households to move to neighborhoods of greater opportunity is beyond the scope of this essay, but it stands to reason that data and counseling can assist households to make housing choices that are informed by alternatives to high-poverty neighborhoods. The literature notes that the clustered use of vouchers in general can result from “the manner through which voucher holders learn of available units and willing landlords.” An effective counseling program would include “effective administration of the voucher program, recruitment and retention of landlords, pre-move counseling, search assistance, and post-move counseling.” Access to data and counseling support is essential for low-income families to view housing choice as more than a means of short-term survival, but rather as a means of expanding long-term opportunity.

2. **Set FMRs at the Neighborhood Level:** HUD should set fair market rents (FMRs) at the neighborhood or ZIP code level rather than at the metro level in order to allow local housing authorities to be more nimble in their response to quickly changing rental and affordable housing markets.

3. **Administer Vouchers at the Regional Level:** HUD could incentivize the administration of vouchers at the metropolitan level, which could increase access by voucher holders to a wider range of neighborhoods, including those of high opportunity. Typically, voucher holders are administered at the parish or county level, requiring any voucher holder wishing to cross parish lines to apply to multiple housing authorities with different offices and application procedures. Regional administration could leverage the funding of multiple state and local jurisdictions to offset the costs associated with a robust counseling program.

4. **Combat Discrimination against Voucher Households:** Initiatives designed to combat housing discrimination should be supported and protections from discrimination on the basis of voucher status should be implemented. One study found that voucher households in metro areas with source-of-income protection laws “are less racially segregated, and less clustered within specific census tracts, than [voucher] households in areas without such laws.”

5. **Increase the Supply of Affordable Housing Units in High Opportunity Neighborhoods:** Programs like the Low-Income Housing Tax Credit program can amplify the impact of the Housing Choice Voucher program because tax credit properties cannot discriminate on the basis of voucher use. The greater number of tax credit units that are built in neighborhoods of opportunity, with access to jobs, good schools, and healthy environments, the greater access to these neighborhoods by housing voucher households.

6. **Develop a Community Evaluation Tool:** In order to effectively and efficiently guide these reforms we propose development of a community-based evaluation tool, which could be used in communities across the country, for monitoring the effectiveness of vouchers for low-income people generally, and in a post-disaster context specifically. This evaluation tool would demonstrate where vouchers are being used in conjunction with transportation, public safety, and poverty data to provide an accurate annual picture of what housing choice looks like. The tool would also serve to educate voucher users and assist them in using vouchers to maximize their families’ housing, transportation, educational, and employment opportunities. The data informing this mapping tool are readily available from HUD and the U.S. Census Bureau, which allows for inexpensive compiling and display of the data in an informative and digestible manner for everyone from the housing authority, to the regional transit authority, and ultimately the voucher holders themselves.

**Conclusion**

Both before and after Hurricane Katrina, voucher households in the New Orleans metro had less access than their national counterparts to low-poverty neighborhoods of opportunity. Racial disparities in access to metro low-poverty neighborhoods also persist in the New Orleans voucher program, and studies have documented discrimination against both African Americans and voucher households generally. Despite large numbers of vouchers still in use in high-poverty neighborhoods, the trends are encouraging at the metro level, with higher percentages of black voucher households in 2010 using vouchers in low-poverty census tracts than reported in the pre-Katrina HUD Study, and a sharp drop in the percentage of black voucher households living in neighborhoods of high poverty. Many readily-available policy tools exist to counteract the tendency of voucher families to cluster in certain tracts, as is happening in Orleans Parish with 25 percent of the vouchers in 2010 used in a mere 5 percent of census tracts. The stakes are high for the low-income children in our region. The housing voucher program must be used to its fullest potential—assisting the next generation of New Orleans children to overcome the life-altering effects of poverty.
Endnotes


6. Access to data on where rental vouchers are being used is less accessible than location data for other forms of housing subsidy, such as public housing sites and low-income tax credit properties. This is because privacy restrictions limit public access to voucher unit addresses. HUD does make available, and this paper utilizes, the census tract locations where vouchers are being used. HUD provides 2010 voucher location data using census tracts drawn in 2000. Census tract locations do not provide the most granular picture of neighborhood conditions experienced by voucher households. For example, census tracts may be too large to reveal the clustering of voucher households within the tracts. Nevertheless, the data do provide insight on broad patterns of occupancy and access to opportunity. See McClure, K., Schwartz, A.F., & Taghavi, L.B. (2014). Housing Choice Voucher Location Patterns a Decade Later. Housing Policy Debate, 5-7.


24. Devine et al. (2003), tbl. III-8, tbl. III-9 (the national figures include only voucher households with children present).


HUD uses Census 2000 tracts to report 2010 voucher data, whereas this essay uses Census 2010 census boundaries to report poverty and race data. Because some of the 2000 census boundaries changed in 2010, this essay defines a 2000 tract as high poverty if any part of the tract was a high-poverty tract in 2010.

HUD uses Census 2000 tracts to report the HUD Picture of Subsidized Housing for the year 2010. However, the Census Tract boundaries changed in Census 2010. To deal with this issue in the presentation of the maps for this essay, Census 2010 tracts were used to display the colors for the poverty and race data, then Census 2000 tracts were layered over the Census 2010 tracts with a black outline but without fill colors; the Census 2000 tracts were then labeled with the HUD Housing Choice Voucher data.


Kirk McClure contributed additional data analysis for this essay based on U.S. Bureau of the Census: American Community Survey, 2005-2009. Because HUD used Census 2000 census tracts to depict HCV voucher use in 2010, and because some of these Census 2000 tracts changed in 2010, McClure used 2005-09 American Community Survey data so that the census boundaries in his analysis would match the 2000 census boundaries used by HUD.


See Darrah & DeLuca (2014), 27.

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About The Data Center
The Data Center is the most trusted resource for data about greater New Orleans and Southeast Louisiana. Since 1997, The Data Center has been an objective partner in bringing reliable, thoroughly researched data to conversations about building a prosperous, inclusive, and sustainable region.

About The New Orleans Index at Ten Collection
The New Orleans Index at Ten collection includes contributions from The Data Center, the Brookings Institution, and more than a dozen local scholars. The aim of this collection is to advance discussion and action among residents and leaders in greater New Orleans and maximize opportunities provided by the 10-year anniversary of Katrina.

The New Orleans Index at Ten: Measuring Progress toward Prosperity analyzes more than 30 indicators to track the region’s progress on economic, inclusive, and sustainable growth. Essays contributed by leading local scholars and the Brookings Institution systematically document major post-Katrina reforms, and hold up new policy opportunities. Together these reports provide New Orleanians with facts to form a common understanding of our progress and possible future.

The New Orleans Index series, developed in collaboration with the Brookings Institution, and published since shortly after Katrina, has proven to be a widely used and cited publication. The Index’s value as a regularly updated, one-stop shop of metrics made it the go-to resource for national and local media, decisionmakers across all levels of government, and leaders in the private and nonprofit sectors.

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