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Small Area Fair Market Rents Can Increase Section 8 Voucher Access to Jobs-Rich, Low Poverty Communities in Sacramento

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Issue

The Section 8 voucher program enables low-income residents to rent homes in the private market while receiving financial assistance to keep their housing affordable. Unfortunately, most voucher holders live disproportionately in high poverty areas, and the current formula used by the Department of Housing and Urban Development (HUD) may be partly responsible. HUD sets Section 8 limits, known as Fair Market Rents (FMRs), based on the 40th percentile rent of each region. As a result, vouchers cannot be used in the more expensive parts of metropolitan areas where most of the rental units available are more expensive than that regional limit.

HUD is now experimenting with recalculating the FMRs at the ZIP code level in select cities to correct this imbalance. These new geographic areas would be known as “Small Area Fair Market Rents” (SAFMRs). This project evaluated this policy by calculating if a set of for-rent listings across California are accessible to a voucher holder under the current FMRs limits and again under the proposed SAFMRs limits. The rental listings, from a proprietary source, include data from 2012

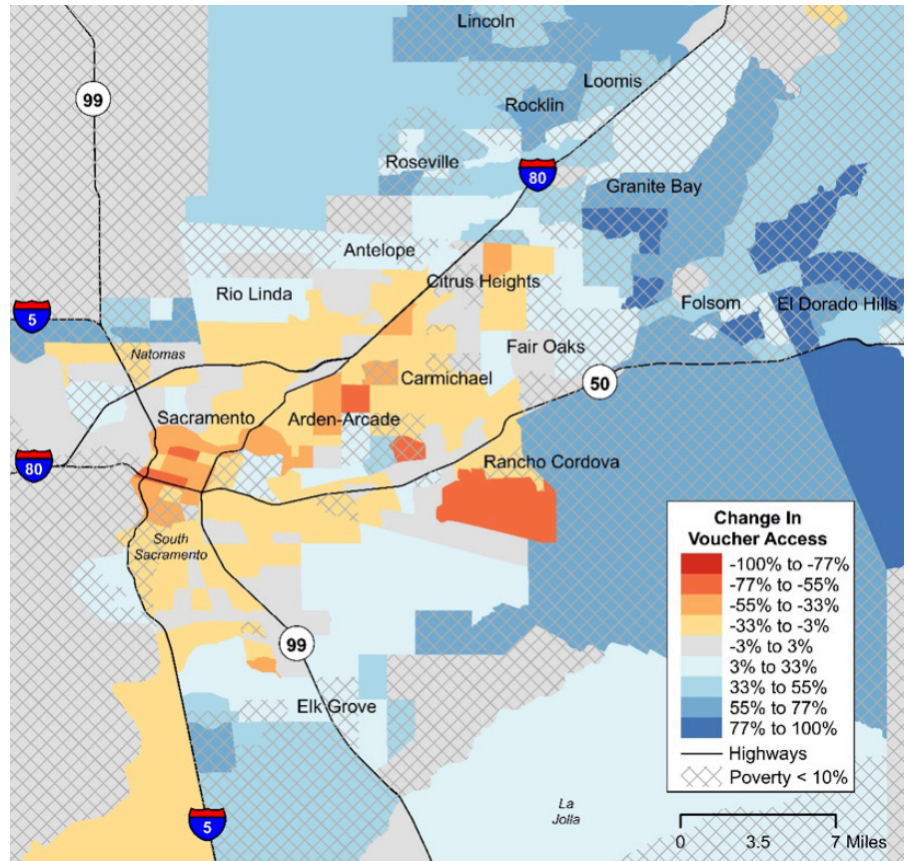


Figure 1. Change in voucher access in switch to SAFMRs in the greater Sacramento region.

and 2013. This brief focuses on results for the Sacramento Metropolitan Statistical Area, which includes Sacramento, Placer, and El Dorado Counties.

Key Research Findings

Under current Fair Market Rents, Sacramento County’s voucher accessible units have modestly lower job access than other housing units. Jobs-housing *fit* is a measure of low wage workers’ access to jobs relative to affordable housing options. If low wage workers cannot find affordable housing near their place of work, then they are burdened by longer commutes.¹

Voucher accessible units are located in neighborhoods that average just under 2.2 low wage jobs for every affordable housing unit, whereas non-accessible units are located in neighborhoods with 4.4 low wage jobs for every affordable housing unit. This means that vouchers are unlikely to enable recipients to move into neighborhoods with greater job opportunities for low wage workers. Large imbalances between jobs and housing also mean that more residents are driving across metropolitan areas to work, increasing congestion and emissions.^{2, 3, 4, 5}

Shifting to SAFMRs eliminates this disparity in jobs-housing *fit*, meaning that under SAFMRs voucher recipients may be more likely to afford neighborhoods with higher concentrations of entry level and low wage jobs.

SAFMRs dramatically shift voucher access into low poverty suburbs. These results are mapped at the census tract level in Figure 1. SAFMRs may increase the number of voucher accessible for-rent listings in the suburban communities of Elk Grove, Folsom, Rocklin, Roseville, Lincoln, Fair Oaks, and Rio Linda. However, voucher accessibility will decline in Sacramento proper in the communities of Arden-Arcade, South Sacramento, and Carmichael.

The average near-poverty rate in neighborhoods surrounding voucher accessible units is significantly higher than it is for neighborhoods surrounding voucher inaccessible units. Voucher accessible units are currently in neighborhoods where, on average, over 40% of residents are at or below 200% of the poverty line (near poverty). In neighborhoods with voucher inaccessible units, the near-poverty rate is, on average, 22%. Under HUD's SAFMRs, this disparity vanishes, with both sets of units in communities with near-poverty rates averaging near 30%.

More Information

This policy brief is drawn from “The Effect that State and Federal Housing Policies have on Vehicle Miles of Travel,” a research report and technical background memo from the National Center for Sustainable Transportation, prepared by Matthew Palm and Deb Niemeier of the University of California, Davis. To download the report, visit: <https://ncst.ucdavis.edu/project/effect-state-and-federal-housing-policies-vehicle-miles-travel-vmt>

For more information about the findings presented in this brief, please contact Matthew Palm at mattdpalm@gmail.com or Deb Niemeier at dniemeier@ucdavis.edu.

¹ Karner, A., & Benner, C. (2016). *The convergence of social equity and environmental sustainability: Jobs-housing fit and commute distance*. In *95th Annual Meeting of the Transportation Research Board: National Academy of Sciences*.

² Cervero, R. (1996). *Jobs-housing balance revisited: trends and impacts in the San Francisco Bay Area*. *Journal of the American Planning Association*, 62(4), 492–511.

³ Balauce, J., Cervero, R., & Duncan, M. (2004). *Which Reduces Vehicle Travel More: Jobs-Housing Balance or Retail-Housing Mixing?*, 475–491.

⁴ Ewing, R., & Cervero, R. (2001). *Travel and the Built Environment: A Synthesis*. *Transportation Research Record: Journal of the Transportation Research Board*, 1780(3), 87–114. <http://doi.org/10.3141/1780-10>

⁵ Ma, K.-R., & Banister, D. (2006). *Extended excess commuting: A measure of the jobs-housing imbalance in Seoul*. *Urban Studies*, 43(11), 2099–2113. <http://doi.org/10.1080/00420980600945245>

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