

Looking at the Section 8 Housing Choice Voucher Program in St Mary's County, Maryland

Graham Babbitt
Saint Mary's Project in Economics

Mentor: Donald Stabile

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Saint Mary's College of Maryland

Abstract

This paper is an analysis of the Section 8 program in St Mary's County, Maryland. Section 8, also known as the Housing Choice Voucher Program, is designed to serve the needs of low-income residents. This paper will build on a study by ABT Associates that analyzed rural Section 8 programs. Four key areas will be looked at to characterize the program: the length of time spent on the Housing Authority waiting list, the success rate of voucher holders, the utilization rate of the Housing Authority, and the concentration of vouchers.

Introduction

Since earliest times, humans have been confronted with the problem of allocating their resources to create a place where they may be protected from the elements. Though in times past it may have been much harder to find adequate shelter, Americans today still allocate almost one third of their income to provide housing, and to pay for its upkeep. Americans today are better housed than they have ever been. A staggering transformation in the landscape of American shelter has taken place in the last century. Almost all Americans live in a home with adequate heating and plumbing. This is a far cry from the state of housing in the past century, when as late as 1940 more than half of homes had inadequate plumbing.¹

This paper will first analyze the origins of housing problems within this country. It will briefly review early government efforts to combat these problems, and why they failed. The Section 8 program will be explained, and a review will be undertaken to compare how the program is administered in other rural areas. Through data analysis and interviews with the St Mary's County Housing Authority staff, the Section 8 program in St Mary's County will be carefully analyzed. Problems with the program will be noted and some explanations will be offered for why they may exist. Finally, a reflection will be made on the Section 8 program's future, and what should and should not be expected of the program.

It appears that there are some problems with the Section 8 program in rural areas. Principal among these are issues of concentration and a low level of success in finding suitable housing for vouchers. Solutions will be suggested including the controversial

¹ Mills, Edwin S., & Hamilton, Bruce W. Urban Economics: Fifth Edition. HarperCollins College Publishers: New York, 1994. pp 239.

idea that perhaps rural housing policy should move away from Demand Side policies back to the Supply Side.

Overview

Due to the existence of the mortgage interest tax deduction, renting has become the less preferred method of paying for one's housing. As such, it is left to families who either desire mobility or lack the resources to afford a mortgage payment. One of the signature traits of housing as a good is that it is extremely durable. Almost all housing is assumed to last fifty years or longer, and sometimes a hundred years or longer². This long lifespan makes a fifteen to thirty year mortgage a fairly good investment, given generally rising housing values. It also makes renting an option of positive value to landlords, who may rent well constructed housing for long periods of time, given regular maintenance. Therefore, renting in America is a less-desirable state of affairs than buying.

However, the majority of very-low income citizens cannot afford to buy, and so they must rent. The majority of housing programs deal with renting, though some newer programs are designed to encourage and facilitate home ownership. An example is the Department of Housing and Urban Development's Homeownership Voucher Program, in which HUD assists first-time homeowners.

The price of housing is a function of the value of the dwelling, and the cost of obtaining capital to pay for the occupation of the dwelling. Economists express this relationship as: $R = \rho V$, where R is equal to rent, V is equal to the value of a dwelling

² O'Sullivan, Arthur. Urban Economics: Fifth Edition. McGraw-Hill Irwin: Boston, 2003. pp 439

and ρ is equal to the cost of capital.^{*3} Renting is differentiated from housing as a consumption decision. A unit is occupied for a given period of time and then vacated. When housing is purchased, it is an investment decision, since the unit is added to a household's portfolio of capital investment.

Creating new housing is an expensive and time-consuming event. Therefore, the short-run supply of housing is relatively inelastic. In a period of a year, an area's supply of housing is nearly fixed, as it takes almost that much time to finance, gain permits, and create new housing. The price of housing is therefore determined by the demand for it in a given geographic area. A change in population or a change in the income levels of a significant number of people in an area will affect the rent level in the area.

Housing is a unique good for a number of reasons. First, it is immobile. Housing is nearly impossible to move from place to place to suit the fluid needs of governments and residents. Even mobile homes need lots and utility hookups to move them from place to place. Second, the cost of moving from one dwelling to another is high. Besides the economic costs of transferring belongings, people may feel an attachment to a neighborhood, and may be unwilling to leave familiar schools, churches, and communities. This high cost of moving combined with the immobility of the housing stock is one of the chief reasons that successful housing policy is so hard to achieve. Often, new housing must be created to suit the needs of low-income residents. Municipalities may have rules which govern the quality and type of housing, and these

* More complicated equations take into account the role of inflation and taxation. The extended version of the above equation is: $\mathbf{R} = [(\mathbf{i}^r + \mathbf{T})(\mathbf{1} - \mathbf{t}) - \mathbf{\pi t} - \mathbf{g}' + \mathbf{c}] \mathbf{V}$, in which the equation $[(\mathbf{i}^r + \mathbf{T})(\mathbf{1} - \mathbf{t}) - \mathbf{\pi t} - \mathbf{g}' + \mathbf{c}]$ is inserted to explain the cost of capital given taxation and inflation.

³ Mills & Hamilton, pp 201-209

rules may not allow for the type of high-density low-rent units that low-income households may need.

Another of the qualities which make housing a unique good is the very high costs associated with it. A household will usually have to take out a very large loan to pay for their housing. This fact leads many people to rent their housing, as they cannot afford to own. However, legislation has been passed to make it easier to own a home. Unfortunately, this legislation provided no provision for renters, and so though it helped lower-middle class households to buy homes, it left low-income renters paying a greater portion of their income since they did not have money to own their own housing even with the new assistance.

Housing is also durable: a unit may last for many decades. The housing stock is also heterogeneous. A typical street will have many different types of units. These two facts mean that much of the low-income housing stock has been filtered down from higher income levels. “Filtering” is the process by which new housing is passed through income levels. A new unit will be purchased by families at the upper end of societal incomes. As this family grows to need more space, they will pass the unit on to another family. The wear and tear placed on the house will be reflected in the lower price paid by the second family. As this lower income family no longer needs the unit, it may be passed down again, or divided into a duplex, to be used by a lower income family as apartments. This cycle may continue for over one hundred years. In this way, the housing stock is moved among differing income levels, made possible by the durability of housing.

These types of units will often have to be modified and repaired to make them suitable for low-income renters. What was a single family home will be modified to be a multi-family dwelling.

Housing Policy

The 1937 Housing Act set forth the goal of decent, safe, and sanitary housing for low-income families⁴. However, more than sixty-five years after this legislation, the United States has still not managed to find a perfect solution. Early on, housing policy was based on ‘supply-side’ theory: the government attempted to create housing where shortages existed. With this idea came new problems of crowding, crime, and urban poverty concentrations. Newer policy attempts to influence the demand-side for housing. Housing program participants are given the ability to increase their own level of demand in hopes that this will influence the housing market favorably.

The two principle concerns in the American housing stock are over-crowded dwellings (defined as those with more than one person per room,) and affordability (a unit is considered to be a cost burden if its cost comprises more than one third of the occupant’s income.) Federal, state, and local governments have all undertaken programs to address this problem.

Early housing policy often attempted to overcome these problems by simply building large new structures to suit the needs of low-income renters. Supply side housing policy created housing where there was none, and gave the housing to low-income residents. These structures were often giant high rises. Though they did provide

⁴ United States Housing Act of 1937 Title 1, General Program of Assisted Housing. Sec. 2. [42 U.S.C. 1437]

housing for people without it, they intensified the effects of concentration in the cities. Most of these mammoth structures have been abandoned. New housing policy must attempt to be flexible to make up for housing's inflexibilities as a good. The policy known as Section 8 is one attempt to offer a more flexible response to the housing problem.

The basic outline of Section 8, or the Housing Choice Voucher Program, is a monetary voucher given to renters. Rather than building new housing, renters find their own housing, which they then apply their government voucher towards. This program allows renters to select their own housing, and also allows them to supplement the amount of the voucher with their own money. The government pays for the difference between thirty percent of the family income and the rent. (Sometimes instead of the rent, there is a determined amount set by the local public housing agency. Since the program is administered by local agencies, there is some variability in its application.) There is also a supply-side component of the program, though much smaller in size. A Public Housing Agency may elect to use up to twenty percent of its annual HUD allotment to designate rehabilitation projects as Section 8 housing. Provided that the builder creates new housing or does at least \$1,000 worth of work per unit, the structure may be used by the Public Housing Agency to house applicants to the Section 8 program. In this case, the money is paid directly to the owner.⁵

The first discussion of a Housing Allowance program was in the mid-1940s, when discussion papers were submitted to the Truman administration about a demand-side program. In 1965 the Department of Housing and Urban Development began a program

⁵ "Voucher Program Guidebook: Housing Choice." Department of Housing and Urban Development, Office of Public and Indian Housing. April, 2001. pp 1 - 10

in which the government rented units at their market rent, and then subleased the units to very-low income families at a HUD-determined rent. In 1970, the Department established an experimental program that lasted until 1977. Extensive data was collected on the twenty million dollar project.⁶ Many academic and government papers were published on the experimental program, probably because it was around this time that the earlier supply-side programs appeared to have conclusively failed.

The principal concerns about the project related to the effect that it would have on the public market. How would the program affect new construction and rental rates in the cities that it was administered in? Would the program induce new building to respond to the new project? The findings of the project indicate few major responses to the program. There was no noticeable rent increase in the cities that the program was tested in. This was a positive aspect, since it indicated that low-income families who were not part of the target group of very-low income families would not be punished with higher rents. However, the project found no major rehab projects and no new construction, both of which had been aims of the program. This led to questions about the project, since a major goal has been to affect the housing market from the demand side. There were some modest gains in home improvement projects. However, since the experimental program was able to find housing for its selected families, perhaps it was due to a depressed housing market that there were already available units and new ones did not need to be constructed.

The experimental program was concluded with the estimate that eight million owners and nine and a half million renters would qualify for the program the following

⁶ Carlson, David. How Housing Allowances Work: Integrated Findings from the Experimental Housing Allowance Program. Washington D.C.: Urban Institute, 1978. pp 1 - 50

year (1976.) Of those, fifty percent of renters and thirty percent of owners would receive payments. The estimated cost in 1976 dollars was \$7.4 billion (\$23.4 billion today.) An interesting finding of the project is that it would serve elderly, minority, and large families in numbers comparable to their proportion as a part of the total population more than other public housing projects.⁷

A Brief History of Housing Programs

Anyone who takes a drive through an American city without a map is sure to quickly understand the scope of the so-called “ghettos” that exist in every one. The term “ghetto” that is used to refer to this modern problem usually indicates an area in which very low-income families are concentrated. In public perception, this grouping also is racially based. Popular perception is that the ghetto is a place where poor black people live together in low-quality housing. This concentration leads to an inability to pay higher property taxes and thus, an inability to demand a high level of city services such as trash collection and crime prevention. As well, with less income, these areas are less able to draw in stores and service firms. With a low level of average education, few firms will move in to employ these residents.

Clearly, one of the biggest problems confronting America’s ability to assist the poor is the concentration of the poor together. Traditional housing assistance programs have simply added to that problem. The first idea to take hold in American housing assistance was to simply give the poor a place to live. If this place did not exist, it would be created for them. This was supply side public planning at its most basic. The poor, it

⁷ Carlson, David. How Housing Allowances Work: Integrated Findings from the Experimental Housing Allowance Program. Washington D.C.: Urban Institute, 1978. pp 1 - 50

was supposed, had no place to live. Rather than give them the ability to afford a nicer place, the nicer place would simply be built for them. This plan gave birth to high rise housing projects. A drive through southern Chicago to Gary, Indiana will give an idea of how well this worked. Clustered along the sides of the highway are enormous identical high rises, all brown, with windows falling out. These decrepit buildings are near Lake Michigan, on what should be high-value property.

The high rise concept of public housing was abandoned after a time, and replaced by two or three story units clustered together. Some of the stress on neighborhoods was prevented by this, but the problem remains the clustering of low-income residents together.

Though the major public housing projects had failed, for a time, housing policy was still administered through the supply-side. Two major programs followed public housing projects and attempted to address its problems. Section 236 and Section 8-Project Based⁸ both attempted to move public housing project building into the private sector. The government payout in these projects was similar to that of the Section 8 Housing Choice Voucher program in that households were expected to contribute 30% of their income to rent. However, both programs were meant to encourage private development of housing. Section 236⁹ paid an interest subsidy to private citizens who built and managed properties for low-income families. Section 8-Project Based¹⁰ replaced Section 236, and instead gave a specific per-unit subsidy to builders who maintained a project within Federal rent and quality standards. The problem with both of these

⁸ This program is not the same program as the Section 8 Housing Choice Voucher Program, which is the focus of this paper.

⁹ This name denotes Section #236 of the 1968 Housing and Urban Development Act

¹⁰ Whose name and funding comes from the same section number as the other Section 8 program, both named for Section #8 of the Housing and Community Development Act of 1974.

programs is the same as that of the original public housing projects. By their nature, they dealt in the supply of housing, and not the demand for it. Therefore, they responded to government assumptions about families' needs, and not to the desires of specific families.¹¹ This characterization is accurate. Experience has shown that government assistance programs should attempt to use market driven principles wherever possible. When creating new policy, government should attempt not just to solve a recognized need, but to give the recipient of assistance the ability to solve the problem for themselves through the public markets.

Certain problems confront rural housing consumers more often than they affect urban residents. Very-low income residents especially may find it difficult to have their needs met in rural areas. America's rural areas are in a state of transition. The paradigm of American growth that has existed since the first settlers arrived is beginning to be reversed. For the past several hundred years, Americans had been first exploring, then moving into open areas to convert them to agricultural use. America's population was constantly expanding west to convert more and more land to be used for agriculture. The industrial revolution and the growth of America's cities with immigrant populations only fueled this growth as more city-dwellers demanded a larger variety of agricultural products for food.

The agricultural industry was very labor-intensive compared with farming today. Crops like tobacco, especially, (the signature crop of Southern Maryland) depended on much hands-on labor. This led to large and decentralized populations of low-skill and low-income workers to provide the labor in these areas. However, concurrent with the population expansion into agricultural areas have been improvements in agriculture

¹¹ Mills, Edwin S., & Hamilton, Bruce W. pp 266-267

technology. These trends have moved in competing directions, on the one hand pulling workers out to rural areas and on the other precluding the need for them.

The nationwide tobacco settlement of the late 1990s essentially destroyed the tobacco industry in Southern Maryland. Tobacco had been one of the last holdouts of labor-intensive agriculture, as each plant had to be tended by hand. However, the collapse of this industry in Southern Maryland, and the absence of a labor-intensive crop that could be used to replace tobacco, left many poor rural residents essentially abandoned in the area, without the means to move to manufacturing centers or the education to be employed elsewhere.

These residents are especially susceptible to certain problems. The entry of a new industry or employer may raise the area rents, and HUD standards of fair market rents may not catch up for many years. Low-income housing is likely to be closely grouped, either in trailer parks or apartment complexes, leading to clusters of low-income residents. Transportation is likely to be a huge issue, as public transit may be unavailable and expensive personal transportation may be necessary. Due to the sparsely built-up areas, services and stores may be difficult to reach.

The Section 8 Program

The modern Section 8 program offers an exciting chance to change the way that housing policy is conducted. Section 8, or the Housing Choice Voucher Program, has the advantage of allowing governments to provide housing assistance without grouping the housing together. In the Section 8 program, an eligible candidate is selected, and given a voucher with which to find a suitable apartment anywhere they would like. The idea is

for the candidate to lease a unit that a middle-income family might also lease, and so find themselves in a mixed-income neighborhood.

The program works differently in different areas. The Federal Department of Housing and Urban Development works to allow local Public Housing Authorities autonomy in how they use the money that they are given by HUD. This means that the program will vary some from district to district. In most programs, however, the general outline is the same. An applicant will approach the Housing Authority to inquire about obtaining a Section 8 voucher. They will be asked to fill out an application containing information about their family and income sources. Their application will be accepted and they will be placed on the local waiting list. In some cases, a criminal background search may be done. Certain districts will disqualify an applicant for having been convicted or charged with certain crimes, usually drug or violence related. If a voucher is available, the Housing Authority will make a payment calculation based on the local fair market rent and the applicant's income and family size. The applicant will be informed as to the voucher's amount, and then sent to find an apartment or house. Upon finding a unit, the applicant will submit a Request for Lease Acceptance. The Housing Authority will inspect the unit, calculate the tenant's payment and then approve or deny the unit. In most cases, if approved, the application will be subject to yearly review.

Fair Market Rent levels are a crucial component of the Section 8 program. Fair Market Rents, or FMRs are the Department of Housing and Urban Development's attempt to differentiate among different areas to define what a low-income resident should have to pay for housing. HUD annually calculates rental levels in 354 metropolitan areas and 2,350 non-metropolitan areas. The fair market rent is set at the

fortieth percentile of rents. That is to say, forty percent of people will have a lower rent than the fair market rent, and fifty-nine percent will have a higher rent.¹²

The rent is purposely set at what could be considered a higher level to allow low-income participants access to a wider selection of housing. This allows participants in the Section 8 program to rent at a level of suitable quality in a decent neighborhood. It must be remembered that one of the main goals of the Section 8 program is to allow participants to live in mixed-income neighborhoods. This cannot be achieved without a decently high Fair Market Rent.

However, the Fair Market Rent also must be low enough that participants in the Section 8 program can afford to pay a part of it out of their income. Another major goal of housing programs is to avoid situations in which low-income residents spend half or more of their income on housing. In the Section 8 program, the goal is to have about 30% of income dedicated to housing. Thus, fair market rents must be regularly adjusted to assure that they reflect the true nature of housing in the area. Sometimes an influx of new residents will push area rents up during a period when there is little adjustment in the fair market rents, forcing Section 8 participants to pay more for their housing.

For example, suppose a county in which HUD has calculated the Fair Market Rent to be \$700 for a two bedroom, one bathroom apartment. The county Housing Authority would be able to choose to set its own payment method between \$630 and \$770 dollars. Some offices around the country chose to set a 90% payment level (\$630) to attempt to serve as many people as possible. Others feel that fair market rents are too low in their area and so pay the 110% level (\$770.) A Section 8 participant earning

¹² "Fair Market Rents for 2004." Federal Register. Vol. 68, No. 190., October 1, 2003.

\$11,000 and supporting two other people who qualified for this apartment would be expected to put forth about \$275 of his income to pay the rent if the Housing Authority uses a 100% of Fair Market Rent payment system. The difference of \$425 would be paid each month by the Housing Authority.

Fair Market Rents include all costs for utilities excepting telephones. They are estimated based on a combination of census data, survey-taking, and telephone surveys. In 1996, HUD updated its policies for rural FMR calculation due to general concern that FMRs in rural areas were too low. Rather than adjust survey methods in rural areas, HUD simply had the states create minimum acceptable FMRs. For non-metropolitan counties, a state average is collected. The state non-metropolitan FMR is compared to the local FMR, and the higher of the two is set as the FMR.¹³

A valid argument could be raised here that if a large differential existed between the state non-metropolitan FMR and the local area's true FMR, this system would essentially amount to tampering with the local rental market. In extreme cases, artificially setting the Fair Market Rent too high could hurt low-income residents not participating in government assistance programs by forcing area rents up. A state the size of California would be especially susceptible to this sort of problem due to its large size and diverse mix of rural and industrial areas. Perhaps non-metropolitan counties of the north-eastern and north-western interior are validly higher than those of the desert south-east. Then, all residents of the desert southeast not on assistance could be penalized with higher rents. Even in a state the size of Maryland, great differences exist between rural counties such as Caroline and Dorchester on the southern Delmarva peninsula, Washington and

¹³ "Fair Market Rents for 2004." Federal Register. Vol. 68, No. 190., October 1, 2003.

Allegany in the west, and St Mary's and Calvert in the south. However, costs associated with creating closer monitoring in all 2,350 non-metropolitan areas may be higher than those costs created by the new method of setting rural FMRs. In the end, it is likely that the current system will not be replaced.

A Review of Rural Section 8 Programs¹⁴

In a study of rural housing voucher programs, the report produced by ABT associates on five rural programs is a helpful guide. ABT is an independent research firm which assists the Department of Housing and Urban Development in its internal auditing. In April of 2001, ABT published its study of rural Section 8 programs entitled "Study on Section 8 Voucher Success Rates; Volume II: Qualitative Study of Five Rural Areas."

ABT had previously published Volume I of the report, which was a quantitative study of the program in metropolitan areas. That study involved intense data collection and much statistical analysis of the Section 8 program using data collected from a large number of Public Housing Associations in Metropolitan Statistical Areas around the country. The purpose of Volume II was to provide a study based on PHA interviews and a smaller amount of data analysis.

In part, the reliance on a more qualitative study was based on the very labor-intensive nature of PHA reporting. According to ABT, most PHAs across the country still rely on paper record keeping. This means that any data must first be transcribed from the paper files of the local PHA into a database, and from there may be analyzed. This low-

¹⁴ All data in this section is from "Study on Section 8 Voucher Success Rates: Volume II: Qualitative Study of Success Rates in Five Rural Areas." Prepared by ABT Associates: Cambridge, MA. Apr. 2001.

skill but tedious work results in much of the funding for a study being tied up in wages for long hours of data-entry.

Another problem with broad statistical analysis is the privacy concerns of PHAs towards their customers. A company such as ABT which is specifically contracted by HUD to do in-depth analysis has been granted the right to analyze the PHA's records. However, this data is not available to the public, and there is no public database of anonymous HUD records. This means that an individual must overcome extensive bureaucratic obstacles to gain access to PHA records.

However, ABT's qualitative study is based mostly on interviews with the staff of PHAs. They did attempt to conduct interviews at each of the five sites they visited but were only successful at three of them. At the remaining two sites, phone interviews were conducted after the initial interviewees did not appear for their meeting. These interviews were conducted after the main interviews with PHA staff and were used mostly to supplement the earlier findings.

The study conducted by ABT involved five rural or non-metropolitan PHAs. They were:

- The South Central Alabama Regional Housing Authority (SCARHA) based in Troy, Alabama;
- The Southern Iowa Regional Housing Authority (SIRHA) based in Creston, Iowa;
- Opportunities Inc, a private company contract by the Montana Department of Commerce, and based in Great Falls, Montana;
- The Bradford-Tioga County Housing Authorities, based in Blossburg, Pennsylvania; and
- The Del Rio Housing Authority, based in Del Rio, Texas.

These sites were selected largely for their differences, and each is unique in some way. Following is a summation of each site, and its potential relationship to St Mary's County.

The South Central Alabama Regional Housing Authority serves five predominantly rural counties. They are Bullock, Crenshaw, Lowndes, Macon, and Pike counties. Troy, Alabama, where SCARHA is located, is the home of Troy State University. Tuskegee University, a famous historically black university, is located in Macon County. Macon and Bullock counties are predominantly black, while the other counties have a slightly higher percentage of white residents. The region is traditionally agricultural, but has been supplemented by manufacturing jobs, including a Sigorsky Helicopter plant which opened shortly before the study was conducted.

ABT says, “According to the housing authority, the unemployment rate in the area is as low as it has ever been, and anyone who really wants a job can get one.” This study occurred during the boom period of the late 90s, before the economy had entered a recession, and it may be assumed that since then the job market in the area has soured some. However, this would not make the region much different from most regions of the country, which experienced a job boom in the 90s and have seen little growth since then.

SCARHA is reported to claim a good quality of rental housing in the area, which is widely available. The one area of concern is Macon County, where Tuskegee is located. It is the belief of SCARHA and the ABT staff that college students, who are willing to group together and consequently pay higher rents, have pushed the price of the housing stock up. The majority of the housing is single family homes, some of it manufactured, some of it traditional construction.

The south central Alabama region shares much in common with St Mary’s County. They are both southern areas with a traditionally agricultural economy. Until the expansion of the Patuxent Naval Air Station in the 1990s, and the passing of the Tobacco

Buyout Legislation during the same period, much of the wealth of the county came from the growing and selling of tobacco. St Mary's County may have actually made the transition to a less agricultural economy later than south central Alabama. St Mary's county does not offer many manufacturing jobs. Much of the economic growth is tied to the high tech firms which do contract work for the Navy, and services for these workers.

Racially, St Mary's is eighty percent white, which makes for a smaller population of African Americans than most of the counties in the SCARHA district. However, the African American population is still a large and distinct group at almost fifteen percent, and there are no large populations of other racial groups. Some of the new growth in the housing stock of the St Mary's County PHA is in manufactured homes, and it will be interesting to see in all of these five areas how this affects the Section 8 program.

St Mary's County does house a college, St Mary's College of Maryland, but with a student population of only 1800, over three quarters of which is housed on campus, their effect on the local housing stock is negligible. The majority of major economic activity is centered in the Lexington Park-California-Hollywood area, and the Naval Base.

The Southern Iowa Regional Housing Authority, SIRHA is centered in Creston, Iowa. It serves thirteen counties in the region: Adair, Adams, Cass, Clarke, Decatur, Fremont, Mills, Montgomery, Page, Pottawattamie, Ringgold, Taylor, and Union. According to ABT, the area is "overwhelmingly white." This area has a traditionally agricultural economy which has continued to be so, though there has been some growth

in manufacturing and service jobs. There are two colleges in the area, and in the larger towns, the rents are higher.

Single-family units are the most popular in the region, with some apartments as well. The area covered by SIRHA is much larger than that of SCARHA and St Mary's County, and cannot be as easily defined. There are casinos in Clarke County which provide a unique source of income and job growth, while much of the area is still very agricultural. With a few towns, it is hard to define the exact source of economic growth, though almost half of ABT's sample study received some income from work.

This area may be the hardest to relate to St Mary's County due mostly to its large size, which therefore represents a broad selection of demographic and economic trends. However, the area has a large agricultural section, as does St Mary's County, and may provide some idea of the problems facing rural housing administrations. Additionally, with a larger base than other PHAs, the SIRHA staff may have more experience than other PHAs.

The Bradford-Tioga County housing authorities are based in north-central Pennsylvania, and serve the two counties of Tioga and Bradford. These counties are just south of the New York state line in the Appalachian mountain range. Previously, this area had been a center of coal mining and lumbering, but there has been little growth in those sectors. The nearest cities providing employment are Elmira and Corning, both in New York.

There is one college, Mansfield in Tioga County, which has brought some African-American, Asian, and Hispanic population to the immediate area. Other than

that, the area is very white. Much of the economic activity in the area is related to agriculture, with some manufacturing as well. The unemployment rate is high in the area, even during the strong economy at the time of the study.

The PHA reports a scarcity of decent and affordable housing. Much of the housing in the area was built in the first half of the twentieth century, and there is little new housing available. Since the Section 8 program dictates that chosen housing must pass HUD regulations, this means that many units selected by voucher holders cannot be accepted by the PHA. More than a third of the Section 8 participants live in mobile homes, many of which were provided by the Federal Government following flooding in the 1970s.

This area is similar to St Mary's County at the beginning of the 1990s, other than the racial makeup. The northern end of the Saint Mary's is close enough to Washington, D.C. and the southern suburb of Waldorf that many residents commute out of the county for work, similar to the exodus from Tioga and Bradford counties for work in New York. Additionally, due to the influx of mobile homes due to the Federal government, and the way that they have remained in the housing stock, the area may provide some indication of how they may be successfully used in the St Mary's County area.

The Del Rio Housing Authority, DRHA, serves the small city of Del Rio, Texas on the Rio Grande River. The area is predominantly Hispanic, with some northern whites. Due to the passing of the North American Free Trade Agreement, the economy is doing very well. Goods manufactured in Mexico are warehoused in Del Rio before being

shipped to the rest of the United States. The Laughlin Air Force base is located outside Del Rio.

Unique among the PHAs reviewed, in Del Rio, there is a boom in rental and personal home construction. The temporary status of most of the military families means that a substantial supply of decent rental housing should continue to exist. The Del Rio Housing Authority also operates 1400 units under different assisted housing projects.

Despite all of this positive growth in the housing supply, floods during the time of the ABT study wiped out hundreds of homes in Del Rio. The Federal Emergency Management Agency (FEMA) brought in 137 mobile homes for use by the displaced families. Of those, FEMA is planning to sell half of them and lease the other half to DRHA. In the middle of the housing boom of the last few years, these floods significantly tightened the housing market.

The Del Rio area is an interesting example for St Mary's County for a number of reasons. Most obvious is the effect on the housing supply of a large military base. The effects that a base will have on an area will have something to do with how much housing is supplied on the base for the young men and women who are earning wages similar to what Section 8 recipients would receive. This, in turn, should encourage more growth in the available housing supply of an area.

Opportunities Inc operates a Public Housing Program in the Montana counties of Cascade, Choteau, Glacier, Pondera, Teton, and Toole. Great Falls is listed as a metropolitan area, but it is the sixth smallest of the 273 MSA in the country, and the third lowest in population density. The city of Great Falls is administered separately by the

Great Falls Housing Authority. The racial breakup of the area is similar to the rest of Montana, which is overwhelmingly white, with small populations of Native American, Hispanic, and African-American families. Much of Glacier County is comprised of the Blackfeet Indian Reservation, which administers a Section 8 program separate from Opportunities Inc.

The population and economy of the area peaked in the 1970s, and since then has experienced limited growth. The availability of housing and jobs in the rural areas of the counties is very small, and so much of the demand for Section 8 vouchers comes from the area surrounding Great Falls. The housing market in the entire area is described as tight. Single family units, either manufactured or traditional, are the most preferred housing type. There was a belief that widespread discrimination against Native Americans occurred in the area, with landlords unwilling to rent to them.

This is another PHA which does much of its business around one main economic center, much as St Mary's economy is centered around the Lexington Park-California-Hollywood corridor. The development of a separate PHA for the Great Falls area may set an example for how to consolidate housing in a central economic area. It will be interesting to look at how the portability of the Section 8 vouchers may have affected the administration of the Great Falls and surrounding PHAs.

The ABT study was administered at each site over a one to two day period. The first day had been planned to be used to interview the staff of the PHAs while the second day was set aside to interview voucher holders. However, the failure of the interviewees to appear at two of the sites led instead to phone calls to random voucher holders. Much

of the data collected was answers to stock questions about the running of the PHA and the estimations of the PHA staff about conditions in the region.

Much different data could be used to evaluate the success of the Section 8 program. In this study, three main pieces of data will be looked at. These are: the length of time spent on a program's waiting list, the level of success that applicants have in finding a suitable apartment, and the amount of the vouchers sent to the local Public Housing Authority by the Department of Urban Development that it utilizes. They will be referred to as waiting list, utilization, and success rates.

The waiting list is the first problem that confronts an applicant upon attempting to enroll in the Section 8 program. Every PHA keeps a waiting list of applicants to enter the program. Applicants are reviewed one by one down the list. The length of time on a waiting list may vary depending on the efficiency of a PHA, the resources that it has available, background checks that it may require, and other bureaucratic issues. However, despite the variety of possible causes, the length of time spent on a waiting list will be the main problem for potential participants. No matter the reason, an applicant on a waiting list is an applicant who is not in the program.

Each PHA must apply to HUD for the number of vouchers it estimates it will use in a given year. Each PHA will be run by a different individual who has their own preferences about how they would like their program to run. Some may wish to have a few vouchers left at the end of the year in case they estimated incorrectly, others will wish to use all of their vouchers every year. Two things are certain, however. A PHA who consistently asks for many more vouchers than it uses will have that number cut by

the Department of Housing and Urban Development. Counter to that, a PHA that uses all of its vouchers every year will be held in esteem by HUD for its ability to properly estimate its needs. A high utilization rate is often a sign that a PHA is serving its community well. Rates at or above 100% (in the case of PHAs that receive mid-year supplemental funding) are a sign that an area may deserve additional attention from HUD in the form of more vouchers.

Wait List

Once an applicant is accepted to the Section 8 program, they are given a voucher. This voucher is their right to find an acceptable apartment or house to rent. However, until they submit an Application for Lease Acceptance, the voucher is simply theoretical. It is not until the issuing Public Housing Authority accepts the lease and pays the landlord that the applicant is truly a participant in the Section 8 Housing Choice Voucher program. In some cases, applicants are unsuccessful in finding acceptable housing. This lack of success may be an indicator that an area has a poor selection of housing. In some cases, it may be a sign that a PHA does not provide adequate assistance to applicants in finding housing.

Table A.1

Waitlist Duration, Voucher Success and Utilization Rates

Locality	Waiting Period	Voucher Success Rates	Voucher Utilization
South Central Alabama	< 1 Month	60%	85%
Southern Iowa	1.5 Months	35%	101%
Great Falls, Montana	3.5 Years	80%	96%
Bradford Co. Pennsylvania	15 Months	70%	97%
Tioga Co. Pennsylvania	2 Months	70%	90%
Del Rio, Texas	6 Months	96%	95%

Source: ABT Associates

The longest waiting list in the ABT study was held by Opportunities Inc. (See Table A.1.) Demand was so high in Western Montana that applicants could expect to spend three and a half years waiting to receive their voucher. In that area, demand outpaced supply to a great extent, a sign that the program is successful enough for people to want to join it. The shortest period was that of the South Central Alabama Regional Housing Authority, or SCARHA. SCARHA participants could expect to spend less than one month on the waiting list. The time they spent there was primarily for the authority to review their application. Interviews with SCARHA personnel indicate that they feel the public housing market might be saturated, with the existence of a large Section 8 program as well as many traditional public housing projects. All the other rural areas examined had a waiting period of a year or less.

Success Rate

Once applicants received vouchers, there was a great deal of variation in their success at finding housing. For example, in Southern Iowa, success was only 35%. This means that almost two out of three voucher holders were unsuccessful in finding housing. South Central Alabama had the second-lowest rate, at only 60%. The highest rate was Del Rio, Texas with 96%, but the other two districts only had success rates of 70-80%. Does this mean that the market for low-income housing is so poor that people who truly want to find it are unable to do so? If so, are those people who do not find housing living on the streets? Not necessarily. Indications from the ABT study are that people are eager to avoid being on Public Assistance.

Anecdotal evidence collected by ABT interviewers tend to indicate that the failure of a voucher holder to find acceptable housing in the year-long period that they have available may not be due to a lack of housing. In most cases, say personnel from the housing agencies, the career or family circumstances of voucher-holders change during that period, allowing them perhaps to move in with a spouse they had been separated from, or to simply ignore their voucher if they have enough money available to rent without it.

In fact, further research was done that indicated that lower success rates may be a result of the volatility of living situations typical of younger people. ABT's data indicates that overall, applicants under 24 years of age have only a fifty percent success rate, while those 62 and older have a 100% rate. Between the two age groups, success rates grow as the age of participant's increases.

Another factor that can affect success rates is the ability of a PHA to convey information about available units to its participants. Many PHAs keep records of available units to show to voucher holders. However, in the Southern Iowa region, staff indicated that the majority of people found their units through word of mouth. While this does seem to be a very popular way to receive information about available housing in rural areas, it may not be enough. ABT reports a younger participant who wanted a voucher only if she could use it to move into the only available unit in her town of less than 700 people. Perhaps the portability of vouchers, the HUD provision which allows voucher holders to use their voucher in any PHA they like, should be talked up more with participants.

Utilization Rates

Utilization rates were high in all five areas. The lowest was SCARHA's 85%, and the highest was Southern Iowa's 101%. It is interesting that Iowa had the highest utilization rate and the lowest success rate. It seems that as people were returning their vouchers, Southern Iowa was going straight to the next person and giving them out. If anything, the high success rates are probably an indication that additional funding could be directed to the Department of Housing and Urban Development.

St Mary's County

St Mary's County is a traditionally rural county on the western shore of the Chesapeake Bay. The county had been since colonial times famous for its Maryland Type 32 tobacco. There were five thousand growers producing 8000 acres of the labor-

intensive tobacco plant. In 1997, tobacco generated \$20 million in revenue in southern Maryland. In 1999, as a part of the multi-state tobacco settlement, the state of Maryland created a program to assist farmers in converting their tobacco to alternate crops. This effectively ended the St Mary’s Cuntly tobacco industry, though a few growers continue to produce it.¹⁵

However, nearly concurrent with the collapse of the St Mary’s tobacco industry came the large scale expansion of the Patuxent River and Indian Head Naval Bases. The bases had existed since the Second World War, but in the late 1990s, many different activities related to Naval Aviation were consolidated in the county. According to the St Mary’s County Department of Economic and Community Development, this led to a huge increase in household income, one of the largest of the decade within Maryland.

St Mary’s County, and the area surrounding the Naval Base has become a mini-boom town (see table A.2.) Population grew 11.87% between the 1990 and 2000 censuses, and is expected to continue to grow at a rate of well over 5% for the coming five year periods.

Table A.2

Population Growth					
Census Year	St Mary’s	% Change	Maryland	% Change	Difference Maryland V. St Mary’s
1990	75,974		4,780,753		
2000	86,211	11.87	5,296,486	9.74	2.14
2005	93,600	7.89	5,583,650	5.14	2.75
2010	100,800	7.14	5,823,300	4.12	3.03
2015	107,900	6.58	6,028,250	3.40	3.18

¹⁵ “Transition Programs/Strategies for Southern Maryland Tobacco Farmers.” Prepared by Tobacco Crop Conversion Task Force. Dec. 10, 1999. <http://www.mda.state.md.us/tobrpt.pdf>. pp 1-16

This growth is also reflected in the age breakdown of the county. The vast majority of residents are below retirement age. 82.6 percent of residents are under the age of 55 (see table A.3.) Such a young population contrasts with many declining agricultural counties whose population continues to age, putting great weight on funding to support older populations who tend to consume more services.

Table A.3

Population Distribution (2000 Census)				
Age	St Mary's County		Maryland	
	Number	Percent	Number	Percent
Under 18	24,080	27.9	1,356,172	25.6
18-34	20,157	23.4	1,199,443	22.6
35-54	27,014	31.3	1,671,188	31.6
55-74	11,471	13.3	791,661	14.9
75 and over	3,489	4	278,022	5.2
Total	86,211	100	5,296,486	100

Note: Percentages may not add up due to rounding
Source: U.S. Bureau of the Census

Table A.4

Distribution	Effective Buying Income 2002 Percent Households		
	St Mary's County	Maryland	U.S.
Under \$25,000	19.5	22.6	30
\$25,000 - \$49,000	35.1	33.5	35.1
\$50,000 - \$74,999	27.6	23.5	19.8
\$75,000 and over	17.8	20.4	15.1
Median Household Average Household	\$46,718	\$45,023	\$38,035
Per Capita	\$51,845	\$55,124	\$48,800
Total EBI (in Millions)	\$18,750	\$20,777	\$18,375
	\$1,692	\$114,513	\$5,340,683

Note: Effective Buying Income is money income less personal tax and nontax payments. It is commonly known as "disposable income."

Source: *St Mary's County Department of Economic & Community Development*

Income levels in the county are outpacing much of the rest of Southern Maryland. In 2001, per capita income was \$32,481 below the state average of \$35,279, but above the national average of \$30,413. The Naval Bases and high-tech contracting firms are responsible for the upward shift in incomes to a large extent. The average salary of a Pax River Base worker in St Mary's county is \$53,589. St Mary's County economists, when

Federal Employees are taken out of the picture, re-estimate the average St Mary's income at \$38,220.

Indian Head and Pax River together are estimated to create a total of 22,550 jobs. This growth is clearly excellent for the county, and a wonderful counter to the negative pressures coming from the shift away from agricultural labor. However, they do not truly address the needs of very-low-income residents. Work done for the Navy is primarily related to the creation of electronic weapons, navigation, and communications systems. This work often necessitates a college or advanced degree, often with a focus on electrical or computer engineering. Simply put, in most cases, a college degree or much experience is needed. Education has become the most valuable commodity in the county, replacing land.

This shift is excellent news for area youngsters, who in the modern international and political climate can expect for defense spending to continue to grow. They no longer need to be born into a family who owns land to succeed in this county. However, it is not good news for the group of workers in the county who are unskilled and un- or under-employed. Chances are that few will be able to return to school and pursue an advanced degree. The influx of new jobs has not created a large number of unskilled jobs for them (though some will exist in the service industries.) Worse still, the new money in the county has and will continue to put upward pressure on rents and housing costs. This makes real low-income salaries even lower. Much depends on the ability of the Housing department to assure that Fair Market Rents are regularly adjusted upward.

Section 8 in St Mary's County¹⁶

The St Mary's County Housing Authority operates a successful Section 8 program for residents of the county. In 2003, the Authority issued 693 vouchers. About 70% of voucher holders earn less than \$15,000, though the maximum allowable income is \$70,050 (for a family of seven persons.) The authority uses 110% of the Fair Market Rent to calculate their payment.

The overall mean income is \$12,287.78, though they range from 0 to \$43,678. Mean income for whites is \$11,760.63, and for blacks is \$12,593.32. Mean ages also do not change much by race. For black voucher holders, the mean age is 38.43, and for white voucher holders 41.88 (see table A.5.)

¹⁶ All data in this section is from the St Mary's County Public Housing Authority.

Table A.5

Racial Grouping of Voucher Holders

Race	Number of Families	Percentage	Avg Age of Household Head	Mean Income
White	492	39.4	41.88	\$11,761
Black	725	58	38.43	\$12,593
American Indian	5	0.4	33	\$14,347
Asian	1	0.1	41	\$15,662
Native Hawaiian	9	0.7	46.33	\$14,736
White and Black	8	0.6	38.38	\$8,487
White and Hispanic	9	0.7	37.78	\$16,222
Native Hawaiian and Hispanic	1	0.1	43	\$9,425

Source: St Mary's County Public Housing Authority

Wait List

The length of time spent on a program's waiting list is an indication of how quickly a housing authority gives its vouchers to families in need. A short list can be a sign that a program has very little bureaucratic lag, and has accurately estimated its area's need. A longer list can be a sign that additional funding is required by the program.

New funding problems are complicating the Section 8 program in the county. The Department of Housing and Urban Development has stopped issuing additional vouchers for the program at this time. This means that current vouchers will be renewed annually, but new vouchers will not be issued. Until the HUD receives additional funding, the waiting list in St Mary's County will be quite extensive. There are currently 824 families on the waiting list. However, with no new vouchers to give out, the housing authority is not able to move families off of the list. This means that the waiting list will continue to grow.

If the St Mary's County Housing Authority were to be compared with the ABT study, it would have close to the worst success rate. However, an updated study might find similar problems in PHAs around the country. It would be unfair to claim that the waiting list at the St Mary's County Housing Authority could be blamed on anything but a lack of adequate funding.

Presently, an applicant who signs on to the waiting list could expect to spend years on the list. This length of time seems to be a function of international events (due to funding being diverted to pay for overseas wars) rather than any issues within the St Mary's County Housing Authority. If money were to be directed to the Department of Housing and Urban Development, the waiting time would quickly shrink.

Utilization Rate

Like the length of time spent on the waiting list, an area's utilization rates measure how well need in the area is being met. Extremely high utilization rates indicate little or no room for error in a Housing Authority's estimates of need, and may mean that

all the families that are eligible for the program are not receiving aid. Low utilization rates are an indication that estimates are high, and Housing Authority's with high rates should expect for their HUD funding to be cut.

Due to the funding problems, utilization within the county is at capacity. The staff of the Section 8 program laughed when asked if the housing authority used all of the vouchers it was issued by HUD. Utilization is at 100%, and as stated above, many more vouchers could be used were they to be issued. The high utilization rate is a result of the low level of funding that the county is currently receiving.

This utilization rate is similar to those in the ABT study, in which almost all PHAs were at or above the 90% level. Utilization does not appear to be much of a problem for these rural areas. Many of the PHAs could use additional vouchers if they were issued them.

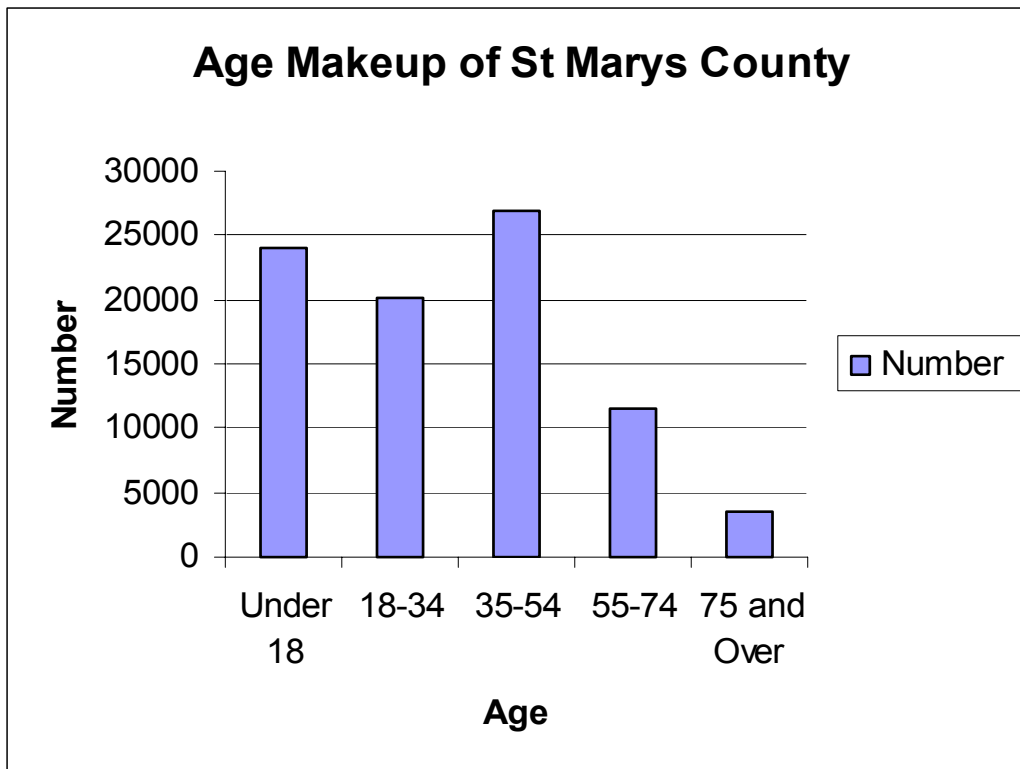
Success Rate

A program's success rate refers to the ability of applicants to find suitable housing within a year of being given their vouchers. A voucher holder who does not submit a Request for Lease Approval is considered unsuccessful. Low success rates are a complicated problem, and do not necessarily mean a failure on the part of the Housing Authority.

The biggest problem confronting the Section 8 program now is its success rate. In 2003, only 48% of voucher holders were successful in finding suitable housing. However, in 2002, the rate was somewhat higher, at 57%. There are a few possible explanations for this low success rate. The most obvious is the availability of housing in

the county. The county provides few areas of concentrated housing. The most obvious of these are apartment complexes in Leonardtown and Lexington Park. Other concentrations of housing occur in mobile home parks in the Lexington Park – Great Mills area. However, housing can be hard to find.

Table A.6



Source: St Mary's County Department of Economic & Community Development

The influx of personnel to the base, and the fact that many of these temporary workers will rent rather than own their property has put significant upward pressure on the rental market in the county. Rents are high, and many landlords have the freedom to reject Section 8 applicants to take other renters who they view as more trustworthy. This may explain some of the failures to find rentable units.

The mean age of program participants is 39.92 years. Though this is older than some programs, it is still relatively young, and well below the age of 62, at which point ABT Associates noted a 100% success rate in their study. ABT noted an 85% success rate in the 45-61 age group, and a 79% rate in the 25-44 (see Table A.7.) Since many of the voucher holders in St Mary’s county will be in the 25-44 age group, they are probably subject to much of the same volatility of living situations that creates a low success rate in other younger applicants.

Table A.7

Success Rates By Age	
<i>Age of Household Head</i>	<i>Percent of Applicants that Leased</i>
Less than 18	50%
18-24	50%
25-44	79%
45-61	85%
62 and above	100%

Source: ABT Associates

To summarize, the low success rate within the county is probably attributable to three things. First, the general lack of housing that characterizes all rural areas. It is precisely this lack of housing that qualifies an area as rural to begin with. For this reason, perhaps rural areas are better candidates for supply-side housing solutions than urban areas. Secondly, the upward pressure on rents due to the new jobs created by the Navy. Third, the younger average age of many participants may be an indication that some of the failures are due to shifting family circumstances which change a family’s need for the Section 8 program.

One of the goals of the Section 8 program is to de-concentrate low-income families. It is the hope of the program that a greater mixing of income levels will be beneficial to the lower-income families. However, in rural St Mary's county, there is some difficulty in achieving this de-concentration. 80.8% of Section 8 participants who found housing to lease are living in three zip codes (see Table A.9.) 86.1% are living in four zip codes. In ascending order of concentration, these four zip codes are: 20619 (California), 20650 (Leonardtown), 20634 (Great Mills), and 20653 (Lexington Park.) Lexington Park has 646 participants living within its zip code. In fact, Lexington Park, California, and Great Mills have no real boundaries to separate them, and could be considered to be a contiguous area. (see Table A.8.) As such, this means that the program is overwhelmingly concentrated in the greater Lexington Park and Leonardtown areas.

Concentration

There is little that the St Mary's County Housing Authority can do to prevent this sort of grouping. Simply, there is limited multi-family housing located outside of these areas. Without the creation of new units, it is not within the capabilities – or the mission – of the county to de-concentrate Section 8 participants. Housing Policy in rural areas may have to be a supply-side project, and focus on the creation of housing. It may be the case that rural housing programs are not able to simultaneously provide adequate housing and avoid concentration.

Table A.8

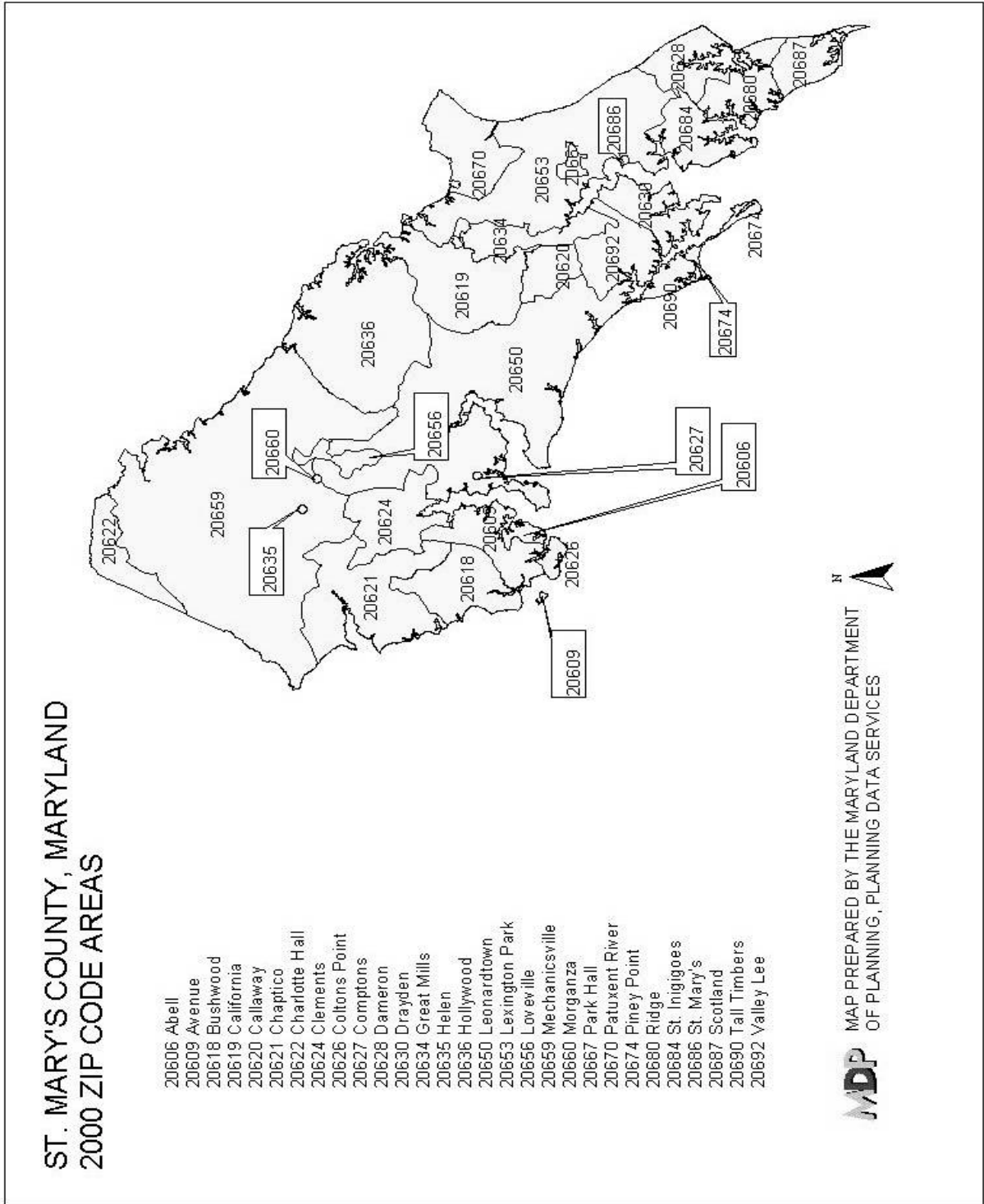


Table A.9

Concentration

Zip code	Location	Number of Families	Percent	Cumulative Percent
20620	Callaway	33	2.60%	2.60%
20636	Hollywood	37	3%	5.60%
20619	California	67	5.30%	10.90%
20650	Leonardtwn	145	11.60%	22.50%
20634	Great Mills	222	17.70%	40.20%
20653	Lexington Park	646	51.50%	91.70%

Note: There are a total of 29 Zip codes in St Mary's County

Source: *St Mary's County Public Housing*

Authority

Conclusion

The Section 8 program in many ways represented an exciting shift away from traditional methods of applying government aid to housing. It has operated very successfully in many urban and rural areas. In many ways, the most important part of the program is the way that it gives low-income families a chance to integrate with other income levels. This has many positive benefits. For one, it allows lower-income residents the chance to utilize a higher level of residential services such as better fire and police protection and more timely garbage collection and cleanup. A higher-income level neighborhood is likely to have more readily repaired houses, and a higher level of visual appeal. Additionally, lower-income children are benefited by regular exposure to successful professionals, who may serve as role models and mentors during their education. Because of all this, the main goal of every Section 8 program should be to integrate lower-income families into higher-income areas.

Through my research, however, I have seen that this is not always the result in rural areas. Del Rio, Texas, for example, benefited from a large government grant of

mobile homes to its area following floods. However, in most cases, mobile home parks are separated from the other urban areas, and represent a clustering of low-income residents. Many have joked that the mobile home park is the rural answer to the urban ghetto, and in many cases this is true. A mobile home is not by its nature a bad place to live, and many mobile home parks are vibrant communities. However, it must be recognized that whenever the goal of a program is to integrate differing income levels, a mobile home park will not suffice.

Mobile home parks are not the only place that low-income rural residents may live. In St Mary's county, few vouchers go to mobile home residents. However, they are a sign of the lack of adequate housing available in many rural areas. Often, what may be needed in a rural area is the creation of new housing. However, it may be hard for a public housing agency to create new housing and still avoid concentrating poverty. The best chance for this may be creating a program that encourages new building or the renovation of existing structures.

Section 8 is still probably the best program that exists for urban housing assistance. The concentration of housing, as well as its durable construction, gives landlords flexibility and gives voucher holders freedom to find a new neighborhood. As long as Fair Market Rent levels are regularly and fastidiously adjusted, the Housing Choice Voucher program will continue to be a success in urban areas.

Rural areas, however, do not always share the same problems as urban areas. St Mary's county is an excellent example of a rural area in transition. In a very short period, a labor-intensive rural area has shifted to one of the country's main centers of high tech Naval research. The principal problem for low-income residents may not be a lack of

housing, but a lack of education and training. Any comprehensive program to assist low-income residents must address these issues as causes of housing problems.

In the case of older residents with few technical skills, the problem may be simply being in the wrong place at the wrong time. Centers of manual labor and unskilled service jobs still exist in this country, though many are not in the same places where they once were. Low-skill, low-income residents must be advised about where their skills are marketable, and how to get to urban centers of work.

Moving has large costs associated with it, including travel, packaging of belongings, finding new lodging, and finding new work. A low-income family with little dispensable income has no way to afford the large upfront costs of moving, despite the fact that these costs may pay great benefits in access to urban services and new jobs. If these people had a way to afford the move to an urban center whose labor needs match their skills, the government would be giving them a way to provide for themselves.

Perhaps the best system for dealing with multiple rural assistance programs as a whole would be to convert the benefit payout from an in-kind system to a cash system. A family's total need could be assessed across a range of needs like food, housing, and income. Rather than give a family in need a catalogue of in-kind benefits and services, perhaps it would work best to give them a comprehensive government grant to allow them flexibility to adjust to their own needs. An out of work 30 year old could use the money to relocate to an area with available jobs. A family could afford to make a down payment on a house. A young person could pay for an education.

This system's funding would be similar to the funding accorded to current in-kind programs. A family on multiple aid sources may receive more than a thousand dollars a

month of in-kind assistance. An interesting experiment would be to try a system that gave needy families a one-time payment equal to a whole year's worth of benefits. Perhaps \$10,000 would be a good amount. This would allow for many possible choices such as the ones noted above.

The funding level of programs in a cash versus in-kind system would not have to rise. This is the major argument in favor of a cash system. If the same amount of money is distributed, but cash is used instead of in-kind payments, it would be possible to eliminate a great deal of bureaucracy. There would be no government printing of food stamps, no calculation of monthly payment standards. A great deal of work, paper, and personnel could be eliminated in this system, meaning that perhaps more could be achieved with less money.

In this system, people in favor of housing could afford to build new housing, opening up for them the tax benefits that come with ownership rather than renting. Overall, government programs should work to eliminate the bureaucratic problems and sometimes humiliating nature of in-kind benefits. It is embarrassing to have to fumble with a booklet of food stamps in front of a line of people at the grocery store, silently declaring to everyone in eyesight one's poverty. A great deal of work goes into producing, recording, and tracking food stamps. Efficiency and humility could be eliminated if the recipient could simply receive aid.

Short of a complete elimination of the Section 8 program in rural areas, another idea would be to loosen the restrictions on the payment that voucher holders make. In this system, the PHA would make the calculation of their payment based on the participant's income levels. Then the participant would be able to choose how much they would like to

spend on housing. Currently the participant is restricted to paying exactly one third of their income on housing. If this restriction were relaxed, the amount spent on housing would be related to the participant's desire. This would be a good way to allow market forces a greater hand in the program. Families who wish to spend more of their income to achieve a higher level of housing would be able to do so. A reform like this may be a good step to open the program up to the market, which should always be the goal of all government programs.

There is another possibility which must be considered. Perhaps the problem with a demand-side program such as Section 8 is that in rural areas, there is still simply not enough housing to go around. It must be considered that perhaps in rural areas, housing policy should revert to supply-side programs. For the time being at least, perhaps what is needed is for the government to create more housing in rural areas. In places like Del Rio, Texas, this has occurred by accident when the government moved a number of manufactured houses in after a flood. Similar short term solutions may be possible to give low-income residents adequate housing.

In the long term, housing policy should continue to attempt to rely on market solutions. However, much of rural America today is in a state of transition, losing much of its younger population to new urban, suburban, and ex-urban centers. In transitional areas such as St Mary's County, Maryland, the benefit of a return to supply-side programs should be analyzed.

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