



Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

| NOVEMBER 2014 | CSD POLICY BRIEF 14-29 |

Section 8 in the St. Louis Region: Local Opportunities to Expand Housing Choice

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Highlights

Section 8 renters in the St. Louis area are highly segregated in poor neighborhoods.

I recommend four local actions to increase housing choice for Section 8 renters:

- (1) St. Louis City: Remove the special occupancy permit requirements for landlords who wish to rent through the Section 8 program.
- (2) St. Louis City: Revise local fair housing ordinances to include Section 8 as an explicitly protected source of income.
- (3) St. Louis County and Municipalities: Pass local fair housing ordinances to provide fair housing protections by source of income, explicitly including Section 8.
- (4) State of Missouri and Missouri Housing Development Corporation: Provide greater transparency to the process by which Low Income Housing Tax Credit (LIHTC) funding decisions are made.

Introduction

American metropolitan areas continue to show high levels of residential segregation by race, ethnicity, and social class. The St. Louis metro area is no exception. In this policy brief, I focus on one specific program that could be a potential vehicle for integration: the Housing Choice Voucher program, commonly known as Section 8.¹ I begin with a general description of the Section 8 program. Next, I report data on where renters are using Section 8 vouchers in St. Louis City and St. Louis County. The brief concludes with recommended courses of action for local city, county, and state actors seeking to support housing choice.²

I seek to identify low-cost policy interventions that are feasible in the near term. The goal is not to steer low-income renters to any particular set of neighborhoods. Rather, I seek to support a broader range of opportunities for those households, as one means of redressing past injustices.³

Section 8 Basics

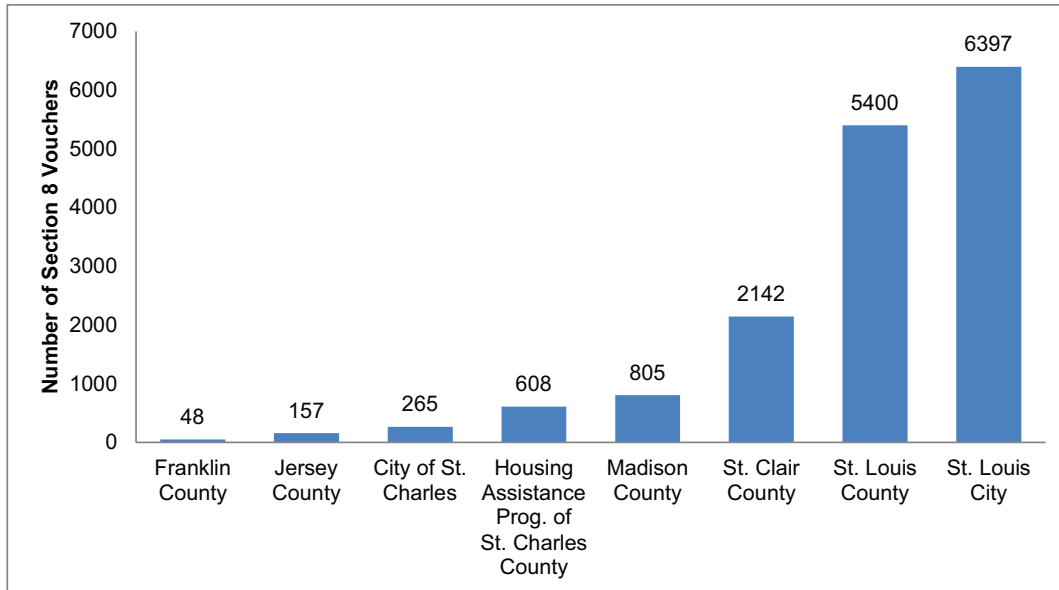
With more than two million households receiving assistance, the Section 8 voucher program is the largest housing subsidy for low-income Americans. Section 8 is federally funded and administered by the U.S. Department of Housing and Urban Development (HUD), but managed by local housing authorities. Within the St. Louis metropolitan area, eight different housing authorities operate Section 8 programs (Figure 1).

Eligibility for Section 8 is dependent upon household income. In the St. Louis area, for instance, a three-person household can earn no more than \$30,200 annually to be eligible for the program, though most recipients earn substantially less. Unlike social welfare programs such as Social Security and food stamps, Section 8 is not an entitlement program; eligibility for the program does not guarantee receipt of assistance. The demand for housing assistance far outstrips the supply; only approximately one quarter of eligible households nationwide receive assistance.⁴

Housing authorities maintain waitlists for Section 8 vouchers, which they typically open every several years. The 2013 federal budget sequestration and Congress's subsequent underfunding of the program have limited both the number of available vouchers and housing authorities' resources for administering the program.

Working from their waitlists, local housing authorities may allocate vouchers via lottery and/or give preference to specific populations. For example, the St. Louis

Figure 1. Section 8 Vouchers in the St. Louis Metro Area, by Housing Authority



Data from U.S. Department of Housing and Urban Development. (2013). *Picture of Subsidized Households*.

Housing Authority gives special priority to families displaced by natural disasters or government action, people with disabilities, victims of domestic violence, and homeless families.⁵ Table 1 compares characteristics of Section 8 renters in St. Louis City and St. Louis County with program participants nation-wide.

Once a household receives a voucher, they have 60 days to search for an available unit where the landlord will accept it. They may only use the voucher for rental assistance in a unit that falls under the established Fair Market Rent (FMR) for their metropolitan area. In the St. Louis metro area, the FMR is currently set at \$816 for a two-bedroom apartment (Table 2).⁶ Section 8 renters commonly use the websites SocialServe.com and GoSection8.com to find units with landlords who have agreed to rent through the Section 8 program, though renters are not limited to units posted on those websites. Landlords' application fees and required security deposits vary widely.

Once the renter has found a unit that meets the FMR requirement for their household size, the unit must pass a Housing Quality Standards (HQS) inspection conducted by the local housing authority. If the unit passes inspection, the renter may move in and begin to make use of the voucher. Renters in the Section 8 program pay 30-40% of their income toward rent, and the program pays the remainder. If the household's income goes up or down, their portion of the rent changes accordingly.

While Section 8 is a federal program governed by federal policies, certain issues are left at the discretion of local housing authorities and other local or state entities. For instance, the St. Louis Housing Authority (in St. Louis City) and the Housing Authority of St. Louis County have agreed that a voucher received in the City may be used to pay for a unit in the County, and vice versa.

Section 8 Locations

Recent research has examined the locations where Section 8 renters have been able to find housing. This research generally finds that Section 8 renters reside in many types of neighborhoods across metropolitan areas, but that they are overwhelmingly concentrated in low-income communities of color.⁷ My own previous research on this issue has shown that Section 8 renters are more likely to live in low-income communities—and to be excluded from relatively White communities—even compared to households with annual earnings of \$15,000 or less.⁸

Figure 2 provides the count of Section 8 vouchers used in each census tract within St. Louis City and St. Louis County as of 2013. Consistent with previous research, this map shows that most tracts include at least one household using a Section 8 voucher. However, vouchers are used disproportionately in the city and the northern part of the county.

Table 1. Characteristics of Section 8 Renters

| | Section 8 Renters in St. Louis City and St. Louis County | Section 8 Renters Nation-Wide |
|--|--|-------------------------------|
| Total Vouchers | 11,797 | 2,112,817 |
| Average Household Income | \$11,909 | \$13,138 |
| Major Source of Income | | |
| Wages | 32% | 27% |
| Welfare (TANF, General Assistance, or Public Assistance) | 20% | 11% |
| Other (e.g., SS, SSI) | 44% | 60% |
| Race/Ethnicity | | |
| White (non-Hispanic) | 5% | 33% |
| Black or African American | 95% | 48% |
| Hispanic | <1% | 15% |
| Disability Status | | |
| Household head or spouse has a disability (among householders <62) | 26% | 36% |
| Household head or spouse has a disability (among householders ≥62) | 70% | 68% |

Note: TANF, Temporary Aid to Needy Families; SS, Social Security; SSI, Supplemental Security Income.

Table 2. Fair Market Rent Limits for the St. Louis Metro Area

| Apartment Types | Fair Market Rent |
|-----------------|------------------|
| Efficiency | \$533 |
| One-Bedroom | \$633 |
| Two-Bedroom | \$816 |
| Three-Bedroom | \$1,063 |
| Four-Bedroom | \$1,206 |

Figure 3 also shows where Section 8 vouchers are being used in St. Louis City and County, but in this case the map shows Section 8 households as a percentage of all households in each census tract. Using this measure, the general trend in the concentration of Section 8 vouchers remains the same. In most tracts, a very small percentage of the population receives a voucher. However, there are certain tracts, particularly in north St. Louis City and north St. Louis County, but also in South City, where up to 22% of households are receiving Section 8 housing assistance.

Policy Recommendations

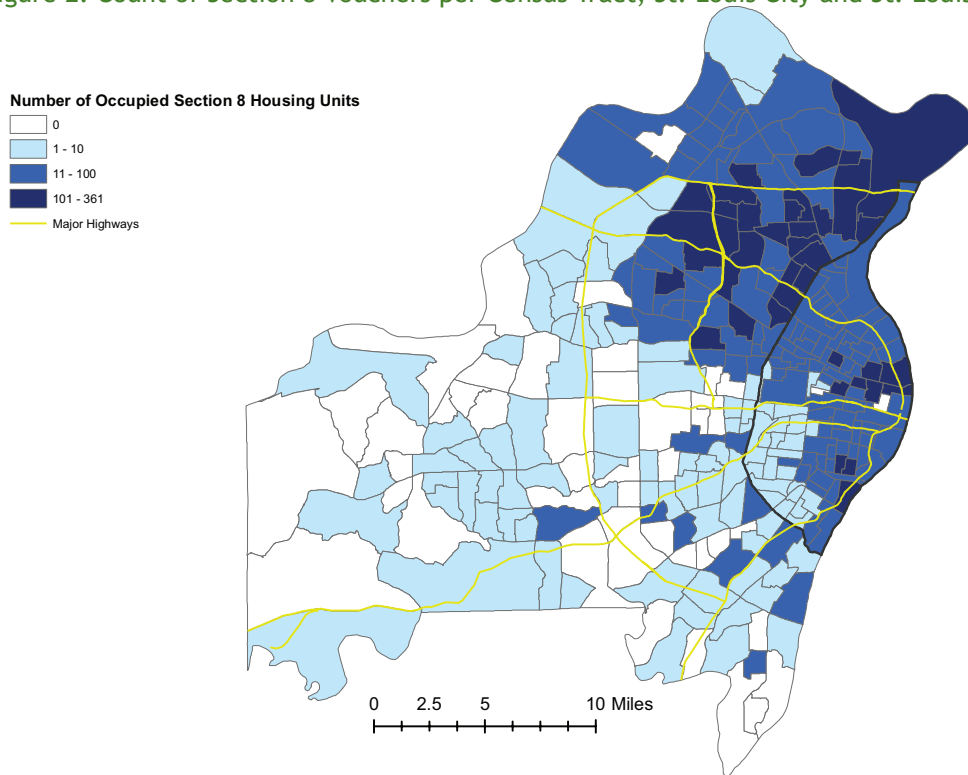
Recent work by the Center on Budget and Policy Priorities has recommended a set of federal policy changes that would increase housing opportunities

for Section 8 renters.⁹ In addition to these federal issues, there are local and state policies that presently impede housing choice for Section 8 renters. In the following section, I delineate some of these issues and suggest courses of action to redress them.

Recommendation 1. St. Louis City: Remove the special occupancy permit requirements for landlords who wish to rent through the Section 8 program.

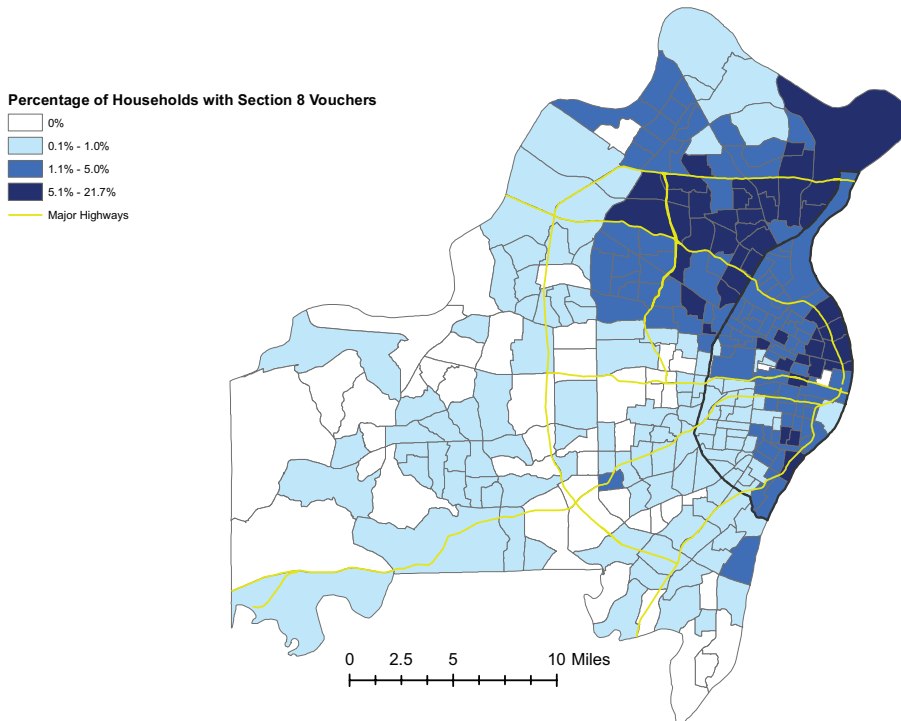
To rent to a Section 8 tenant, landlords in St. Louis City must comply with multiple inspection processes. These processes are intended to ensure a minimum standard of housing quality. However, the processes are redundant and time-consuming, creating a disincentive to landlord participation in the program.

Figure 2. Count of Section 8 Vouchers per Census Tract, St. Louis City and St. Louis County



Data from U.S. Department of Housing and Urban Development. (2013). Picture of Subsidized Households

Figure 3. Section 8 Vouchers as a Percentage of All Households per Census Tract, St. Louis City and St. Louis County.



Data from U.S. Department of Housing and Urban Development. (2013). Picture of Subsidized Households.

Federal law requires that Section 8 landlords pass annual HQS inspections.¹⁰ However, St. Louis City is unusual in that it requires its own specific Section 8 Occupancy Permit, which involves a more arduous process than a conventional city inspection.

For any landlord—Section 8 or otherwise—St. Louis City requires a certificate of inspection for properties within “Housing Conservation Districts,” which cover approximately 98% of the city (Table 3). This standard certificate requires a fee and just one inspection. However, landlords wishing to rent one or more units via the Section 8 program are required to obtain a special Section 8 Occupancy Permit, which requires a much more stringent series of city inspections, including a building inspection, an electrical inspection, a mechanical inspection, and a plumbing inspection, as well as a fire marshal inspection for buildings with five or more units.¹¹

If a new landlord obtains a Section 8 Occupancy Permit, he or she will automatically receive the standard Housing Conservation Certificate of Inspection at no additional cost. However, the converse is not true—if a landlord already holds a Housing Conservation Certificate of Inspection and wishes to rent through the Section 8 program, he or she must invest the additional time and money to acquire a Section 8 Occupancy Permit.

The burden of the additional inspections is added atop the HUD-mandated HQS inspection process that the housing authorities conduct. Both housing authorities oversee vouchers within St. Louis city limits.¹² Though the immediate cost of the City’s added Section 8 inspections may seem manageable (\$80 for the first unit, \$20 for additional units in same building), the time spent arranging these multiple inspections is time that landlords are potentially not receiving rental income for units awaiting inspection. In short, the requirement of a Section 8 Occupancy Permit is a disincentive for landlords who might otherwise participate in the Section 8 program.

I recommend that St. Louis City require the same housing inspection processes of all landlords in the city limits, regardless of whether or not they are participating in the Section 8 program.

Recommendation 2. St. Louis City: Revise local fair housing ordinances to include Section 8 as an explicitly protected source of income.

Another way St. Louis City could promote housing opportunity is by extending local fair housing law. Through the Fair Housing Act of 1968 and subsequent amendments in 1988, federal law provides protection against housing discrimination on the basis of race, color, national origin, familial status, disability, sex, and religion. While cities and states must meet the minimum standards established by the Fair Housing Act, they may also pass laws extending fair housing protections to additional groups. Some cities, including St. Louis, have passed such laws with regard to sexual orientation and source of income.

St. Louis City’s Ordinance 67119 includes the following language:

It shall be a prohibited housing or realty practice and shall constitute a discriminatory housing practice... for any person to discriminate against any other person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status, legal source of income, sexual orientation, disability, national origin, or ancestry.¹³

St. Louis City’s Civil Rights Enforcement Agency, which is responsible for investigating fair housing complaints and enforcing fair housing law, interprets “source of income” to include Section 8 vouchers.¹⁴ However, this definition is not clear in the current wording of the law and has not been tested in court.

Table 3. Rental Unit Inspection Requirements in St. Louis City

| | Housing Conservation Certificate of Inspection | Section 8 Occupancy Permit |
|-----------------------|--|--|
| Number of Inspections | 1 | 4-5 |
| Application Fee | \$90 (or \$150 if presently occupied without an existing certificate). \$50 for additional units at the same address. | \$80 for the first unit. \$20 for additional units in same building. |
| Coverage | A Section 8 Permit <i>is not</i> included with the Housing Conservation Certificate. | A Housing Conservation Certificate <i>is</i> included with the Section 8 Occupancy Permit. |

As such, my recommendation is to list Section 8 as a protected source of income in an amendment to St. Louis City Ordinance 67119.¹⁵

Recommendation 3. St. Louis County and Municipalities: Pass local fair housing ordinances to provide fair housing protections by source of income, explicitly including Section 8.

St. Louis County does not provide any fair housing protections based on receipt of Section 8 or other lawful sources of income. These protections are not offered within any specific municipality within St. Louis County, either. I recommend amending county and municipal ordinances to include such provisions. This effort would be one modest means of “affirmatively furthering fair housing,” as required by the Fair Housing Act.¹⁶

Recommendation 4. State of Missouri and Missouri Housing Development Corporation: Provide greater transparency in the process by which Low Income Housing Tax Credit (LIHTC) project funding decisions are made.

The equitable inspections and fair housing protections recommended above would help to extend housing opportunities for Section 8 renters. Yet even with such laws in place, there are many areas of the St. Louis region that would remain inaccessible to Section 8 renters because the local rents fall above the FMR limits. For instance, the Section 8 rent limit for a two-bedroom apartment is \$816 in the St. Louis metropolitan area, but many suburban municipalities include little rental housing below this threshold. Many municipalities include little rental housing at all.

One way to bring rental costs within reach of Section 8 renters is through the Low Income Housing Tax Credit program. The LIHTC programs operate at both the federal and the state level.¹⁷ The Missouri Housing Development Corporation (MHDC) distributes LIHTCs for projects located across the state. Many developers and other community development professionals report that the process by which MHDC decides which proposals to fund is not transparent. There is no standard scoring system or other mechanism by which projects are ranked. If a project does not receive LIHTC funding, the developer does not receive a clear reason as to

why. As such, resources are wasted in the complex task of drafting proposals, with developers unsure of whether the proposed projects might come to fruition.

Disagreement exists about where LIHTC should be used. This author believes that they should be used in a combination of neighborhood types. Regardless, additional transparency in the process would allow for a more democratic means of allocating these tax expenditures.

In closing, I consider the recommendations above to be a relatively modest and hopefully feasible set of steps. Though not exhaustive or comprehensive, they provide possible courses of action for local policymakers interested in promoting housing choice for the St. Louis region’s low-income renters.

Acknowledgments

The author wishes to thank Cheryl Lovell and Robert Batts (St. Louis Housing Authority); Charles Bryson and Razia Kauaria (St. Louis Civil Rights Enforcement Agency); Jim Holtzman (Office of Community Development, St. Louis County); Zack Schmook (Metropolitan St. Louis Equal Housing and Opportunity Council); and Jacob Blanton (George Warren Brown School of Social Work, Washington University), for their input and feedback regarding this policy brief. Special thanks to Andrew Brown and Joyce Dieterly for creating the GIS maps in Figures 2 and 3, and to John Gabbert at the Center for Social Development for editing assistance. The positions expressed here reflect the views of the author, who takes full responsibility for any errors or omissions.

Endnotes

1. The Housing Choice Voucher/Section 8 program technically includes both tenant-based and project-based programs. I use the term *Section 8* to refer specifically to tenant-based vouchers.

2. Within housing policy targeting low-income neighborhoods, one major debate centers on whether to emphasize “investment” or “mobility” strategies (Crowley & Pelletiere, 2012), http://nlihc.org/sites/default/files/Affordable_Housing_Dilemma_Report_May-2012.pdf). Investment strategies focus on improving communities for existing residents, whereas mobility strategies emphasize creating opportunities for low-income households to move into middle-class neighborhoods. Though I focus here on mobility-oriented strategies, I believe that both

agendas should be pursued.

3. See Satter, B. (2009). *Family properties: Race, real estate, and the exploitation of black urban America*. New York, NY: Metropolitan Books; and Drier, P., Mollenkopf, J., & Swanstrom, T. (2014). *Place matters: Metropolitcs for the twenty-first century* (3rd ed. revised). Lawrence, KS: University Press of Kansas.

4. See Turner, M. A., & Kingsley, G. T. (2008). Federal programs for addressing low-income housing needs. The Urban Institute. Washington, DC. http://www.urban.org/uploadedpdf/411798_low-income_housing.pdf.

5. See St. Louis Housing Authority. HCV preferences. <http://www.slha.org/for-residents/policies-and-procedures/housing-choice-voucher-preferences/>.

6. See U.S. Department of Housing and Urban Development. Fair market rents. <http://www.huduser.org/portal/datasets/fmr.html>.

7. See McClure, K., Schwartz, A. F., & Taghavi, L. B. (2014). Housing choice voucher location patterns a decade later. *Housing Policy Debate*. <http://dx.doi.org/10.1080/10511482.2014.921223>.

8. See Metzger, M. W. (2014). The reconcentration of poverty: Housing voucher use, 2000 to 2008. *Housing Policy Debate*, 544-567. <http://dx.doi.org/10.1080/10511482.2013.876437>.

9. See Sard, B., & Rice, D. (2014). Creating opportunity for children: How housing location can make a difference. *Center of Budget and Policy Priorities*. Retrieved from <http://www.cbpp.org/files/10-15-14hous.pdf>.

10. See U.S. Department of Housing and Urban Development. Housing quality standards. http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9143.pdf.

11. See City of St. Louis. Section 8 occupancy permits. <https://www.stlouis-mo.gov/government/departments/public-safety/building/permits/occupancy-permits/section-8-occupancy-permits.cfm>.

12. See Housing Authority of St. Louis County. Inspections. <http://www.haslc.com/housing/housing-choice-voucher/inspections/>.

13. See St. Louis City Ordinance 67119. <http://www.slpl.lib.mo.us/cco/ords/data/ord7119.htm>.

14. C. Bryson, personal communication, September 5, 2014; R. Kauaria, personal communication, September 17, 2014.

15. For example, Urbana, Illinois, defines “source of Income” as “the point or form of the origination of legal gains of income accruing to a person in a stated period of time; from any occupation, profession or activity, from any contract, agreement or settlement, from federal, state or local payments, including Section 8 or any other rent subsidy or rent assistance program, from court ordered payments or from payments received as gifts, bequests, annuities or life insurance policies” (emphasis added) (Poverty & Race Research Action Council, 2014).

16. See National Low Income Housing Coalition. “Affirmatively Furthering Fair Housing.” <http://nlihc.org/issues/affh>.

17. See Erickson, D. E. (2009). *Housing Policy Revolution: Networks and Neighborhoods*. Washington, DC: Urban Institute Press.

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