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To cite this article: Susan J. Popkin , Larry F. Buron , Diane K. Levy & Mary K. Cunningham (2000) The Gautreaux Legacy: What Might Mixed-Income and Dispersal Strategies Mean for the Poorest Public Housing Tenants?, Housing Policy Debate, 11:4, 911-942, DOI: [10.1080/10511482.2000.9521392](https://doi.org/10.1080/10511482.2000.9521392)

To link to this article: <http://dx.doi.org/10.1080/10511482.2000.9521392>



Published online: 31 Mar 2010.



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The Gautreaux Legacy: What Might Mixed-Income and Dispersal Strategies Mean for the Poorest Public Housing Tenants?

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Abstract

The current transformation of public and assisted housing reflects the legacy of the *Gautreaux* case, which created the first mobility and scattered-site programs. Mixed-income and dispersal strategies now dominate federal housing policy, although their focus has shifted. Drawing on evidence from two preliminary studies of public housing transformation in Chicago, we argue that these new strategies seem to offer benefits for distressed public housing communities but also involve risks for the most vulnerable current tenants. Increased screening and/or the need to compete with private market tenants may force these families out of the assisted housing market.

Addressing the complex needs of the most troubled public housing tenants will call for a more comprehensive solution. The intent of the *Gautreaux* case was to increase opportunity and enhance quality of life for public housing tenants; policy makers should take steps to ensure that current programs reflect these fundamental goals.

Keywords: Income; Low-income housing; Mobility

Introduction

Public housing is in the midst of a dramatic transformation, one with profound implications for the residents and for the communities in which developments are located. In many respects, this transformation reflects a change in thinking about what public housing should be that began with the landmark *Gautreaux* case more than 30 years ago.¹ In *Gautreaux*, the courts found that the Chicago Housing Authority (CHA) and the Department of Housing and Urban Development (HUD) had discriminated against black tenants, concentrating them

¹ The primary cases involved were *Gautreaux v. Chicago Housing Authority*, 304 F. Supp. 736 (N.D. Ill. 1969) enforcing 296 F. Supp. 907 (N.D. Ill. 1969) and *Gautreaux v. Landrieu*, 523 F. Supp. 665, 674 (N.D. Ill. 1981).

in large-scale developments located in poor, black neighborhoods. The decision against the CHA in 1969 called for the creation of new public housing at “scattered sites” in nonminority communities. The case against HUD eventually moved to the Supreme Court and was settled in 1976. The court ordered relief in the form of 7,100 Section 8 certificates—subsidies that were to be provided to current and former CHA residents to use in neighborhoods that were less than 30 percent black (Rubinowitz and Rosenbaum 2000). Now, 30 years after the initial decision, the philosophy behind *Gautreaux*, that public and assisted housing should be scattered throughout a range of communities or “deconcentrated,” has become a driving force behind the current transformation.

This transformation is the result of a series of major changes in federal housing policy that occurred during the 1990s, including

1. The demolition of tens of thousands of units of distressed public housing under the HOPE (Housing Opportunities for People Everywhere) VI program
2. The repeal of the one-for-one replacement rule
3. The revitalization of numerous distressed developments into mixed-income communities
4. The institution and enforcement of policies to weed out “problem” tenants (e.g., the one-strike policy that allows the eviction of households with members who have drug or felony convictions)
5. The shift to tenant-based rather than project-based assistance
6. Changes that open up public and assisted housing to higher-income families while placing more very low income families into Section 8

Today’s policies are opening up assisted housing to a wider range of tenants and screening out an unknown number of troubled families. By contrast, during the 1970s and 1980s, the focus of federal housing policy was on providing assistance *only* to the most distressed households; regulations required public housing authorities to adopt federal preferences in admission requirements so that they were serving only the poorest tenants. Other policies had the effect of driving higher-income families out of public housing; for example, policy changes increased rental costs to moderate-income families. In many cities, poor management, inadequate maintenance, and serious problems with drug trafficking and violent crime also helped drive out working families. Finally, the location of many public housing developments in isolated, inner-city neighborhoods made them unattractive to almost anyone with the means to live elsewhere. The combination of these factors meant that by the early 1990s, 86,000 units representing 6 percent of the nation’s

public housing were considered severely distressed (National Commission on Severely Distressed Public Housing 1992).

The current nonelderly public housing population, particularly in large cities, is disproportionately made up of long-term welfare recipients who are extremely poor and lack formal education and marketable skills (National Commission on Severely Distressed Public Housing 1992). Most of these families are headed by single women, and many have large numbers of children. In addition, there is some evidence that many residents suffer from a range of problems such as domestic violence, alcohol and substance abuse, and mental illness.

Federal policy now seeks to reverse this concentration of poor and troubled households in distressed public housing by emphasizing “de-concentration.” In an approach directly modeled after those pioneered under the *Gautreaux* decision, HUD is now promoting two major strategies:

1. Dispersing tenants throughout a metropolitan area by means of Section 8 vouchers
2. Creating mixed-income developments out of places that formerly housed only the very poor, often through the demolition and revitalization of the most distressed developments

The decision to change the federal approach to public and assisted housing reflects the growing social science consensus that living in concentrated poverty neighborhoods increases the chances of such problems as teen parenthood, delinquency, drug and alcohol use, and weak labor force attachment (Ellen and Turner 1997; Wilson 1987). The intent of today’s housing policy is to overcome the problems of concentrated poverty by exposing low-income public housing residents to working and middle-class role models and neighborhoods offering greater opportunity. Evidence for the potential effectiveness of these strategies comes in part from research done on small samples of Gautreaux families in the late 1980s. This research, as well as more recent research on the Moving to Opportunity (MTO) demonstration, suggested that some participants experienced employment and educational benefits (Kaufman and Rosenbaum 1992; Popkin, Rosenbaum, and Meaden 1993; Rubinowitz and Rosenbaum 2000).

However, as we argue in this article, these studies offer little solid evidence that such strategies will benefit the neediest public housing residents, those who make up the majority of households in the distressed developments being targeted most heavily by these new policies. Mixed-income and dispersal approaches may reduce the level of distress in public housing developments and offer some former residents—those with fewer problems and stronger skills—new opportunities. But in a

world where housing authorities institute strict screening and management policies to ensure that they can attract—and keep—higher-income residents and in places where increasing numbers of Section 8 holders must compete with market-rate tenants for affordable units, these troubled families may be pushed out of assisted housing altogether. As is the case in welfare reform, a substantial proportion of these families may not be able to make a successful transition and may experience extreme hardship (Allen and Kirby 2000; Loprest 1999).

Some would argue that we should not care about the fate of these troubled tenants; public and assisted housing is a limited resource and should be reserved for only those “deserving” people who will respect rules and regulations. However, there are equally strong arguments in favor of policies that aim to help *all* original residents make a successful transition and gain access to safe, decent housing. As noted earlier, most of the households in distressed public housing are families with children; new housing policies that exclude the neediest residents may place these children at risk. Further, given the role that federal policies and managerial neglect played in creating the distress in public housing, HUD and local housing authorities must accept at least some responsibility for trying to help address residents’ problems. Thus, we start from the premise that current housing policies should be carefully examined to determine their impact on the poorest, most vulnerable families and that, if necessary, these policies should be modified to ensure the best possible outcomes for the largest number of original tenants.

We use data from two preliminary studies of public housing transformation in Chicago (Popkin and Cunningham 2000; Popkin et al. 1998) to frame the issue of the potential impact of changes in federal housing policy on current residents. The CHA, which perhaps has been more profoundly affected by the changes in federal housing policy than any other housing authority in the nation, is now in the midst of a planned 10-year transformation plan. The two studies we present—one a preliminary assessment of a revitalization effort in the Henry Horner Homes and the other a study of residents who are being relocated through the Section 8 program—help provide a better understanding of how troubled public housing residents may fare in the new assisted housing environment. Our findings suggest that there are good reasons to be concerned about the impact of public housing transformation on the most troubled families and a real need for innovative programs and policies that will help bring about a successful transition.

Recent changes in housing policy

Federal housing policy has changed dramatically in the past decade. After a long period of neglect, HUD began to address the problem of

deteriorating conditions in many public housing developments by convening a National Commission on Severely Distressed Public Housing in 1989 (Fosburg, Popkin, and Locke 1996). The commission focused on the problem of the concentration of extremely poor and troubled families in neglected, high-crime developments and cited many factors that had led to this situation, including historical practices such as placing developments in poor, inner-city areas, often isolated from the larger city; poor design and construction that made buildings difficult to maintain and secure; and long histories of poor management and inadequate maintenance (National Commission on Severely Distressed Public Housing 1992). In many cases, these problems were exacerbated in the late 1980s and early 1990s by the crack epidemic and the increasingly violent drug market.

Federal policies that helped concentrate the neediest families in these troubled developments included the Brooke Amendments, which limited tenant payments for rents to 25 percent of income to make public housing affordable to very low income families (but also increased housing authorities' dependence on the federal government for operating subsidies),² federal preferences that required housing authorities to give priority to extremely needy households,³ and the elimination of ceiling rents.⁴ Without a ceiling, some of the higher-income families eligible for public housing had to pay above-market rates to live in public housing, thus making it less attractive to them. Because of these policies, by 1991, nearly one-fifth of public housing tenants had incomes that were less than 10 percent of the local median (Fosburg, Popkin, and Locke 1996).

Other federal policies made demolishing and replacing deteriorated developments financially unfeasible. To maintain the supply of public housing units, the "one-for-one replacement rule" required housing authorities to build a new unit for every one they demolished, whether

² The Brooke Amendments to the Housing Act of 1937 were enacted in 1969 and 1970. The Omnibus Budget Reconciliation Act of 1981 changed rent requirements from a maximum of 25 percent to a minimum of 30 percent of adjusted income, 10 percent of gross income, or the welfare shelter rent, whichever is greater.

³ Federal preferences were added in Section 206 of the Housing and Community Development Amendments of 1979, then expanded in the Housing and Urban-Rural Recovery Act of 1983. Several laws in the 1990s gave housing authorities more flexibility to use local preferences.

⁴ Ceiling rents were eliminated in the 1981 Omnibus Budget Reconciliation Act. Under a 1987 law, housing authorities could apply for a waiver from HUD, while 1992 and 1994 laws allowed ceiling rents based on fair market rents or the 95th percentile of preceiling rents. In the 1998 Quality Housing and Work Responsibility Act, ceiling rents were finally reestablished and could be calculated on the basis of market conditions for public housing units.

the unit was occupied or not. This policy made it prohibitively expensive to demolish units. Without funds for demolishing and replacing units, housing authorities either placed tenants in these deteriorating units or let them stay vacant. In addition to being an eyesore, vacant units created their own hazards: Drug dealers used them as hideouts and children playing in them were exposed to grave dangers (e.g., unprotected windows) (Popkin et al. 2000).

In response to what many policy makers saw as a crisis, public housing policy began to change dramatically starting in the early 1990s, and by the end of the decade, mixed-income and dispersal strategies clearly predominated. Congress repealed the one-for-one replacement rule in 1995, paving the way for the demolition of many distressed developments. Now housing authorities need replace only occupied units, and they can replace them with either “hard” units (public or scattered-site units) or “soft” units (a Section 8 certificate or voucher). Under a 1996 federal law (Section 202 of the Omnibus Consolidated Reconciliation Act), all housing authorities are required to conduct a viability assessment of any of their properties with over 300 units and a vacancy rate of more than 10 percent. Nonviable developments are those where rehabilitation costs exceed the costs of demolishing them and providing residents with Section 8 vouchers. Under the law, developments that fail the viability assessment are supposed to be demolished and their occupied units “vouchered-out” within five years.

Through the HOPE VI program, the federal government has provided unprecedented resources for the revitalization of distressed developments. The first HOPE VI grants were awarded in 1993; since then, the program has continued to grow, and by 1999, HUD had awarded \$3.5 billion to revitalize 130 developments nationwide. In many cities, housing authorities are using HOPE VI funds to demolish and rebuild or substantially rehabilitate deteriorated properties and then designate the new or revitalized developments as mixed-income.

At the same time, screening policies for public and assisted housing have become more restrictive. Under the federal “one-strike and you’re out” provision,⁵ housing authorities can evict any household with a member who uses illegal drugs or is involved in drug-related criminal activities. Some cities, including Chicago, interpret this provision broadly to apply to any household with any evidence of drug or felony activity, such as a drug-related arrest rather than an actual conviction. Some

⁵ The one-strike law was enacted in 1996 as part of the Housing Opportunity Program Extension Act (Public Law 104–120, 110 Stat. 834–846) and amended by the Quality Housing and Work Responsibility Act of 1998.

housing authorities are also instituting housekeeping inspections for tenants who hope to move into new or revitalized public housing developments. Finally, the Quality Housing and Work Responsibility Act of 1998 has opened up public and assisted housing to families with a much wider range of incomes. It allows housing authorities to reinstate ceiling rents, to create site-based waiting lists for specific developments, to use income disregards to attract higher-income tenants, and to impose work requirements on unemployed tenants.⁶

The net effect of all of these changes is that some of the worst public housing is being demolished, to be replaced, in many cases, with new or revitalized smaller developments that will serve a more varied tenant population. Many of these developments will include privately built housing for higher-income and, in some developments, market-rate tenants. Some original tenants will return, but many will receive Section 8 subsidies, be relocated to other developments, or leave assisted housing altogether—either voluntarily or through eviction.

The Gautreaux legacy is evident in the emphasis on deconcentration in public housing and the creation of mixed-income communities; however, it is even more visible in the move to shift the poorest assisted households to the Section 8 program. Section 8 participants receive certificates or vouchers that allow them to search for housing in the private rental market.⁷ The Quality Housing and Work Responsibility Act of 1998 sets aside 75 percent of all new and turnover Section 8 vouchers for participants whose incomes are less than 30 percent of the area median.

The net effect of these policies will be to shift many of the poorest tenants from public housing to the private market. HUD hopes that this strategy will promote “residential mobility” and tenant dispersal. Unlike *Gautreaux*, which used race-based criteria for defining “mobility,” the new policies emphasize the poverty rate of the receiving communities. For example, the most recent Section 8 rules include a performance measure on how well the housing authority is doing on dispersing its

⁶ Section 513.d.2 of the act requires that at least 40 percent of a housing authority’s units made available in a year be occupied by families with incomes at or below 30 percent of the area median income. If more than 75 percent of the new or turnover Section 8 vouchers are used by families with incomes below 30 percent of the median, then this 40 percent requirement can be reduced to as low as a 30 percent share.

⁷ All units must meet HUD’s housing quality standards and fall within what HUD has determined to be fair market rents; under recent regulations, participants must also pay a full security deposit for their unit.

Section 8 population throughout “low-poverty” areas of its jurisdiction.⁸ Further, HUD has provided some housing authorities with funds to provide mobility counseling. Modeled on the services of the Gautreaux program, this counseling provides search assistance to encourage families to move to low-poverty areas that the department hopes will offer greater economic opportunities. Programs that offer funds for mobility counseling include the MTO research demonstration, the Regional Opportunity Counseling Initiative, programs funded as part of desegregation litigation settlements, the Vacancy Consolidation Program, and HOPE VI.⁹

The changes in federal housing policy over the past decade mean that housing authorities now have a great deal more flexibility to demolish and redevelop their properties and to set rules to determine the types of tenants who live in them. They also have an incentive to try to disperse low-income families participating in their Section 8 programs, but they must still cope with local realities such as tight rental markets, potential discrimination against Section 8 participants, and, in some cases, pressures from city governments and developers to gain access to valuable land. All of these factors mean that the implications for the poorest households—often viewed as less desirable tenants—are unclear.

Two preliminary studies of public housing transformation in Chicago

Evidence from two studies in Chicago—one a preliminary assessment of a revitalization effort and the other a study of residents being relocated through the Section 8 program—offers insight into how troubled public housing residents may fare in the new assisted housing environment.

In February 2000, HUD approved the official transformation plan for the CHA, a massive effort that calls for the demolition of 51 gallery

⁸ Under the September 10, 1998, proposed rules (24 CFR, Part 185) for the Section 8 Management Assessment Program (SEMAP), housing authorities get up to five bonus points if they meet one of the following criteria for Section 8 families with children: 50 percent live in low-poverty census tracts; the percentage of movers who move to low-poverty census tracts in the current year is at least two percentage points higher than the percentage in the previous year; or the percentage who move to low-poverty census tracts in the past two years is at least two percentage points higher than the percentage who moved to low-poverty census tracts in the next-to-last year. A low-poverty census tract is defined as one having a poverty rate at or below 10 percent or a poverty rate below the average in the housing authority’s operating area. SEMAP also awards points to housing authorities having policies that encourage participation of landlords with units located “outside areas of poverty or minority concentration.” See Pistilli (1998) for details about the new SEMAP program.

⁹ For an overview of different types of existing mobility programs, see Turner and Williams (1998).

high-rise buildings, as well as several thousand mid-rise and low-rise units. This plan will reduce the authority's stock by 14,000 units overall; new and rehabilitated units will be built alongside privately developed market-rate housing. These new developments will all be mixed-income, serving public housing tenants, working families (few of whom exist in the current resident population), and market-rate tenants. (See the Chicago Housing Authority's *Plan for Transformation* [2000].) The CHA also plans to relocate approximately 6,000 families with Section 8. This plan, including the relocation and revitalization costs, is estimated at \$1.5 billion over 10 years.

However, while the plan became official only this year, the transformation of Chicago's public housing actually began in the mid-1990s. Between 1993 and 1996, the CHA received HOPE VI grants for four of its largest developments—ABLA, Cabrini Green, Henry Horner, and Robert Taylor (Housing Research Foundation 1999). The first of these revitalization efforts to get under way was the Horner Revitalization Initiative, at the time one of the most comprehensive and ambitious redevelopment efforts in the nation.

Early assessment of the Horner Revitalization Initiative

In 1995, the CHA began its efforts at Horner, unquestionably one of the agency's worst developments. Constructed between 1954 and 1961 and extending for a mile, the Horner Homes originally had 1,777 units in a mix of high- and mid-rise buildings. A multiyear study (1993–1998) of anticrime initiatives in Horner and two other CHA developments (Popkin et al. 2000) documented the miserable conditions in Horner's high-rises, including backed-up incinerators; infestations of roaches, rats, mice, and even feral cats; perpetually broken elevators; and dark hallways. The development was contested by three rival gangs; drug dealing was rampant, and episodes of gang violence were common.

Because of the terrible conditions, a small group of Horner residents filed suit against the CHA in 1991, alleging that the agency's neglect constituted de facto demolition.¹⁰ The case was settled in 1995, with the CHA and HUD agreeing to an ambitious revitalization effort that would transform the development into a mixed-income community. The initial plan called for demolishing all of the high-rises, along with

¹⁰ The Horner redevelopment is the result of a 1991 lawsuit filed by a small group of Horner residents against the CHA and HUD: *Henry Horner Mothers Guild v. the Chicago Housing Authority and the U.S. Department of Housing and Urban Development*. A recent ruling indicates that any units demolished in phase one of the Henry Horner redevelopment are still covered under the one-for-one replacement rule, which was in effect at the time the consent decree was signed. For demolitions in phases two through five, the CHA is not required to adhere to the one-for-one replacement rule.

almost all of the mid-rise buildings and the construction of new town homes on site and on vacant land in the surrounding community. Half of the new and revitalized units were to be used for working families, but because the Horner effort was governed by the 1995 settlement, all of the residents had to be eligible for public housing.

In 1998, we conducted a preliminary assessment of the Horner Revitalization Initiative. The assessment included (1) focus groups with Horner resident leaders and social service providers, (2) a face-to-face survey of 289 Horner residents and 208 residents of the surrounding community, (3) in-depth interviews with Horner and community residents, (4) interviews with CHA staff and other key actors involved in the redevelopment process, and (5) monitoring of key events affecting the CHA.¹¹

Our assessment found that three years into the revitalization, physical conditions in the development had already improved and significant social changes had occurred. Yet despite the evident benefits, there were serious reasons to be concerned about the ultimate success of the redevelopment and its impact on the original residents. First, it had proved to be very contentious and had encountered many delays. Horner is located adjacent to the United Center, the site of the 1996 Democratic National Convention. There was a spurt of activity before the convention, followed by a lengthy series of delays. By the spring of 1998, the community had been rechristened “Westhaven,” but only 160 of the planned 466 new town homes had been constructed in and around Horner, and just three buildings had been demolished. Most of the original buildings were still occupied, and the new town homes were dwarfed by the massive high-rises on the east side of the development.

In 1998, crime remained a serious problem and a frequent source of contention between the Horner plaintiffs and the CHA. Plaintiffs’ attorneys returned to court several times to demand better security, which they said was essential to the success of the redevelopment. Also, there was controversy over the screening of former residents who wanted to move into the new units. Working families new to the development were required to undergo interviews and screening by the Tenant Selection Committee, but because of the litigation, Horner residents had only to pass a criminal background check and a housekeeping inspection. All residents—both Horner and new—went through an orientation intended to introduce them to town home living. Even so, there were allegations that some former Horner residents had “trashed” their new units and concerns that residents were being set up to fail.

In addition to these problems, there were reports of problems with the quality of the new units, particularly those constructed before the Democratic National Convention. The town homes looked much better than

¹¹ For a full description of the study and methodology, see Popkin et al. (1998).

the housing they replaced, and many residents reported being very happy with their new homes. Still, some units had serious maintenance problems, including problems with water infiltration and foundations. Such poor construction may threaten the long-term viability of these units and put the entire redevelopment effort in jeopardy, particularly if these problems cause higher-income tenants to look for housing elsewhere.

Our survey results indicated that Horner remained considerably more economically and socially distressed than the surrounding community, itself a poor African-American neighborhood. The contrast between Horner and other neighborhood residents highlights the difficulty of successfully integrating these public housing tenants into the larger community. Respondents in both the Horner and community samples were almost entirely African American; they had little formal education and extremely low incomes. However, Horner respondents, on average, were even less educated and poorer than other community residents—over 50 percent of Horner residents had not completed high school, compared with 34 percent of community residents. Even more striking, 55 percent of Horner respondents reported that their 1997 income was below \$5,000, and only 8 percent reported household income above \$20,000. By contrast, 20 percent of community residents reported incomes below \$5,000, and 25 percent reported incomes above \$20,000. Horner residents were younger, more likely to be women, and more likely to have children living with them; they were also less likely to have a working phone.

Although both Horner and its environs were high-crime communities, Horner respondents reported substantially worse problems than community residents. As table 1 shows, over 70 percent of Horner residents and more than half of community residents said there was a “big problem” with people selling drugs and people using drugs in their neighborhood. Gang activity was also a major concern, with two-thirds of Horner residents and nearly half of community residents citing gangs as a big problem for their community. Finally, Horner residents were one and a half to two times more likely to report “big problems” with people being attacked, with shootings, and with sexual assaults than community residents.

Ideally, the new mixed-income community should foster an environment where residents are able to work together to solve common problems. It is important to recognize that the starting point is far from ideal; Horner had long been an extremely dangerous community, and residents maintained a constant wariness about their neighbors in an environment that could become dangerous at any time. The situation was further complicated by the reality that the people causing the problems were often their relatives, lovers, and neighbors (Popkin et al. 2000). Three years into the redevelopment initiative, Horner residents main-

tained a high level of distrust, reporting much lower levels of social cohesion and collective efficacy than respondents of the surrounding community.¹² As table 2 shows, only about half the Horner residents reported it likely or very likely that neighbors would intervene if children showed disrespect to an adult, began fighting in front of their home, or spray-painted graffiti on a local building. By contrast, between 63 and 74 percent of community residents said neighbors would intervene under these conditions. Even more striking, about half of the Horner respondents agreed that “people around here are willing to help each other” and “people in this neighborhood generally get along with each other,” but only 23 percent agreed that “people in this neighborhood can be trusted.” Residents of the surrounding community were significantly more likely to agree with these statements.

Table 1. Perceptions of Social Disorder and Violence in the Neighborhood: Percent Reporting “Big Problems”

	Horner Residents (N = 289)	Community Residents (N = 208)
Social disorder	82.3	60.6
People using drugs	76.5	55.7
People selling drugs	72.1	53.6
Groups hanging out	59.7	37.8
Gangs	66.7	46.0
Violence	63.3	36.8
Shootings	53.7	35.2
People being attacked	40.6	19.9
Rape/sexual assaults	23.1	10.5

Source: Authors' calculations from Westhaven Assessment Survey, conducted from April to June 1998 for all items.

Note: A chi-square test indicates a statistically significant difference between Horner and community residents at a 10 percent significance level.

In addition to the challenges facing the revitalization effort, our findings raised questions about the overall impact on the original Horner residents. Indeed, both Horner and community residents in our survey sample were concerned about people being pushed out of the neighborhood. As table 3 shows, a majority of both groups believed that the new town homes were for higher-income people, and more than a third were worried about residents being forced out of the neighborhood because they could no longer afford to live there. Less than 40 percent of Horner residents expected to be living in the neighborhood in five years.

¹² These scales and the concept of social efficacy come from work by Sampson and colleagues (1997).

Table 2. Informal Social Control and Social Cohesion

	Horner Residents (N = 289)	Community Residents (N = 208)
<i>Informal social control</i>		
Percent who say neighbors would be very likely or likely to intervene if they saw... ^a		
Children showing disrespect to an adult	54.3	62.5
A fight break out in front of their home	53.6	73.6
Children spray-painting graffiti on a local building	50.5	71.0
Children skipping school and hanging out on a street corner	37.4	49.5
Informal social control scale (average of above measures, each on 1 to 5 scale with 1 being maximum social control)	3.0	2.5
<i>Social cohesion and trust</i>		
Percent who strongly or somewhat agree that... ^b		
People around here are willing to help their neighbors	51.9	81.3
People in this neighborhood generally get along with each other	48.1	84.6
This is a close-knit neighborhood	40.8	70.7
People in this neighborhood share the same values	33.6	70.7
People in this neighborhood can be trusted	23.2	56.3
Social cohesion and trust scale (average of above measures, each on a 1 to 5 scale, with 1 being maximum social cohesion)	3.4	2.2

Source: Authors' calculations from Westhaven Assessment Survey, conducted from April to June 1998.

Note: Except on the informal social control scale average, a chi-square test indicates a statistically significant difference between Horner and community residents at a 10 percent significance level for all items.

^a Respondents could answer "very likely," "likely," "neither likely nor unlikely," "unlikely," or "very unlikely" to the informal social control items.

^b Respondents could answer "strongly agree," "somewhat agree," "neither agree nor disagree," "somewhat disagree," or "strongly disagree" to the social cohesion and trust items.

Table 3. Residents of the Neighborhood after Revitalization

	Horner Residents (N = 289)	Community Residents (N = 208)
Percent who believe		
New town homes are for*		
Horner residents	20.9	13.8
Higher-income people	58.6	73.7
Both	20.5	12.6
Residents are being forced out of the neighborhood because they can no longer afford to live here	35.4	46.4
They will live in the neighborhood 5 years from now	38.8	75.5

Source: Authors' calculations from Westhaven Assessment Survey, conducted from April to June 1998.

Note: A chi-square test indicates a statistically significant difference between Horner and community residents at a 10 percent significance level for all items.

* This question was asked of people who responded that they were aware that new town homes were being built in Horner or in the neighborhood (n = 271 in Horner and n = 182 in the community).

Residents' fears seemed to have some basis in fact: In 1998, our findings indicated that there had been significant displacement and that only about 20 percent—81 of the 409 families originally guaranteed replacement housing under the first phase of the decree—had returned to the new development. The majority (236 families) opted for either scattered-site housing or Section 8, but a substantial proportion (92 families) were determined to be ineligible for replacement housing because of lease violations such as nonpayment of rent or other problems. There were also reports that some tenants chose to flee out of fear of losing their housing altogether. The CHA could not provide figures on the whereabouts of all of the 409 families, and the scope of the research did not permit us to track them down. Learning their whereabouts—particularly for those who were evicted or declared ineligible for new housing—remains a critical issue for determining the long-term effects of the Horner revitalization effort.

In sum, although by 1998 the Horner Revitalization Initiative had brought about positive social and physical changes, it was still not clear whether it would ultimately succeed in creating a viable, mixed-income community. Further, our evidence indicated that the outcomes for the original tenants were likely to be mixed. While some were living in the new town homes, staff were already reporting that former Horner residents were having difficulty complying with the terms of their leases; without long-term supportive services, these families might not be able to make a successful transition to the new community. Outcomes for those who left the development were unknown, although we can assume that some of those who received Section 8 or scattered-site units could well be encountering the same kinds of transitional problems as those in the town homes. The substantial number of residents who were declared ineligible or left on their own is also a serious concern. After three years, it seemed that there was a good chance the Horner Revitalization Initiative would lead to major improvements for the community, but perhaps not for many of the people the revitalization was originally intended to serve.

Relocation with Section 8

Further evidence of the potential risks of public housing transformation for CHA residents comes from a study of the experiences of Section 8 participants searching for housing in 1998 and 1999 (Popkin and Cunningham 1999, 2000). For this research, we conducted 16 focus groups with 141 Section 8 participants, including 6 groups of unsuccessful movers, who were issued a Section 8 voucher but had failed to find a unit; 3 groups of successful movers, who had found a unit; 2 groups of applicants who were on the Section 8 waiting list; and 5 groups of

residents living in developments slated for demolition and awaiting relocation (CHA relocatees).¹³

Even though CHA relocatees officially made up just 5 of the 16 focus groups, current and former CHA residents represented a substantial proportion of the unsuccessful (46 percent) and successful movers groups. Overall, our findings indicate that CHA residents had a different set of needs and concerns than other Section 8 participants and faced serious challenges in using Section 8 assistance.

Echoing the Horner study, our findings from this study indicate that the multiple, complex problems that many CHA residents face make it especially challenging for them to make a successful transition to the private market. For example, one effect of the violent conditions in CHA developments is that a significant proportion of households have at least one member with a criminal record. In addition to the high rates of substance abuse, it is very difficult for young men in CHA housing to avoid being recruited by gangs; those who resist often risk retaliation. It is not at all unusual to have someone who has been arrested or has served jail time in the household. Indeed, a CHA resident who participated in one of the unsuccessful movers groups said she was denied an apartment when the prospective landlord, a retired police officer, recognized her boyfriend as someone he had arrested. CHA residents also spoke of having to cope with substance abuse, domestic violence, serious illness and disability (e.g., caring for children with severe asthma), and the sudden death of family members and friends. Because of the prevalence of substance abuse and other mental problems, it was common for older women to have custody of grandchildren, nieces, and nephews.

In addition to their personal problems, most CHA residents in the study lacked knowledge about the private market; many had never lived anywhere other than public housing. They lacked the experience and skill to negotiate with private market landlords. Some had never paid a utility bill and understood even less about Section 8 rules for rent calculations, fair market rents, and security deposits. Further, many CHA residents allowed relatives and friends to stay with them for extended periods of time. While often unofficially tolerated in public housing developments, this doubling up can get tenants evicted from private market units or disqualify them from receiving Section 8. This participant's situation was typical:

¹³ For a complete description of the study and methodology, see Popkin and Cunningham (2000). The focus groups with unsuccessful movers were conducted in late 1998 as part of research funded by CHAC, Inc., which administers Chicago's Section 8 program, to determine the factors that caused participants to fail to find units (see Popkin and Cunningham 1999).

I got two kids, I got a man that's 26, and my mother and my nieces and nephews was living with me 'cause they was burned out [had a fire in their home].

Residents were also suspicious and ill-informed about Section 8. Some viewed the entire relocation process as an attempt by white residents to displace them and “take back the city.” Many focus group participants spoke of their fears of being left stranded in an unfamiliar neighborhood and cited rumors that Section 8 would be good for only one year. While these sentiments may seem extreme, they reflected residents’ deep distress about being asked to leave their communities and their many experiences with the CHA’s broken promises. These fears may make it even harder for families to make successful transitions to life outside of CHA housing.

Our findings also pointed to the real risk that CHA residents who choose Section 8 might end up clustered in other high-poverty communities where it is relatively easy to find landlords who will accept them. Indeed, focus group participants who had succeeded in finding units—almost always with the help of the CHA’s relocation services—often reported that their new neighborhoods were little better than the miserable developments they left behind. As this former resident put it:

When I found my place...my neighbor said, “[T]his is a place where they gonna kill you when you get ready to go to work.” And when I be going to work they [drug dealers] stop [me], they say you want a rock [crack] or a blow [powdered cocaine]? I say I’m trying to make it to work, that’s what I’m trying to do.

Residents of some Chicago neighborhoods are already complaining about the influx of CHA residents into their communities and fearing an increase in crime and disorder (McRoberts and Pallasch 1998). To try to avoid creating new concentrations of poverty, the CHA began providing counseling services to relocatees in 1999. CHAC, Inc., which manages the CHA’s Section 8 program, has developed a mobility program for Section 8 holders; the agencies providing relocation services for CHA residents will also be providing similar mobility counseling. As of this writing, it is too early to determine whether these services will be able to help residents move successfully from public housing—and avoid reconcentration.¹⁴

Like the Horner study, this research highlights the potential risks of public housing transformation for CHA residents. The complex personal problems that many of the residents bring with them, combined with their lack of experience in the private market, mean that they face

¹⁴ The MacArthur Foundation has provided funding to the Urban Institute to assess the effectiveness of these relocation services. Results from this research will be available in 2001.

extraordinary challenges in adapting. While it may be possible for relocation services to place them in private market units, many will likely encounter difficulties in keeping their Section 8 assistance over the long term. Private market landlords, particularly those in better neighborhoods, will probably be less tolerant of problem behavior. Some former CHA residents may also encounter difficulties with paying utilities and caring for their new units. All of these issues will place these families at risk of losing their vouchers or prevent them from qualifying for the program altogether.

Why mixed-income and dispersal now?

These two studies of public housing transformation in Chicago highlight the risks of mixed-income and dispersal strategies for vulnerable families that will now be forced to compete for limited numbers of units in mixed-income housing or move to the private market. Despite the potential problems, policy makers are gambling that these approaches will provide valuable enough benefits for families and neighborhoods to justify the costs. Drawing on limited research evidence, policy makers and scholars (Brophy and Smith 1997; Epp 1996; Nelson and Khadduri 1992; Stegman 1992) generally assume that deconcentrating poor households through mixed-income and dispersal approaches will create a range of positive outcomes.

Dispersal Strategies

1. Families will experience improved job and educational opportunities when they move to middle-income neighborhoods.

Dispersal and Mixed-Income Strategies

2. Employed persons will provide role models for children and unemployed residents. Higher-income tenants will model good tenancing behavior (e.g., good housekeeping, respecting neighbors).

Mixed-Income Strategies

3. Communities will be more stable, with a lower turnover of residents than in traditional public housing.
4. Public services will be better because of efforts to attract higher-income residents and those residents' demand for quality services once they have moved in.

5. Maintenance and management will be more responsive because of the demands of higher-income tenants.
6. Institutions, public agencies, and commercial businesses are more likely to invest in a mixed-income community.
7. Resident services and programs may be built into developments' budgets in mixed-income developments.
8. There will be more public and political support for assisted housing if it is seen as benefiting a wider range of families.

Much of the impetus for the shift in federal policy to encourage deconcentration is based on the consensus among policy makers and scholars that high concentrations of very low income households in housing developments lead to negative social and behavioral outcomes. Wilson (1987) described the rise of what he calls an "underclass culture" in many inner-city ghetto neighborhoods characterized by weak labor force attachment and high rates of welfare reciprocity, teen pregnancy, female-headed households, and "pathology" (drug use, crime, etc.). He attributed this phenomenon to the increasing isolation of the inner-city poor from middle- and working-class role models.

Briggs (1997a) elaborated on this theory, discussing the role of "social capital" as leverage—that is, the role assistance usually plays in getting ahead (obtaining job information or a recommendation for a job or a scholarship) and in providing social support. Building on Wilson, he argued that people in underclass neighborhoods lack the social capital to get ahead and that the challenge for housing policy is to offer residents opportunities to increase their leverage without undermining their sources of social support. Other scholars (Ellen and Turner 1997; Leventhal and Brooks-Gunn 2000) have argued that neighborhoods have profound effects on residents' life chances, although the mechanisms that bring about these effects are still poorly understood.

These arguments about the effects of concentration have had a major impact on federal housing policy. As Schwartz and Tajbakhsh (1997, 72) note, "[A]rguments in support of dispersal and mixed-income housing appear to rest on the assumption that reversing the process of concentration will produce better outcomes." However, there is no empirical evidence that it is even possible to artificially create a *community* where people interact rather than a development or neighborhood where people of different income levels simply share the same physical space. Nor, as will be discussed later, is there strong evidence that exposing low-income public housing tenants to higher-income residents has any effect on their employment or educational outcomes. Finally, proponents of these models make a number of assumptions about the mechanisms involved, among them the following: There is a difference in values and

behavior between lower- and higher-income residents, higher-income residents will necessarily provide good role models for their lower-income neighbors, and any bad behavior that lower-income tenants might exhibit will not influence the behavior of other tenants. Despite the current enthusiasm for mixed-income and dispersal strategies, there is little evidence that their benefits will outweigh the risks highlighted by our Chicago research.

The Gautreaux model and other dispersal strategies

The primary evidence for the benefits of dispersal strategies comes from widely cited research on the Gautreaux program in Chicago (Kaufman and Rosenbaum 1992; Popkin, Rosenbaum, and Meaden 1993; Rosenbaum et al. 1991; Rubinowitz and Rosenbaum 2000). The Gautreaux research involved comparing outcomes for participants who moved to predominantly white suburbs with those for participants who moved to revitalizing African-American neighborhoods in the city. A follow-up survey of a sample of approximately 300 participants indicated that suburban movers were more likely to report having had a job after they moved (16 percentage points), although they did not work more hours or earn higher wages than city movers. Findings from a longitudinal study of a small sample of participants indicated that suburban movers' children were more likely to stay in school, to be employed after graduation, and to go on to four-year colleges or universities.¹⁵

While these results have been widely accepted as strong evidence of the benefits of dispersal strategies, the Gautreaux research has a number of limitations that make it difficult to generalize the findings to the larger population of public housing residents. First, Gautreaux participants self-selected into the program and were heavily screened, undergoing home visits and credit checks. Second, many participants were not current public housing residents, but were from families on the CHA's waiting list or were related to people who had lived in public housing during the period covered by the Gautreaux decree. Third, most of the families (about 80 percent) that came through the program did not move; those families that did succeed in finding a unit in a non-minority area were likely the most determined and motivated.¹⁶

Fourth, the research itself had limitations. Researchers were not able to track people from pre- to postmove but rather conducted only post-move surveys. Because of the retrospective design and the difficulty

¹⁵ This study involved 69 families interviewed in 1982 and 1989 (Kaufman and Rosenbaum 1992).

¹⁶ The "lease-up" or success rate for Gautreaux families is estimated to have been about 20 percent overall (Feins, McInnis, and Popkin 1997; HUD 1996).

of locating former participants, only a handful of participants who had either moved back to the city or lost their Section 8 assistance were included in these samples, meaning that it is likely that many unsuccessful movers were excluded. Thus, any findings about positive effects may be inflated. Finally, as many critics have pointed out, the Gautreaux studies were not a random experiment but rather took advantage of a “natural experiment” to compare outcomes for city and suburban movers. For all of these reasons, it would be a mistake to view this research as conclusive evidence of the potential benefits of dispersal programs for very low income public housing residents.

HUD’s 10-year MTO demonstration was intended to address some of the shortcomings of the Gautreaux research. MTO was implemented in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York) and differed from Gautreaux in that it used the poverty rate of the receiving neighborhood rather than its racial composition as the dispersal criterion. In each city, samples of public housing residents were randomly assigned to one of three groups: In the experimental group, families were offered a special MTO certificate, which could be used only in census tracts in which less than 10 percent of the households were below the poverty level, along with counseling and housing search assistance. In the second group, families were offered a regular Section 8 certificate or voucher with no additional support, and in the in-place control group, families received no Section 8 assistance at all.

While MTO should answer many of the questions about the effects of dispersal strategies, it will be some years before the full results on participant outcomes are available (HUD 1996, 1999). However, reports from small studies conducted on the individual sites (Katz, Kling, and Liebman 2000; Leventhal and Brooks-Gunn, forthcoming; Ludwig and Duncan, forthcoming; Pettit and McLanahan 1998; Rosenbaum and Harris, forthcoming) indicate a number of positive short-term outcomes for the experimental households. The studies generally find that households in the experimental group that succeeded in moving are living in safer neighborhoods, with lower levels of drug trafficking and violence and higher levels of social organization. Individual studies have found evidence that children in these families seem to have fewer behavior problems, a reduced incidence of arrest and convictions, fewer injuries, and fewer episodes of asthma, and that mothers hold positive views of their children’s new schools and teachers. Studies in Boston and New York indicate that adults seem to have improved mental health. Some families, however, have reported being concerned about their children’s interaction with new schoolmates and teachers. While these results are exciting, it is not clear that they are generalizable: The MTO population suffers from the same self-selection biases as the Gautreaux participants in that the families volunteered for this special experiment and therefore may differ in unknown ways from the larger population of public housing residents. Further, only about half of the experimental

families succeeded in finding a unit in a low-poverty area; therefore, like Gautreaux, these findings may reflect outcomes for only the most motivated families.

Limited research has been done on the benefits of the regular Section 8 program. One study on assisted housing participants in four California counties (Ong 1998) finds that Section 8 participants are more likely to be employed than either public housing residents or poor households in the private market, although it is not clear how much of a role self-selection plays in these outcomes either. Turner (1998) cites evidence that Section 8 holders are substantially less likely to live in high-poverty areas than public housing residents or low-income renters in the private market. Varady and Walker (2000) find that tenants from subsidized properties that were “vouchered out” when their Section 8 contracts expired generally moved to somewhat better neighborhoods but did not move far from their original developments.¹⁷ A study of Section 8 participants in Washington, DC (Cunningham, Sylvester, and Turner 2000), found similar results.

Finally, the only evidence on the impact of dispersal strategies that do not rely on Section 8 comes from Briggs’ study of the Yonkers Scattered-Site program (1997b). The Yonkers program involved the construction of scattered-site units for minority tenants in predominantly white areas. Briggs compared outcomes for movers with those for participants who remained in traditional public housing. Study participants had moved anywhere from 3 to 36 months before being interviewed. His results suggest some benefits—the new neighborhoods were clearly safer and less stressful—but he found relatively little evidence that movers had significant interaction with their new neighbors or gained access to social capital. In fact, a number of movers maintained ties to their previous neighborhoods, returning regularly to attend church or socialize.

Mixed-income developments

There has been even less systematic research on the impact of living in mixed-income developments on outcomes for public housing residents. The only formal evaluation of a mixed-income development is the assessment of the Lake Parc Place project in Chicago (Rosenbaum, Stroh, and Flynn 1996, 1998). Lake Parc Place was created from two rehabilitated CHA high-rises. The tenants originally consisted of a mix of 50 percent very low income tenants (with incomes below 50 percent of the area median) and 50 percent low-income tenants (with incomes at 50 to 80 percent of the area median). However, although this was a

¹⁷ Since these findings were limited to those households that could be contacted by telephone, they may be biased toward those former residents who were better off.

formal pre/post study, it was short term—residents were surveyed at baseline and again just 12 months later. This study showed that the development did attract a population of higher-income tenants, at least initially, and that the housing was safer and much better maintained than other CHA properties. However, although very low income and higher-income tenants interacted, these relationships were often superficial, not the intensive interaction envisioned as necessary for social learning. Further, employment rates actually declined for both groups of tenants during the first year, although the reasons for this change were not clear (Rosenbaum, Stroh, and Flynn 1996).

Subsequent research documented that conditions in Lake Parc Place deteriorated fairly rapidly. Nyden (1998) states that the quality of the management declined after the CHA replaced the original private management company with a different contractor. Even more significant, the income mix became increasingly unbalanced; by 1996, 67 percent of tenants had very low incomes (Vale 1998).

Case studies of other mixed-income developments offer similar results. Brophy and Smith (1997) conducted case studies of seven mixed-income developments, including Boston's Harbor Point. While they found that these developments are successful in some ways—they are well maintained and attract both low- and higher-income tenants—they found less evidence that living in these developments brings about desirable socioeconomic outcomes for residents.

As is the case with the other research in this area, it is difficult to generalize from these studies to the larger universe of distressed public housing residents, because most of the seven developments serve a slightly higher-income, working-poor population. Even so, their results suggest that other than providing improved housing, mixed-income developments are unlikely to have social or economic benefits for the lowest-income tenants.

First, in the case of Harbor Point, which does serve public housing tenants, there has been no impact on employment, even though the development is near mass transportation and job centers. Second, in all of these developments, there is relatively little interaction between low- and higher-income tenants. In several of these sites, the low-income population consists of families with children, while the higher-income population consists of childless households, such as graduate students, recent immigrants, and recent arrivals in the area. In at least one development, there is very high turnover among the higher-income tenants, reducing the possibility for community involvement. Third, there is evidence that far from modeling ideal tenant behavior, the higher-income tenants in some cases are just as likely to cause problems with noise and disruption as those with lower incomes.

Housing authorities are not the only developers of mixed-income housing. A growing number of such developments can be found in the private housing market, and many have been financed in part through tax credits. The information available on privately owned developments suggests that they serve few very low income households. Like housing authority-sponsored mixed-income developments, many of the private developments screen prospective tenants strictly. Unlike housing authority-sponsored developments, some private developments define low income very broadly, in some instances as high as 80 percent of the area median income. One such development discussed by Mulroy (1991) excludes very low income households to "facilitate the goal of community stabilization" (4). Thus, the "poor" population served in many of these developments represents only the upper end of the lowest economic bracket.

Potential pitfalls for current public housing tenants

Taken together, the level of distress among many inner-city public housing tenants and the evidence from existing research suggest that deconcentration achieved through mixed-income and dispersal strategies may create serious risks for many vulnerable families while offering benefits only for the least troubled households. Certainly, our research suggests reason to be concerned about how the poorest tenants will fare as public housing is transformed. Although research has documented that mixed-income dispersal strategies can lead to well-managed, attractive developments and better neighborhood environments, there is little evidence that they consistently produce desirable social or economic outcomes for even less troubled low-income residents. Indeed, given current trends, mixed-income and dispersal policies may leave the most vulnerable families out of assisted housing altogether.

Troubled tenants may not survive screening or the private market

Many public housing tenants in large central cities—not just those in Chicago—are very troubled, and there is some evidence that they are among the least skilled and employable of the welfare population. Recent research (Allen and Kirby 2000) has documented that inner-city residents are generally having more difficulty moving from welfare to work than welfare recipients in suburban or rural areas; this is likely true of residents of distressed public housing as well. As our research in Chicago documents, in addition to the lack of job experience and skills, many of these tenants have multiple social problems, including disability, mental illness (particularly depression), substance abuse, and domestic violence. The extreme level of violent crime in many of the worst public housing developments means that many residents experience traumas that contribute to widespread depression, lack of

motivation, and hopelessness. Finally, experience with the MTO program (Feins, McInnis, and Popkin 1997) and our Chicago research suggest that many tenants have serious problems with housekeeping and poor credit as well.

Like the CHA, housing authorities across the nation are already beginning to enforce rules and regulations more strictly, including the “one strike and you’re out” provisions that ban households with members who have criminal records. This enforcement removes some problem tenants from the developments. As evidenced by our study of the Horner revitalization, public housing tenants with multiple, complex problems are even less likely to survive the kinds of screening that new or newly renovated mixed-income developments require. To attract higher-income tenants, housing authorities must guarantee that mixed-income developments will be well-maintained, safe, and generally pleasant places to live. Therefore, managers have a great incentive to screen out families that pose potential problems, particularly when the pool of eligible low-income tenants far exceeds the number of available units. In Washington, DC, half of the previous public housing residents who applied for a unit in the new, mixed-income Townhomes of Capitol Hill did not meet the application requirements (Wheeler 1998). Likewise, in Charlotte, NC, only 44 of the original 367 households were able to move back into their development after it was revitalized, and most of those were elderly (Leonnig 1999).

The findings from our Chicago research suggest that many of the same kinds of issues might prevent many current public housing tenants from succeeding in the Section 8 program. Some tenants may not qualify for the program because of criminal backgrounds or other problems. Others may have difficulty locating units to lease because of bad credit, poor housekeeping skills, bias against public housing residents, or their own lack of knowledge about how to search effectively in the private market. Certainly, public housing tenants—and Section 8 recipients in general—will fare worse than market-rate tenants in the private market. Particularly in tight rental markets, many landlords will be able to command higher rents from unassisted tenants and avoid the bureaucratic processes of the Section 8 program as well. Finally, even if former public housing tenants successfully lease a unit with Section 8, some proportion of them will likely lose their assistance because of personal problems; private landlords are more likely to act quickly on problems with housekeeping, illegal tenants, noise, and so on.

It is not clear that the lowest-income tenants will experience economic benefits

Even for public housing tenants in Chicago and elsewhere who pass the screening to move into revitalized mixed-income developments or suc-

ceed in using Section 8 to move to a better neighborhood, new living conditions may not necessarily lead to better economic or labor market outcomes. The research that has been done on mixed-income and dispersal strategies suggests that tenants have relatively low levels of interaction across income groups and that the kinds of interactions that do occur are often fairly superficial. The Gautreaux research is the only study that shows any evidence of positive effects on employment and educational outcomes, but as noted earlier, the findings are limited and difficult to generalize to today's more troubled public housing population.

It may be unrealistic to expect that people will gain access to jobs and job opportunities through their neighbors. While people certainly do find jobs through their network of friends, it is not clear whether it is possible to artificially create a mutually supportive community through simply requiring low- and higher-income families to share the same physical space or by moving poor families into middle-class neighborhoods (Smith 1999). Rather than big economic changes, the research implies that the major benefit of mixed-income approaches for those public housing residents who are able to obtain units will be an improved quality of life in a substantially safer, better-maintained community.

It is not clear that middle-income families can be attracted to mixed-income developments

Mixed-income developments appear to be most successful when they are located in low-poverty neighborhoods or in areas with tight rental markets (Khadduri and Martin 1997). However, the kinds of higher-income tenants they attract may have little in common with lower-income tenants. In the cases cited by Brophy and Smith (1997), higher-income tenants were generally households without children, in many cases graduate students, recent immigrants, or professionals new to the area. Having no children of their own, they had little to tie them to the low-income tenants and, in fact, tended to object to the children's noise and disorder.¹⁸

In Chicago, many of the developments targeted for revitalization are in gentrifying neighborhoods, but existing conditions are so bad and

¹⁸ Khadduri and Martin (1997) do not even include developments with a mixture of poor families and higher-income families without children in their definition of mixed-income housing:

We start with a basic premise about mixed-income housing. Such housing must, at a minimum, give poor children an opportunity to live close to working families with incomes above the poverty level. Housing that serves primarily the elderly or other households without children, or that excludes the poor from its range of incomes, does not fall within our definition of mixed-income housing. (34)

the CHA's reputation so poor that the agency will have to work hard to attract—and keep—higher-income families, particularly market-rate tenants. In Horner, continuing problems with crime and security constituted a real threat to the ultimate success of the redevelopment. Further, the costs of building housing nice enough to attract market-rate tenants and of providing high-quality maintenance may make using such an approach on a large scale impractical in the long run. The CHA recently opened a small mixed-income development near Cabrini Green, with units selling for nearly \$200,000 on the open market. This new development provides housing for only 16 former CHA residents (McRoberts 1998). The housing authority is lining up city and private support for its current ambitious transformation effort, but it is too early to predict whether this strategy will succeed.

*Opening up public housing to higher-income tenants
limits the supply*

Proponents of mixed-income strategies argue that they will increase political support for assisted housing because it will be seen as a “universal” benefit for moderate-income as well as poor households (Epp 1996; Khadduri and Martin 1997; Stegman 1992). These arguments may, in fact, have merit; certainly the 1998 housing bill, which included provisions opening up public housing to a wider range of incomes, was the first in several years to include even a modest increase in funds for assisted housing. Further, proponents argue that low-income tenants will benefit because the developments will be better maintained and have better services; city agencies and local businesses will be more likely to invest in the surrounding neighborhood. In some developments, particularly those that received HOPE VI grants in 1998 or thereafter, supportive services may be provided to low-income tenants to help them become self-sufficient (Naperstek, Freis, and Kinglsey 2000). The limited research that has been done certainly indicates that mixed-income developments have a number of positive aspects; they are generally better managed and have more amenities than current public housing developments.

Yet even if mixed-income strategies increase political support for assisted housing and lead to improved neighborhoods, it is important to remember that this approach also necessarily reduces the supply of units for the neediest tenants (Nelson and Khadduri 1992). Under HOPE VI, more than 130 developments are being revitalized, and most are being replaced with smaller, mixed-income developments. While relocated tenants receive Section 8 subsidies, this strategy clearly reduces the number of hard units of subsidized housing permanently available for the lowest-income tenants. For example, the 807 units at Lafayette Courts in Baltimore were demolished and replaced with 228 low-rise units and a 110-unit senior mid-rise, resulting in 469 fewer hard units;

the 540 family units at Hillside Terrace in Milwaukee were replaced with 500 public and scattered-site units, resulting in 40 fewer hard units. In Chicago, the transformation plan will reduce the number of family units by about 14,000.

There is already a shortage of affordable units for low-income families; in some cities, the shortage is severe (Joint Center for Housing Studies 1998). Chicago is no exception; a recent market study found a very low vacancy rate—about 4 percent (Great Cities Institute 1999). Setting aside units in subsidized developments for higher-income families means fewer units for the neediest households and the expenditure of limited public moneys to support less needy households. As Quercia and Galster (1997) argue, housing authorities cannot effectively serve both the neediest and higher-income tenants; given the option, most housing authorities will choose to serve the higher-income population, which will generate higher revenues and perhaps fewer management difficulties.

Conclusion

The legacy of the landmark *Gautreaux* case, which created the first mobility and scattered-site programs has meant that mixed-income and dispersal strategies now dominate federal housing policy, although the focus of these programs has shifted from race-based to income-based approaches. As our preliminary studies of public housing transformation in Chicago show, these new strategies seem to offer benefits for distressed public housing communities but also bring with them the risk of leaving the most vulnerable current tenants worse off than they were. Instead of living in bad public housing developments, increased screening or the need to compete with private market tenants may force them out of the assisted housing market altogether. Furthermore, needy tenants on public housing waiting lists may have to wait longer for a low-income slot to open up, and even then they will encounter the same screening and private market challenges that current public housing residents face.

Studies on the impact of welfare reform show that troubled inner-city families are facing the greatest challenges in moving from welfare to work (Allen and Kirby 2000); without careful planning and adequate supportive services, the transformation of public and assisted housing may present yet another blow to these vulnerable families. The result may be reconcentration: a substantial number of troubled families clustered in poor communities outside of public housing. Those whose problems are most severe may lose their assistance and end up underhoused in private market slums—or even homeless. It would be a terrible irony if the ultimate legacy of *Gautreaux* were the reconcentration of very poor families in substandard housing.

There is no good evidence on the long-term effects of changes in public and assisted housing policy on tenants. Our research on Chicago highlights the potential challenges, but the findings are preliminary and not necessarily generalizable to other cities where the housing—and residents—are less distressed. There is a critical need for systematic research that will track what happens to public housing residents as their developments are transformed. We are currently conducting panel studies of the relocation process in Chicago and the impact of HOPE VI on original residents in a range of cities, but the results of these studies will not be available for some time.

If we are to bring about good outcomes for as many of the original tenants as possible, HUD and local housing authorities cannot afford to wait for this research to be completed. In Chicago, the CHA has taken some innovative steps, creating a relocation system that provides housing search assistance and counseling for tenants who choose to be relocated with Section 8. While this program does not provide long-term support, it is clearly a beginning. HUD is now requiring housing authorities to provide more services to residents whose developments are revitalized under the HOPE VI program. But addressing the complex needs of the most troubled public housing residents will call for a more comprehensive solution, perhaps modeled on transitional assistance to the homeless. One approach might be to provide long-term counseling and support, similar to the model used by Project Match, the well-known welfare-to-work program in Chicago (Olson and Herr 1989). Project Match focuses on incremental changes rather than short-term employment outcomes, assuming that participants will face setbacks along the way. Supportive housing, where intensive services are offered on-site, is another model that might help this troubled population, especially young mothers.

These vulnerable families constitute only a small proportion of the overall public housing population. The costs of providing them with intensive services and long-term support would not be prohibitive and might serve as a way to better equip them for mixed-income housing or the private market. Some might argue that these tenants have created their own problems, that their behavior makes them undeserving of assistance. But it is important to remember that many of these tenants are children. Early intervention may help prevent them from experiencing more serious problems later on. Further, since federal policies and managerial neglect played a major role in creating the distress in public housing, these agents must bear some responsibility for trying to address residents' problems and not allowing their needs to be forgotten. The intent of the *Gautreaux* case was to increase opportunity and enhance quality of life for public housing tenants; policy makers should take steps to ensure that current housing programs reflect these fundamental goals.

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