Title: The Impact of Housing Allowances on the Location of Low-Income Families in Kansas City

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Relative to current housing subsidy programs, housing allowances are considered by many to represent a more cost-effective strategy for improving the housing consumption of low-income families and for increasing their range of choices with respect to housing and neighborhood. As a demand-side approach to the solution of housing problems, allowances are expected to provide a useful means for reducing the concentration of racial minorities and low-income families in the ghetto and for improving their access to suburban opportunities.

The thesis examines the locational behavior of 172 households receiving a housing allowance in Kansas City, Missouri. The locations of households before and after receiving the allowance, together with the changes in housing and neighborhood characteristics associated with the moves, are evaluated in order to measure the effectiveness of such a program to achieve dispersal of the ghetto while bringing about improvements in housing and neighborhood quality.

It is found that for this particular population of households--predominantly black, of very low income, and largely female-headed--the allowance did in fact result in improvements in housing and neighborhood, and did induce moves out of the Poverty Area.

However, few families moved to the suburbs. The majority chose locations bordering the inner city. More importantly, families' locational choices appeared to be significantly conditioned by race, with black families remaining in the black corridor and following previously-established patterns of black migration. White households moved approximately the same distance, but to different parts of the city.
A housing allowance by itself may not guarantee the range of choices which demand-side strategies are presumed to afford unless there is adequate provision of housing information and other supportive services to households receiving the allowance, and unless there is rigorous enforcement of open housing laws.

Thesis Supervisor: Langley C. Keyes
Title: Professor of City Planning
ACKNOWLEDGEMENTS

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Finally, to the people at Abt Associates for a stimulating and productive environment.
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What is a Housing Allowance?

Housing allowances may be defined as "a general system of grants to low income households intended to be spent largely on housing." The overall objective of a housing allowance program is the same as that of present housing subsidy programs—that is, the provision of "decent, safe and sanitary housing for every American family." However, the housing allowance approach is conceptually different from most current state and federal housing programs in three significant respects.

First, the majority of present housing programs are supply oriented to the extent that they seek to increase the supply of standard housing units available at prices that low- and moderate-income households can afford. Moreover, these subsidies are "unit specific" in the sense that program monies are tied to particular dwelling units irrespective of the families who may live in them. That is, the subsidy of a unit does not necessarily end when a low-income tenant or homeowner moves out and another eligible occupant moves in.

Housing allowances, however, are given directly to the individual household as a means of increasing that household's rent-paying ability independently of the particular unit in which that household lives. The allowance mechanism is, therefore, directed to the low-income housing consumer rather than to a specific dwelling unit. The subsidy may travel with
the household when and if that household decides to move, and the subsidy is not conditioned upon the occupancy of specified units.

A second major conceptual difference between current housing programs and the housing allowance approach lies in the fact that a majority of the former programs focus on the production of new units—either through rehabilitation or through new construction. The principal orientation of housing allowances, on the other hand, is toward utilization of the existing stock of housing with a determination of the amount of the allowance based principally on the costs of existing standard housing within a particular housing market area and on the income and size of the eligible household. The production focus of many current subsidy programs—and the high costs associated with that focus—means that these programs are generally capable of serving only a small proportion of the total population eligible to occupy such units. Under a national housing allowance program, however, payments would presumably be made to a much larger proportion of eligible households. With respect to the number of households served the limiting factor is no longer the number of subsidized units available for occupancy, but rather the total amount of financial resources to be allocated to households by the program, the depth of the subsidy to be applied as a function of income and family size, and the rate at which households elect to participate in the program, given specific program requirements.

Third, the majority of housing programs today are characterized by a highly complex delivery system involving a wide range of individuals and institutions who act as intermediaries in the production and delivery of new or rehabilitated units to low-income families. The highly variable set of relationships between subsidy sources, regulatory agencies, housing
sponsors, housing producers, mortgagees, investors, landlords, real estate institutions and management firms determines to a large extent both the process by which housing units are eventually made available for occupancy by low-income households, and the nature of the services provided. These intermediaries are all involved to a greater or lesser extent in the translation of federal monies into housing services available to low-income families at the local level.

By contrast, the housing allowance approach envisions a more direct relationship between the source of subsidy and the low-income housing consumer. Subject to certain earmarking constraints which may be imposed, and subject to housing market conditions, it is the consumer himself who determines where and how the subsidy is spent. Clearly, the actors named above play significant roles with respect to the quantity and quality of the housing services obtained by allowance recipients. However, their relationship to the low-income consumer is independent of the subsidy mechanism itself. The relative impact which housing market intermediaries may have on housing outcomes has more to do with the expenditure decisions of households receiving the allowance than with the guidelines and administrative regulations of the program. As opposed to many existing programs, the allowance approach permits the consumer to sit in the middle—between the source of funds on the one hand, and the housing services available to him on the other. He, therefore, is presumed to have a wider range of choices with respect to the services he obtains than under current housing subsidy programs where he usually sits at the end of a "pipeline" with little control over what is eventually delivered to him.
Similarities with Existing Programs

The three conceptual differences between housing allowances and the majority of present housing subsidy programs outlined above suggest a number of similarities as well. To the extent that housing allowances are designed to make up the difference between what the low-income tenant or home-owner can afford to pay and the costs of adequate shelter within a particular housing market, the allowance approach is comparable to the present rent supplement and leased housing programs authorized by the Housing Act of 1965. However, under both of these programs the subsidy is tied to particular dwelling units and cannot be transferred to other units if the tenant wants to move. Further, while the leased housing programs operated by local housing authorities may involve a significant number of units in the existing housing stock, rent supplements are generally limited to newly constructed, or substantially rehabilitated, units. In neither program is the tenant directly involved in the selection of units or the negotiation of lease terms and rental amounts.

Housing allowances are also similar in concept to the Relocation Adjustment Payments given to tenants and homeowners displaced by public action. Like the housing allowance, the amount of the relocation payment is intended to reflect the costs of renting or buying decent, safe, and sanitary housing in the locality where relocation occurs, and the selection of housing units is made by the tenant or potential owner. However, the term of the payment is limited to four years and the payment itself cannot exceed $4,000 (exclusive of moving costs).

Another similar program is the military Basic Allowance for Quarters (BAQ). The BAQ is intended to supplement the incomes of military personnel
living off-base with their families and is determined according to a national survey of housing costs around key military installations. Unlike a housing allowance, however, the BAQ does not have to be spent on housing, and bears no relationship to economic need or family size. Rather, the amount of the BAQ is determined by the pay-grade of the recipient--i.e. the higher the rank, the greater the BAQ. Moreover, the payment does not take into account variations in housing costs in different parts of the country, but reflects a national rental average instead.17

The federal program which most closely approximates a housing allowance program--one not generally thought of as a housing program--is welfare. Public assistance payments under the various titles of the Social Security Act of 1935 channel more money into low-income housing every year than any other federal housing program.18 Welfare grants are means-tested and made directly to the low-income family. Many welfare budgets drawn up by the states include specific amounts allocated for housing and all are supposed to reflect adequately the costs of shelter to the recipient, although the states are not required to meet 100 percent of the need.19

Interestingly, with the initiation of new federal reporting requirements for the updating of AFDC budget components (e.g. housing) to reflect cost-of-living increases; with the growing complexity of administration and increasing administrative costs; and with the rapidly expanding case loads and increasing expenditures for special allowances (e.g. moving costs, furniture expenses and the like), several states have re-oriented their public assistance programs away from variable grants toward flat assistance payments.20 Flat grants do not take into account the special needs of particular families. Such shifts are reinforced by the growing
pressures for replacement of the current categorical assistance programs with a comprehensive income maintenance approach which would presumably be more equitable, efficient and less stigmatizing in providing adequate relief to families in poverty.21

**Housing Allowances vs. Income Maintenance**

The issue of whether or not current welfare programs should be replaced with some form of general income maintenance raises a critical question with respect to housing allowances. Given that housing allowances are designed to provide low-income families with the economic means to obtain adequate housing of their choice, are housing allowances to be preferred over a general system of income maintenance which would theoretically achieve the same end in a more comprehensive and flexible manner? Clearly, with little empirical data about either income maintenance or housing allowances,22 this question cannot be satisfactorily answered at this time. However, to the extent that the housing problems of poor families derive principally from their lack of income,23 it would seem difficult to argue for the housing allowance approach as against a more general system of income maintenance.24

Apart from the issues of administrative efficiency, horizontal and vertical equity and program costs, the question posed above would appear to resolve itself into two basic issues. The first involves the question of whether or not, and to what extent, adequate housing is perceived to be a "merit" good such that a certain proportion of tax dollars are guaranteed to be spent on housing as opposed to other "non-merit" goods (e.g. television sets, automobiles, drugs), and further that a certain minimum level of housing consumption be required of recipients of the transfer payment.
The housing allowance approach differs from that of income maintenance inasmuch as the majority of allowance funds would presumably be spent on housing while under income maintenance, decisions about the allocation of funds as between housing and non-housing consumption would be left largely to the recipient.\(^{25}\)

The second issue involves the question of how much of the transfer payment--either income maintenance or housing allowance--actually results in better housing. While there are no direct indications of the inflationary impact of housing allowances as opposed to other kinds of transfer payments, it would seem logical that the more stringent the requirements that all payments be spent on housing and/or that a certain level of housing consumption be maintained through the earmarking of payments, then the greater the potential for inflation. One estimate is that "something like one-quarter to one-third of the increase in housing demand under an allowance program would result in higher rents, but that most of it would improve housing services."\(^{26}\) Presumably, without requiring that certain "adequate" levels of housing consumption be achieved by recipients, an income maintenance program would have less of an inflationary impact on housing prices.

Much of the argument about potential inflationary impacts hinges on somewhat tenuous assumptions about income elasticities of housing demand of potential recipients\(^{27}\)--that is, how changes in income induce changes in housing expenditures--and assumptions about supply responses to increases in effective demand.\(^{28}\) The more "elastic" the demand and the more "inelastic" the supply, the greater the potential inflation of housing prices, other things being equal. The discussion of inflationary impacts also has to do with whether one is talking about short-term or long-term effects; increases
in housing prices induced by higher levels of demand may in fact be only temporary, as the production of new units and/or the rehabilitation of existing units bring about adjustments in the stock of standard housing to these new levels of demand. 29

The point is that there is very little empirical evidence on which to base judgments about the probable impacts of a national housing allowance program—or an income maintenance program—on the housing market. 30 Like many other "new" ideas, the housing allowance concept has been around for a while, but remains to be tried on a full-scale basis. 31 Historically, the fear of potentially negative market effects, together with the inertia of commitments to existing subsidy mechanisms and the chronic fear of abuses by intermediaries and recipients have vitiated the substantial arguments in favor of demand-side intervention strategies. 32

Whether or not the housing allowance concept will emerge from the department of interesting but hazardous schemes fully clothed in executive wisdom, congressional authorization and CMB funding depends in part on:
a) the results of the various allowance experiments and demonstrations currently under way; 33 b) the strength of attachments to, or disenchantment with current housing subsidy programs; 34 and c) the strength of resistance or support by the housing lobbies. 35

Summary of Arguments For and Against Housing Allowances

In A Decent Home the President's Committee on Urban Housing described the rationale for testing the housing allowance approach in terms of the following list of potential benefits: 36

---Increasing the opportunity for the free market to operate in its traditional fashion;
--Increasing the production of more standard housing (either new or rehabilitated) by shifting the demand upward for standard units;

--Bringing about (indirectly) the gradual elimination of slums and increasing the quality of the housing stock;

--Allowing the consumer greater freedom of choice in the market place, thus enhancing personal dignity;

--Bringing about better matching of consumer demands and housing supply;

--Increasing the initiative and responsibility of low-income consumers in making decisions about location and housing style;

--Minimizing the public controversy over the location of subsidized housing projects;

--Increasing equity in the distribution of tax resources for housing;

--Increasing the efficiency of administration and reducing current administrative costs in the delivery of program benefits.

To this list a number of other potential benefits may be added. First, because payments would be made directly to eligible families, housing allowances might permit a reduction in the costs of intermediaries and a strengthening of the municipal tax base. Second, by increasing the range of housing options available to low-income households, a housing allowance might avoid the institutionalization of low-income housing inherent in project subsidies and reduce segregation, ghettoization and stigmas associated with several of the present programs. Third, housing allowances might increase the access of minority and low-income families to suburban opportunities by raising their effective demand and minimizing their visibility. Fourth, inasmuch as the formula used for computing a housing allowance would presumably take into account a family's size and financial resources, the housing allowance approach would permit a much wider coverage and deeper subsidy of eligible households. Finally, if an adequate supply of housing is available and if the barriers to freedom of housing choice are not insur-
mountable, then a housing allowance would increase the bargaining power of
the tenant with respect to the provision and upgrading of housing services
by the landlord. The incentive for the landlord to maintain his property
is increased not only by the fact that the tenant has more money to spend,
but also from the expanded opportunity for the tenant to take his money
elsewhere if the landlord does not provide adequate maintenance service.41

The arguments against the housing allowance approach, while perhaps
not so numerous as those in favor, are equally powerful. The most fre-
quently mentioned criticism of housing allowances is the inflationary
impact which allowances might have on the housing market.42 It seems
fairly clear that in housing markets characterized by a shortage of standard
units and an unresponsive (inelastic) productive capacity the increase in
effective demand brought about by an allowance would yield little in the
short run but high prices.43 Under such circumstances a greater reliance
on supply-side intervention strategies such as the current project subsidies
would seem more appropriate and cost-effective.44

A second criticism often leveled against housing allowances involves
the negative impact which allowances might have on rates of abandonment
in the central cities. It is one thing to argue in favor of allowances
because they increase the access of minorities and low-income households
to suburban opportunities. But, if such opportunities were realized on a
large scale and over a short period of time, it would seem difficult to
argue at the same time that allowances would bring about increased main-
tenance and rehabilitation in low-income central city housing submarkets.
Rather, it seems likely that with the exodus of rental dollars out of the
slums, abandonment and under-maintenance would increase. For the present
discussion, it is a moot question whether or not increasing the rate of abandonment of slum housing is necessarily bad. In the long run abandonment may have its positive sides.\(^4\)\(^4\)

A third disadvantage attributed to the allowance approach focuses on the potential for abuse and misallocation of tax dollars. More money does not necessarily bring about more and better housing for the low-income household. The argument has two sides. Notwithstanding earmarking requirements, it is likely that some allowance resources will be diverted from the program's intended purpose either through collusion by housing suppliers and agency officials, or through landlord-tenant collusion.\(^4\)\(^6\) Intentional mis-reporting of income, resources, or family size on the part of recipients may also be a problem, although it is difficult to see why the incidence of this type of abuse should be higher than it is under current welfare programs.\(^4\)\(^7\)

A related, and potentially more serious problem is raised in the question of whether or not current (non-economic) barriers to the realization of housing opportunities would severely delimit the efficiency of an allowance program in achieving its intended purposes. One such barrier is a basic lack of information on the part of recipients about their actual— as opposed to perceived—range of choices. It is conceivable that many families would not be able to take advantage of their opportunities simply because they don't know, or are not told, what their choices are and how to achieve them. Another type of barrier is discrimination. Without effective enforcement of equal opportunity laws, discriminatory practices by housing market intermediaries may offset any economic leverage minority families might be presumed to have with the allowance. While minorities
might find it easier to gain access to suburban neighborhoods as individual households rather than as project tenants, they are still susceptible to the more subliminal practices of "steering", denial of the right to look, or unequal treatment by landlords (e.g. having to pay higher rents or security deposits). Finally, to the extent that the patterns of segregation in the housing market tend to get stronger with increasing income, a conditional income transfer such as a housing allowance may lead to higher, rather than lower, levels of segregation.48

The results of the various housing allowance experiments and demonstrations currently underway (see Appendix C) will be evaluated to find out (a) whether or not a national housing allowance program should be undertaken to supplement or replace present housing subsidy programs, and (b) if so, what form a national housing allowance program should take. At the present time, the pressures for eliminating, reducing or redirecting the commitment to existing subsidy mechanisms is quite strong.49 The stature of the housing allowance concept has increased in proportion to the disenchantment with current housing programs. Unfortunately, the allowance approach may soon be enshrined as "viable alternative" before its inadequacies are fully understood.

It would indeed be unfortunate if, as has happened in the past, such a revision in national policy were to be implemented without benefit of empirical research into both the problems and possibilities inherent in the approach. The present work describes some preliminary results from the Kansas City Direct Housing Allowance demonstration program, with the intent of contributing to a more workable understanding of the allowance concept and its potential impact on the housing choices of low-income families.
FOOTNOTES TO PREFACE


3 The principal programs referred to here include public housing (and variants thereof), and the Section 221 (d) (3), Section 235 and 236 Below Market Interest Rate Programs of the National Housing Act of 1937. To the extent that Market Interest Rate insurance programs such as Section 203 and 207 of the same Act are production oriented in their intent, these "standard" FHA programs are included as well. Finally, the Section 312 (loan) and Section 115 (grant) programs for rehabilitation may be included as "supply-side" programs. For an excellent discussion of these and other programs see: Robert Taggart III, Low Income Housing: A Critique of Federal Aid (Baltimore: Johns Hopkins Press, 1970).

4 De Leeuw, p. 542.

5 This statement must be qualified to the extent that certain earmarking standards may be imposed on the use of the allowance such that families would be required to live in units meeting pre-determined occupancy standards. For example, see Section 504 (b), Housing and Urban Development Act of 1970, Public Law 91-609, 84 Stat. 1784; 12 U.S.C. 17012-1.

6 Of the current subsidy programs the major exceptions are Section 235 (i) and Section 23 Leased Public Housing which permit the subsidy of existing homeownership and rental units respectively.


11 See note 5, supra.


14 For a critique of both of these programs see: Robert Taggart III, pp. 41-62.

15 Sections 203 and 204; Public Law 91-646, 84 Stat. 1894; 42 U.S.C. 4601.


17 Interview with Mr. George Korink, Department of the Navy, April 10, 1972.


20 Ibid.


22 Experiments and demonstrations in both fields are currently under way or being initiated in a variety of cities including Seattle, Denver and three cities in New Jersey and Pennsylvania (income maintenance and negative income tax experiments) and in 14 other cities (housing allowance experiments and demonstrations). For a review of preliminary results from the income maintenance experiments see: Larry L. Orr et al., Income Maintenance: Interdisciplinary Approaches to Research, Institute for Research on Poverty Monograph Series (Chicago: Markham Publishing Company, 1971).

Section 504 (b) of the Housing and Urban Development Act of 1970 (authorizing experimentation with housing allowances) states in part:

... The Secretary shall make the payment of any such allowance to any such family conditional upon an agreement by the family that the allowance will be used solely for the payment of rent for occupancy in existing standard housing.


For this reason three major housing allowance experiments are being undertaken by HUD: the "Supply Experiment" run by the Rand Corporation; the "Demand Experiment" run by ABT Associates; and the "Administrative Agency Experiment" run by various housing and welfare agencies, and evaluated by ABT Associates. See Appendix C.

See Appendix C.
builders and developers decry the housing freeze, the National Association of Real Estate Boards and the National Conference of Non-Profit Housing Sponsors have already endorsed the allowance concept as an alternative to current builder/project subsidies. Non-Profit Housing News. Special Conference Issue, November, 1971, p. 1.


41 Lewis Crampton, et al., p. 31.

42 President's Committee on Urban Housing, p. 71-72.

43 Betty Niven, "What can the USA Learn about Housing from Britain?" Journal of Housing, No. 10, 1973, pp. 498-506. It is noted that considerable concern over whether or not the leased housing program would bring about higher rents was voiced during Congressional testimony on that bill, to the extent that a proviso limiting the use of leasing in tight housing markets was written into the guidelines. Robert Taggart III, p. 50.


45 void.


I. INTRODUCTION

This thesis examines the locational behavior of the 172 families initially enrolled in the Kansas City Direct Housing Allowance (DHA) demonstration program. The purpose of the research is three-fold:

--To provide an understanding of the locational choices of central city minorities and low-income households in response to a housing allowance;

--To estimate the potential effects of a housing allowance program on the distribution and concentration of racial minorities and low-income families in urban areas; and

--To outline the implications of the locational choices of Direct Housing Allowance recipients for public policy.

The research is divided into three major sections. Part II identifies the major issues with respect to the potential of a housing allowance program to maximize the housing choices and mobility of the poor, and the role of a housing allowance program in achieving dispersal of the ghetto. This section concludes with a specification of hypotheses about the locational behavior of housing allowance recipients.

Part III describes the initial locational responses of Direct Housing Allowance recipients in Kansas City in terms of the characteristics of these households and the changes in housing and neighborhood characteristics associated with the moves. The results are analyzed and discussed relative to the hypotheses specified in Part II.

Part IV discusses the locational responses of DHA families in the light of their implications for a dispersal strategy and assesses the policy significance of the empirical results. Possible adaptations of the operational design of a housing allowance program in order to meet conflicting
goals are considered.

The Importance of Locational Responses

In specifying the critical issues raised with respect to the possibility of a national housing allowance program, the Department of Housing and Urban Development has identified 10 policy questions of critical importance to the design and implementation of such a program. The fourth policy question is:

How do the locational choices of families receiving housing allowances compare with existing residential patterns?

In the context of this question the aggregate migration behavior of allowance recipients is viewed as an outcome variable of direct interest for public policy. Where families choose to live in response to the allowance will have impacts on the distribution and concentration of racial minorities and low-income households in metropolitan areas, and on overall levels of segregation. To the extent that barriers to freedom of choice in residential location are economic ones, housing allowances may facilitate the process of integration and de-ghettoization by increasing the number of alternative locations—presumably outside the poverty area—where the housing needs and preferences of minority and low-income households may be satisfied. However, it is not clear a priori that demand-side strategies such as a housing allowance will lead to overall reductions in the level of racial and economic segregation and achieve dispersal of the ghetto. By examining the changes in location of allowance recipients and comparing these changes with previously established patterns of migration and with the locational patterns established by existing housing assistance programs, this research seeks to provide some insight into the question of
whether or not an allowance program can reduce the concentration of low-income and minority families in poverty areas and increase their residential opportunities.

The second focus of this research involves location as an intervening variable with respect to housing and neighborhood outcomes. Housing in its broadest sense refers to a package of goods and services including the internal characteristics of the unit, the bundle of rights and responsibilities accruing to that unit (e.g., maintenance, landlord-tenant relations, etc.), the exterior characteristics of the dwelling and the characteristics of the residential environment in which the unit is located. Thus, the locational decision of a particular household involves not one decision but many. Comparisons of the characteristics of dwelling units and neighborhoods in which DHA families lived before and after receiving the allowance are intended to provide a preliminary indicator of the effectiveness of an allowance program in improving the access of low-income families to better housing and to better neighborhoods. The question of whether or not the housing and neighborhood choices of DHA families were optimal ones lies beyond the scope of the present research.

The central thesis of the research reported here is that, while a housing allowance program of the kind conducted in Kansas City may indeed bring about qualitative and quantitative improvements in the housing services obtained by recipients of the allowance and will increase dispersal of the ghetto, the choices which families have with respect to housing, location and neighborhood will be significantly constrained by previously established patterns of migration and discrimination, and by the structure of the rental housing market. A housing allowance by itself may not guarantee the range
of choices which demand-side strategies are presumed to afford without the provision of additional information and other supportive services and without rigorous enforcement of open housing laws.

Background of the Kansas City DHA Program

The Direct Housing Allowance Program in Kansas City is now over two years old. A similar type of demonstration program is also being conducted in Wilmington, Delaware. About 155 families are now receiving allowances, although the number of participants has been as high as 221. About 55 families have dropped out of the program since the first round of selection in December of 1970.7

The program is operated by the Housing Development Corporation and Information Center under direct contract with the Model Cities Administration in Kansas City, Missouri. The program was initially funded at a level of $286,000 per year of which $250,000 was budgeted for allowance payments and $36,000 for administration. The term of the project is three years, with the last payments to be made in the spring of 1975.

To be eligible for the program families had to live within the Model Neighborhood Area of Kansas City, Missouri at the time of application, although upon receiving the allowance households were permitted to move to any location within the 7-county SMSA. Participation was limited to households with incomes within the schedule of Maximum Family Income Limits prescribed by the Rent Supplement Program. (Once families were selected for the program, income eligibility was not recomputed during the project term).
Table I-1: Schedule of Maximum Family Income Limits

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Actual Income</th>
<th>Adjusted Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>$3,700</td>
<td>$3,700</td>
</tr>
<tr>
<td>2 persons</td>
<td>4,100</td>
<td>3,800</td>
</tr>
<tr>
<td>3 persons</td>
<td>5,200</td>
<td>4,600</td>
</tr>
<tr>
<td>4 persons</td>
<td>5,700</td>
<td>4,800</td>
</tr>
<tr>
<td>5 persons</td>
<td>6,200</td>
<td>5,000</td>
</tr>
<tr>
<td>6 persons</td>
<td>6,700</td>
<td>5,200</td>
</tr>
<tr>
<td>7 persons</td>
<td>7,200</td>
<td>5,400</td>
</tr>
</tbody>
</table>


The selection of families was made by random drawing of applicants from each of the sub-neighborhoods of the MNA. Priority was given to those living in substandard housing at the time of application to the program and those in public housing (although the number of public housing tenants could not exceed 20 percent of the total number of participants). The formula used for computing the amount of the allowance was of the "housing gap" type, that is

\[ S = C^* - bY \] (S\&R)

where
- \( S \) = amount of the allowance
- \( C^* \) = cost standard for standard units of a given size
- \( b \) = household contribution rate--i.e. 25%
- \( Y \) = adjusted gross income (rent supplement definition)

Cost standards (\( C^* \)) for the program were established on the basis of a survey of vacant rental units in the Kansas City SMSA by the Lawrence Leiter Company, and reflect the lowest gross rent at which there appeared to be a reasonable supply of available units. They are as follows:
Table I-2: Schedule of Average Annual Gross Rents For Standard Housing

<table>
<thead>
<tr>
<th></th>
<th>0-Bedroom</th>
<th>1-Bedroom</th>
<th>2-Bedroom</th>
<th>3-Bedroom</th>
<th>4-Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annually</td>
<td>$900</td>
<td>$1,500</td>
<td>$1,800</td>
<td>$2,400</td>
<td>$2,520</td>
</tr>
<tr>
<td>Monthly</td>
<td>$75</td>
<td>$125</td>
<td>$150</td>
<td>$200</td>
<td>$210</td>
</tr>
</tbody>
</table>


Allowance payments were earmarked to the extent that families could only occupy rental units meeting the inspection criteria of the Kansas City housing code. Further, all of the allowance had to be spent on rent, although families were not required to spend 25 percent of their own (adjusted) incomes in addition to the allowance they were given.

Inspections of previous units (to establish selection priority) and inspections of new units (in accordance with earmarking requirements) were carried out by the staff of HDCIC.

Payments for moving expenses and security deposits were made as advances from future allowance payments. On the average these payments amounted to approximately two and one half times the average monthly allowance payment.

Detailed household characteristics of families participating in the program and comparisons with the rest of the population are reported in Appendix A. The following table describes the basic household characteristics of the first 172 families enrolled, all families ever enrolled, and families still active in the program as of March 1, 1973.
Table I-3: Basic Household Characteristics of Families Enrolled in the Direct Housing Allowance Program

<table>
<thead>
<tr>
<th>Variable</th>
<th>First 172 Families</th>
<th>All 221 Families</th>
<th>155 Active Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>83.1%</td>
<td>85.1%</td>
<td>85.1%</td>
</tr>
<tr>
<td>White</td>
<td>16.9</td>
<td>14.9</td>
<td>14.9</td>
</tr>
<tr>
<td>Sex HH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>80.2%</td>
<td>81.4%</td>
<td>81.8%</td>
</tr>
<tr>
<td>Male</td>
<td>19.8</td>
<td>18.6</td>
<td>18.2</td>
</tr>
<tr>
<td>Age HH</td>
<td>34.2</td>
<td>32.3</td>
<td>34.5</td>
</tr>
<tr>
<td>Persons/HH</td>
<td>4.5</td>
<td>4.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Monthly Family Income</td>
<td>$298.37</td>
<td>$310.53</td>
<td>$313.70</td>
</tr>
</tbody>
</table>

Source: Midwest Council of Model Cities.

Limitations of the Research

It should be noted at the outset that the analysis of location outcomes is somewhat circumscribed by a number of adverse conditions which may limit the statistical significance of the findings and the generalizability of results. Several of the problems stem from the fact that the Kansas City Direct Housing Allowance Program was run as a demonstration rather than an experiment. There are some advantages to demonstrations as opposed to experiments. However, in social experimentation the possibility—indeed, necessity—of introducing program variations together with the greater degree of control over design parameters, program operations and data collection mean that data is more reliable and that results may
be generalized with a greater degree of confidence.\textsuperscript{10}

The Kansas City DHA program has no control group. The lack of a control group against which to measure program outcomes limits the confidence with which certain outcomes may be ascribed to the intervention (i.e. housing allowance), and places a greater burden on the statistical manipulation of data to control for background and intervening variables.\textsuperscript{11}

A second problem stems from the fact that the characteristics of households participating in the program do not represent a balanced distribution of the types of families potentially eligible for the housing allowance program. As shown in Appendix A, the sample of households considered here is clearly "biased" in the direction of very low income, black, female-headed households. The assumption of normality must be questioned, with a corresponding decrease in the confidence with which hypotheses are accepted or rejected using t-tests, chi square and other tests of association.\textsuperscript{12} The selection process by which households were brought into the program was neither random nor stratified. On the one hand, families were self-selected by the open applications, but priorities were given to those living in substandard housing. Hence, there is no way to control adequately for the effects of previous housing experiences. Moreover, when it was determined that the recipient population was clearly skewed, attempts were made to attract more male-headed households with higher incomes.\textsuperscript{13} How these new outreach procedures affected outcomes is unknown.

A third analytical problem arises with respect to the nature of the data collection process and the quality of some of the data. Certain questions about housing characteristics or about the amount or source of income were asked of respondents and recorded in different ways, so that
in some cases the validity of observations is questionable. Absent indications to the contrary, for the purpose of this analysis it is assumed that the data that was collected is generally reliable, and that where biases may have occurred (e.g., the reporting of income or inspection of units) the bias is random throughout the 172 cases.

Another caveat in interpreting program outcomes derives from the fact that, even if we had a control group of families against which to compare results, we could still not be sure that the behavior of those families receiving the allowance was not influenced by the "experimental" nature of the program. The potential for "Hawthorne effects" (i.e., that the families are responding in "unusual" ways because the program itself is unusual rather than because of the particular treatments being tested) is especially acute in a situation where the program benefits are only temporary (i.e., three years) and where there is no guarantee of financial support in some other forms. It is difficult to measure the impact of such non-program influences, and without some measure of their magnitude the assumption must be that the responses of families were valid ones and not due solely to the "experimentalness" or short-duration of the program.

A similar warning applies to the effects of scale on locational responses. A small number of participants, relative to the total eligible population, may behave quite differently from a larger number of households receiving the same kind of allowance. These latter might establish a "group momentum" with respect to migration behavior which might not be discernible in a small scale program.

A final problem in interpretation of the results lies in the fact that the data presented here do not describe a final state with regard to
migration behavior or housing and neighborhood choice. Rather, they reflect an early stage of events within a continuously changing decision field. Many families will move, and have already moved, more than once during the three years of the program. The initial outcomes reported here may prove to be less significant than later outcomes with regard to the program's overall impact on the location of families and the quality of housing and neighborhood achieved. To the extent that initial household responses are modified to account for changing needs and circumstances on the one hand, or new perspectives as to optimizing the use of the allowance, on the other; it is important to restrain final judgments about the absolute significance of these initial choices.
FOOTNOTES TO INTRODUCTION


2 The full list of questions is contained in Appendix C.


4 While neighborhood conditions obtained by allowance households in Kansas City are discussed as a separate issue in this paper, they may in fact be treated as a sub-set of the housing consumption response variable since they cannot be consumed or enjoyed alone by households apart from the housing unit which they occupy. Neighborhood characteristics must therefore be included as a major category of items comprising the "housing bundle", to which a rent value may be ascribed. See Cynthia Thomas and Tom King, "Measurement Requirements for the Housing Allowance Experiment," Urban Institute Working Paper No. 205-3, 11 November, 1971.

5 Task Four of the Joint Center for Urban Studies' research for the Department of Housing and Urban Development involves a determination of whether or not Direct Housing Allowance recipients in Kansas City used their increment in rent-paying ability to obtain the optimal housing, location and neighborhood characteristics potentially available to them. The research currently underway is reported in: "Joint Welfare Program Data to Determine Relation of Household Characteristics, Housing Market Characteristics and Administrative Welfare Policies to the Effectiveness of a Direct Housing Assistance Program," Interim Report; Cambridge, Mass., January, 1973. Part IV. Mimeo.


Footnotes to Introduction, continued

8 The methodology for determination of $c^s$ in Kansas City is thoroughly discussed in: Lawrence Leitor and Co., "A Rental Housing Survey -- Kansas City Metropolitan Area," Kansas City, Mo., December, 1970.


11 For an excellent discussion of these issues see: Herbert M. Blalock, Jr., Causal Inference in Nonexperimental Research (Chapel Hill: University of North Carolina, 1961). Introduction, p. 2 ff.


13 Interview with Mr. Ammi Kohn, Midwest Council of Model Cities, August 12, 1972.


II. ISSUES AND HYPOTHESES

A housing allowance means many things to many people. As has been demonstrated in the past, the trick to getting social legislation passed and funded often lies in the ability of proponents to convince numerous, and often conflicting, interest groups of the toothsome ness of their offering, such that even the most finicky of legislative Hydras is attracted to the meal with all heads eating from the same plate. This herculean task of persuasion is not a test of strength, but of cunning. The objective is to satisfy the widest variety of tastes, with the simplest possible program. The method may involve attributing diverse, and often disparate, benefits to the proposed measure while denying any allegations of sophistry or equivocation.

In the case of housing allowances it is possible to ascribe a number of potentially beneficial outcomes, several of which appear to be in conflict with each other. For example, is a program which pays people to leave the ghetto (the dispersal argument) the same program which, by making more rental money available to the low-income tenant, leads to increased maintenance of the central city housing stock, thereby reducing abandonment? Similarly, can a program of direct assistance, which relinquishes to the marketplace control over the behavior of intermediaries, also cost less than present supply-side programs in terms of abuses and administrative overhead for housing inspections, income certification, rent verification and the like?

One of the principal arguments advanced in favor of a national housing allowance program is that, as an earmarked form of direct income
transfer, a housing allowance will not only lead to improved housing for low-income families in a more cost-effective manner than present programs, but that it will also overcome the negative effects of de facto racial and economic segregation, and will facilitate deghettoization. It is not clear, however, that a housing allowance will automatically achieve these objectives or that the objectives themselves are congruent. Where families move in response to an allowance, why they move there, and what they get as a result of their migration decision are the outcomes by which the achievement of these objectives may be measured.

The following discussion identifies the key issues with respect to three potential benefits commonly attached to a housing allowance program:

- Maximization of locational and housing opportunities for low-income families;
- Residential desegregation
- Dispersal of the ghetto.

The first of these benefits focuses on individual behavior. The latter two focus on the behavior of recipients as a group. Based on the discussion, a number of hypotheses with respect to the locational behavior of housing allowance recipients in Kansas City are specified. In Part III these hypotheses are tested against the actual experiences of DHA families.

A. MAXIMIZING LOCATIONAL CHOICES AND MOBILITY OF THE POOR

In addition to its other benefits, the housing allowance approach is presumed to have two distinct advantages over current housing subsidy programs. First, by raising the low-income household's rent-paying ability, the allowance theoretically increases the number of alternative locations where the housing needs and preferences of the family may be satisfied.
Second, because the subsidy is not tied to any particular dwelling unit, the tenant may take the subsidy with him if, and when, he decides to move. Both of these advantages are presumed to widen considerably the locational and housing opportunities which poor families have. If, in economic terms, the low-income tenant is able to compete effectively with middle-income families for housing services, and if he is no longer dependent upon the subsidization of particular units to achieve a given level of housing consumption, (as he would be under present housing programs), then, ceteris paribus his choices with respect to location and housing services are increased, and he will either move or improve his present housing, consistent with his needs and preferences.

This line of reasoning raises two key questions. First, what factors are likely to affect the locational choices of allowance recipients once the income constraint is lifted? Second, are the constraints and opportunities provided by the allowance program the same for all families?

The Dynamics of Choice

Location outcomes may be viewed as the result of a series of household decisions conditioned by three variable sets: (a) a set of characteristics describing a household's present situation (e.g., housing consumption, location, household characteristics, satisfaction with present neighborhood, preferences, etc.); (b) a set of incentives, opportunities, and constraints provided by the allowance program; and (c) a set of characteristics describing alternative residential locations.
The relationships between any two variable sets on the left (controlling for the third) will dictate a particular series of outcomes. However, it is the interaction of all three variable sets which is the principal interest of research.

The decision process may be disaggregated in terms of three sequential events:

- The decision to move or not move (the third alternative, fixing up present units, is treated as a subcategory of the "not move" decision);
- The decision about search procedures (where and how); and
- Decisions as to final location (selection of unit) which may be revised later with second, third and fourth moves, etc.

(In the case of the Kansas City DHA program the question of whether or not to move was moot, primarily because prior to receiving the allowance,
all families were living in units which did not meet the earmarking standards of the program and because the time constraints imposed did not permit the option of getting units fixed up. Almost all families moved.

Outcomes of these events will be influenced by the nature of the housing allowance program, the characteristics of particular households, and the nature of alternative locations accessible to (and perceived by) them.

Presumably, the moves which families make represent actions taken toward both preference achievement and fulfillment of earmarking requirements. They will reflect the degree to which families take advantage of the opportunities available to them. Where families move may be significantly affected by the way in which they look for housing. Patterns of search may be characterized in terms of

1. The amount of time spent in looking for new units
2. The number of housing units looked at
3. The geographic scope of search
4. The sources of information used in looking for new units (including media, housing market intermediaries, and friends or relatives).

Search patterns are in themselves intervening variables with respect to changes in location. But they may also provide direct evidence as to (a) the impact of a lack of information on housing choices; (b) the incidence and impact of discrimination in the housing market; and (c) the impact of earmarking constraints, subsidy level and form of the allowance payment on housing choices.

The decision set which describes a households' locational response to the three sets of inputs (program design, household situation, alternative
locations) may be characterized by the following diagram:

**DIAGRAM II-2**

**LOCATION DECISION SET**

(3)

Location Choices

At each point in the triangle three intervening variable sets are said to affect outcomes at different times (from 1 to 2 to 3). The move/not move decision is directly related to locational choice since (a) only one location may be considered and selected, and (b) the not-move option is itself a location outcome. It is indirectly related to final choices as a function of the characteristics of search patterns. Search patterns are characterized by a feedback loop (revision of search space or criteria as a function of elimination of alternatives). The result of a search
may be a decision not to move if housing units satisfying selection
criteria are not found.\textsuperscript{14}

Two sets of non-program independent variables ($I_2, I_3$) may be
specified as affecting location decisions:
- Household situation
- Alternatives available

The former set includes household characteristics, the characteristics of
previous locations and the characteristics of present locations. Presum-
ably, locational choices will depend upon a combination of social, demo-
graphic and economic factors characterizing participant families. The
more important of these include availability of transportation, race,
income, family size, age of head, education of head, employment status,
employment type, employment stability, welfare status (and relative depen-
dency), and family composition (age, structure, sex of head).\textsuperscript{15}

Factors of race, income, employment status, and welfare dependency
are particularly sensitive considerations from the point of view of public
policy.\textsuperscript{16} In addition, a family's attitudes toward the program and toward
its present neighborhood and housing situation will affect both the decision
to move and the decision of where to look for new units.

The characteristics of present locations may influence subsequent
location decisions under the housing allowance in two ways. Locational
choices have been observed to exhibit distance-decay functions and sec-
torality.\textsuperscript{17} Where a particular family lives within a metropolitan area
will influence subsequent locational decisions. To some extent, families
look for units closer to their present location rather than farther away.
Search patterns tend to occur along corridors (reinforced by transportation
networks, geography, and socio-economic barriers).

In a different sense, the characteristics of present locations (at the beginning of the program) may affect choices. This will occur to the degree that living in a neighborhood of relatively poor quality may "induce" a wider search pattern and farther moves from point of origin. The assumption is that families who hurt the most move the farthest.

A second set of independent variables which may affect decision outcomes involves the characteristics of alternative residential locations. These may be broken down into three types: housing market characteristics (real alternatives), and awareness space (perceived alternatives). In the former case, where allowance recipients move will be significantly influenced by both the spatial distribution of vacant rental units by bedroom size and by the costs of rental housing in different parts of the SMSA. Second, choices will be affected by the nature and extent of racial and economic segregation in the housing market. To the extent that discrimination is well defined geographically and well-known, it will impose a serious constraint to the locational choices of minorities and low-income households -- both because it is real (a family actually encounters discrimination) or because it is felt to exist (a family expecting to be turned down doesn't look in certain areas).

Awareness space refers to the locational alternatives which the household perceives to be available to it. Perceptions are influenced by the knowledge of previous patterns of migration (which may or may not be important to the household) and by sources of information which are used to assess the relative availability and attractiveness of housing units in different areas.
Clearly, the two sets of independent variables characterizing a household’s present situation and the perceived alternatives available to it are interactive. A family’s position in the life cycle will be related to its previous mobility and present location. Similarly, a family’s orientation to alternative locations will be conditioned by its present location and household characteristics and preferences. One useful way of conceptualizing this interaction is that of “place utility”\(^{22}\) which may be described as “a measure of the attractiveness or unattractiveness of an area, relative to alternative locations, as perceived by the individual decision-maker”\(^{23}\). Place utility is a factor at all three decision points described above: the decision to move, the decision of where to look for new residences and, more importantly, the decision as to final destinations (at which point the comparative place utilities of alternative sites is critical).\(^{24}\)

A final set of variables which will significantly affect locational choices of allowance recipients involves the way the program itself is run. The variables include: the amount of the housing allowance, the nature of earmarking, the form of the allowance payment (i.e., formula) the timing of selection, and the nature of non-financial supportive services (counseling) which are offered to families in the program. (Since the Kansas City program is run as a demonstration, there is no variation with regard to the second and third parameters which can be measured to test their relative impact). Also, due to the nature of the allowance formula used, it is impossible to disentangle the effects of the amount of the allowance from the income and family size of participating households.\(^{25}\) However, the direction of influence may be determinable.\(^{26}\)
The Question of Equity

Given that the locational decisions of households participating in a housing allowance program will be influenced by a variety of constraints, incentives and opportunities (program and non-program), the question is raised as to whether or not the opportunities and choices provided by the allowance program are the same for similar families. The issue of equal opportunity is central to all three of the housing allowance experiments being conducted by HUD. 27 The third policy question asks:

How equitable is a housing allowance in treating families in equal need equally?

Although housing allowances are presumably less discriminatory in their impact on housing choices than current subsidy programs, 28 it is not clear that allowance families having equal needs, preferences and resources, and facing similar program constraints will be able to utilize their increased rent-paying ability with the same level of benefits vis-a-vis choice fulfillment. To the extent that racial barriers in the housing market restrict the range of choices available to minority households, allowances may be inherently inequitable without additional forms of support. 29

Because a housing allowance program is intended to be redistributive in its effect, with larger and poorer households getting more subsidy, the issue of vertical -- as opposed to horizontal -- equity is also important. While very low-income persons may receive larger allowances, their capacity to use the allowance may be delimited by a lack of transportation which denies them access to neighborhoods of higher quality and wider housing opportunities. 30
B. HOUSING ALLOWANCES, DESEGREGATION AND DISPERAL

Any "solution" to the fundamental problems of the large cities will have to be found largely in the suburban fringes . . . The key measures will be ones that hasten the movement of the poor and the black out of the inner slums and semi-slums and to the places where job and other opportunities are relatively good.31

President's Task Force on Model Cities
Edward C. Banfield, Chairman
December 16, 1969

. . . It is both unrealistic and an evidence of the projection of one's middle class values to expect most of those who are denied middle-class rewards to strive for what experience has shown to be unobtainable to them.32

Robert C. Weaver - 1962

The central question posed in this research is "Will a housing allowance program lead to residential desegregation and dispersal of the ghetto?" It is a question of primary concern to policy-makers33 because the answer has significant implications not only for the achievement and (re)distribution of housing opportunities for minorities and low-income households in the central city, but also for the intra-metropolitan distribution of municipal resources (tax base) and costs of public services.34

The above discussion of locational choices focuses on the factors influencing the behavior of individual households in making locational decisions. The present concern is with the aggregate spatial distribution of moves of households in response to an allowance program. Measurement of the locational outcomes of allowance recipients in Kansas City as against the hypotheses specified at the end of this chapter will be of assistance
in determining the likely effects of a national housing allowance program on the concentration of minority families in central cities.

Arguments for A Dispersal Strategy

In "Alternative Futures for the American Ghetto" Tony Downs argues persuasively for a double social strategy of dispersal on the one hand and ghetto enrichment on the other. On the assumption that

... the problems of ghettos cannot be solved as long as millions of negroes, particularly those with low incomes and other significant disadvantages, are required or persuaded to live together in segregated ghetto areas within our central cities ... 

Downs outlines five reasons why "large numbers of negroes should be given strong incentives to move voluntarily from central cities into suburban areas ... ." They are

- Increased access to expanding job opportunities in the suburbs;
- Increased access to suburban educational opportunities (and other, presumably better, public services);
- Increased freedom of choice in housing and improved access to adequate housing in the suburbs;
- Reduced crime and violence in the central city;
- Reversal of divisive trend "toward two societies, one black, one white -- separate and unequal."

Downs does not clarify what is meant by "suburb" and what is meant by "central city". However, the litany is powerful and well-rehearsed in a variety of quarters. Like the rationales for many other social programs, the arguments for dispersal fall generally into two categories: the "social cost" approach and the "welfare" approach. On the one hand, a dispersal strategy, if successful, can reduce the harmful "effects" of slums (e.g., crimes). On the other hand, it can open doors and guarantee access
to opportunities previously denied. Arguments for dispersal are often disguised by euphemisms (e.g. "open communities" and "real city"), spiced with bribes and kneaded with threats in order to make the concoction more palatable to resistant constituencies.\textsuperscript{45}

**Arguments Against Dispersal**

Dispersal advocates face significant opposition.\textsuperscript{46} The Statue of Liberty ("Give me your tired, your poor . . .") has yet to make it in the suburbs of Newton, Warren, or Westchester.\textsuperscript{47} Strong preferences for class differentiation (once you've made it),\textsuperscript{48} protection of privilege and the right of self-determinism,\textsuperscript{49} the "law of dominance,"\textsuperscript{50} and the fear of lower class immigration,\textsuperscript{51} all characterize the unwillingness of suburbs to swallow the dispersal rationale. In spite of now numerous federal laws against discrimination and affirmative action plans for deghettoization,\textsuperscript{52} the populous suburbs have a voice -- albeit an equivocal one -- at the top of the mountain:

Q. Mr. President, concerning Governor Romney's plan, to what extent should the federal government use its leverage to promote racial integration in suburban housing?

A. Only to the extent that the law requires in two cases, as the result of acts passed by the Congress, that the Federal government not provide aid to housing or to urban renewal where a community has a policy of discrimination and has taken no steps to remove it. On the other hand, I can assure you that it is not the policy of this government to use the power of the Federal government or Federal funds in any other way, in ways not required by the law, for forced integration of the suburbs. I believe that forced integration of the suburbs is not in the national interest.\textsuperscript{53}

Down below there are some indications that the grapes might not be that sweet after all.\textsuperscript{54} Suburbs may not be in the best position to provide the depth and range of services needed for low income residents. Housing
choices may be more limited than is commonly supposed and job discrimination may be a problem.

The news is encouraging to black separatists and ghetto-gilders alike. Their argument goes

- That building of low-income housing has been impeded by insistence on racial integration;
- That dispersal costs too much and diverts resources away from the ghetto;
- That even with economic incentives housing goals wouldn't be achieved;
- That because of patterns of discrimination, dispersal is inequitable -- blacks pay more to get into the suburbs;
- That dispersal drains the low-income community of its leaders.

With regard to this last point, the irony of the Kansas City DHA program did not escape a number of community leaders; the allowance program, which was paying people to move out to "better" neighborhoods, was being sponsored by an agency (Model Cities) whose principal objective was to stabilize the Model Neighborhood Area.

Finally, several sociologists of the "adaptationalist" school argue that, as lower class life in the ghetto represents an adaptation to the harsh realities of deprivation and exclusion, a move to different surroundings with different cultural norms can bring a great deal of psychic and economic hardship. "The problem is that the problem is a solution."

Impacts of Housing Allowances on Dispersal

It is not the primary intent here to argue either for or against dispersal. Both sides have merit. However, for the purpose of this discussion and despite the evidence of detractors, dispersal is advocated
as a viable strategy for both decreasing the social costs of the slums and for increasing the access of low-income families and racial minorities to the benefits which non-slum neighborhoods may afford.

Clearly, before hypotheses with respect to the effects of a housing allowance program can be specified, it is important to distinguish the separate issues involved. The first is dispersal (or de-ghettoization) per se. The second is desegregation. The third is suburbanization. Rhetoric tends to confuse the three with phrases about "desegregating metropolitan areas by dispersing the poor to the suburbs," and with images such as "the suburban noose." The facts of segregation, of suburban resistance to low-income housing, and of suburban/central-city disparities with respect to opportunities and burdens is unquestionable. The problem lies in the frequent equation "dispersal means integration means suburbanization". The three are not the same.

It is assumed that housing allowances would facilitate the process of deghettoization by increasing, both absolutely and relatively, the rent-paying ability of low-income families in the ghetto. With more money to spend on rent, these families would have a much wider range of choices with respect to housing, location and neighborhood. The term "wider" is both qualitative and quantitative, i.e. more housing choices of "higher" quality in "better" neighborhoods relative to what is currently available to them. It would seem difficult to argue that families will not take advantage of those opportunities. Isn't everyone a "rational utility maximizer"?

It depends on whether or not the choice is perceived to be real, and the nature of constraints imposed on the choice. For example, racial
discrimination or fear of it may keep a number of families from moving out of the poverty area. The lack of transportation, strong attachments to present neighborhoods through friendship and kinship ties, the desire to live with neighbors of the same background all may contribute to decisions not to move.

In a study of 250 black homeowners living in the Washington Park urban renewal area of Roxbury, Massachusetts, Lewis Watts found that very few of the families decided to move out of the area when given the opportunity to do so.64 The findings of the study, while based on the experiences of middle-income home-owners as opposed to low-income renters, bring into question the assumption that "opportunities" to move out of the poverty area will be automatically realized if the economic barriers to choice are removed.

As mentioned previously, lack of information is another barrier which may significantly influence decisions about leaving the ghetto. Finally, to the extent that earmarking of the subsidy forces moves out of the poverty area by requiring that families meet a level of housing adequacy not generally accessible to them in their present locations, families may decide not to participate in the program at all.65

Whither Migration?

Assuming for a moment that the inducements to leave the ghetto in terms of resources and availability of alternatives residential locations are sufficient, and that barriers to
migration are not insurmountable; where will low-income minorities move to?

Wishful thinking suggests that patterns of dispersion will be (a) concentric and uniform and (b) suburban. There is some evidence to support both propositions. Ghettos are traditionally located in the central city. Land rents and density gradients decline with distance from the central business district (BCD), while housing quality improves. The picture of cities growing in a generally uniform pattern of concentric rings is a vivid and long-established one—one that leads naturally to a propensity to view the majority of residential migration as occurring in the same fashion. This line of reasoning is "wishful" since it would substantiate a major rationale for housing allowances: namely, that by reducing the dependency of low-income families on project-oriented subsidies, housing allowances permit access to many different neighborhoods at the same time, thereby reducing the social, political and economic pressures on particular neighborhoods where subsidized units are either proposed or happen to be available.

There is an alternative point of view to the above proposition. It is that migration of particular socio-economic groups occurs within sectors of the cities along corridors radiating from the central business district. This theory, initially proposed by Homer Hoyt in 1939 to account for observed patterns of residential growth in cities, suggests
that the moves of similar kinds of families, while oriented in
directions away from the CRD to less dense locations, will tend
to be in a predominant direction. The pattern of origins and
destinations will be significantly conditioned by (a) original
location with respect to the CBD, (b) socio-economic charac-
teristics of families and (c) transportation routes and geo-
graphic boundaries. Other research by social area analysts
suggests that migrations will be influenced by the social
ecology of neighborhoods. That is, likes attract likes along
a number of dimensions such as socio-economic status, family
status (e.g., life-cycle), and ethnic status. The last of
these may be the most important of all with respect to the
residential choices of black households since it is reinforced
by the systematic application of constraints imposed by the
larger white community even in the absence of economic barriers.

Will moves be suburban? The answer to this question
depends in part on how the definition of a suburb is applied.
If suburb means any residential neighborhood outside of the
Poverty Area, then probably, yes. If suburb means any resi-
dential neighborhood developed after the Second World War,
outside the central city (census definition) and composed of
predominantly middle-or upper-income single family homes, then
probably, no. There is lots of grey area in between the two.

In commenting on the impacts of a guaranteed annual
income on the intraurban distribution of racial and income
groups, Grigsley states that their "choice would be broadened
only within approximately the same geographic areas where low-income families now reside." A housing allowance is, of course, different since it is designed to make up the difference between what the family can afford to pay and what adequate housing in the metropolitan area costs. Suburban rental housing costs are presumably subsumed by that definition. If \( C^* \) is an average or a medium figure between the costs of standard housing in low-income and high income areas (where rental housing is available), then the range of opportunities would theoretically include some suburbs (i.e., non-central city) and not others, depending upon availability of housing and the amount of its own income the household wants to devote to rent.

The best guess would appear to be that, since the amount of an allowance is geared primarily to existing rental housing in moderate-to-middle-income neighborhoods, allowance households will move to those areas on the periphery of the central city where rental levels are moderate and where the housing stock is still in good condition. Further, it would seem reasonable to suppose that minority and low-income households will move to those areas where the rates of turn-over, changes in occupancy from white to black, and changes in tenure from homeownership to rental status will afford the greatest opportunities to obtain housing which meets both theirs and the program's standards. This judgment, if correct, would exclude a great many suburban neighborhoods.

To the extent that some dispersion occurs, will it bring
about integration, or alternatively, a reduction in segregation? Part of the problem in answering this question in a definitional one, i.e., how is segregation defined? As Zelder points out, indices of segregation are statistical constructs which do not reflect independently observable and measurable behavior, and therefore bias judgments about what would be required in the way of reorganization of residential patterns in order to effect desegregation.  

Another problem lies in the fact that many neighborhoods are constantly changing in their socio-economic composition. While the moves of blacks to previously white areas may indicate an increase in integration; the rate at which immigration occurs, the balance of supply and demand for housing (especially for blacks), the perceptions of households about the future characteristics of the neighborhood and other factors, will determine whether or not a neighborhood remains stable in its racial composition.  

The tendency is to view desegregation (or integration) as the concommitant to deghettoization: and that the separation of races is as much (or more) a function of economic discrimination as of racial prejudice. Racial integration would occur with the removal of economic barriers to housing choice.  

There is, unfortunately, substantial evidence to the contrary. Many studies indicate that racial segregation occurs independently of income. Moreover, there are suggestions that increasing the incomes of low-income families, both black and
white, would lead to greater rather than lesser levels of segregation.\textsuperscript{85} While for some, a segregated dispersal strategy is not entirely undesirable,\textsuperscript{86} it does leave open the question of whether or not an allowance program can bring about an equalization of housing opportunities for all families and whether or not integration will occur.\textsuperscript{87}

C. HYPOTHESES ABOUT LOCATIONAL CHOICES OF ALLOWANCE RECIPIENTS.

Clearly, not all of the factors discussed above with respect to the locational behavior of allowance recipients can be explored with the current data from Kansas City. As mentioned previously, there are data items missing. There is no control group. The data is tentative and preliminary, representing information from the first round of periodic interviews conducted by the Midwest Council of Model Cities.

However, a limited set of hypotheses may be tested to clarify some of the issues raised in this section. With regard to individual household's location decisions, it is hypothesized that:

- Locational choices will be significantly influenced by household characteristics;
- Locational choices will be affected by housing market characteristics.

The proof of these hypotheses is not to substantiate previous research in this area, but to investigate the ways in which households receiving a housing allowance behave with respect to location.
With respect to low-income and minority recipients as a group, it is hypothesized that:

- The allowance program will induce families to leave the Poverty Area (dispersal);
- Moves will accompany significant improvements in living conditions relative to previous housing and neighborhood;
- Moves of minorities will reproduce previous patterns of migration and will be geographically different from the moves of non-minority families in terms of the distance of moves and the direction of moves.
FOOTNOTES TO PART II

1 For excellent discussion of the politics and history of housing legislation, see: Lawrence M. Friedman, Government and Slum Housing (Chicago: Rand McNally and Co., 1968).

2 Hence, the current proposals to simplify and consolidate the welter of housing programs now on the books. See: Robert Taggart III, Low Income Housing: A Critique of Federal Aid (Baltimore: Johns Hopkins Press, 1970), p. 143.


8 The assumption here, of course, is that the low-income tenant is not currently living in a unit that fully meets his needs and preferences, and that the frictional costs of moving to a new unit are less than the benefits to be derived. See: William G. Grigsby, Housing Markets and Public Policy (Philadelphia: University of Pennsylvania Press, 1963), Chapter IV.

9 There are certainly many more issues than the two discussed here, e.g., what kind of housing services will the tenant want and (or obtain in the search for housing, and how much will he want to spend. Another issue involves how the options might differ under homeownership as opposed to rental situations.

In most recent discussions of the housing allowance literature, there is a strong tendency to view allowances as oriented principally to the low-income tenant, although there are few reasons to deny their applicability to ownership situations as well. The tenant bias of the literature stems in part from the fact that most low-income households
are renters to begin with, and in part from the current legislation authorizing experimentation in the field of housing allowances. See section 504(a), Housing and Urban Development Act of 1970, Public Law 91-609, 84 Stat. 1784; 12 U.S.C. 17012-1. The discussion of housing choice and dispersal of this section is also oriented to the use of allowances by low-income tenants rather than homeowners, since the Kansas City program does not provide the homeowners option to recipients and since to the knowledge of this writer the potential difficulties of such an option have not been adequately addressed by previous discussions of the allowance concept.

10 Abt Associates, p. 8-12 ff.

11 Earmarking is not only one of the parameters of housing choice per se, but also a significant component of administrative and transfer costs.


15 Composite variables such as life-cycle as determinants of migration behavior are thoroughly explored in: Peter H. Rossi, Why Families Move: A Study in the Social Psychology of Urban Residential Mobility. (New York: Free Press, 1955).

16 Whether or not there is in fact a welfare housing submarket is an interesting, yet unresolved question. See, for example: William G. Grigsby "The Housing Effects of a Guaranteed Annual Income" in Housing and Economics, Michael A. Stegman, ed. (Cambridge: MIT Press, 1970) p. 396 ff.


The term awareness space, as used by Brown and Moore in "The Intra-Urban Migration Process," derives initially from Wolpert's concept of "action space". See: Wolpert, p. 164. Brown defines awareness space as referring "to those locations within the total urban space about which the intended migrant has knowledge (or knowledge above some threshold level) before the search begins. Brown and Moore, p. 8.


Even with a control group, the colinearity problem is significant since under "housing gap" allowances, the subsidy is by definition a function of income and household size.

One of the major problems encountered in the analysis of data from Kansas City involves the lack of variation among households, such that unambiguous tests of significance are difficult to carry out. This problem is especially serious with respect to disaggregating the effects of income and household size from the amount of the allowance.


President's Committee on Urban Housing, p. 71-72.

Abt Associates, p. 8-6.


Policy Question #4. See Appendix C.

Arthur Solomon, Housing the Urban Poor: A Critical Analysis of Federal Policy, Unpublished Ph.D. dissertation, Harvard University, Cambridge, Mass., March 1971; Chapter 6. Relative to other subsidy programs like public housing or turnkey, housing allowances would provide less of a burden to municipalities to which recipients might move since their rent-paying ability (hence, tax-paying ability) would be the same as middle-income non-recipients. The relative tax "costs" of an allowance program would presumably derive from the addition of municipal services which might be required for low-income housing allowance recipients.


Ibid., p. 368.


William Lilley, "Housing Report/Administration and Congress..."


Downs, p. 356 ff.


The most outstanding of these are: Title VIII, Civil Rights Act of 1968; Title VI, Civil Rights Act of 1964; Executive Order 11063; HUD Affirmative Marketing Guidelines.


Frieden, "Blacks in Suburbia", p. 36 f.f.


Robert Parra, coordinator of West Side Citizens Planning Group, as quoted in Kansas City Star, April 20, 1971.

The approach is typified by Eliot Liebow, Tally's Corner. (Boston: Little, Brown, 1967).


Anthony Downs as quoted in Carnegie, p. 8.


This discussion eschews the issue of what is meant by "higher quality" and "better neighborhoods." A more thorough treatment of these issues is contained in Abt Associates, Inc., Op. Cit., Part 7.


It is noted that in Kansas City, of the 354 families who were selected, only 22 ever participated actively in the program. Many of the remaining 132 non-participants decided to drop out due to not meeting earmarking standards.

There are, of course, exceptions to the centrality of slums and they generally occur in the south. See Richard R. Meyer, Spatial Variation of Black Urban Households (Chicago: Univ. of Chicago Press, 1970).


Ibid.


Meyer, p. 115.


The techniques for setting C* leave much to be desired. They range from using census data, to talking with experts (the "Delphi" Method), to conducting an in-depth rent survey. See: Memo from Tony Phipps to Walt Stellwagen, "C* in Kansas City," Feb. 13, 1969.


Much of the suburban resistance to the building of low-income housing is built upon economic arguments as opposed to racial arguments, and has been justified by the President largely on those grounds. See, Text of President Nixon's Address to the Nation, June 11, 1971.

See, for example, Taeuber and Taeuber, op. cit.

III

THE LOCATIONAL RESPONSES OF HOUSING ALLOWANCE RECIPIENTS

A. GENERAL DESCRIPTION: HOUSING, LOCATION AND NEIGHBORHOOD

The following description of moves of housing allowance recipients in Kansas City is based upon information obtained from the Midwest Council of Model Cities, evaluators of the program.\(^1\) The location data refer to (a) the addresses of families at the time of enrollment in the program (intake address) and (b) the addresses of families at the end of three months after enrollment (interview address). It should be recalled that the sample population of 172 households is 83 percent black, 80 percent female-headed and very low-income (almost 60 percent receive public assistance payments and 60 percent earning less than $4,000 per year).

Geography of the Locational Decisions

Theoretically, housing allowance families could have moved anywhere they wanted in the Kansas City SMSA (Kansas and Missouri). The formula used to compute the amount of the allowance was based on a survey of rent levels in different parts of the Kansas City area,\(^2\) so that a family's rent paying ability (eg. $150 per month for a two bedroom unit) was not far out of line with what other families in different parts of the region were paying for "standard" units of a given size.

As a practical matter, however, the actual range of locational choices in terms of geography was restricted mainly to the urbanized
part of Jackson County as shown in Figure III-1. Only six families moved to Clay County (north of the river) and only two moved to Kansas City, Kansas. Even within this more limited geographic area, the pattern of moves was confined predominantly to areas east of Troost Avenue and south of Independence. The significance of this pattern in terms of race and other household characteristics will be discussed in greater detail below.

For descriptive purposes moves were classified by distance, direction (from point of origin), distance from the central business district (CBD), and direction vis-a-vis the black corridor (tracts 25 percent or more black). Table III-1 summarizes the absolute and relative frequencies for these classifications. (Location data for 10 of the 172 cases in the file were not available, so that most of the percentages refer to the 162 cases for whom the information was complete.)

Since to be eligible all of the families in the program had to live in one or another of the 7 Model Neighborhoods of the city, 95 percent of them lived within three miles of the central business district at intake. After the move, however, only one fourth of the families were living within the three mile ring while over 40 percent had moved to new addresses over five miles from the CBD. The mean distance of the move was about three miles and almost all the moves were in directions away from the CBD (10 families moved closer).

As noted in the table, the great majority of families moved southeast and south of the Model Neighborhood Area, following both the major transit lines and previous patterns of black migration. Seventy percent of the households stayed within census tracts 25 percent or more black.
FIGURE III-1:
Origins and Destinations of Moves
Figure III-2: Before and After Locations
<table>
<thead>
<tr>
<th>Variable</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distance of Move</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 miles or less</td>
<td>38</td>
<td>23.5</td>
</tr>
<tr>
<td>1.6 - 4.0 miles</td>
<td>82</td>
<td>50.6</td>
</tr>
<tr>
<td>more than 4.0 miles</td>
<td>42</td>
<td>25.9</td>
</tr>
<tr>
<td>total</td>
<td>162</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>10</td>
<td>5.8</td>
</tr>
<tr>
<td>mean distance moved</td>
<td>3.04 miles</td>
<td></td>
</tr>
<tr>
<td>median distance moved</td>
<td>2.75 miles</td>
<td></td>
</tr>
<tr>
<td><strong>Change in Distance from CBD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moved closer to CBD</td>
<td>10</td>
<td>6.2</td>
</tr>
<tr>
<td>No change (less than 1.0 miles)</td>
<td>29</td>
<td>17.9</td>
</tr>
<tr>
<td>1.0 - 3.0 miles away</td>
<td>76</td>
<td>46.9</td>
</tr>
<tr>
<td>More than 3.0 miles away</td>
<td>47</td>
<td>29.0</td>
</tr>
<tr>
<td>total</td>
<td>162</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>10</td>
<td>5.8</td>
</tr>
<tr>
<td>mean distance away from CBD</td>
<td>2.19 miles</td>
<td></td>
</tr>
<tr>
<td>median distance away from CBD</td>
<td>1.81 miles</td>
<td></td>
</tr>
<tr>
<td><strong>Direction of Move from Point of Origin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North and Northeast</td>
<td>11</td>
<td>6.8</td>
</tr>
<tr>
<td>East</td>
<td>15</td>
<td>9.3</td>
</tr>
<tr>
<td>Southeast and South</td>
<td>109</td>
<td>67.3</td>
</tr>
<tr>
<td>Southwest, West and Northwest</td>
<td>25</td>
<td>15.4</td>
</tr>
<tr>
<td>No change</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>total</td>
<td>162</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>10</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Moves vis-a-vis Black Corridor</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inside Corridor before and after move</td>
<td>113</td>
<td>69.8</td>
</tr>
<tr>
<td>Outside Corridor before and after move</td>
<td>18</td>
<td>11.1</td>
</tr>
<tr>
<td>Outside Corridor before, inside after</td>
<td>9</td>
<td>5.6</td>
</tr>
<tr>
<td>Inside before, outside after</td>
<td>22</td>
<td>13.6</td>
</tr>
<tr>
<td>total</td>
<td>162</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>10</td>
<td>5.8</td>
</tr>
</tbody>
</table>
of those families staying within Jackson County, but leaving their former neighborhood, about two-thirds stayed north of Brush Creek (87 families) and one-third moved south of Brush Creek.

Only two of the 172 families lived outside the 1970 census-defined poverty area at the time of application to the program since almost all of the Model Neighborhood Area is subsumed by that definition. After the move, however, 101 families (58.7 percent) had addresses outside the poverty area. There were nine families for whom this information could not be obtained.

It should be recalled, that because of a family's address is no longer within a statistically-defined area of the city labeled as a poverty neighborhood, it does not mean that the family will have automatically upgraded its standard of living via-a-vis housing or neighborhood quality. The problem of boundaries is obvious. For example, does a family who moves across a street, which also happens to be the line of demarcation between a poverty and a non-poverty neighborhood, no longer have a "poverty" address? In general, however, the chances that a family who moves out of the poverty area will be living in "better" neighborhoods and "better" housing are significantly improved.

The strong directionality of the majority of moves (i.e. south of the MNA and east of Troost) has an interesting wrinkle to it. Not all of the families wound up in areas of the city (tracts) entirely distinct from the areas (tracts) in which families lived previously. The "shot-gun" effect which the allowance seems to have generated is qualified to the extent that for those families who stayed more or less within the black corridor (about three-fourths of the total, including
those who were on the edge and moved in):

- 8 families stayed within the same tract they were in before; and
- 31 families had tract destinations that were the same as the tract origins of other families.

In the latter case, the occurrence of families moving out of one tract (and away from the CBD) while other families moved into that tract is split into two distinct cases. Seven of the 31 families moved closer to the CBD. All of these were black, had incomes significantly lower than the mean for all families ($3,600 per year), and were of smaller size.

The remaining 24 cases, although moving away from the CBD as most families, moved into areas of the Model Neighborhood vacated by other families who in turn moved farther out. There appears to be a staging process or sequence of moves by which families leaving neighborhoods on the periphery of the Model Neighborhood Area and moving farther out are "replaced" by families who had lived closer to the CBD at the beginning of the program. The occurrence of this type of move within a relatively short period of time and at a relatively fine grain seems to support a "stage" theory of urban growth and may corroborate in a graphic way the general concept of filtering in the housing market.

Admittedly, the two types of move described above (moves closer to the CBD and moves away from the CBD but into areas vacated by other families) do not represent the dominant movement types for this particular population of families. For the majority of households, the housing allowance -- averaging 46% of monthly income -- permitted a move into parts of the city significantly different from the Model Neighborhood and the poverty area (see below). Further, without a control group or coherent data on the previous occupants of the new
units and present occupants of the old units, it is difficult to draw any finite conclusions on the underlying process involved. However, the frequency of moves into areas vacated by other families in the program does raise some interesting questions about how families interpret their theoretically similar opportunities. On the one hand it seems likely that for some this opportunity horizon may be foreshortened by the "physical" constraints to mobility and choice -- e.g. the lack of a car which circumscribes the area of search, or the amount of time permitted between selection and occupancy.

On the other hand, it may be that the constraint is self-imposed and psychological in nature -- i.e. a pre-determined (and limited) expectation about the range of possibilities and a similar perception of what represents an "improvement" in living conditions relative to what was experienced before. What is abandoned by one family as being insufficient (housing and neighborhood) becomes the goal of another in a series of upgrading moves.

Clearly, the above hypotheses are confounded by three facts. (1) Not all tracts are homogeneous in terms of housing and neighborhood characteristics. Families moving out of a particular tract may have been living in the "worst" housing and the "worst" blocks of the neighborhood; while those moving into that tract may in fact be occupying the "best" housing on the "nicest" blocks. (2) All moves away from the poverty area are not necessarily better -- that is, families moving out could be in worse shape after the move than those staying in. (3) Families have different needs and preferences. At this point it is sufficient to note that while the potentialities of the move were the same from a
financial point of view, and while the move/not move decision was already made for the families by HDCIC; families still had different locational responses to the housing allowance.

In the case of most families the moves were strongly sectoral in nature, drawing into question the belief that a housing allowance which allows a "free" choice will result in an even pattern of dispersion from the central city. At this point it appears that the Homer Hoyt's sector theory of urban form is substantiated by the locational effects described here and that decentralization of similar types of families will be strongly unidirectional.\(^5\)

In the case of other families (not necessarily different) the above pattern is modified to the extent that while the moves may be along the same corridor, within that corridor there may be stages described by either a mobility threshold or an expectation threshold which put limits to the distance of the move (or to the characteristics of final neighborhood/housing outcomes).

### Changes in Housing Characteristics of DHA Families

In the following two tables (III-2 and III-3) the characteristics of housing units occupied by DHA households before receiving the housing allowance are compared with those occupied by these families at the time of the three month interview. Where information is available, "before" and "after" unit characteristics are also compared with housing unit characteristics of the Model Neighborhood Area (original location), the Kansas City portion of Jackson County (representing the actual range of locational choices) and the Metropolitan area (representing the potential range of locational choices).
TABLE III-2 Dwelling Unit Characteristics of DHA Families at Intake and at Interview—Comparisons with Model Neighborhood Area, Jackson County and SMSA (Census Data 1970)

<table>
<thead>
<tr>
<th>Characteristics of Units</th>
<th>DHA families (intake) 1/ No. ²</th>
<th>DHA families (interview) 2/ No. ²</th>
<th>MNA 3/ ²</th>
<th>Jackson County 4/ ²</th>
<th>SMSA 5/ ²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Persons per unit</td>
<td>4.1</td>
<td>4.2</td>
<td>2.8</td>
<td>2.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Median Rooms per unit</td>
<td>4.6</td>
<td>5.6</td>
<td>4.5</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Persons per Room</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 1.01</td>
<td>112 68.3</td>
<td>151 87.8</td>
<td>89.4</td>
<td>93.6</td>
<td>93.8</td>
</tr>
<tr>
<td>1.01-1.50</td>
<td>32 19.5</td>
<td>18 10.5</td>
<td>7.3</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td>1.51 +</td>
<td>20 12.2</td>
<td>3 1.7</td>
<td>3.3</td>
<td>1.5</td>
<td>1.2</td>
</tr>
<tr>
<td>mean</td>
<td>1.04</td>
<td>.82</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Lacking Sewer or All</td>
<td>20 12.2</td>
<td>7 4.1</td>
<td>6.9</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Plumbing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access Only Through Other</td>
<td>11 7.0</td>
<td>2 1.2</td>
<td>0.7</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Living Quarters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lacking Complete Kitchen</td>
<td>20 13.9</td>
<td>6 3.5</td>
<td>3.1</td>
<td>2.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households with more than</td>
<td>6 3.7</td>
<td>35 20.5</td>
<td>NA</td>
<td>25.0</td>
<td>33.0</td>
</tr>
<tr>
<td>one Bathroom</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit Type 6/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>single family</td>
<td>76 45.8</td>
<td>113 66.1</td>
<td>36.4</td>
<td>58.8</td>
<td>73.0</td>
</tr>
<tr>
<td>apartment house</td>
<td>80 48.2</td>
<td>52 30.4</td>
<td>18.3</td>
<td>26.9</td>
<td>15.7</td>
</tr>
<tr>
<td>other</td>
<td>10 6.0</td>
<td>6 3.5</td>
<td>45.3</td>
<td>14.3</td>
<td>11.3</td>
</tr>
</tbody>
</table>
TABLE III-3 Rent and Proportion of Income for Rent of DHA Families at Intake and at Interview - Comparisons with Jackson County and SMSA (Census Data 1970). 1/

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>DHA families (intake)</th>
<th>DHA families (interview)</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
<td>no.</td>
<td>%</td>
</tr>
<tr>
<td><strong>Contract Rent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than $60</td>
<td>87</td>
<td>52.4</td>
<td>3</td>
<td>1.8</td>
</tr>
<tr>
<td>$60-99</td>
<td>66</td>
<td>39.7</td>
<td>37</td>
<td>21.6</td>
</tr>
<tr>
<td>$100-149</td>
<td>2</td>
<td>1.2</td>
<td>95</td>
<td>55.5</td>
</tr>
<tr>
<td>$150-199</td>
<td>0</td>
<td>0.0</td>
<td>32</td>
<td>18.8</td>
</tr>
<tr>
<td>$200+</td>
<td>0</td>
<td>0.0</td>
<td>4</td>
<td>2.3</td>
</tr>
<tr>
<td>no cash rent</td>
<td>11</td>
<td>6.6</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

| **mean contract rent** | $50 | $121 | NA | NA |
| **median contract rent** | $49 | $122 | $79 | $88 |

<table>
<thead>
<tr>
<th><strong>Gross Rent (including utilities) 3/</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>less than $60</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>1.3</td>
</tr>
<tr>
<td>$60-99</td>
<td>NA</td>
<td>NA</td>
<td>18</td>
<td>11.6</td>
</tr>
<tr>
<td>$100-149</td>
<td>NA</td>
<td>NA</td>
<td>57</td>
<td>36.8</td>
</tr>
<tr>
<td>$150-199</td>
<td>NA</td>
<td>NA</td>
<td>60</td>
<td>38.7</td>
</tr>
<tr>
<td>$200+</td>
<td>NA</td>
<td>NA</td>
<td>18</td>
<td>11.6</td>
</tr>
<tr>
<td>no cash rent</td>
<td>NA</td>
<td>NA</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

| **mean gross rent** | NA | NA | $150 | NA | NA |
| **median gross rent** | NA | NA | $151 | $95 | $110 |

<table>
<thead>
<tr>
<th><strong>Gross Rent as Percentage of Income 4/ (DHA included with Income)</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 25%</td>
<td>NA</td>
<td>NA</td>
<td>12</td>
<td>8.1</td>
<td>19.1</td>
<td>17.0</td>
</tr>
<tr>
<td>25-34%</td>
<td>NA</td>
<td>NA</td>
<td>49</td>
<td>27.0</td>
<td>17.8</td>
<td>17.0</td>
</tr>
<tr>
<td>35%+</td>
<td>NA</td>
<td>NA</td>
<td>96</td>
<td>64.9</td>
<td>53.9</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>median</strong></td>
<td>NA</td>
<td>NA</td>
<td>38.0</td>
<td>35.0+</td>
<td>35.0+</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Gross Rent as Percentage of Income 5/ (Gross rent less DHA)</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 25%</td>
<td>NA</td>
<td>NA</td>
<td>104</td>
<td>73.8</td>
<td>19.1</td>
<td>17.0</td>
</tr>
<tr>
<td>25-34%</td>
<td>NA</td>
<td>NA</td>
<td>25</td>
<td>17.7</td>
<td>17.8</td>
<td>17.0</td>
</tr>
<tr>
<td>35%+</td>
<td>NA</td>
<td>NA</td>
<td>12</td>
<td>8.5</td>
<td>53.9</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>median</strong></td>
<td>NA</td>
<td>NA</td>
<td>18.1</td>
<td>35.0+</td>
<td>35.0+</td>
<td></td>
</tr>
</tbody>
</table>
Notes to Tables

Table III-2

1/ Intake data in each category based on number of families for whom complete information was available.

2/ Interview data collected throughout the first year of the program (three months after family had moved). Does not necessarily refer to the first unit occupied.

3/ Model Neighborhood Area statistics obtained from Model Neighborhood Profile Series - Report #1 - "Housing Characteristics of the Expanded Model Neighborhood", April 1972. Data on median rooms per unit and median persons per unit from 1970 Census Report PHC-1, Kansas City, Mo. - Kansas.

4/ Data refer to part of Jackson County within Kansas City city limits (1970 definition).

5/ Includes both Missouri and Kansas portions.

6/ "Other" category refers to group quarters for intake and interview data, and to 2-4 unit housing for census data.

Table III-3

1/ Source for Jackson County and SMSA is PHC-1 Tract Reports.

2/ Part in Kansas City.

3/ Figures for utilities not available for units at intake. Where reported amount for utilities was greater than twice median amount (7 cases) the median was substituted for the reported figure.

4/ For interview data (units moved to) gross rent computed by adding utilities not included in rent to reported rent and dividing this figure by the sum of monthly family income and the monthly housing allowance: (R+U)/(Y+DHA).

5/ For interview data gross rent computed by subtracting the housing allowance from the sum of the rent and utilities not included in rent, and dividing this sum by monthly family income (R+U-DHA)/Y.
Clearly, for the average DHA household the move to new housing resulted in a substantial improvement in almost all dimensions of unit conditions reported here. Compared with other families in the Model Neighborhood Area at the time of intake, DHA households had relatively poorer housing, (see Table III-2). Although unit sizes were about the same, proportionally three times as many families were overcrowded (more than 1.01 persons per room), almost twice as many lacked some or all plumbing facilities, and more than four times as many families lacked complete kitchen facilities. A relatively high proportion of families (7.0 percent) had access to their unit only through someone else's living quarters.

Inasmuch as housing conditions of the MNA are relatively poor compared with the rest of Jackson County and the Kansas City SMSA as a whole, it is safe to say that DHA participants at the time of intake were housed in some of the worst units of the metropolitan area. Assuming that rent levels bear some relationship to unit adequacy (except in the case of public housing and other subsidized government housing programs), DHA families may be characterized as having been "under-consumers" of housing at intake. While the median (contract) rent for the MNA in 1970 was $59, that for DHA families was $49 -- even though the mean household size for these families was half again as large as that for the MNA (Table III-3). The median proportion of income spent on rent at intake (Table III-4) was 19.4 percent, although 26 of the families at intake (17 percent) reported rents greater than 35 percent of their income.

Since HDCIC did not ask families how much they were paying at intake for utilities (either monthly or on a yearly basis), we can make no direct
comparisons between the proportion of income spent on gross rent by DHA families and that proportion spent by the MNA population as a whole. However, on the average, the median gross rent of tracts in the Model Neighborhood Area is $13 or 22.6 percent higher than the median contract rent. If we add this figure to the rents paid by DHA families at intake (or multiply by 1.226), the median gross rent comes to about $62 as compared with a median gross rent of $70 for the MNA as a whole. When we divide the "adjusted" gross rent of families (median = $62) by their monthly incomes, we find that the average family was spending less than 24 percent of their income for rent and utilities. Compared with families of similar income levels in Jackson County and the SMSA (less than $5000 per year), the relative housing burden of DHA families is significantly lower -- 23 percent versus 35+ percent in the latter two cases. In the case of DHA families, these figures may be biased downwards by the rents of the 15 families in conventional public housing which averaged much lower than those of the other DHA participant households.

In general, it appears that at the time of intake to the program DHA families were not only housed in some of the worst units of the MNA, but also that they tended to spend less on rent both in absolute terms and in terms of the proportion of their income they devoted to rent relative to other households at similar income levels.

Given that families were required (a) to spend all of the housing allowance on rent and (b) to occupy only "standard units" (those meeting the minimum criteria of the city's housing code); it is clear that the families' housing choices resulted in a significant improvement in living
conditions. The median unit size increased on the average by 1.0 so that after the move the families were occupying units larger than those they had lived in previously and larger than the average unit size for the SMSA as a whole (5.6 rooms per unit compared with 4.6 and 5.1, respectively). Similarly, the proportion of DHA families overcrowded (1.01 persons per room) dropped from 31.7 percent to 12.2, although this proportion when compared with the SMSA average (6.2 percent) remains relatively high. Since so many of the families (24.4 percent) had six or more persons, and since the Leiter survey had showed a relative dearth of vacant units with more than three bedrooms, the apparently high number of families in units with more than one person per room does not seem unreasonable. Perhaps more significant is the fact that, while at the beginning of the program twenty (12.2 percent) families were living in units with more than 1.50 persons per room only three households (1.7 percent) were overcrowded to this extent after the move. This percentage is not out of line with that for the SMSA as a whole (1.2 percent).

After the move seven families (4.1 percent) still lacked complete plumbing facilities (defined as at least one bathroom with hot and cold running water, bathtub or shower and flush toilet for the sole use of the occupant). This figure is compared with 12.2 percent of DHA families before the move, and 6.9, 3.9, and 3.3 percent for the MNA, Jackson County and the SMSA, respectively. At the same time the number of families with more than one bathroom increased significantly from 6 to 35 (3.7 percent and 20.5 percent) although the proportion of families with
more than one bathroom after the move was still below that of Jackson County and SMSA.

The proportion of families without direct access to their unit also dropped significantly so that only two (1.2 percent) of the families interviewed had to enter their unit through someone else's living quarters as compared with 11 families (7.0 percent) before the program.

At the beginning of the program DHA families were about equally divided in terms of the unit types they were occupying. About half (48.2 percent) were living in apartment houses, and, except for ten families, the remainder lived in rented single family units or duplexes. Although the classification of unit types in the intake data is not strictly comparable to that of the census, it is still evident that at the beginning of the program, there was an overrepresentation of families living in apartment houses relative to the Model Neighborhood, Jackson County, and the SMSA. In moving to their new units DHA families showed a decided "preference" for single family homes with almost two-thirds of the families moving into such units as compared with less than one-third who moved to units in apartment houses or apartment complexes.

It is not clear at this point whether the shift from apartments to single family units reflects a pure choice on the part of the families, or whether it is merely a question of the relative availability of single family homes vis-a-vis apartments in the areas which families chose to move into. As the proportion of apartment units in Kansas City generally declines with distance from the CBD, and since for almost all families the move was one away from the CBD, it would seem probable that a higher proportion of families would select units in other than apartment houses—
that is either a single family house or two- and three- family houses. Similarly, it would seem logical that the number of moves to single family units would be high since so many families were of large size and since apartment units with more than three bedrooms are scarce throughout the SMSA. A particular family's choice of a single family house may have reflected a strong preference on their part for such a unit. However, for a large number of families the ultimate choice may have been conditioned by the relative shortage of large apartments in the areas they wanted to live in -- that is, there may not have been much of a choice at all.

Changes in Housing Expenditures

Whereas the rents paid by DHA families before entering the program were significantly below the median rents for the MNA, Jackson County and the SMSA (see Table III-3), the median rent of the units moved to after receiving the housing allowance was quite a bit higher ($122 versus $59, $79, and $88 respectively). At intake, half the families were paying less than $60 in rent. At the three month interview, only three families still had rents below $60, while more than 55 percent (95 families) were paying rents between $100 and $149, and another 20 percent (36 families) had rents above $150 per month. If utilities are taken into account, the absolute difference between the median gross rent of DHA families and that of all families in the SMSA is even greater, although the relative difference between the two is about the same. That is, the median DHA contract rent and median gross rent are both about 38 percent higher than the respective figures for the SMSA.
To get at the question of whether or not DHA recipients were spending proportionally more money on rent than other households in the same areas who were renting units of similar size and quality, we first compare DHA families' rents with the median rents in the respective tracts before and after receiving the allowance. Before receiving the allowance, average monthly contract rents of families were $10 below the median contract rents of the tracts they lived in at that time. After the move, however, DHA recipients were paying rents about $34 per month more than the median rent of the areas they moved to.

Clearly, it is important to take into account the differences in unit sizes (number of bedrooms) since DHA households were significantly larger than average households in the areas moved to and would, therefore, be expected to pay a proportionately higher rent. A breakdown of rent levels by bedroom sizes for vacant rental units in the tracts moved to reveals that DHA families did in fact tend to spend more than the average rent for vacant units of a given size (Table III-4).

It is impossible to determine from the data presently available whether the difference in rent levels given in Table III-4 reflects a difference in unit quality or whether DHA families were paying higher than normal rents for units of average quality. The evidence is inconclusive and contradictory. Data on units surveyed by the Leiter company, for example, indicate that in many areas DHA families were paying rents at levels comparable to those documented in the rent survey. In the southeastern part of the city comprising zip code 64130 where a number of black families moved, the Leiter Survey showed an average
### TABLE III-4

Comparison of Contract Rents by Bedroom Size

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - Bedroom</td>
<td>NA</td>
<td>$47</td>
<td>NA</td>
<td>$70</td>
<td>$75</td>
</tr>
<tr>
<td>1 - Bedroom</td>
<td>$60</td>
<td>52</td>
<td>75</td>
<td>93</td>
<td>125</td>
</tr>
<tr>
<td>2 - Bedrooms</td>
<td>65=</td>
<td>50</td>
<td>90</td>
<td>103</td>
<td>150</td>
</tr>
<tr>
<td>3 - Bedrooms</td>
<td>68</td>
<td>55</td>
<td>110</td>
<td>120</td>
<td>200</td>
</tr>
<tr>
<td>4 + Bedrooms</td>
<td>72</td>
<td>56</td>
<td>125</td>
<td>128</td>
<td>210</td>
</tr>
</tbody>
</table>

1/ Source: 1970 Census of Population and Housing, Fourth Count Summary tapes, Kansas City SMSA. Refers only to tracts in which DHA families lived before receiving allowance.

2/ Source: Housing Development Corporation and Information Center, Intake (Management) Data for families enrolled in program.

3/ Source: Same as note 1, supra, refers only to tracts in which families were living at time of 3-month interview, after receiving allowance.

4/ Source: 3-month interview, Midwest Council of Model Cities, DHA recipients.

5/ Refers to cost standards used to determine maximum amount of allowance.
projected rent for 3-bedroom units of about $120 for homes and $175 for apartments. The mean rent of the 34 families occupying standard 3-bedroom units in this part of the city is $121 -- for all practical purposes the same as that projected in the survey. Census data, therefore, may understate significantly the average rents which families might be expected to pay for standard units in particular neighborhoods.

In terms of the proportion of income spent on rent, DHA families allocated an average of 21 percent of their pre-allowance (gross) incomes to rent (not including utilities), and more than half of the families spent less than 20 percent (Table III-5).
### TABLE III-5 Rent as Per Cent of Income for DHA Families at Intake (1) and at Interview (3)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>At Intake (rent/income)</th>
<th>At Interview (1) (not including DHA)</th>
<th>At Interview (2) (DHA incl. as income)</th>
<th>At Interview (3) (Rent less DHA)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
<td>no.</td>
<td>%</td>
</tr>
<tr>
<td><strong>Rent as Percentage of Income</strong> (Not including utilities)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 15%</td>
<td>46</td>
<td>31.1</td>
<td>4</td>
<td>2.4</td>
</tr>
<tr>
<td>15-24%</td>
<td>56</td>
<td>37.8</td>
<td>19</td>
<td>11.4</td>
</tr>
<tr>
<td>25-34%</td>
<td>20</td>
<td>13.5</td>
<td>44</td>
<td>26.3</td>
</tr>
<tr>
<td>35% + (no rent paid)</td>
<td>26</td>
<td>17.6</td>
<td>100</td>
<td>59.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>148</td>
<td>100.0</td>
<td>167</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td></td>
<td></td>
<td>22.7</td>
<td>51.5</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td></td>
<td></td>
<td>19.4</td>
<td>38.5</td>
</tr>
</tbody>
</table>

Proportion of Families Spending None of "Own" Income for Rent: 45.2% (N=168)

Rent/Income Ratio at Interview (1): Monthly Rent
                                             Monthly Family Income
Rent/Income Ratio at Interview (2):          Monthly Rent
                                             Monthly Income + DHA
Rent/Income Ratio at Interview (3):          Monthly Rent - DHA
                                             Monthly Income
Under program requirements, all of the allowance had to be spent on rent, and families were required to purchase housing services above a minimum quality level. As a result a 43 percent increase in income resulted in a 120 percent increase in rent, and the proportion of total resources (income plus allowance) allocated to housing jumped from 20 percent to 32 percent.

At the same time, had DHA families treated the allowance as entirely additive -- that is, had they increased their previous rental expenditure by the amount of the allowance -- we would expect to see families spending an average of $160 for rent or approximately 40 percent of their total resources (income plus the allowance). Clearly, the effect was the opposite. As shown in the last column of Table III-5, there appeared to be a strong tendency for families to reduce their out of pocket expenditures by the amount of the allowance. Four out of five families spent less than 15 percent of their own income for rent and half the families spent less than three percent. Seventy-six families (45.2 percent) spent none of their income for rent -- that is, the amount of the allowance was equal to the rent the families paid.

Summary of Changes in Housing Consumption and Expenditure

From an initial comparison of housing consumption and expenditure patterns of allowance recipients in Kansas City before and after receiving the allowance, it is apparent that the program resulted in significant improvement in housing quality for DHA families. Among the indicators considered here, it is evident that families were much better off than they were before the program with respect to housing
unit characteristics. However, the proportion of families with incomplete plumbing and kitchen facilities is still somewhat higher than the respective figures for Jackson County and the SMSA.

For much better housing (relative to previous units occupied) families spent much less of their own income on rent, with median out-of-pocket rental expenditures amounting to about three percent of gross income. The assumption that income elasticities of demand for families eligible for a housing allowance of the "housing gap" type is near unity needs to be seriously questioned. The families studied here treated the allowance payment as largely substitutable with respect for their previous expenditures on rent. It is not surprising to note that the simple correlation between rent at interview and total family income is very low (R = .068, significant at .193), while that between rent and total resources (income + DHA) is much higher (R = .15). The strongest "determinant" of a family's rent expenditure, however, appears to be the amount of the allowance itself. The simple correlation here is .667 at a significance level of .0001. This suggests that, given a moderately high C* level, and given the availability of standard units renting below that level in areas bordering their previous locations, families will tend to minimize their own expenditures for rent and will shop for units which meet the minimum standards established by the program. To the extent that families are able to achieve both ends, the inflationary impact of the allowance program may be somewhat dissipated.

It is not clear at this point whether families were charged higher rents than would obtain under more "normal" circumstances. While
DHA rents by bedroom sizes do tend to be higher than the median rents for vacant rental units of the same size as determined from census data; they do not seem to be out of line with the rent levels projected by the Leiter survey. More specific indicators of housing quality are absent from the census; and no conclusions as to reasons for apparent differences can be reached at this time.

**Changes in Neighborhood Characteristics**

With respect to neighborhood characteristics, comparisons were made (primarily using census statistics) of selected population and housing characteristics between tracts in which participants lived before joining the DHA program (Tract A) and those to which they moved subsequent to enrollment (Tract B). These comparisons were also made with the Kansas City portion of Jackson County (representing the actual range of locational choices) and the Kansas City Metropolitan Area (representing the potential range of locational choices).

The results of these comparisons are given in Table III-6. In almost all cases the variation between means for Tract A and Tract B was statistically significant using the Student's T-Test.

Since before the move all families were living in the Model Neighborhood Area, and since the MNA contains the largest number of black families of any area in Kansas City, Missouri, it is not surprising that the tracts families moved into had a much lower proportion of black households. The tracts families lived in before were on the average, more than 60 percent black, while the median percent black of the tracts moved to was 43 percent. This latter figure is still almost four times that of the SMSA (12.1 percent) and twice that of
Table III-6  Comparison of Selected Housing and Population Characteristics of Tracts Before Move (Tract A) and Tracts After Move (Tract B); Kansas City Portion of Jackson County and SMSA

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Tract A</th>
<th>Tract B</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Per Cent Black 1960</td>
<td>52.6</td>
<td>23.2</td>
<td>18.8</td>
<td>11.2</td>
</tr>
<tr>
<td>(2) Per Cent Black 1970</td>
<td>61.2</td>
<td>43.4</td>
<td>25.4</td>
<td>12.1</td>
</tr>
<tr>
<td>(3) Persons per Household</td>
<td>2.8</td>
<td>2.8</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>(4) Per Cent Families</td>
<td>27.3</td>
<td>19.2</td>
<td>15.1</td>
<td>10.1</td>
</tr>
<tr>
<td>Headed by Females</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Per Cent Population</td>
<td>34.9</td>
<td>32.0</td>
<td>31.9</td>
<td>34.9</td>
</tr>
<tr>
<td>under 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) Per Cent Change in</td>
<td>-13.8</td>
<td>-16.7</td>
<td>0.0</td>
<td>20.6</td>
</tr>
<tr>
<td>Population 1960-70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(7) Change in Per Cent</td>
<td>+12.3</td>
<td>+20.3</td>
<td>+6.6</td>
<td>+0.9</td>
</tr>
<tr>
<td>Black 1960-70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Tract A</th>
<th>Tract B</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8) Per Cent 16-21</td>
<td>31.7</td>
<td>20.6</td>
<td>17.1</td>
<td>13.9</td>
</tr>
<tr>
<td>Not in School or</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9) Median School</td>
<td>9.9</td>
<td>11.3</td>
<td>12.1</td>
<td>12.3</td>
</tr>
<tr>
<td>Years Completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10) Per Cent High</td>
<td>31.3</td>
<td>46.9</td>
<td>54.4</td>
<td>60.1</td>
</tr>
<tr>
<td>School Graduates</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(11) Total Crimes</td>
<td>31.3</td>
<td>46.9</td>
<td>54.4</td>
<td>60.1</td>
</tr>
<tr>
<td>per 1000 Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(12) Violent Crimes</td>
<td>.8</td>
<td>.5</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>per 1000 Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(13) % Total Crimes</td>
<td>1.4</td>
<td>2.4</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
Table III-6 (continued)

<table>
<thead>
<tr>
<th>Tracts Occupied by EJA Families (Mean)</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tract A</td>
<td>Tract B</td>
</tr>
<tr>
<td>(14) Residential Burglaries per 1000 population</td>
<td>8.75</td>
<td>9.99</td>
</tr>
<tr>
<td>(15) % of Total Crimes</td>
<td>16.50</td>
<td>30.70</td>
</tr>
</tbody>
</table>

Employment Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Tract A</th>
<th>Tract B</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(16) Per Cent Male Labor Force Unemployed</td>
<td>6.10</td>
<td>4.60</td>
<td>3.90</td>
<td>2.90</td>
</tr>
<tr>
<td>(17) Per Cent Female Labor Force Unemployed</td>
<td>6.20</td>
<td>4.80</td>
<td>4.00</td>
<td>3.90</td>
</tr>
<tr>
<td>(18) Per Cent Professional/Technical/Mgr.</td>
<td>10.30</td>
<td>16.50</td>
<td>21.60</td>
<td>23.50</td>
</tr>
<tr>
<td>(19) Per Cent Service and Domestic</td>
<td>27.20</td>
<td>20.20</td>
<td>15.10</td>
<td>11.60</td>
</tr>
</tbody>
</table>

Income Characteristics

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(20) Median Family Income 1960</td>
<td>$4079</td>
<td>$5687</td>
<td>$5799</td>
<td>$6317</td>
</tr>
<tr>
<td>(21) Median Family Income 1970</td>
<td>$6220</td>
<td>$8276</td>
<td>$9585</td>
<td>$10568</td>
</tr>
<tr>
<td>(22) Per Cent Change in Family Income 1960-70</td>
<td>+44.2</td>
<td>+48.5</td>
<td>65.3</td>
<td>67.3</td>
</tr>
<tr>
<td>(23) Per Cent Families with Wage Income</td>
<td>84.6</td>
<td>88.6</td>
<td>88.5</td>
<td>90.1</td>
</tr>
<tr>
<td>(24) Mean Wage Income</td>
<td>$7070</td>
<td>$8561</td>
<td>$9969</td>
<td>$10869</td>
</tr>
<tr>
<td>(25) Per Cent Families with Public Assistance</td>
<td>12.6</td>
<td>6.7</td>
<td>3.4</td>
<td>4.8</td>
</tr>
<tr>
<td>(26) Mean Public Assistance Income</td>
<td>$1007</td>
<td>$991</td>
<td>$1081</td>
<td>$977</td>
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<tr>
<td>(27) Percent Households Without Cars</td>
<td>45.6</td>
<td>27.8</td>
<td>25.0</td>
<td>14.5</td>
</tr>
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</table>
Table III-6 (continued)

<table>
<thead>
<tr>
<th></th>
<th>Tracts Occupied by DKA Families (Mean)</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tract A</td>
<td>Tract B</td>
<td></td>
</tr>
<tr>
<td>(28) Percent of Families Below Poverty</td>
<td>24.0</td>
<td>13.6</td>
<td>9.8</td>
</tr>
<tr>
<td>(29) Mean Income Deficit</td>
<td>$1074</td>
<td>$1639</td>
<td>$1599</td>
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</tbody>
</table>

Housing Stock Characteristics: Tenure, Vacancy Rates, Age, Density

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>(30) Percent Owner Occupied</td>
<td>36.7</td>
<td>58.0</td>
<td>48.1</td>
<td>61.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>(31) Percent Owner Occupied</td>
<td>34.8</td>
<td>52.5</td>
<td>50.9</td>
<td>61.7</td>
<td></td>
<td></td>
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<tr>
<td>(32) Percent Renter Occupied</td>
<td>54.0</td>
<td>36.8</td>
<td>44.7</td>
<td>32.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>(33) Percent Renter Occupied</td>
<td>49.9</td>
<td>37.9</td>
<td>40.5</td>
<td>32.2</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(34) Percent Vacant for Sale 1960</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
<td>1.2</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(35) Percent Vacant for Sale 1970</td>
<td>1.1</td>
<td>1.5</td>
<td>1.0</td>
<td>0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(36) Percent Vacant for Sale less than 6 months</td>
<td>0.6</td>
<td>0.9</td>
<td>0.6</td>
<td>0.6</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(37) Median Asking Price</td>
<td>$7243</td>
<td>$9464</td>
<td>$9900</td>
<td>$12700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(38) Percent Vacant for Rent 1960</td>
<td>6.2</td>
<td>2.9</td>
<td>4.9</td>
<td>3.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(39) Percent Vacant for Rent 1970</td>
<td>11.2</td>
<td>7.9</td>
<td>5.7</td>
<td>3.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(39a) Percent Vacant for Rent less than 2 mos.</td>
<td>4.3</td>
<td>2.7</td>
<td>2.7</td>
<td>1.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(40) Ratio Vacant for Rent More than 2 mos. to Total Vacant</td>
<td>0.66</td>
<td>0.62</td>
<td>0.53</td>
<td>0.53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
Table III-6 (continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>Tract A</th>
<th>Tract B</th>
<th>Jackson County</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(41) Percent Units Built Prior to 1939</td>
<td>74.8</td>
<td>66.1</td>
<td>56.1</td>
<td>37.8</td>
</tr>
<tr>
<td>(42) Tract Density</td>
<td>7.0</td>
<td>5.6</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>(43) Median Value Owned Units 1960</td>
<td>$7400</td>
<td>$9936</td>
<td>$10800</td>
<td>$12100</td>
</tr>
<tr>
<td>(44) Median Value Owned Units 1970</td>
<td>$8085</td>
<td>$10583</td>
<td>$13300</td>
<td>$15900</td>
</tr>
<tr>
<td>(45) Percent Increase in Value 1960-70</td>
<td>9.5</td>
<td>7.1</td>
<td>23.1</td>
<td>31.4</td>
</tr>
<tr>
<td>(46) Median Contract Rent 1960</td>
<td>$51</td>
<td>$64</td>
<td>$61</td>
<td>$62</td>
</tr>
<tr>
<td>(47) Median Contract Rent 1970</td>
<td>$58</td>
<td>$82</td>
<td>$79</td>
<td>$88</td>
</tr>
<tr>
<td>(48) Median Asking Rent</td>
<td>$57</td>
<td>$81</td>
<td>$67</td>
<td>$74</td>
</tr>
<tr>
<td>(49) Median Gross Rent 1960</td>
<td>$59</td>
<td>$78</td>
<td>$67</td>
<td>$70</td>
</tr>
<tr>
<td>(50) Median Gross Rent 1970</td>
<td>$74</td>
<td>$103</td>
<td>$95</td>
<td>$110</td>
</tr>
<tr>
<td>(51) Percent Households below $5000 Paying More Than 25% for Rent</td>
<td>64.6</td>
<td>75.7</td>
<td>78.9</td>
<td>81.0</td>
</tr>
</tbody>
</table>
Kansas City, Missouri (22.1 percent). Black families (83 percent of the DHA population) tended to stay in black areas.

Perhaps more significant is the fact that the majority of families were moving into areas where racial turnover between 1960 and 1970 appeared to be the greatest. While the proportion of blacks in those tracts families moved out of had increased by 12 percent in the ten-year period (item 7), the proportion of blacks in the tracts moved to had increased on the average by 20 percent. If we look only at those tracts to which black DHA families moved, the change in percent black jumped to 40 percent. The black families with housing allowances were clearly following previously established patterns of black migration.

However, DHA households did not move into the "growth" areas of the SMSA. Both the "before" and "after" tracts show declines in total population (item 6) although the tracts families moved to were declining in population less rapidly than those the families had left. Only three of the tracts moved to showed significant increases in population -- two of them in North Kansas City. During the 10 year period from 1960 to 1970 the Kansas City portion of Jackson County (approximately the same boundaries) showed practically no change in its total population. While DHA households did not move to the growing areas of the SMSA, their moves away from the CBD were indicative of the general trend of rapid depopulation of the central city and more particularly the poverty area.

The difference between before and after tracts in terms of average household size (item 3) and percent of population under 18 was
was not significant, although we might expect (in accordance with the life-cycle hypothesis) families to be generally larger and have more children in areas farther from the CBD.\(^7\)

There are strong indications that DHA families tended to move to areas of higher socio-economic status relative to the status of the areas they left. The median school years completed (item 9), the percent of population over 21 who were high school graduates (item 10), the proportion of the labor force employed in professional, technical and managerial jobs (item 18), median family income (item 21) and mean wage income (item 24) were all higher in the tracts moved to.

At the same time, the proportion of families headed by females (item 4), the percent of the population 16-21 who were not in school and not high school graduates (item 8), the proportion of the labor force unemployed (items 16 and 17), the proportion of the labor force employed in service and domestic jobs (item 19), the proportion of families on public assistance (item 25) and the percent of the families below poverty (item 28) were all significantly lower in tracts to which families moved.

Not only were there proportionally fewer families on public assistance, but also the amount of income from public assistance was lower suggesting, perhaps, a lower dependency on welfare as a means of support (assuming, of course, that welfare families in tracts before and tracts after were of the same size). Similarly, the average deficit between the income of the families below poverty and the poverty level itself was lower than the average deficit in the tracts
from which families moved. Poor families in the areas DHA families moved to were not as poor as poor families in the Model Neighborhood Area.

In the tracts DHA households were living in before the allowance, median family income increased by 44 per cent (item 22). In the tracts they moved to median family income rose by 48 per cent. The difference is not unexpected: the more upwardly mobile families (those with increasing incomes) move out; the poorer families stay put -- they can't afford to move out. In the SMSA as a whole median family income increased by 67 per cent and in Jackson County it increased by 65 per cent. For the black population the gains were even greater, although the absolute level of income was still far below that of the white population. In the SMSA the median family income of blacks increased by 75 per cent in the ten year period and in Jackson County by 81 per cent.

From the above figures it is evident that, although DHA families moved to tracts in which family incomes were increasing slightly more rapidly than in the Model Neighborhood, the median incomes and the proportional increases in incomes were both lower than the respective figures for the SMSA as a whole. Moreover, considering the fact that allowance families were predominantly black and stayed within the black corridor, it is apparent that families did not move to those tracts where the median family income of black families had risen the most. Rather, black DHA families tended to move to that part of the city (southeast Jackson County) where the median family income of blacks was the highest on an absolute level (but relatively modest in terms of the increase since 1960), and they moved away from those areas where the proportional gains in income were the highest (although absolute levels of income remained below the overall average).
What seems to be occurring is that, given a generous housing allowance, low income families (black and predominantly on welfare) moved toward and into those areas where middle income blacks were living even though in many of those areas closer to the CBD (where families lived before the move) the gains in family income had been greater over the ten year period. While the socio-economic status of areas DHA households moved to was significantly higher than that of areas they left, these status gains in a number of cases are accompanied by higher costs for the family in terms of expenditures for rent, transportation, schools and the like. 8

Admittedly, the relatively low increases in family income in those tracts more than 25 per cent black far from the CBD may reflect the relatively extensive racial turnover which took place in these areas between 1960 and 1970. To the extent that the white families living in these areas previously had higher incomes than the black families moving in, the net changes in family income were proportionately lower than those areas where racial turnover was less extensive. The same condition probably applies to Jackson County itself where higher income blacks tended to remain in this part of the SMSA, while whites at similar and higher income levels moved out of Jackson County.

Housing Market Characteristics

In terms of housing market characteristics, housing allowance recipients tended to move into areas where there were proportionately fewer vacant rental units (item 39) and fewer renter occupied units (item 33), than in the neighborhoods they left. The proportion of vacant rental units in these areas, however, tended to be higher than the respective proportions for the SMSA and Jackson County.

The median value of owner occupied structures in the new neighborhoods
was more than $2,000 higher than that for units in the Model Neighborhood Area (item 44), but more than $5,000 below that of the SMSA as a whole. Interestingly, while the increase in median values of owner occupied units in the SMSA had risen by $3,800 (31.4 percent) from 1960 to 1970, in the tracts families moved to the increase in value was only $650 or 7.1 percent (item 45). Moreover, the percent of total units vacant for sale was half again as high as the same proportion for Jackson County and the tracts families left (35), and almost twice as high as that for the SMSA. These figures suggest that DHA families were moving into relatively "soft" housing sub-markets of the metropolitan area where the demand for single-family units had not kept pace with overall demand in the SMSA. 9

A comparison of the rates of turnover of vacant-for-sale units in the SMSA with those in the tracts DHA households moved into tends to reinforce this conclusion. Whereas for the SMSA only 25 percent of the units vacant for sale in 1970 had been vacant more than 6 months, in the new neighborhoods to which DHA families moved, more than 40 percent of the units for sale had been vacant more than 6 months (items 35 and 36). The same relationship pertains to units vacant for rent. Less than half the units available for rent in the SMSA at the time of the census had been vacant for more than two months (item 40), as compared with more than 60 percent of units in the new neighborhoods occupied by DHA families.

Despite the apparent softness of these housing submarkets, both median contract rents and median gross rents (items 47 and 50) were higher in the new neighborhoods than in Jackson County as a whole, and much higher than the rents of areas where families lived before the allowance program.

From Table III-7 it is clear that DHA households moved to parts of the
TABLE III - 7 Comparison of DHA Units with Units in Tracts Before and After Move

<table>
<thead>
<tr>
<th></th>
<th>DHA Families (before move)</th>
<th>&quot;A&quot; Tracts</th>
<th>DHA Families (after move)</th>
<th>&quot;B&quot; Tract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Rooms Per Unit</td>
<td>4.6</td>
<td>4.4</td>
<td>5.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Per Cent Units Over Crowded</td>
<td>31.7</td>
<td>11.6</td>
<td>12.2</td>
<td>7.9</td>
</tr>
<tr>
<td>Per Cent Units Lacking Complete Plumbing Facilities</td>
<td>12.2</td>
<td>7.2</td>
<td>4.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Per Cent Units Lacking Complete Kitchens</td>
<td>13.9</td>
<td>3.6</td>
<td>3.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Per Cent Units Lacking Direct Access</td>
<td>7.0</td>
<td>0.7</td>
<td>1.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Households with More Than One Bathroom</td>
<td>3.7</td>
<td>11.5</td>
<td>20.5</td>
<td>17.7</td>
</tr>
<tr>
<td>Per Cent Units Single-Family Structures</td>
<td>45.8</td>
<td>36.5</td>
<td>66.1</td>
<td>71.4</td>
</tr>
</tbody>
</table>
city where their chances of occupying good housing were significantly im-
proved. The comparisons between "before" and "after" census tracts (columns
2 and 4) show that there were significant decreases in the proportion of
units lacking complete plumbing and kitchen facilities, the proportion of
units without direct access, the degree of overcrowding. At the same time
the median number of rooms per unit and the proportion of units which
were single family structures were higher (although this latter does not
necessarily signify better housing per se, but rather more space and more
privacy). In sum, the difference between "A" and "B" tracts would suggest
that the chances of finding better housing in the new neighborhoods was
greater than in the old neighborhoods -- other things being equal.

However, a comparison of DHA units with the other units in the neigh-
borhoods shows that in spite of the overall improvement in housing conditions
after the move, DHA families were more frequently overcrowded than the rest
of the population in the areas they moved to, even though they were paying
a relatively higher rent. Similarly, there were proportionately more
families without complete plumbing and kitchen facilities and without direct
access to their units. DHA families, as noted above, did have larger units
and more bathrooms in their new units.

It appears that a number of families did not obtain units of a quality
which their rent paying ability theoretically permitted, although in gen-
eral the new units represented a significant improvement over what families
had before they moved. Of course, the elements of housing unit condition
described above leave out many important (but non-measurable) variables of
unit quality such as convenience, appearance, structural quality and the
like. When families were asked why they chose the particular unit they
were living in, the most frequent first response was the convenience of the location, and second the time limitation for housing selection imposed by HDCIC.10

**Other Neighborhood Characteristics**

At the three-month interview families were asked to rate various aspects of the neighborhood they were living in. The following table describes their responses to this series of questions.

<table>
<thead>
<tr>
<th>TABLE III-8 Evaluation of Neighborhood Conditions by DHA Respondents</th>
<th>After the Move</th>
<th>Don't Know/No Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condition of Housing</td>
<td>54.7</td>
<td>43.0</td>
</tr>
<tr>
<td>Police Protection</td>
<td>48.8</td>
<td>26.7</td>
</tr>
<tr>
<td>Public Schools</td>
<td>49.4</td>
<td>19.2</td>
</tr>
<tr>
<td>Neighborhood Appearance</td>
<td>51.2</td>
<td>43.0</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>56.4</td>
<td>20.9</td>
</tr>
<tr>
<td>Condition of Streets</td>
<td>45.9</td>
<td>39.0</td>
</tr>
<tr>
<td>Availability of Playgrounds</td>
<td>33.1</td>
<td>16.9</td>
</tr>
<tr>
<td>Recreation Facilities</td>
<td>29.7</td>
<td>11.0</td>
</tr>
<tr>
<td>Quality of Stores</td>
<td>57.0</td>
<td>23.3</td>
</tr>
<tr>
<td>Race Relations</td>
<td>54.1</td>
<td>18.6</td>
</tr>
<tr>
<td>Medical Care Facilities</td>
<td>44.8</td>
<td>20.3</td>
</tr>
<tr>
<td>Trash Collection</td>
<td>85.5</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Source: Midwest Council for Model Cities, Three-Month Interview
While it would have been useful to have had the families' responses to their old neighborhoods (as well as their own definition of the neighborhood to which they were referring), it appears that families were generally satisfied with most aspects of their neighborhoods. Clearly, on a number of items (e.g., police protection, public schools, playgrounds and recreation facilities), many families were not yet familiar enough with their neighborhood to give an evaluation of these items. Overall, 87 per cent of the respondents said that their present neighborhood was better than the one they lived in before moving, 10 percent said it was the same, and 3 percent said it was worse.

Data on crime rates indicate that households moved to neighborhoods with fewer crimes except for residential burglaries. However, the biases inherent in crime data generally make these comparisons somewhat suspect. In terms of school quality, there is some indication that families tended to move to school districts where drop-out rates were higher than in the areas they left. Before the move two-thirds of the allowance households were living in school districts where drop-out rates were above average. After the move this percentage increased to 75 percent. On the other hand, the proportion of families living in school districts with below-average college ability test scores dropped from 83 percent to 77 percent. It is noted that more than one-quarter of all households had "don't know responses" to the question of how they would rate the public schools in the neighborhoods to which they moved.

Summary of Neighborhood and Housing Market Characteristics

Direct Housing Allowance recipients moved to areas of Kansas City which were significantly different from the neighborhoods they had lived
in before. Neighborhoods after the move were, on the average, less crowded and had proportionately fewer blacks, although almost all black DHA families remained within the city's black corridor (tracts more than 25 percent black). Moreover, black DHA households were following well-established patterns of black migration into the southeast part of Jackson County where the increase in the proportion of the population that was black had been the greatest between 1960 and 1970. White families, on the other hand, tended to move toward or into the white ethnic areas west of Prospect Boulevard and north of 12th Street where the proportion of the white population was relatively high and where there were very few black households.

The socio-economic status of areas to which DHA families moved was significantly higher than that of previous neighborhoods, although the median family incomes, percent of heads employed in professional, technical and managerial types of jobs and mean levels of education in these tracts were lower than the SMSA as a whole and lower than the Kansas City part of Jackson County. It is interesting to note that the difference between the incomes of particular housing allowance families and the median income of the area they lived in was much greater after the move. In their previous neighborhood 9 out of 10 DHA families had incomes which were lower than the median family income of the tract with the mean difference amounting to about $215 per month. After the move 2 of 157 families had incomes above the tract median and the mean difference in income was about $385 per month. If we add the housing allowance to the families' incomes, however, the mean difference is reduced to about $110 per month.

Black housing allowance recipients tended to be attracted to areas of the city where the mean incomes of black families were relatively high
(and where socio-economic status was high), although the proportional gains in income from 1960 to 1970 in these areas were somewhat lower than the gains in other (less affluent) neighborhoods.

DHA families moved to parts of the city where vacancy rates were high and where the proportion of units vacant for rent more than two months was high relative to the SMSA and Jackson County. In spite of the apparent softness of these housing submarkets, asking rents, contract rents and gross rents were all higher than the respective totals for Jackson County. In the case of asking rents, they were higher than the SMSA figure as well. It is surmised that the significant changes in the racial characteristics of the majority of these tracts played a major role in maintaining these relatively high rent levels.

It appears that, even though DHA families were paying higher rents relative to other families in the areas they moved to, they were proportionally less well housed. This seems to be true in spite of the fact that DMA families had much better housing than before and that the neighborhoods moved to had fewer substandard units than previous neighborhoods.

Whereas only one-fourth of the DHA families after the move were spending more than 25 percent of their "own" income for rent and utilities, in the areas they moved to 3 out of 4 families with comparable incomes (below $5000) were spending more than 25 percent of their income on gross rent. If we include the allowance as income, then the median proportion of income spent on gross rent amounts to about 38 percent.

The large majority of families in the program said that the neighborhoods they lived in were either good or fair in terms of 12 indicators of
neighborhood condition. Almost 90 percent of the families said their neighborhoods were better than the ones they lived in before.

While the evidence on reported crimes in the various neighborhoods of Kansas City suggest that families did move to areas with lower crime rates, the probably bias in the ways crimes are reported makes these comparisons highly suspect.

On two measures of school "quality" there is little indication that families moved to school districts (high school) where drop-out rates were lower or where college aptitude test scores were higher. It is admitted that neither of these measures is adequate, having more to do with the socio-economic status, race and ethnicity of the neighborhoods in which the schools are located.
B. VARIATIONS IN LOCATIONAL BEHAVIOR

The data presented in Part 1 of this paper have dealt primarily with the aggregate effects of the Direct Housing Allowance program, describing in summary fashion the locational choices of recipients and the housing and neighborhood characteristics associated with those choices. The condition of housing units and the characteristics of neighborhoods in which families lived before and after the move have been compared with the housing and neighborhood characteristics of the Model Neighborhood Area, the Kansas City portion of Jackson County and the Kansas City metropolitan area as a whole. In most cases, it is clear that the allowance has enabled DHA families to obtain better housing in better neighborhoods relative to their previous housing situation.

The following analysis examines in greater detail the variations in location as a function of the socio-economic characteristics of participant households and of selected aspects of the program itself. We seek to determine whether or not these characteristics made a difference in locational choices and, if they did, to ascertain which of those characteristics were most important in influencing the decision behavior of the individual household.

Question of Race

The preliminary results of the DHA program in Kansas City provide articulate evidence that the potential of a housing allowance program to facilitate racial integration and dispersal is by itself limited. While the majority of families in the program did move out of the census-defined poverty area, it is evident from Figures III-3 and III-4 that black
Figure III-3: Distribution of Moves by Race
Figure III-4: Location of the Black Population in Kansas City

% BLACK POPULATION (1970)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Shade</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1.9%</td>
<td>Light</td>
</tr>
<tr>
<td>2 - 9.9%</td>
<td>Medium</td>
</tr>
<tr>
<td>10 - 24.9%</td>
<td>Dark</td>
</tr>
<tr>
<td>25 - 49.9%</td>
<td>Very dark</td>
</tr>
<tr>
<td>50 - 74.9%</td>
<td>Black</td>
</tr>
<tr>
<td>75 - 100%</td>
<td>Black</td>
</tr>
</tbody>
</table>

Map showing the distribution of the black population in Kansas City with different shades indicating the percentage of black population in each area.
allowance recipients tended to stay within the black areas of the city -- namely south of Independence and east of Troost -- and that white families moved elsewhere, so that the net effect of the program in terms of desegregation was quite limited. It should be noted that black and white participants were not evenly distributed throughout the Model Neighborhood Area to begin with, as shown in Table III-9:

TABLE III-9 Racial Segregation of DHA Households Before Program (Tract Data from 1970 Census)

<table>
<thead>
<tr>
<th>Percent Population Black</th>
<th>Black</th>
<th>White</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tracts Before Move</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Less than 10%</td>
<td>3</td>
<td>2.1</td>
<td>22</td>
</tr>
<tr>
<td>10-24%</td>
<td>1</td>
<td>0.7</td>
<td>1</td>
</tr>
<tr>
<td>25% or more</td>
<td>139</td>
<td>97.2</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>143</td>
<td>100.0</td>
<td>28</td>
</tr>
</tbody>
</table>

Raw Chi Square: 112.8 with 2 degrees of freedom (significance 0.0)

While there was some tendency for black families to move to "less" black areas, the overwhelming result is that DHA participants, starting from a segregated pattern to begin with, remained racially separated after the move in spite of equalized rent paying abilities. Of the 143 black families 97 per cent lived in areas more than 25 percent black before the move, and 87 percent in areas more than 50 percent black. After the move 80 percent of these families still lived in areas greater than 25 percent black and 74 percent moved to tracts more than 50 percent black.
TABLE III-10 Racial Segregation of DHA Households After the Program
(Tract Data from 1970 Census)

<table>
<thead>
<tr>
<th>Percent Population Black After Move</th>
<th>Race of DHA Households</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Black</td>
<td>White</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Less than 10%</td>
<td>15 10.5</td>
<td>21 75.0</td>
<td>36 21.1</td>
<td></td>
</tr>
<tr>
<td>10-24%</td>
<td>10 7.0</td>
<td>1 3.6</td>
<td>11 6.4</td>
<td></td>
</tr>
<tr>
<td>25% or more</td>
<td>118 82.5</td>
<td>6 21.4</td>
<td>124 72.5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>143 100.0</td>
<td>23 100.0</td>
<td>171 100.0</td>
<td></td>
</tr>
</tbody>
</table>

Raw Chi Square: 58.8 with 2 degrees of freedom (significance 0.0)

For white families the pattern was the reverse. Before the program four out of every five lived in predominately white areas (less than 10 percent black) and only five in areas more than 25 percent black. After the move three out of every four white families still lived in white tracts, and six families (21 percent) moved to areas more than 25 percent black. Clearly, we may reject the null hypothesis that locational choices are independent of race, as well as the alternative hypothesis that an allowance program will bring about significant integration. For all practical purposes whites move into white areas and blacks stay within the black corridor.

This is not to say that there was no net shift of blacks to areas less black or that all whites stayed out of the black corridor. The net shift of 21 black families moving to areas less than 25 percent black and 1 white family moving to areas more than 25 percent black means that for this population there was some reduction in the overall level of segregation. However, given the racial geography of Kansas City and the high proportion of black families in the experimental population, this result is inevitable.

The Model Neighborhood comprises the heart of Kansas City's black ghetto and
has the highest concentration of blacks of any part of the SMSA (exclusive of Kansas City, Kansas), so that any series of moves by black families away from this area will result in an apparent lessening of racial segregation.

More importantly, the overall distribution of black households in Kansas City is changing dramatically and does not provide a stable context against which to measure the locational choices of DHA households and the net effect of their moves on levels of segregation. Rather, it is necessary to view migration in terms of the changing pattern of black migration over time, and not merely in terms of the city's racial distribution in 1970.

In 1950 over 80 percent of Kansas City's black population was contained in the areas generally bounded by Independence, Toost, 31st and Cleveland, and there were 14 tracts in which blacks made up 25 percent or more of the populations. By 1960 there were an additional 12 tracts extending as far south as 55th, while on the north and west Independence Avenue and Troost Ave. remained the principal boundaries of the city's black corridor (see Figure III-5). Between 1960 and 1970 this corridor continued to expand in a southeasterly direction bounded by the Blue River on the east and 79th and Swope Park to the south. By this time -- open housing legislation notwithstanding -- Troost had become institutionalized as "the wall" separating black from white Kansas City.13

The moves of black DHA families closely parallels that growth of the black corridor during the two previous decades, with more than 85 percent of these households having destinations within the corridor and 40 percent of these households moving south of Brush Creek into those areas that had
Figure III-5:
Black Migration in Kansas City

TRACTS MORE THAN 25% BLACK:

- 1950
- 1960
- 1970
recently changed from white to black. Clearly, DHA families were following a well-established pattern of black migration; and except for 11 families who moved to a new 236 development on the west-side in Tract 46, very few blacks (4) moved away from the corridor.

White families, however, tended to move in the other direction toward the older parts of the city to the northeast of the Model Neighborhood. Three families moved to Kansas City North (across the river) and 6 families had destinations east of Troost.

If we examine the distribution of moves by DHA households in terms of the percent change in the proportion black of the destination tracts between 1960 and 1970, the very strong pattern described above is reinforced. (Table III-11)

TABLE III-11 1960-1970 Change in Percent Black of Tracts Moved to by Race of DHA Household

<table>
<thead>
<tr>
<th>Change in Percent Black of Tract Moved to</th>
<th>Black DHA Families</th>
<th>White DHA Families</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Decrease in % Black</td>
<td>7</td>
<td>4.9</td>
</tr>
<tr>
<td>Moderate Increase</td>
<td>36</td>
<td>25.2</td>
</tr>
<tr>
<td>Large Increase</td>
<td>100</td>
<td>69.9</td>
</tr>
<tr>
<td>Total</td>
<td>143</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Chi Square: 48.2 with 2 degrees of freedom (significance 0.0)

The large majority of black families moved into tracts where there had been heavy turnover during the preceding decade from white to black occupancy. White families, on the other, moved more frequently into areas where the percent change had been either negative or had increased only moderately (less than 10 percent). From this table it is evident that,
while there may have been an absolute reduction in the number of black families living in the all black areas of the city, at the same time most black DHA households moved into areas experiencing significant racial turn-over and became part of an already well-established invasion-succession process in the southeast part of the city.

While a number of moves away from the Model Neighborhood (and Poverty Area) were substantial in terms of the distance involved, from the preceding maps it is clear that DHA families did not move to the suburban ring of the SMSA. Except for the five families (three white, two black) who moved to Kansas City North, all allowance recipients remained in the older parts of Kansas City (primarily in Jackson County) where the population has declined significantly since 1960. (Table III-6 above, item 6).

White families on the average moved approximately the same distance as black families (3.3 miles as opposed to 3.0 miles, respectively). However, for whites, approximately one out of every five families moved more than 6 miles. For blacks the proportion was one out of every ten.

The difference may have to do with transportation. The following table makes it clear that mode of transportation was a significant factor in the locational decisions of households in terms of the distance from the Central Business District of household destinations.
TABLE III-12 Transportation and Locational Choices

<table>
<thead>
<tr>
<th>Mode of Transportation</th>
<th>Car Available</th>
<th>Car Not Available</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Distance from CBD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 3.0 miles</td>
<td>11</td>
<td>22.4</td>
<td>31</td>
</tr>
<tr>
<td>3.1 - 5.0</td>
<td>10</td>
<td>20.4</td>
<td>22</td>
</tr>
<tr>
<td>5.1 miles+</td>
<td>28</td>
<td>57.2</td>
<td>29</td>
</tr>
</tbody>
</table>

Chi Square: 12.35 with 2 DF (significant at 0.002)

The availability of a car obviously enhanced the mobility of DHA households and their range of locational choices. Over 57 percent of those with cars moved to locations greater than five miles from the CBD as compared with 30 percent of those without cars. Moreover, DHA families with cars tended to look for housing in a wider variety of locations than those without. Clearly, having a car both facilitated housing search and increased the probability that a family would choose housing in areas significantly distant from their previous location.

It is interesting to note that, while blacks and whites tended to move about the same distance, black families had proportionately fewer cars. Over half of the white households had cars available to them. Slightly more than one quarter of black households had cars.

The fact that black families had fewer cars and were therefore more dependent on public transportation in the search for, and selection of, housing suggests that the elongated pattern of new locations was not solely a function of the segregated housing market (which prevented most black
families from moving west of Troost) but was also a product of the transit system which is primarily oriented to north-south movement along the major streets (i.e., Troost, the Paseo, and Prospect).

Despite of having fewer cars, blacks tended to move as far as whites. This suggests that black DHA families in the program may have had higher aspirations about leaving the poverty area than whites, although it was relatively more difficult for them to do so.\textsuperscript{14}

**Locational Choices and Income**

Since a housing allowance based on a rent-gap formula is inversely proportional to a family's adjusted gross income and since it enables low-income families to purchase housing services at the same consumption level as middle-income families, it is anticipated that a family's income should have little influence on the locational decision of the household. As in the case of race, it is the fond hope of proponents of housing allowances that, as an earmarked income transfer, the allowance will permit low-income households to leave the slum and move out to middle-income areas where there is better housing, better neighborhood services and improved access to expanding job opportunities.

It is the assumption of this line of reasoning that, given the range of choices which the allowance represents, families will move out to (or toward) the suburbs, and will take advantage of the opportunities that are afforded. At the same time, a housing allowance program is seen as an effective mechanism for dealing with the argument of suburban residents that, while they are not "opposed" to having blacks in their communities, they don't want to have to subsidize the services provided to those who cannot "pay their own way". Allowance recipients, renting apartments or
houses in the private market, theoretically would pay their own way since a certain proportion of the rents would be returned to the community via the property tax. Again, since the allowance is given to individual households (and on the assumption that dispersal will be uniform) the problem of concentrating low-income families in one location is avoided.

Our hypothesis, then, is that with respect to locational choices allowance recipients with lower incomes will behave in much the same manner as allowance recipients with higher incomes since theoretically both groups have the same opportunities. Alternatively, we may say that locational choices should be independent of a family's income since the allowance is designed to bring families of given sizes up to the same level of effective demand. The allowance should provide, therefore, the equalizing mechanism by which economic discrimination is overcome.

Prior to receiving the housing allowance DHA families were for the most part living in the lowest income tracts of Kansas City, Missouri. Median family income in these tracts averaged about $6,000 per year ($500 per month) and varied from a low of $3,900 to a high of $8,900 per year. While there is a small indication that average and higher income DHA families were living more frequently within the "higher" income tracts of the Model Neighborhood, the correlation between the income of the family at enrollment and the median income of the tract is insignificant. In general the program tended to attract the lowest income families from all parts of the Model Neighborhood.

The distribution of DHA families at the time of the three-month interview in terms of their income at that time and the median family income of the tracts they moved to provides little evidence that the higher income
families moved to higher income tracts. Income by itself seems to have played only a secondary role in "determining" the income of the tract moved to. The simple correlation between intake incomes and incomes of tracts occupied at that time is very low (R=0.02, significant at .385), and the simple correlation between income at interview and median income of tracts occupied after the move is only moderate (0.148, significant at .03).

Under an allowance program of this type family income is not synonymous with total economic resources. Clearly, the allowance itself must be included as a resource together with income. When the housing allowance is added to the monthly income of families, there appears to be a tendency for those families with higher total resources to move to higher income tracts, (simple correlation .167, significant at .03). The role of the allowance itself in affecting household locational decisions seems to be significant.

This observation is substantiated in the analysis of the effects of income on distance moved.

As in other medium sized SMSA's higher income and higher rent areas tend to be located farther from the central business district than low-income, low rent areas. Generally, DHA families with higher rent-paying abilities would normally be expected to move farther from the CBD; but since the allowance was inversely related to income and since, hypothetically at least, all families were brought up to the same level of rent paying ability, the income of particular families should have little effect on the distance moved.
For the most part this expectation is fulfilled in the results of the program. The simple correlation between income at intake and distance moved is modest ($R = .13$) and that between distance from the CBD at interview and income is relatively low ($R = .10$), although the signs are positive, suggest- ing a slight tendency for higher income families to move farther. Families in the lowest income group were the least likely to move to new locations more than five miles from the CBD as shown in the following Table:

TABLE III-13 Pearson's Product-Moment Correlation Matrix -- Factors of Income and Location

<table>
<thead>
<tr>
<th></th>
<th>Income at Intake</th>
<th>Income at Interview</th>
<th>Per Capita Income</th>
<th>Housing Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R$</td>
<td>Sig.</td>
<td>$R$</td>
<td>Sig.</td>
</tr>
<tr>
<td>Distance Moved</td>
<td>.135</td>
<td>.045</td>
<td>.154</td>
<td>.026</td>
</tr>
<tr>
<td>Distance from CBD at Interview</td>
<td>.128</td>
<td>.054</td>
<td>.106</td>
<td>.091</td>
</tr>
<tr>
<td>Change in Distance from CBD</td>
<td>.159</td>
<td>.023</td>
<td>.137</td>
<td>.042</td>
</tr>
</tbody>
</table>

Except in the case of the housing allowance (last column) the association between income and distance is only moderate. The results suggest two conclusions. First, the potential effect of income on the distance families move and their final location vis-a-vis the CBD is muted by the housing allowance to the extent that families of different incomes could afford to rent units in the same parts of the city. However, while the allowance is inversely correlated with income, it is positively correlated with household size on two counts (as discussed above in Part 1): 1) the more children a family has, the greater the deductions from gross income
and the greater the allowance; 2) the larger the family, the more bedrooms are required -- hence, again, the larger the allowance. The simple correlation between family size and the amount of the allowance is .54 at a significance level of .001. Controlling for household size, then, the correlation between distance moved and the amount of the allowance is reduced from .28 to .22 (significant at .003) and that between income and distance moved is reduced from .14 to .09. Household size seems to play a significant role in determining how far families moved. Since the availability of large vacant units (of standard quality) increases with distance from the CBD, it would appear reasonable that the larger the DHA families would tend to move farther, which is in fact the case. The correlation between distance moved and household size is .19 at a significance level of .01 and that between income and household size is .29 at a significance level of .001.

These statistics together might suggest that household size is important in the locational choices of families with larger families seeking units in areas further removed from the CBD than smaller families. However, given the lack of a control group and given no variation in the payments formula, it is impossible to disentangle the effects of income, family size and amount of the allowance. By definition the amount of the allowance is determined by household size and by income. Even assuming that household size and income vary independently of one another (which they may not because of the way welfare grants are determined), there is no way to assess adequately the effect of the subsidy on locational outcomes apart from the effects of household size and income. Using partial correlations to control for the effects of income and family size is spurious, since after controlling for both of these, there would be no more variation in
the independent variable to test for its effect on location. The fact that household size has a double effect and is, therefore, "non-linear" in its effect on the subsidy amount, further confounds these statistical difficulties.

A more indirect -- and perhaps more fruitful -- line of analysis lies in examining the relationship between rent expenditures and the amount of the allowance. It is reasonably clear that families tended to reduce their previous out-of-pocket expenditures for rent by the amount of the allowance. Almost half the families spent none of their "own" income on rent -- i.e. rent equals allowance. Further, the average amount of the allowance was only slightly lower than the maximum amount that would have been permissible (i.e. $104 versus $110, respectively). Therefore, it appears that families will shop around for units which both meet the DHA program's earmarking standards and which rent for the amount of the allowance.

As rent in Kansas City tends to increase with distance from the central city, and as the amount DHA families spent on rent also tended to increase with distance from the CBD, it would appear that families will tend to move out of the ghetto only as far as their allowances will permit (assuming, of course, a constant and very low elasticity of demand for these households). In terms of distance moved, it seems plausible that the amount of allowance prescribes certain limits to the migration of families out of the Poverty Area. Current data will permit no further explanation of the effects of the amount of the allowance on locational choice.

Location and Other Household Characteristics

In addition to race, transportation, income, household size and allowance amounts, the following variable were cross-tabulated with factors of
location (distance of move and direction of move) to assess their impact on locational decisions:

- Welfare status (Welfare/Non-Welfare)
- Proportion of Income from Welfare
- Employment Status (Full-time, part-time, unemployed)
- Change in Employment Status
- Employment Type
- Age of Head
- Sex of Head
- Education of Head

With respect to welfare status, there was very little information which would support the hypothesis that welfare families were more limited in their range of choices with respect to location. The distribution of moves in terms of the proportion of welfare families in the tracts to which DHA households moved shows no association between welfare status of recipients and the percent of the tract population on public assistance. For this population of households and under these market conditions at least, welfare families did not appear to behave much differently from non-welfare families with respect to their locational decisions. It must be pointed out, however, that the rather limited range of incomes of households and the limited range of locational choices relative to the total SMSA may not provide an adequate test of whether or not welfare families are more constrained in their locational choices than non-welfare households. No significant variation was found between the proportion of income from welfare and locational choices.

Families with employed heads did not tend to move differently from those with heads who were not working. In this case it is surmised that, given the rather reduced range of moves vis-a-vis potential residential locations throughout the SMSA, job location seems to have little bearing on the moves
of families. Those working had jobs most frequently in the central business
district and almost all families moved away from the CBD but not to such an
extent that commuting downtown would become difficult or impossible without
a car.

While employment status per se did not seem to affect locational de-
cisions significantly, it is interesting to note that the security of that
status may have had an impact. In the case of distance of move those re-
pondents who were either unemployed before and employed after, or employed
before and unemployed after, had the shortest range of moves. Only 17
percent moved more than four miles as compared with 27 percent of those
who were employed at intake and interview and 31 percent of those unem-
ployed before or after. Moreover, these families did not move as far away
from the CBD as other families. Only 22 percent moved more than 3 miles
from the CBD as compared with 32 percent of those with a more stable job
status (either employed or unemployed). The relative permanence or security
of employment status -- that is, either employed at both intake and inter-
view or unemployed at intake and interview -- seems to be positively cor-
related with both distance of the move and distance from the CBD. Families
presumably in the labor market but with insecure job pictures do not seem
to move as far as other with more stable employment patterns. It would
seem reasonable that the peripheral nature of the attachment to the labor
force for the former might tend to restrict both the area of search for
new housing on the one hand, and the perception of opportunities on the
other. Families with a greater degree of certainty about the future,
however, may perceive (and respond to) a wider range of choices.
### TABLE III-14: Change in Employment Status and Locational Choices

<table>
<thead>
<tr>
<th>Distance Moved</th>
<th>Employed Before &amp; After</th>
<th>Unemployed Before &amp; After</th>
<th>Unemployed Before or Unemployed After</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>less than 2.0</td>
<td>21</td>
<td>35.0</td>
<td>21</td>
</tr>
<tr>
<td>2.0-4.0 miles</td>
<td>23</td>
<td>38.3</td>
<td>21</td>
</tr>
<tr>
<td>4.1 miles+</td>
<td>16</td>
<td>26.7</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distance from CBD at Interview</th>
<th>Employed Before &amp; After</th>
<th>Unemployed Before &amp; After</th>
<th>Unemployed Before or Unemployed After</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 3 miles</td>
<td>13</td>
<td>21.7</td>
<td>17</td>
</tr>
<tr>
<td>3.1-5.0 miles</td>
<td>21</td>
<td>35.0</td>
<td>21</td>
</tr>
<tr>
<td>5.1 miles+</td>
<td>26</td>
<td>43.3</td>
<td>23</td>
</tr>
</tbody>
</table>

Until data from second- and third-year interviews are available, we cannot be certain that the locational distribution of families with regard to the change in employment status is not random and temporary. It is possible, although unlikely, that locational decisions may be entirely independent of employment status. However, in the absence of evidence to the contrary, it would appear that a change in employment status may be negatively associated with the geographic mobility of the household.

When we examine the joint distribution of employed heads of households by employment type and change in location no strong or statistically significant pattern emerges which would suggest that the type of occupation had a significant bearing on families' locational decisions. It is noted, however, that half of those employed in professional, technical and managerial occupations (16 heads) as well as half of those in blue collar occupations
chose locations more than five miles from the CBD -- as opposed to only one third of those employed in lower status, less secure service occupations. Obversely, heads employed in service occupations more frequently chose locations within three miles of the CBD relative to those in other occupational categories.

As status of neighborhood tends to be positively associated with distance from the CBD within the black corridor, we would expect households with more highly educated heads, hence of higher status, to move farther out toward higher status locations. For DHA families, this in fact appears to be the case: over half of those heads graduating from high school moved farther than 5 miles from the CBD as opposed to one third of those with lower levels of education. In spite of the apparent strength of the association, however, the simple correlation between education and both distance moved and distance from CBD is only moderate: 0.08 and 0.09 respectively. The housing allowance may have had an effect of reducing some of the class differences in the locational responses of allowance recipients.

It might be expected that families with older heads (especially 65 years or older) would tend to move not as far as young or middle age households because of the difficulty they might have in getting around and because of perhaps stronger attachments to the communities they live in -- e.g. kinship/friendship ties, shopping patterns, attachments to neighborhood services to which they are accustomed and the like. This expectation seems to hold true with respect to the locational choices of households with older heads receiving the housing allowance. They did not move as far and chose locations closer to the CBD than households
with younger heads. The simple correlation between distance of move and age of head is -0.21, and that between distance from CBD after move and age of head is -0.28.

Clearly, part of this correlation may reflect the influence of household size: i.e. older families are smaller and therefore get a smaller allowance. On the other hand, to the extent that families with older heads (over 45) tend to be the poorest, the amount of the allowance is increased. Controlling for income and household size then, the partial correlations between age of head and distance moved, and between age of head and distance from CBD, change only slightly the results cited above (-0.19 and -0.24 respectively). Age of head appears to have had a significant dampening effect on both the range of moves and the distance from the CBD of final destinations.

With respect to sex of head, no significant variation of locational responses with sex of head was discovered. This may be due in part to the fact that so many of the families were female headed (80 percent), hence biasing the sample significantly.

Locational Choices and Program Administration

While it is hard to assess quantitatively the impact of the administration of the housing allowance program in Kansas City on the location of families, there are three important considerations which seemed to have influenced these choices significantly. The first is the housing allowance formula itself; second, the selection group in which families were chosen to participate in the program; and third, counseling (or lack of it).

As mentioned above, the fact that DHA families were permitted to
substitute the rent allowance for their own income by choosing acceptable units whose rent was close to or equal to the amount of the allowance (i.e. that they did not have to spend 25 percent of their own income on rent) seems to have had an important impact on the locational choices of families. First, we find that the amount of "own" income which a family contributes to rent is positively correlated with the distance of the move -- that is, families who moved farther from their previous location (and farther from the CBD) spent proportionately more of their own income on rent since rent levels generally tend to be higher in areas farther from the CBD. To the extent that families who moved farther out had higher incomes, the size of own income contributed to rent is increased since the amount of the allowance is proportionately smaller. To the extent that larger households moved farther than smaller ones, the amount of own income for rent is minimized since the allowance is larger for large families than small ones (at a given income level).

As described above in Part I, almost half of the DHA families were able to reduce their own income for rent to zero. This, together with the fact that so many families prior to program were spending less than 20 percent of their monthly income on rent, would suggest that there was a strong tendency for families to choose areas closer to the CBD where rent levels were lower and where they could minimize their out-of-pocket expenditures for rent.

Of course, the degree to which families could minimize this expenditure was by definition a function of the housing allowance itself: at a given rent level the larger the housing allowance, the smaller the family's own contribution for rent.
Presumably, since the standard rents for varying unit sizes were set at levels which would enable low-income families to compete effectively with moderate income families throughout the SMSA, the absolute amount of the allowance should have little effect on the locational decision per se. That is, the allowance is computed in such a way as to bring the housing (and neighborhood) consumption opportunities of low-income families up to the same level as those of moderate income families, so that variations which occur in the way these families use the allowance should be a function of their preferences and needs (subject, of course, to the constraint of a minimum housing condition established by the city's housing code).

However, to the extent that families were permitted (and willing) to minimize their own contribution to rent, and to the extent that allowances were generous compared with actual rent levels in the inner city where a majority of families remained; families with large allowances seem to have had a wider range of locational choices than those with smaller allowances.

### TABLE III-15  Distance of Move and Distance from CBD by Amount of Housing Allowance

<table>
<thead>
<tr>
<th>Amount of Housing Allowance</th>
<th>Low ($90)</th>
<th>Average ($90-115)</th>
<th>High ($115+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td><strong>Distance of Move</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 - 2.0 miles</td>
<td>27</td>
<td>48.2</td>
<td>22</td>
</tr>
<tr>
<td>2.1 - 4.0 miles</td>
<td>18</td>
<td>32.1</td>
<td>21</td>
</tr>
<tr>
<td>4.1 miles +</td>
<td>11</td>
<td>19.6</td>
<td>9</td>
</tr>
</tbody>
</table>

Chi Square: 14.12 with 4 degrees of freedom (significance: .007)

<table>
<thead>
<tr>
<th><strong>Distance from CBD</strong></th>
<th>Low ($90)</th>
<th>Average ($90-115)</th>
<th>High ($115+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>0 - 3.0 miles</td>
<td>21</td>
<td>37.5</td>
<td>18</td>
</tr>
<tr>
<td>3.1 - 5.0 miles</td>
<td>16</td>
<td>28.6</td>
<td>21</td>
</tr>
<tr>
<td>5.1 miles +</td>
<td>19</td>
<td>33.9</td>
<td>13</td>
</tr>
</tbody>
</table>

Chi Square: 20.60 with 4 degrees of freedom (significance: .001)
It seems clear that, despite the "collinearity" problem with household size and income, we may reject the null hypothesis that the moves of DHA households in terms of their distance and their relation to the central business district were independent of the amount of the housing allowance. The association between these variables is quite strong as indicated in the correlation statistics cited previously -- i.e. 0.27 for DHA with distance moved and 0.28 for DHA with distance from the CBD.

A second administrative variable affecting location is selection group. It is evident that the locational responses of families varied significantly by the selection group in which families were chosen to participate. Families in the earlier groups, especially the first one, did not move as far as later participants. A significant number chose to remain in the Model Neighborhood, while almost all participants in later selection groups (i.e. groups 2, 3 and 4) moved out of the neighborhood. The simple correlation of distance moved with selection group is 0.21 and, controlling for the amount of the housing allowance, the partial correlation is 0.15.

While some of the correlation between selection group and distance moved may be due in part to attempts to HDCIC to balance out the low-income distribution of initial participants and to bring in higher income families during later stages of the program, it is felt that the predominant effect here is that of the confidence and optimism with which families viewed the program itself. Initially, the notices which were passed around the sub-neighborhood offering rent assistance occasioned not an unwarranted degree of scepticism on the part of Model Neighborhood residents. The program wasn't "for real", and there had to be some strings attached. Later on, however, after the first families had moved and continued to
receive their monthly allowances, and with the increasing amount of press coverage, the credibility of the program was more firmly established. Opportunities became more visible. This heightened credibility, in turn, tended to attract to the program more upwardly mobile families who saw in it a significant opportunity not only to increase their disposable incomes and live in better housing, but also to move to more attractive neighborhoods outside the central city. Once the concept had been proven, families seemed to have taken greater advantage of the opportunities that were available. Further analysis of the second and third round of interviews should show whether those families who moved farther away maintained their optimism and stayed outside the central city, or whether they moved back due to unforseen costs and problems in their new neighborhoods.

A third variable which may have influenced location outcomes is counseling. For all practical purposes there was little or no counseling at the outset of the DHA program. While HDCIC did hold one 2-hour information session, explaining the nature and rules of the program to those who had been selected, there was no sustained effort on the part of the administering agency to carry out a regular program of non-financial assistance to participating families in the areas of housing search and selection, enforcement of open-housing laws, moving, or dealing with post-occupancy problems such as budgeting for expenses and/or maintenance of the new unit.

Although we cannot measure the effects of the lack of counseling, it seems reasonable to assume that the absence of counseling services reduced the range of options which families perceived to be available to them (See Part IV below).
C. SUMMARY OF LOCATIONAL OUTCOMES

The preceding non-rigorous, non-parametric search for important variables influencing the locational outcomes of Direct Housing Allowance recipients in Kansas City leads to the following conclusions with respect to the hypotheses specified at the end of Part II.

1. Locational choices were significantly influenced by the characteristics of households receiving the allowance.

In terms of the direction of moves, the single most important determinant for this group of households was race. With exceptions, blacks moved south and southeast within the black corridor. Whites generally stayed in the northern and eastern part of the inner city.

In terms of both the distance of moves and distance of destination from CBD, the most important variables appeared to be:

- amount of the allowance (positive)
- transportation (positive)
- age of head (negative)
- selection group (positive)

Interestingly, there appeared to be no strong impact of either welfare or employment status on distance moved. However, the stability of employment may have a negative impact with those either employed at enrollment and interview or unemployed at enrollment and interview moving farther. Education seems to have increased the range of moves of families, but the correlation is only moderate. Among those families with working heads there appeared to be some differentiation of moves by employment type; however, the chi square statistic is not very significant.

Household size and income appeared to have had a strong positive effect
on the range of locational choices (distance moved and distance from CBD). But the true nature of these effects cannot be separated out from the amount of subsidy. They are, in fact, the amount of subsidy.

2. Locational choices were associated with housing market characteristics in several ways.

First, black households showed a decided affinity for moving within the black corridor which may be termed a housing submarket of the metropolitan area. Troost Avenue remained a strong boundary for the majority of black families.

Second, as DHA households preferred to reduce their out-of-pocket expenditures for rent as much as possible (while meeting program requirements), they shopped for and found housing units in the older parts of the city bordering the Poverty Area where rent levels were generally lower than C* rents and where vacancy rates were high, relative to other parts of the metropolitan area.

Few families moved to the growing parts of the SMSA, but rather chose neighborhoods where values for single family homes were not increasing as rapidly as in the SMSA or Jackson County and where rates of turnover for vacant units were relatively slow. Rent levels for vacant units may have been maintained artificially high by the pent-up demand for such units by black families. The majority of black DHA households moved to areas experiencing significant racial turnover from 1960 to 1970.

3. The housing allowance program induced a significant amount of dispersal from the Poverty Area.

Altogether 60 percent of the DHA population moved out. The spatial pattern of dispersal, however, was predominantly uni-directional (south) and highly conditioned by race.
DISCLAIMER

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At the same time, the majority of families stayed within the inner city. Only six families moved north across the river to suburban types of neighborhoods.

4. Families improved their housing conditions significantly compared with their previous housing and neighborhood.

There were many fewer units overcrowded, lacking complete plumbing or kitchen facilities or without direct access compared with previous housing units in the Model Neighborhood Area. The neighborhoods families moved to were less dense, were of higher socio-economic status, and had a higher quality housing stock.

However, families tended to pay on the average more rent for units which, compared with the average housing in the tracts moved to, yielded proportionately fewer housing services.

5. The moves of the majority of black DHA families followed very closely previous patterns of black migration (south); white families moved generally to the north-east part of the city.

Black families on the average moved slightly farther than white families. They moved to those neighborhoods of the city experiencing the greatest succession from white to black occupancy in the previous decade. These neighborhoods were also experiencing a higher than average change in tenure from owner-occupied to renter-occupied status.
FOOTNOTES TO PART III

1 This part of the research was conducted by the author in the Fall of 1972 and reported to the Midwest Council of Model Cities in a Working Paper, Nov., 1972.


8 Fifty-three per cent of the households who moved out of the Poverty Area, reported higher expenses for shopping, transportation and utilities.

9 It is admitted that census-derived vacancy rates may be biased by under-counting.

10 For families needing two bedrooms or less, the time limit for finding housing was 60 days. For larger unit sizes it was 90 days.

11 One of the obvious biases lies in the fact that complaints of crimes against property are more frequently reported in the upper-income tracts, since complaints must be registered with police before insurance claims are reimbursed. High-income families are more frequently insured against loss.


15 In order to account for these factors in the Housing Allowance Demand Experiment, it is necessary to structure three separate levels of C*. See: Abt Associates, Inc., "Evaluation Plan for the Demand Experiment," March 17, 1973.

16 Meyer, p. 111.
IV.

IMPLICATIONS FOR A NATIONAL HOUSING ALLOWANCE PROGRAM

It is worth reiterating the fact that the Kansas City Direct Housing Allowance Demonstration Program does not provide an adequate test of the way a full-scale allowance program might work. Sponsored by the local Model Cities Agency, the program attracted a population of households predominantly black, of very low-income, female-headed and on welfare. All families came from the Model Neighborhood Area bordering the Central Business District. There was no control group against which to measure specific program outcomes.

The program did demonstrate the feasibility of the technique of using housing allowances to improve the housing of low-income families in a relatively short period of time and for a reasonable administrative cost.

A. ROLE OF ALLOWANCES IN A DISPERIAL STRATEGY

If it is assumed that a dispersal strategy generally can bring about significant benefits for central city minorities and low-income families and can reduce the social and economic costs of the ghetto, then housing allowances may provide an important tool for implementing this strategy. Supply-side approaches to building low-income housing in non-central city neighborhoods have met with significant and unrelenting opposition. Housing allowances, however, by
increasing the individual's effective demand for housing may permit the low-income tenant to move to those parts of the city where a 236 or Turnkey project could not be built.

Keeping in mind the limitations of the data, there appear to be the following qualifications to the potential of allowances to achieve deghettoization.

**Impacts on Dispersal**

Given the specific site conditions of the Kansas City housing market and the given administrative parameters of the program in terms of the allowance formula, cost standards, earmarking and the like; it is fairly clear that allowances will induce many low-income families to move out of the Poverty Area and/or the Inner City. However, it is not clear that dispersal means deghettoization. To the extent that a large number of low-income minorities move in directions parallel to previous patterns of black migration and to the extent that such allowance-induced moves occur in a relatively short period of time, then problems of racial turnover and rent inflation may be increased in these areas.

Declining neighborhoods on the edge of the ghetto may decline less rapidly or may be upgraded due to an infusion of allowance-supported demand. However, the fact that so many low-income black DHA families in Kansas City moved to the same part of the city provides a caveat about potential neighborhood changes. Housing allowance may just displace the existing ghetto in one direction, rather than dissolve it
entirely. Moreover, it appears that allowances may have little qualitative impact on the nature of black migration. Rather, an allowance program may result in reinforcement of existing patterns of black migration. The consequences of these moves in terms of their impact on previous neighborhoods is unknowable at this time.

Impacts on Suburbanization

The point has already been made. Low-income families with allowances generally do not move to the suburbs. Rather, they tend to move to working class neighborhoods on the periphery of the Inner City. The warning is clear. While the improvements in neighborhood and housing brought about by the move may be significant, there may in fact be fewer supportive services available to them - e.g., child care, transportation, job counseling, and the like. Accessibility to jobs and medical facilities may be decreased rather than increased. It is noted that a number of households who made initial moves to these neighborhoods on the edge of the Central City (and to the suburbs) have already moved back. Further monitoring of the second and third moves of allowance households should reveal whether or not families' initial moves were unsatisfactory to them.

Impacts on Desegregation

Since so many black families stayed within the black corridor of the city, and that white households moved in the opposite direction, it seems that an allowance program may
have little impact on segregation patterns. Indeed, these patterns may be reinforced without specific actions taken to a) overcome housing market barriers to equal housing opportunities and b) inform families of these housing opportunities which exist outside the black corridor. Clearly, while the prophecy of segregation may be self-fulfilling, families may in fact prefer to live with other families of the same racial or ethnic characteristics. But the option for blacks to move into white areas must be guaranteed consistent with the household's preference.

B. IMPLICATIONS FOR THE DESIGN OF A HOUSING ALLOWANCE PROGRAM

The Allowance Formula

The surprisingly strong association between the amount of the housing allowance and the locational responses of DHA families suggests two important conclusions. First, as families seek to reduce their own income for rent to zero while satisfying the minimum housing requirements of the program, the locational decision for families of a given income and size may be viewed as a choice between (a) moving farther out from the CBD toward "better" neighborhoods and "better" housing where rents are higher and where the difference between rent and housing allowance is likely to be greater; or (b) staying closer to the CBD where rent levels and the probability of obtaining higher quality units in good neighborhoods are lower, but where the possibility of reducing their own income for rent is the greatest. The tradeoff
(much simplified) appears to be between "freed income" (that no longer required for rent) and more expensive housing (presumably better) and better neighborhood conditions (e.g. lower density, higher status, newer housing).

Viewed in this manner, the particular formulation for determining the amount of the allowance becomes a controlling factor in the locational decision: that is, for those families with low housing consumption preferences (a significant number since the average ratio of rent to income before the program was only 17 percent), it is better to move not so far and free as much income as possible for non-housing expenditures -- i.e. to reduce their own expenditure for rent to zero. To the extent that the standard rent levels used in determining the allowance tended to overestimate the amount of rent required to purchase acceptable units within this reduced perimeter of choices (i.e. Jackson County, not the SMSA), families could still move quite a distance from their previous location without entailing a significant contribution of their own for rent. Of course, the poorer the family and the larger the family, the greater the allowance, with the result that, given the presumed objective of maximizing the freed income, the largest and poorest families had the widest range of choices -- other things being equal. The housing allowance formula, then, has the overall effect of reducing the potential dispersal of the poor families from the central city, since at a given level of income it tends
to reward those who stay more than those who move out to higher rent areas. This fact may explain why the correlation between distance moved and family income is so low. Those families with higher incomes had less to gain in the way of freed income than those with smaller incomes -- other things being equal.

A second effect of the allowance in influencing locational choices may have been a psychological one. The largest allowances were given to those families with the lowest incomes. For over one third of the DHA recipients the allowance amounted to more than 50 percent of their income at the time of intake. The relative impact of the allowance on the life styles of those families with few resources must be presumed to have been a major one and to have induced a greater locational response (as a symbol of this impact) than it did with families for whom the allowance represented a more modest proportion of income.

If dispersal is determined to be a policy objective, an alternative formula might be devised which would take into account the variations in rent level in different parts of the metropolitan area. Hence, a family moving to a higher rent location would be given a larger allowance than a family moving to a low-rent location. Such a formula could be either a "percent-of-rent" formula devised to take into account the families income and household size for equity purposes, or a housing-gap formula with a variable $c^*$, depending upon the
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part of the city moved to. Theoretically the opportunities would be the same for families with the same consumption preferences.

Housing Information Services

Although the original HUD contract called for counseling services to be provided to DHA families by HDCIC and while there is a counseling program in operation at the present time; the minimal level of services provided these families at the outset was justified by HDCIC on two grounds. First, the Direct Housing Allowance program was not an experiment designed to test either the demand responses of DHA families or the mechanics of delivering the allowance to these families. It was, rather, a demonstration conceived in such a way as to "prove" that a housing allowance program could move low-income families from sub-standard to standard housing in a short period of time and for a relatively small amount of money for administrative purposes. The commitment of the director of HDCIC to these two goals precluded the provision of a more extensive package of counseling services since such a package would have entailed more time to prepare and deliver, and would have required a greater expenditure of administrative funds for counseling staff. The decision of HUD, Model Cities and HDCIC to carry out at least two unit inspections per DHA family (i.e. before and after) as well as a survey of rent levels in the SMSA (sub-contracted to Lawrence Leiter and Company), meant that only a minimum level of
counseling services could be provided -- given a $40,000 administrative budget in the first year.

The minimal level of counseling services was rationalized on other grounds as well. Since the allowance program was touted from the outset as the alternative to public housing, there was a conscious effort on the part of HDCIC to avoid the administrative paternalism characteristic of public housing programs. Housing allowances were to be a means for expanding the housing, location and neighborhood choices of low-income families -- choices not available to tenants of public housing. It was the fear of HDCIC that more intensive, non-financial support (for example, helping families find and select new units) would be interpreted as paternalistic interference with the "free" choices of DHA families.

This fear was grounded in the fallacious assumptions that (1) counseling somehow makes decisions less free and (2) that assistance in problem resolution leads to paternalism. The first assumption is fallacious because a decision made without recourse to full information as to the characteristics and implications of alternative choices (which counseling should provide), is a constrained one. Families who are given little or no information as to the probable benefits and costs of different locational choices have less of an opportunity to maximize the utility of the housing allowance dollar that those whose judgments are informed by objective information about probable decision consequences.
The second assumption that assistance will tend to be paternalistic is also fallacious if (a) the assistance is initiated at the request of a family, (b) assistance is not made a condition to participation or to particular kinds of behavior by the family, and (c) assistance is designed to avoid creating a dependency relationship. It seems somewhat irresponsible to tell poor black families, for example, that they may move to any location they want in the Kansas City SMSA and then not provide the information and back-up support necessary (e.g. legal assistance and a checking service), which would in fact make moves outside the black corridor a feasible option for the black families in the program. Referring families who have difficulty in finding units generally or who encounter discrimination in the housing market in particular to a non-profit open housing group that was not prepared beforehand (financially or otherwise) to assume the burden of assistance and/or legal support is just as irresponsible.

It is impossible to quantify the effect of the lack of counseling on the locational decisions of families. However, it seems reasonable to assume that the impact was a major one especially in light of the fact that (1) location outcomes were highly constrained geographically when compared with the range of potential choices; and (2) that the difference between where families looked for housing and where they wound up was substantial. With regard to this latter, it is noted that 96
families (56 percent) said that they looked at vacant rental housing in areas south of 39th Street and west of the Paseo, where the probability of finding good housing was quite high relative to other parts of Kansas City, Missouri. The area is predominantly single family, white and middle to upper-middle class. Only 16 families (4 white and 12 blacks) chose locations in this area, and all the black families but one "chose" houses in the black neighborhoods between Paseo and Troost. It was these families who most frequently mentioned racial discrimination as the reason they were turned down at the other houses they had looked at, although for the group as a whole almost half the respondents refused to answer this question.

The indications are that giving families an allowance based on income and household size is not enough to insure that families will have equalized access to housing opportunities. Counseling must (1) provide an information base upon which families may make informed judgments as to the implications of alternative choices and the best means of satisfying both their housing needs and the requirements of the program; and (2) guarantee substantive and procedural assistance in overcoming barriers in the housing market (racial and otherwise) which minimize the available choices and reduce the possibility that families will achieve optimal use of the allowance in satisfying their needs and preferences. Without such counseling support outcomes as to housing,
location and neighborhood are likely to be significantly constrained by a number of circumstances including:

a. families' lack of experience in selecting housing and dealing with landlords in unfamiliar housing submarkets;

b. institutionalized racial and economic barriers to choice, reinforced by the conventional wisdom (e.g. if you are black, you can't have a south-west address and you can't live in Kansas City North);

c. lack of transportation.

If, as is the case in the Kansas City program, a time limit is superimposed on these constraints, the range of choices will be even further reduced. The second most frequently mentioned response to the interview question about why the family chose its present neighborhood was the time limit ("had to take anything in a hurry"). Similarly, when families were asked why they chose their particular apartment or house, the time constraint was again the second most frequently mentioned reason. It is surmised that a more thorough counseling package provided at the outset would have facilitated the housing search and selection process for these families in two ways. First, having a more complete understanding from the very beginning of what constituted an acceptable housing unit given the inspection criteria of the city's housing code, many DHA families would have been able
to avoid the time consuming and frustrating process of selecting what appeared to them to be a standard unit, waiting to have it inspected and then finding that this choice was unacceptable (e.g. no vent in the bathroom or faulty wiring, etc.). Twenty-five families reported that their choices were found to be sub-standard and were therefore disqualified for occupancy. A well-designed counseling program could have minimized this problem by increasing the families' proficiency in evaluating units. In turn this would have resulted in a reduction in the amount of staff time required to inspect second, third or fourth choices, and a reduction in the frustration which many families experienced.

Second, given a more complete understanding of what they were likely to encounter in various neighborhoods in the way of housing types and neighborhood facilities, and given an estimate of what they could be expected to pay for housing units of different sizes and types in various neighborhoods, DHA families could have been more efficient and selective in their housing search. Moreover, such information could have reduced the probability that families would be overcharged for the unit they wanted to occupy. There is sufficient data to indicate that the rents which DHA families paid was quite a bit higher than the rents which other families in the same areas were paying for units of similar sizes and types. Counseling aimed at equipping families with the information necessary to deal with landlords in unfamiliar territory --
for example, what fair rents are for standard units of various sizes in different neighborhoods -- might have reduced the tendency for landlords to charge premium prices to DHA tenants for average units (and for tenants to accept these prices).

C. SUMMARY

The Direct Housing Allowance Program in Kansas City has clearly had a number of beneficial effects. It is apparent that for the low-income Inner-City households participating in the program, the housing allowance enabled the large majority to obtain significant improvements in housing quality relative to the quality of units they lived in previously. Very few families were dissatisfied with their housing and neighborhood choices.

Given a rather generous allowance, amounting to about 40 percent of their incomes, and with the availability of standard (mostly single-family) housing on the periphery of the Model Neighborhood Area renting at levels significantly below cost standards; DHA families were able to minimize their own expenditures for rent. Whether or not rental expenditures were proportionate with the quality of the units obtained and whether or not families might have obtained better units for the same rental expenditure is not known.

The DHA program resulted in a moderate pattern of dispersal away from the Model Neighborhood and Poverty Area. However, moves were significantly affected by race with a majority of blacks in the program staying within the black
corridor and with whites moving in a different direction. It is not possible to say whether the moves of black households within the black corridor reflected their preferences or rather reflected a perceived lack of alternatives and racial discrimination by housing market intermediaries. It is probable that the two are mutually reinforcing.

That the majority of families did move out of the Poverty Area and did find housing in areas considerably different from the Poverty Area seems to indicate that an allowance program can reduce the concentration of low-income and minority families in the ghetto, and can increase their residential opportunities. It is surmised that the opportunities would be even greater with an effective package of housing information services designed to increase the efficiency of search and the ability of black households to deal with discrimination in the housing market.

There are many questions the DHA program in Kansas City does not answer. In light of the fact that the results reported here are preliminary ones, it is especially important to suspend judgments about the effectiveness of allowances relative to existing subsidy mechanisms in improving the housing consumption of low income families until the results of more elaborate experiments are known.
APPENDICES
APPENDIX A

The following table summarizes the principal demographic, economic and social characteristics of 172 Direct Housing Allowance households at intake. These descriptive statistics are compared with similar data for the Model Neighborhood Area, the Kansas City portion of Jackson County and the SMSA as a whole where such figures are available from the 1970 Census of Population and Housing (PCH-1 Tract Reports). The figures and description presented below were originally reported in a working paper prepared for the Midwest Council of Model Cities, "Locational Choices of Direct Housing Allowance Recipients" in November, 1972.

### Household Characteristics of DHA Families at Intake

<table>
<thead>
<tr>
<th>Variable</th>
<th>DHA Population</th>
<th>MNA</th>
<th>Jackson Co.</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Afro-American</td>
<td>143</td>
<td>83.1</td>
<td>67.9</td>
<td>25.4</td>
</tr>
<tr>
<td>White</td>
<td>29</td>
<td>16.9</td>
<td>31.1</td>
<td>74.6</td>
</tr>
<tr>
<td>Sex of Head</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male Head</td>
<td>34</td>
<td>19.8</td>
<td>71.8</td>
<td>84.9</td>
</tr>
<tr>
<td>Female Head</td>
<td>138</td>
<td>80.2</td>
<td>28.2</td>
<td>15.1</td>
</tr>
<tr>
<td>Age of Head</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean:</td>
<td>34.2 yrs.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Median:</td>
<td>30.7 yrs.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Persons Under 18</td>
<td>531</td>
<td>69.8</td>
<td>34.5</td>
<td>31.8</td>
</tr>
<tr>
<td>Age Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-4 years</td>
<td>154</td>
<td>20.4</td>
<td>8.7</td>
<td>7.7</td>
</tr>
<tr>
<td>5-14</td>
<td>320</td>
<td>42.3</td>
<td>20.3</td>
<td>18.9</td>
</tr>
<tr>
<td>15-24</td>
<td>135</td>
<td>17.9</td>
<td>16.0</td>
<td>16.4</td>
</tr>
<tr>
<td>25-34</td>
<td>65</td>
<td>8.6</td>
<td>9.9</td>
<td>12.0</td>
</tr>
<tr>
<td>35-44</td>
<td>41</td>
<td>5.4</td>
<td>9.8</td>
<td>10.8</td>
</tr>
<tr>
<td>45-54</td>
<td>24</td>
<td>3.2</td>
<td>11.1</td>
<td>11.3</td>
</tr>
<tr>
<td>55-64</td>
<td>9</td>
<td>1.2</td>
<td>10.0</td>
<td>9.9</td>
</tr>
<tr>
<td>65+</td>
<td>8</td>
<td>1.1</td>
<td>14.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Total</td>
<td>756</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>DHA Population</td>
<td>MNA</td>
<td>Jackson Co.</td>
<td>SMSA</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-----</td>
<td>-------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Persons per Household</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Mean: 4.52</td>
<td>2.72</td>
<td>2.75</td>
<td>3.02</td>
<td></td>
</tr>
<tr>
<td>Median: 4.23</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Monthly Family Income at Intake</td>
<td>Mean: $298.37</td>
<td>$562.98</td>
<td>$920.50</td>
<td>$994.25</td>
</tr>
<tr>
<td>Median: 280.58</td>
<td>518.34</td>
<td>798.75</td>
<td>880.66</td>
<td></td>
</tr>
<tr>
<td>Families with Wage Income at Intake</td>
<td>83</td>
<td>48.30</td>
<td>80.50</td>
<td>88.50</td>
</tr>
<tr>
<td>Mean Wage Income Per Month</td>
<td>$335.53</td>
<td>NA</td>
<td>$830.75</td>
<td>$905.75</td>
</tr>
<tr>
<td>Ratio Wage Income to Total Income</td>
<td>Mean: 83.20</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Median: 94.50</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Families with Public Assistance Income</td>
<td>104</td>
<td>60.50</td>
<td>11.60</td>
<td>4.80</td>
</tr>
<tr>
<td>Mean Public Assistance Income Per Month</td>
<td>$178.18</td>
<td>NA</td>
<td>$81.42</td>
<td>$90.08</td>
</tr>
<tr>
<td>Median: 155.00</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Ratio Assistance Income to Total Income</td>
<td>Mean: 77.50</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Median: 88.40</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Families with Incomes Below $6000 per Year</td>
<td>101</td>
<td>58.70</td>
<td>28.90</td>
<td>14.20</td>
</tr>
<tr>
<td>Mean Monthly Per Capita Income</td>
<td>$77.22</td>
<td>NA</td>
<td>$236.74</td>
<td>$264.87</td>
</tr>
<tr>
<td>Median: 68.90</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Actual Housing Allowance</td>
<td>Mean: $104.05</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Median: 102.36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Family Income per Month</td>
<td>Mean: $408.11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including DHA</td>
<td>Median: 398.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DHA as a Percent of Monthly Income</td>
<td>Mean: 46.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median: 32.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As has been noted elsewhere, as a group the 172 DHA households in this study are notably different from the population of the Model Neighborhood Area, Jackson County and the SMSA. They are younger (having proportionately twice as many persons under 18 years of age as the MNA), and they are larger. There are more black families (83.1%) and more female-headed households

<table>
<thead>
<tr>
<th>Number of Jobs Last 5 Years (All Heads)</th>
<th>DHA Population</th>
<th>MNA</th>
<th>Jackson Co.</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>26</td>
<td>15.1</td>
<td>NA</td>
<td>1.0</td>
</tr>
<tr>
<td>1-2</td>
<td>97</td>
<td>56.4</td>
<td>NA</td>
<td>24.8</td>
</tr>
<tr>
<td>3-4</td>
<td>37</td>
<td>21.5</td>
<td>NA</td>
<td>19.7</td>
</tr>
<tr>
<td>4+</td>
<td>10</td>
<td>5.8</td>
<td>NA</td>
<td>54.4</td>
</tr>
<tr>
<td>NA</td>
<td>2</td>
<td>1.2</td>
<td>NA</td>
<td>12.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education of Head</th>
<th>DHA Population</th>
<th>MNA</th>
<th>Jackson Co.</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No School</td>
<td>7</td>
<td>4.1</td>
<td>NA</td>
<td>1.0</td>
</tr>
<tr>
<td>1-8 yrs.</td>
<td>38</td>
<td>22.1</td>
<td>NA</td>
<td>24.8</td>
</tr>
<tr>
<td>9-11 yrs.</td>
<td>71</td>
<td>41.2</td>
<td>NA</td>
<td>19.7</td>
</tr>
<tr>
<td>12+ yrs.</td>
<td>55</td>
<td>32.0</td>
<td>NA</td>
<td>54.4</td>
</tr>
<tr>
<td>Median</td>
<td>9.8 years</td>
<td>NA</td>
<td>12.1 yrs.</td>
<td>12.3 yrs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transportation to Work by Own Car</th>
<th>DHA Population</th>
<th>MNA</th>
<th>Jackson Co.</th>
<th>SMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Employed</td>
<td>99</td>
<td>57.6</td>
<td>NA</td>
<td>21.6</td>
</tr>
<tr>
<td>Prof/Tech/Mgr.</td>
<td>7</td>
<td>9.6</td>
<td>NA</td>
<td>30.8</td>
</tr>
<tr>
<td>Clerical/Sales</td>
<td>28</td>
<td>38.4</td>
<td>NA</td>
<td>15.2</td>
</tr>
<tr>
<td>Service/Domestic</td>
<td>26</td>
<td>35.6</td>
<td>NA</td>
<td>32.5</td>
</tr>
<tr>
<td>Blue Collar</td>
<td>11</td>
<td>15.1</td>
<td>NA</td>
<td>34.8</td>
</tr>
<tr>
<td>NA</td>
<td>1</td>
<td>1.4</td>
<td>NA</td>
<td>1.0</td>
</tr>
</tbody>
</table>
(79.6%).

Even more striking are the differences in income characteristics between DHA families and their counterparts in the MNA, Jackson County and the SMSA. While in 1970 in the SMSA nine out of ten families counted wages as a source of income, only 48 percent of DHA families (at intake) derived some or all of their income from wages. At the same time over 60 percent of DHA households had incomes from public assistance (AFDC, OAA, and/or General Relief) while only 3.4 percent of SMSA households and 11.6 percent of MNA households had the same source of income.

Not surprisingly, the average family income per month of DHA households ($298) was about half that of the Model Neighborhood Area and less than a third that of SMSA families as a whole. Even with the efforts of the administering agency (HDCIC) to attract moderate as well as low-income families and to achieve a “balanced” income distribution within the rent supplement guidelines, nearly 6 out of 10 DHA families had incomes less than $4000 per year compared to 26 percent, 14 percent and 10 percent of families in the MNA, Jackson County and the SMSA, respectively. It is clear that for most families the housing allowance (averaging about $104) represents a significant increase in income—about 35 percent of the average family income at intake—and that the allowance program is serving the lowest economic group in the metropolitan area.

Of the 172 heads of households, 26 (15.1%) reported having no jobs in the last five years, while 10 said they had had four or more jobs. The majority (56.4%) had one or two jobs in that time period. Of the 73 heads reporting employment type at intake, 7 had professional, technical or managerial types of jobs, 28 had clerical or sales jobs, 26 had service
or domestic jobs and 11 had blue collar jobs. Compared with the SMSA as a whole, employed DHA heads of households had proportionately fewer professional and blue collar jobs, while having relatively more clerical/sales and service/domestic jobs. Those working reported job locations most frequently within the Central Business District or on its periphery. 99 family heads (57.6%) were unemployed at intake. It is not known how many of these could be considered in the labor force and actively seeking jobs although 10 were males between 16 and 64 years of age, and 75 females. Twenty-one of the ninety-nine unemployed heads had either partial or complete physical disabilities.
APPENDIX B:

SOURCES OF DATA AND METHODOLOGY

Sources of Information

Data for the analysis of location was obtained from a variety of sources. Information about household characteristics and the condition of housing units occupied by allowance families at the time of application to the program was obtained (and in the case of income, verified) by the Housing Development Corporation and Information Center (HDCIC) staff. The inspection of units occupied before the program and of those chosen by families subsequent to their selection into the program was carried out by HDCIC staff, and in some cases, by staff of the Building Inspection Department of the city and by Urban Renewal staff.

A major source of information about program results in the first year includes an extensive interview with heads of households in the program three months after the household had moved into its new unit.* The questionnaire covered a wide variety of items including household and housing characteristics, the nature of the families' search for housing, problems with occupancy of the unit, levels of satisfaction with the program and with their housing, participant perceptions of neighborhood quality, and the like.

Another source of information used in the analysis includes selected census variables from the 1960 and 1970 census of housing and population.

* Another interview was conducted fifteen months after the household has moved into its first unit. However, that data was not available at the time the present information was compiled.
(PHC-1 Tract Reports) for those tracts in which families lived prior to receiving the allowance and for those tracts in which they were living at the time of the three month interview. While it is recognized that tracts are in many cases not homogeneous and may often include more than one neighborhood (or only parts of a neighborhood), for the purpose of this report the tract is used as the unit of analysis for "before" and "after" neighborhood characteristics.

Other sources of data include (a) police statistics on crimes reported in tracts where families lived before and after receiving the allowance (total crimes, violent crimes and residential burglaries) for the first six months of 1971; (b) high school college aptitude test scores aggregated by high school for the school year 1971-1972 (obtained from the Kansas City Board of Education); and (c) public transit service to the various neighborhoods of Kansas City (obtained from the Area Transit Authority).

Methodology

The data described above encompasses over 700 separate variables of which perhaps one half were examined in detail. Information pertaining to intake, inspection and interview data was transferred from a nine track card image tape obtained from the Midwest Council for Model Cities to an SPSS system file (disc) at the M.I.T. Information Processing Center.

Information on the housing and population characteristics of tracts, crime rates and school test scores was collected over the summer in Kansas City and prepared for input to the systems file in Cambridge during the months of September and October.

The preparation of the above described data (700 variables x 172 cases), including recoding of format types and assignment of missing values, value
labels, etc., required an inordinate amount of time. Once the data was prepared, a variety of statistical procedures, using version III of the SPSS "canned" programs, were applied—depending upon the particular nature of the analysis called for.* Given the nature and quality of the data, and given the nature of the present task, the more sophisticated statistical routines (e.g., factor analysis, canonical correlation analysis and multivariate regression) were used infrequently. Rather, the analysis relies most heavily on the more "straight forward" statistical programs, including one-way frequency distributions, cross-tabulations, Pearson's product-moment correlation and partial correlation.

Except in the case of frequency distributions for census tracts and inter-tract comparisons, the basic unit of analysis is the individual household. The 172 cases which comprise the "experiment" population are those families who were "currently active" at the time that the basic data tape was assembled (June, 1972) and for whom there was "complete" information (intake, inspection and interview) available.

APPENDIX C:

EXPERIMENTAL HOUSING ALLOWANCE PROGRAM -- AN OVERVIEW*

The Department of Housing and Urban Development has launched a new research program, the Experimental Housing Allowance Program, to evaluate the concept of channeling Federal assistance directly to families in need of housing instead of through organizations in the business of providing housing.

The experimental program will produce information upon which to base key decisions: first, the decision as to whether the direct assistance approach is in fact a tenable one; and decisions as to how and in what form the direct assistance can best be administered.

The program is authorized by the Housing Act of 1970 and has been approved by the Secretary of Housing and Urban Development. The experiment is being conducted as a part of the Housing Assistance Research Program under the direction of the Assistant Secretary for Policy Development and Research.

The Experimental Housing Allowance Program has three main elements:

A Demand Experiment that will analyze the use of direct housing assistance by some 1,000 families is being run in the Pittsburgh, Pennsylvania, and Phoenix, Arizona, metropolitan areas. Different forms of direct assistance will be tested, and the ways in which they are used by the participating families will be measured and compared. This consumer-oriented experiment involves relatively small numbers of families living in relatively large communities. For this reason, it cannot and is not

intended to assess the true market effects of this kind of assistance.

A Supply Experiment that will provide information on the market effects of a full-scale operating housing allowance program. To accomplish this, a full-scale operating program will be "replicated" in two metropolitan areas of approximately 200,000-250,000 population. Agreements have been reached to conduct the Experimental Housing Allowance Program in Green Bay, Wisconsin and discussions are underway in Saginaw, Michigan. This will involve some 4,000 to 8,000 families in each location. Areas of analyses will center on such critical questions as: Will rents become inflated? Will housing rehabilitation and maintenance increase or decline? Will investment be stimulated? Will families exercise their broadened choices to attain decent housing in suitable neighborhoods?

Administrative Agency Experiments will be conducted in up to eight locations to evaluate the effectiveness of various agencies in administering housing assistance. Administering the Experimental Housing Allowance Program will be two local housing authorities, Salem, Oregon and one other to be selected; two metropolitan area county government agencies, Jacksonville, Florida, (Department of Housing and Urban Development, Consolidated City of Jacksonville) and San Bernardino County, California, (San Bernardino County Government); two state community development agencies, Springfield, Massachusetts (Massachusetts Department of Community Affairs) and Peoria, Illinois (Illinois Department of Local Government Affairs); and two welfare agencies yet to be selected. Up to 900 families will receive direct housing assistance in each area.

Overview of the Demand Experiment

The Demand Experiment has begun in Pittsburgh, Pennsylvania, and the
surrounding Allegheny County area, where approximately 1,000 families will receive housing allowance payments for a three-year period. The Demand Experiment is also being set up now in Phoenix, Arizona and the surrounding Maricopa County area. These metropolitan areas were chosen to provide a sharp contrast of housing markets and eligible populations in which to test housing allowances. In order to gain consistent, comparable information among these two cities, each Demand Experiment will be run by the same research organization, Abt Associates of Cambridge, Massachusetts, working with the National Opinion Research Center and the National Urban League, under a uniform set of experimental rules.

The housing allowance plans offered to families will vary in two important respects: the amount of the allowance given to each family and the conditions placed upon its use of the allowance funds. The amount of the allowance will be determined by a variety of formulas based on family size and income, rents, and upon differing measures of suitable housing within the metropolitan areas of the experiment. Conditions on the use of funds will include, in some cases, the requirement that the family must live in or move to standard housing to be eligible for an allowance. In other cases, the family will be required to spend for rent a predetermined percentage of its income in addition to the allowance.

Through its research contractor, Abt Associates, HUD will then observe, for each variation, the choices of housing and housing location; subsidy and administrative costs; and family satisfaction. In addition, HUD will compare housing allowances with the more general income maintenance assistance approach and with existing HUD subsidy programs for public housing, leased public housing, and Section 236 moderate-income rental housing.
The National Opinion Research Center is surveying many families throughout Allegheny County and Maricopa County. From these surveys a sample of families is drawn which is representative of different incomes, size, age, race, ethnicity and location. Such a sample will permit broader metropolitan-wide conclusions to be drawn from the experiment. Families accepting the housing allowance plan offers will receive housing payments for three years. Upon conclusion of the experiment, those families needing and eligible for continued assistance will be aided through HUD's Section 23 leased housing program.

Overview of the Supply Experiment

The Supply Experiment will contribute to the over-all Experimental Housing Allowance Program design by providing answers to crucial questions about the housing market: How and to what extent does the increased purchasing power of housing allowance families get translated into market prices -- by increases in real housing services rendered the consumer or by inflationary price rises? Equally important, what are family choices of neighborhoods when large numbers of eligible families participate in the program? Do minority groups segregate or do they seek more dispersed residential locations when new opportunities are opened to them by housing allowances? How are these housing choices shaped by bankers, realtors, and others in the residential housing business? What are the reactions of families not receiving housing allowances?

All groups involved -- landlords, allowance recipients, non-recipients and others -- will be periodically interviewed to obtain a reliable measure of changes in housing quality, prices and other market responses.

To answer these important questions, HUD, through its research con-
tractor, Rand Corporation, working with Mathematica, Inc., has developed the Supply Experiment to be run in two metropolitan areas of approximately 200,000 to 250,000 population each. The initial site is at Green Bay, Wisconsin and surrounding Brown County, where necessary approvals of the Experiment have been obtained from city and county governments. In addition, discussions are currently underway with officials of the Saginaw, Michigan area with a view to arriving at agreements necessary to set up the experiments there. These two metropolitan areas differ significantly with regard to housing market conditions and population characteristics. Consequently, the results of the Experiment should span a range of local characteristics, permitting some generalization of results.

HUD will offer to eligible families monthly housing allowance payments for a period of five years with assistance payments continuing for an additional five years thereafter. The number of families eligible to receive allowances will vary in Green Bay and the second site, depending upon the size and income of the metropolitan area population; present plans project approximately 4,000-8,000 eligible families in each area. In short, the Supply Experiment will attempt to replicate a full-scale operating program of housing allowances in each of two Standard Metropolitan Statistical Areas.

Overview of the Administrative Agency Experiment

The Administrative Agency Experiment addresses the question of how a full-scale housing allowance program might best be administered. Experience with many federal programs clearly demonstrates that well intentioned programs can be diverted from their objectives by inadequate guidelines, poor administrative planning, inappropriate funding levels and administrative
ineptitude or abuse. Moreover, with the large number of differing agencies which at present administer either housing assistance programs (federal agencies, local housing authorities, state housing agencies), or income transfer programs (state or local welfare agencies), it is important to determine the type of agency operations which lead to the most efficient and effective provision of housing allowances. Therefore, the Administrative Agency Experiment is designed (1) to allow operating agencies at different levels of government to administer a housing allowance program and (2) to evaluate the approaches used to accomplish the administrative tasks required.

The focus of the Administrative Agency Experiment, which HUD is carrying on with the assistance of its design and evaluation contractor, Abt Associates of Cambridge, Massachusetts, is upon both the agency and the specific administrative functions which it carries out that are necessary to deliver the housing allowances to eligible families. Functions, such as outreach, income determination, payments, counseling, and housing inspection, are being systematically evaluated by making comparisons among the experiences of differing agencies participating in the experiment.

Enrollment of families has begun in selected locations across the United States. The Housing Authority of the City of Salem, Oregon, a component of the Salem Office for Community Development/Housing and Urban Renewal, has been selected as the initial local housing authority for the Administrative Agency Experiment; a second housing authority will also be selected. The Department of Local Government Affairs of the State of Illinois, working in the Peoria, Illinois area and the Department of Community Affairs of the State of Massachusetts, working in the Springfield, Massachusetts area have been selected as state agencies for the experiment.
In addition, HUD is in the process of selecting two welfare departments to administer housing allowance programs.

Because the operation of the agency and its efficiency in carrying out important administrative functions are the principal evaluation concern, participating agencies are being given broad latitude in designing the housing allowance program in their jurisdictions. Only where consistency of program definition and implementation would be required in a national housing allowance program, is HUD limiting agency discretion. One such limited area, for example, is the definition of the housing allowance formula to be used.

Each agency is offering housing allowances for a period of two years to eligible families within their jurisdictions. The number of families to receive allowances may vary depending on the size of the experimental location. This number ranges between 500 and 900.

During the time that the families are participating in the experiment, they will receive a monthly allowance payment sufficiently to cover the gap between the cost of decent housing in their locality and a reasonable contribution of their income for rent. In addition, allowances can only be used for rent payments on a home that meets minimum standards. HUD plans that upon conclusion of the experiment, those families needing and eligible for continued assistance will be aided through one of HUD's regular housing subsidy programs.
Policy Questions Addressed by the Experimental Housing Allowance Program

1. How much do families receiving housing allowances improve the quality of their housing?

2. Does a housing allowance encourage families to take responsibility in the operation and maintenance of their own housing?

3. How equitable is a housing allowance program?

4. How do the locational choices of families receiving housing allowances compare with existing residential patterns?

5. What is the effect of allowances upon the market for assisted housing?

6. What is the inflationary price effect, if any, of a housing allowance program?

7. Would a housing allowance program improve the maintenance and stimulate the rehabilitation of existing dwellings?

8. What are the total allowance and administrative costs of a housing allowance program?

9. What is the appropriate administrative and management means for operating a housing allowance program?

10. To what extent can the objectives of an allowance program be defeated through adverse actions by participants, landlords, market intermediaries and administrators, and how can these be minimized, controlled, or prevented?
BIBLIOGRAPHY
I. Housing Allowances


Response to RFP H-11-72: A Housing Allowance Experimental Program.


Good summary of current housing allowance experiments: history, rationale, issues and design.


Considers optimal design parameters for housing allowance experiment in terms of household characteristics (income, family size, race, tenure, household composition, age of head of household); sample sizes required and allocations to design space.


Discusses in general way the rationale for a housing allowance program, some administrative aspects of a housing allowance demonstration; housing allowances and home ownership, and housing allowances as an aspect of housing policy.


Discusses some of major issues involved in design of housing allowance program (e.g., eligibility, payments formula, earmarking, etc.) with reference to four different plans: (a) rent certificates, (b) minimum housing condition, (c) general code enforcement, and (d) percentage of rent.


Develops theoretical model of production and distribution of housing services in a metropolitan area. Attempts to show in highly simplified manner how model outcomes (consumption and location of housing services) relate to certain characteristics of households, landlords, and builders. Focus on two special characteristics of housing market: durability and "neighborhood effects."


Overview and analysis of San Francisco Development Funds prototype housing allowance experiment using Section 235 money. Notes importance of counseling function to success of experiment.


HEINBERG, JOHN and TINNEY, ROBERT. "Household Response, Program Variations and Allotment to the Design Space for the Housing Allowance Experiment." Working Paper No. 205-1, The Urban Institute, Washington,

Presentation of principal policy variations suggested for use in housing allowance "demand" experiments designed to investigate household responses to allowance payments. Partial contents: I. Basic character of experiment; II. Specific Policy Objectives; III. Statement of lower-income housing problem and discussion of experimental framework; IV. Detailed conceptual description of 10 policy variations to be used in the experiments.


Paper estimates size and character of benefit payments under housing allowance program. Presents conceptual framework for examining housing need and discusses certain operational issues involved, e.g., guarantee levels, eligibility, income contributions of recipients, etc.


Analyzes administrative costs of existing federal programs which provide transfer payments and develops from this analysis cost estimates for administering a national housing allowance. Analysis suggests that (a) program structure rather than level of benefits is key determinant of administrative costs; and (b) programs with complex administrative features (e.g., frequent income certification and earmarking of benefits) will be much more expensive to operate than single income transfer program. Likely administrative costs of national housing allowance programs estimated to fall between $50 to $60 per household per year.


Translation of HUD research questions for housing allowance "demand" experiment into testable hypothesis and analysis plans, includes discussions of (1) line of analysis and main comparisons, (2) treatment points in design space; (3) response measures to be used,
(4) recommended statistical analysis models.


Recommends general use of rent certificates with earmarking to raise effective demand of low-income families. Certificates would lead to better maintenance and utilization of existing stock.


Discussion and analysis of experimental design for testing the effects of housing allowance payments to low income families in terms of the responsiveness of housing supply to increments of effective demand. Critical questions: (a) Will allowances lead to increased prices for same level of services? (b) Will allowances affect adversely other (non-allowance) families competing in same general housing markets for housing services? Partial contents: II. Measuring Supply Responsiveness; III. Designing an Efficient Experiment; IV. Anticipating Supply Responses; V. Summary and Evaluation.


Discusses sources of efficiency and equity in demand-side strategies (housing allowances) and some of the implicit tradeoffs involved.


Describes tentative methodology for measuring and evaluating the response of households to experimental allowance program in terms of the characteristics of the housing services consumed, the housing selection process, housing references and levels of satisfaction, and secondary responses (change in family structure, reallocation of expenditures for non-housing items, and work effort).

II. Housing Policies and Programs


Thorough discussion of problems of dispersing low-income housing throughout metropolitan areas. Presents several case studies, including Newton (Mass.), Chapter 774 (Mass. Zoning), Nixon's open communities policy. Analysis of suburban resistance.


Discusses federal housing programs in terms of the cost of intermediaries, locational restrictions, intermediary decisions and housing costs, intermediaries as family advisors, subsidy formulas, and housing allowances, with recommendations for short-term and long-term strategies.


Wide-ranging discussion of some of major problems in housing policies and programs in U.S. Conclusion advocates income maintenance approach to solving needs of the poor.


Discusses hypothetical effects of increased income and income stability under income maintenance on supply and demand of urban housing. Envisioned that moderate guaranteed annual income would have (at the outset) only minimal impact on household formation and family stability, inter-regional migration, involuntary mobility, rates of homeownership, prices and rents, new construction, intraurban distribution of racial and income groups, abandonment, housing quality and utilization of space. Direction of change, however, appears to be positive.

GRIGSBY, WILLIAM G.; ROSENBURG, LOUIS; STEGMAN, MICHAEL; et al. "Housing and Poverty." Institute for Environmental Studies, University of Pennsylvania and Urban Studies Institute, Morgan State College. April, 1971, mimeo.

An in-depth analysis of low-income housing problems in Baltimore and their relationship to poverty. Special attention to inner-city abandonment and the dynamics of decay. Recommends deconcentration of state and federal resources toward more generalized emphasis on modest rehabilitation and upgrading of maintenance and management.


Housing Policy research agenda. Summary of nation's housing problem. Chapter 2 deals specifically with housing allowance approach, and raises major research questions associated with following demand-side housing strategies.


Last in an eight-book series on housing and community development sponsored by ACTION. Chapters 5 "The Disenfranchised Consumer," and 6 "What the Consumer Wants," are especially relevant to demand-side housing strategies such as housing allowances.


Collection of major articles and monographs related to income maintenance experiments in New Jersey and elsewhere. Chapters by Nourse ("The Effect of a Negative Income Tax on the Number of Substandard Housing Units"), Kershaw ("Administrative Issues in Income Maintenance Experimentation: Administering Experiments") and Hausman ("Marginal Tax Rates on Earnings in Existing Transfer Programs for the Poor") are especially relevant to housing allowance experiments.


Collection of articles providing economic perspectives of role of housing in urban development. Discussions of housing demand, residential location, property values and race, slums and urban renewal, public policy in housing and the urban environment. Sections II-IV discuss housing demand, housing and intra-urban location, and urban housing and racial integration.

Report of the Kaiser Commission analyzing from a national perspective the scope and character of housing problems in urban areas, and federal policies and programs devised to deal with these problems. Pp. 71-72 discuss importance and feasibility of housing allowance approach.


Examines housing conditions of households on public assistance. Finds welfare poor consistently worse housed than families of similar income not on welfare. Presents caveat for extension of demand-side housing programs.


"An Appraisal of the effectiveness of housing policies in helping to eliminate poverty in the United States" (alternative title). Partial contents: I. Housing and Its Effects; II. Space, Structure and Poverty; III. Poverty in the Midst of Change; IV. Social Conditions of Occupancy; V. How the Poor are Housed; VI. Cities for Uncommon Men. Finding that natural forces at work in the provision of housing operate in such a way as to keep people poor. Justification of government assistance in housing on basis of importance of housing to individual's health, well-being and self-perception. Advocates direct subsidy approach to housing problems.


Discusses four approaches to better housing in the seventies (including income maintenance) and analyzes barriers to achievement of goals.


More or less standard approach to the economics of housing, with emphasis on equilibrium models of the housing market, externalities, and decision-making behavior.

Discusses the major defects of traditional public housing and proposes alternative measures including rental subsidy with significant rehabilitation of existing stock of low-income housing ("explicit cost savings of private market"). Foresees housing allowance field experiments.


Useful description and evaluation of current major federal housing programs with recommendations for changes in federal housing policy. Little attention to explicit demand-side strategies outside of current leasing and rent supplement programs.


Critique of current federal housing policies aimed at producing new housing units for the poor. Endorses strategies aimed at facilitating filtering and turnover through production subsidies for middle income markets and subsidizing low income families toward more effective utilization of existing stock.


Excellent compendium of important writings on housing problems. Section on the housing market especially pertinent to impact of housing allowances on location and housing consumption.

III. The Economics of Housing Demand, Filtering, and Turnover


A highly important study of the structure and dynamics of the
urban housing markets based on empirical data in Philadelphia. Chapters II and III, dealing with the market structure and the filtering process, are particularly useful in analysis of interrelationships of submarkets on both supply and demand side.


Criticism of Winnick's arguments about long-term downward shift in consumers' preferences for housing (which see).


An empirical study of the effect of new construction on the filtering process and the chains of moves involved (cf, Lansing, Grigsby and White, H.C. on Filtering).


Study of 1144 sequences of moves initiated by new construction in 17 SMSA's. Finds indirect effects of new construction through filtering process can be significant on housing consumption of lower income families, although benefits to black families are more limited. Partial Contents: I. The Moves Induced by New Construction; II. Housing Units Involved in Sequence of Moves (rents/selling prices of successive dwellings, how sequences end, length of sequences, length of sequence and value, location); III. Characteristics of Successive Families in Sequence (occupants, tenure, crowding and stage in life cycle, poverty levels, income, education, race); IV. Sequence of Moves in Context of National Statistics.


Study of the demand for rental housing in New York City. Analyzes population changes and household formation; income and levels of living; rent expenditures and their determinants; rent control and the demand for housing; rent paying ability and housing costs; an approach to rent assistance and the costs of comprehensive rent assistance.
Housing choice (including neighborhood) is a response to an extremely complex set of economic, social and psychological impulses. Discussion of problems in measuring consumer behavior; the relationship of housing expenditures to incomes; the significance of these variables (location, family size, age of head, race, occupation and education, tenure), and the unexplained residual.


Rigorous economic analysis of price systems in urban housing markets. Explores alternative theories of determinants of housing quality in inner city areas. Investigation of dynamics of slums and substandard housing, finds that primary determinant of conditions is not age, obsolescence, market imperfections, racial segregation but low income.


Seminal piece of theoretical research investigating the income and price elasticities of housing demand. Through definitional adjustments and use of "permanent" (expected) income as proposed by Friedman, income and price elasticities found to be 1.0 and -1.0, respectively -- i.e., much higher than previously supposed. Further, lag in adjustment of housing stock to changing levels of demand is judged to be substantial.


Empirical and theoretical formulation of the spatial structure of the housing market showing a strong tendency for population density to decline with distance from CBD in a negatively exponential manner. One of strongest factors affecting the density gradient is the spatial distribution of employment. Extent of substandard housing in CBD also seen as having impact on spreading out of city. Size of city is also important.


Contains particularly pertinent section on "Intra-metropolitan
Development" with papers by Hoover, Muth, Chari and Harris. Muth's discussion of "Urban Residential Land and Housing Markets" especially relevant to utility of housing allowances in improving housing consumption of the poor.


Straight-forward study of rent income ratios for various income levels and public housing.


Detailed examination of the complex sets of relationships between the consumption of housing by various consumer units and the incomes of these consumers. Empirical analysis of 1950 census data and other surveys find that with respect to "normal" (permanent) income, housing demand is highly elastic (between 1.3 and 2.0) and that price elasticities of demand approach unity (-1.0). Summaries at ends of chapters and last two chapters in toto very useful.


Excellent critique of Cities and Housing by Richard Muth.


Theoretical discussion emphasizes the heterogeneity of both demand and supply responses in housing market. Role of transaction costs assessed. Model developed in two parts: (1) determination of value of housing services, and (2) determination of probability of a move for all households considered. Empirical tests of model finds modified permanent income measure significant determinant of demand and move. Level of housing consumption prior to move add to explanatory power of income variables.

SMITH, WALLACE F. "Filtering and Neighborhood Change." Research Report No. 24, Center for Real Estate and Urban Economics, Institute of Urban and Regional Development, University of California, Berkeley, California (No date).

A study of the filtering process in two parts: a review of previous theoretical analyses of filtering and a somewhat vague attempt to develop an "assignment" model to filtering based on the Grigsby formulation. No empirical justification.

A rigorous summary of the costs of providing low-income housing under three major government subsidy programs (conventional and turnkey public housing, leased public housing and rent supplements) using empirical data from programs in Boston, 1970. Analysis includes estimates of economic costs associated with foregone federal and local revenues (depreciation, property tax abatement, bond income tax exemptions). Concludes that leasing of existing units appears to be most cost effective of various programs analyzed.


A detailed examination of the direct and indirect costs of federal housing programs relative to their satisfaction of multiple objectives. Recommends expansion of demand-side housing strategies.


Useful collection of important articles dealing primarily with economic analysis of housing policy. Articles by Smith ("Filtering and Neighborhood Change"), Smolensky ("Public Housing for the Poor" -- with comment by Stegman), Downs ("Alternative Futures for the American Ghetto"), Grigsby ("The Housing Effects of a Guaranteed Annual Income"), and Sternlieb ("New York's Housing: A Study in Immobility") are pertinent to housing allowance questions. (See specific references).


Discussion and analysis of filtering process in terms of chains of vacancies (analytical formulation in terms of Markov chains).


Argues that decline of non-farm housing construction in total output (1955 data) has been reinforced by changes in consumer behavior such that average real value per dwelling unit has declined.
IV. Intraurban Mobility and Residential Location


Attempts an explanation of residential location and migration by synthesizing traditional economic location theory with theories of social class. While location theory (site rents and transportation costs) provides overall structure of region (Boston), concepts of social class account for significant variation not attributable to income differences.


Develops detailed econometric hypotheses about land values and land uses in cities. Excellent summary of previous economic theories. Residential structure of city (by income) seen as function of greater demand for space by rich, greater location-oriented consumption of poor.


Highly useful collection of articles on urban growth, and structure and residential location.


Describes sequence of residential movements of households in urban areas in terms of their spatial aspects. Critical discussion of techniques for identifying spatial biases of moves. Empirical application of techniques using data from Cedar Rapids study of intra-urban migration.

"...provides framework for study of residential movements within the urban area by considering the relevant decision-making processes of household which is basic decision-making unit."

Particular attention to spatial context. Use of concepts of place utility and action space (see WOLPERT).


Examination of place utility concept in an operational context. Regressions used to estimate parameters of place utility functions.


Classic study of urban growth and residential location based on study of Chicago Metropolitan area. Hypothesizes outward growth of city from central core with different socio-economic groups occupying different concentric rings (lowest income groups in center).


Empirical study of 9-county Philadelphia-Trenton Metropolitan Area. Examines two-way relationships between local residential movement and tenure choice. Factors such as age of head, race, tenure, family size, etc., analyzed as predictors of mobility and tenure choice.


Discussion (pp. 17-21, 31-35) of historical patterns of urban growth, residential location and socio-economic segregation in major metropolitan areas (New York, Chicago, St. Louis).


Study of intra-urban residential movements in Seattle; reports low-income blacks move very short distances.

Classic study of the development of New York metropolitan region with analysis of residential movements of higher and lower income groups between 1939 and 1956. Although patterns of residential location by income follow Burgess' model, many exceptions are noted where both upper and lower income families live in older areas within developing middle class ring of suburbs.


"Survey of families moving from low-rent housing (alternate title)." Most families do not move out by choice. Mobility and turnover much the same as that of general population in the city where project located. Significant proportions move out to buy homes. Rental fluctuations (especially increases) a large problem.


Formulation of classic "sector" theory of urban structure and growth.


Discussion of recent growth trends in American Cities and implications of these trends for Hoyt's and Burgess's classic theories of urban structure.


Characteristics and moving behavior of 77 households analyzed to assess impact of relocation from urban renewal on housing outcomes. Changes in crowding, cost per room, rent/income ratios examined.


Important empirical research on location and mobility of urban households. Locational patterns strongly influenced by income and stage in family life cycle. Overwhelming preference for lower density and away from central city and ownership as opposed to rental.


Detailed analysis of the internal spatial structure of black residential areas in 16 SMSA's using 1960 Census tract data. Contains excellent review of literature on locational choices of minority population. Partial contents: Relations between Income and Housing (price, tenure, quality, age, distance from CBD); Relations between Family Characteristics and Housing; Relations between Income and Family Type Characteristics. Uses simple correlations and multiple regression techniques.


Contains two important chapters discussing the interrelationship of housing and urban transportation, and race and the transportation problem. The first discusses tradeoffs between expenditures for transportation and housing consumption (primarily space, quality held constant) with income and price (family status held constant) being chief determinants of location. Second, chapter 7 discusses non-white residential location and problems of cross-hauling and reverse commuting caused by segregation. Choice patterns of non-whites vis-a-vis income are similar to those of whites.


Review of studies of urban social morphology and critique of social area analysis.


Discusses various mathematical models of urban growth and density functions.

PINKERTON, JAMES R. "City-Suburban Residential Patterns by Social Class--A

A highly useful review of the literature on residential location within metropolitan areas with emphasis on socio-economic stratification.


Study of 1500 heads of households in New Orleans (1966) analyzing levels of aspiration and attitudes to modernity. Comparisons between blacks and whites (poor, working class and comfortable). Rejection of stereotypes of Negro poor and working class as apathetic. Both groups show strong achievement motivation and willingness to make sacrifices to get ahead.


A short discussion of intra-urban population mobility and territoriality.


A now-classic study of the determinants of residential mobility based on survey of four samples of households in Philadelphia. Discusses features of urban areas associated with mobility, distinguishing characteristics of mobile versus "stable" households, and reasons given by individual households for residential shifts. Finds mobility largely conditioned by life-cycle and attitudes toward home and neighbors. Distinguishes between "pushes" and "pulls" (involuntary versus voluntary) residential shifts. Importance of space in dwelling, dwelling design features, dwelling location and cost are assessed.


Determinants of voluntary intra-metropolitan mobility discussed in terms of four "push-pull" dimensions; (1) family life-cycle and familism; (2) social mobility and social mobility aspirations; (3) residential environment; (4) social and locality participation. Frictional factors impeding mobility are noted.

SCHNORE, LEO F. "The Socio-economic Status of Cities and Suburbs,"

One of many studies (see below) carried out by Schnore of urban-suburban variation between urbanized areas in distribution of socio-economic groups as measured by income, education and occupation. Development of "index of centralization" and "evolutionary hypothesis" based on cross-sectional research of 1960 Census data.

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"City-Suburban Income Differentials in Metropolitan Areas," American Sociological Review. 27: April, 1962, pp. 252-255.

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Importance of changing income intra-urban mobility noted; however, social mobility as determinant of residential choice is downgraded.

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Families move because they want to improve their standard of living. Particular desires a function of changing needs with respect to dwellings resulting from changes in incomes and occupational status (cf. ROSSI).

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Study of Urban-Suburban changes in residential patterns in Boston metropolitan area during latter half of 19th century following development of street cars for public transportation. Notes effects of street car on socio-economic segregation.

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Survey and analysis of occupational structure of residential areas in Pittsburg. Hypothesis that groups of similar occupational status
will have similar residence patterns.


Develops concept of "place utility" which measures individuals' relative level of satisfaction or dissatisfaction with respect to given location. Decision-making seen with reference to an "action space" which is subset comprising all those locations for which intended migrant possesses sufficient information to assign place utilities.

V. The Problem of Racial Discrimination and Housing Choices


Formulation and testing of theory on interrelations among four forms of racial differentiation (income, occupation, education, residence) using 1960 Census data in 33 SMSA's. Find correlation between residential and other forms of differentiation much lower than anticipated, suggesting that elimination of residential segregation by race would not bring about decline in other forms of racial discrimination.


Discusses growth and size of Negro ghetto and black/white turnover (the "law of dominance"). Formulates major alternative strategies along three parameters: (1) concentration/dispersal; (2) Segregation/Integration; (3) Enrichment/Nonenrichment. Strategy of dispersal and non-enrichment deemed improbable. Goal is to avoid massive polarization along both spatial and racial lines. Present policies of concentration, segregation, and non-enrichment must end. Discusses probability and available mechanisms for dispersal.

DUNCAN, BEVERLY and HAUSER, PHILIP M. Housing a Metropolis -- Chicago.

Detailed description and analysis of housing conditions in Chicago and other cities using data from 1950 Census and 1956 National Housing Inventory Survey. Chapters 5 "Housing Lower-Income Families", 6 "White-Nonwhite Differentials in Housing", and 7 "Housing and the Family Life Cycle" are especially useful.


In study of Chicago metropolitan area found that in general centralization of residence is inversely correlated with socio-economic status.


DUNCAN, OTIS DUDLEY. "After the Riots." The Public Interest. No. 9, Fall, 1967, pp. 3-7.

A concise statement in favor of dispersal.


Discusses problems of housing and residential segregation in cities. Inadequate housing seen as a primary determinant of slum conditions.


An important caveat to dispersal strategies. Issues of residential choice aside, blacks and other minorities may not be better off in the suburbs. Job opportunities are greater and more diversified in central cities and access to schools and public services frequently greater in central cities. Advantages of suburbs in terms of housing and neighborhoods are less than they are usually presumed to be, although crime rates and incidence of substandard housing are lower.


Study of housing segregation and employment in Detroit and Chicago (data from 1952 and 1956) finds blacks under-represented in places of employment far from place of residence. Dispersal would lead to greater realization of job opportunities.


A compelling set of arguments for dispersal of the minority poor as an alternative to inefficient spending of public resources in low income areas of central city.


Using 1960 Census data, study shows what would happen if blacks were to become homeowners in same proportion as whites, and if, at every income level, blacks were to distribute themselves according to white population distribution by income. Proportion of non-whites in suburbs would go from actual 16 per cent to 40 per cent.


Highly important contribution to understanding of the way in which racial turnover affects the value of residential property. Empirical analysis of several cities indicates that property values, while they may in the short run be depressed due to panic selling by whites during "invasion" sequence, in long run follow general price trends in housing market and may, in fact, show greater value increases due to pent-up demand of black housing market.


Examines extent to which social class segregation within Negro communities is accounted for by distance model. Inter-city
comparisons (16) of relative variation of socio-economic status by distance from city center and age of neighborhood. Revised model of spatial expansion of Negro Community is suggested.


Final summary report of broad study of minority housing conducted for the Commission of Race and Housing. Organized in four parts: I. Where Minorities Live; II. Minorities in the Housing Market; III. The Housing Industry and Minority Groups; IV. The Role of Government. Chapters VII-X especially useful; consider "Characteristics of Minority Group Housing; Housing in Relation to Income; Housing Quality, Quantity and Cost; The Housing Market in Racially Mixed Areas.


A follow-up study to *Negroes in Cities* hypothesizing the effects on racial segregation of an increase in the economic status of Negroes in Cleveland (using 1960 Census data as base). Conclusion that, since poverty has little to do with Negro residential segregation, "income redistribution cannot serve as means to residential desegregation." Moreover, income redistribution would tend to increase segregation, since middle and upper income families are more segregated racially than lower income families.


A comprehensive and detailed analysis of patterns of Negro residential segregation and processes of neighborhood change using Census block and tract data in 10 U.S. cities from 1940 to 1960. Especially useful for study of residential changes induced by housing allowances are Chapters 3 "Negro Residential Segregation in U.S. Cities"; 4 "Social and Economic Factors in Residential Segregation"; 5 "The Prevalence of Residential Succession"; and 7 "Concomitants of Residential Succession."

Study of Negro migration trends in 12 large SMSA's found that Negro immigrants to these cities increasingly of high status, such that lowering of educational and occupational levels of central city population more properly seen as result of significant outmigration of high status whites than immigration of low-status Negroes.


Use of 1960 Census data to compare place of residence in 1955 and in 1960 of 12 largest SMSA's in U.S. Not effect was that of lowering educational and occupational levels of population in central cities and raising them in suburbs.


Study of moving decisions of middle-income black families in Washington Park urban renewal area (Boston). Families preferred to stay close to original location.


Contains discussion of efforts to increase residential dispersion of Negroes.


Disputes findings of Taeuber study in Chicago (1968) and argues
that size of segregation problem is not as great as that suggested by Tauber. Specifically, criticizes (a) statistical inadequacy of "catch-all" segregation index used by Tauber; (b) likelihood of systematic biases in white non-white income comparisons using Census data; (c) inadequacy of stated income as single value determinant of housing demand; and (d) lack of information about the role of related demographic-economic factors. Redirection of federal policies in housing considered as means to reduce segregation.