

# Demonstrating the Need for Implementing Small Area Fair Market Rents (SAFMRs) to Reduce Racial Segregation in the Baltimore Metro Area

**Cheryl Knott,**

Baltimore Neighborhood Indicators Alliance

**Musaab Ibrahim and Taneeka Richardson,**

Maryland Center for Economic Policy

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**BNIA**  
BALTIMORE NEIGHBORHOOD  
INDICATORS ALLIANCE  
Jacob France Institute

# Introduction

- ▶ Funding opportunity from The Robert Wood Johnson Foundation, coordinated by the National Neighborhood Indicators Partnership (NNIP)
  - ▶ “Data to Improve Community Conditions Shaped by Structural Racism”
  - ▶ Awarded to over two dozen organizations and technical data partners
- ▶ Maryland Center for Economic Policy – Lead Organization
  - ▶ Advances innovative policy ideas, fostering broad prosperity and helping Maryland be the standard-bearer for responsible public policy
  - ▶ Produces research, analysis, strategic communications, public education, and grassroots alliances promoting robust debate and greater public awareness of the policy choices Maryland residents face together
  - ▶ Member of the States Priorities Partnership
- ▶ Baltimore Neighborhood Indicators Alliance – Technical Assistance Partner
  - ▶ Focused on community indicators to improve quality of life in Baltimore’s neighborhoods
  - ▶ Producer of open data, research, and policy recommendations
  - ▶ Member of NNIP network

# Housing Choice Voucher Program in Baltimore City

- ▶ The Housing Choice Voucher Program (HCV) is the nation's largest federal rental assistance program and assists over **5 million** people in **2.2 million** low-income households. Unfortunately, only **1 in 4** households that qualify for housing assistance receive it due to inadequate funding
- ▶ In Baltimore, while more than **17,000 households** have access to a housing voucher, an additional **23,000** are on a waiting list
- ▶ The HCV program has led to artificial inflation of existing rental prices in middle-market neighborhoods, resulting in market pressure among other renters in the same neighborhood, causing those without any housing assistance to struggle to pay rent
- ▶ Although the rent burden in Baltimore City has decreased over the last decade overall, there has been a significant increase in a select few neighborhoods in the number of people spending more than 30% of their income on rent.
- ▶ The neighborhoods with the highest voucher use saw the greatest increases in rent burden, which paradoxically is exactly what the housing voucher was intended to prevent

# Interviews with Stakeholders

- ▶ City has substandard housing which puts people into a narrow range of communities
- ▶ Program tends to steer voucher recipients to certain neighborhoods
- ▶ Voucher program can be inadequate
- ▶ Long wait-times compound housing needs
- ▶ Investor activity within certain neighborhoods acquiring units mainly to them with voucher holders
- ▶ Landlord opting in to the program can charge a premium on a voucher unit, particularly if the unit is in a low-income neighborhood

# Fair Market Rent vs Small Area Fair Market Rent

- ▶ Housing voucher subsidies are capped based on fair market rents (FMRs) that HUD estimates each year for modest housing units in a geographic area. A family with a voucher pays about 30 percent of its income for rent and utilities, and the voucher covers the remainder up to a payment standard set by the state or local housing agency
- ▶ Historically, HUD has established a single set of FMRs for units of various sizes in each metro area. Typically, these metro areas encompass large regions with various neighborhoods characteristics that skew payment ceilings higher in certain low-income neighborhoods
- ▶ SAFMRs are based on rents in particular zip codes and therefore reflect neighborhood rents more accurately than metro-level FMRs; Implementing SAFMR would incentivize moving by raising the rent ceilings in high-opportunity neighborhoods and decreasing the rent ceiling in low-opportunity neighborhoods

# Understanding the Geography

- ▶ Need to create a data tool to show spatial disparities in locations of voucher use as it relates to other demographic and housing characteristics
  - ▶ Key questions: **who** would benefit from SAFMRs and **where** are they located? And then, **what** could this mean for policy recommendations?
- ▶ Exploratory data to enable variety of audiences to learn more about the indicators and geographic areas
  - ▶ Zoom to data for familiar zip codes and counties
  - ▶ Focus on relationships: how are these data factors related?

# Data Tool – Input Datasets

- ▶ Interactive map and dashboard (ArcGIS Online) to display data indicators by Census Tract
- ▶ American Community Survey 5-Year Estimates, 2017-2021
  - ▶ Race/ethnicity
  - ▶ Median household income
  - ▶ Gross rent
  - ▶ Rental affordability (percent spending > 30% of income on housing costs)
- ▶ HUD
  - ▶ Number of housing choice vouchers divided by total renters (ACS)
  - ▶ Area median income - AMI
- ▶ MdProperty View (Maryland Department of Planning)
  - ▶ Owner-occupancy
- ▶ RBIntel
  - ▶ Cash sales of residential properties

# Exploring the Baltimore Metro Area's Housing Landscape

Small Area Fair Market Rents (SAFMRs) Data Tool

Zoom to a Zip Code  
None selected

Zoom to a County  
None Selected

## Population/Housing Characteristics

Use the sliders to filter and refine the map display.



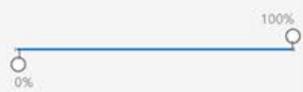
Percent White/Caucasian  
0% - 98.29%



Percent Hispanic  
0% - 56.88%



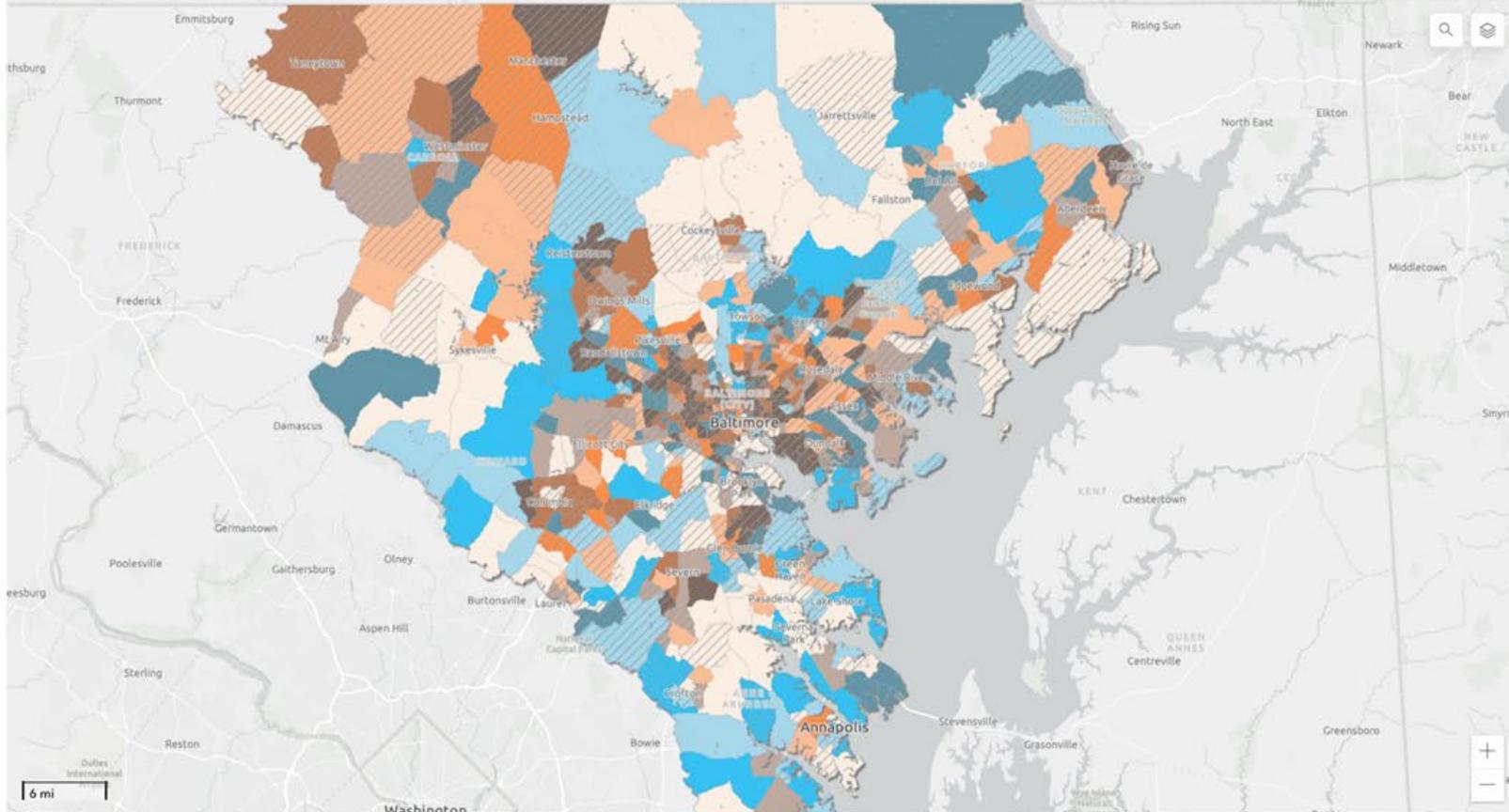
Percent Owner-Occupancy  
0% - 100%



Median Household Income  
\$0 - \$239,173



Gross Median Rent  
\$0 - \$3,444



## Voucher Use and Rental Affordability



## Interpreting the Data

This map displays the relationship between housing costs for renters and concentrations of housing choice vouchers in the Baltimore metro area by Census tract.

Housing costs are a burden for households on a fixed- or low-income, those who have experienced job loss or displacement, or for those living in areas where housing values are increasing rapidly. Federal housing choice vouchers assist households by subsidizing rent so that households do not spend more than 30% of their income on housing.

The Fair Market Rent (FMR) are set by local public housing authorities (in Baltimore by the Housing Authority of Baltimore City) using guidelines established by the US Department of Housing and Urban Development. Currently, Baltimore has chosen to set a mostly uniform rent standard for all except a handful of census tracts in the city.

Research indicates that as housing voucher rates increase in communities, the percent of households spending more than 30% of their income on rent is increasing and vet. owner-

**Summary Statistics**  
Zoom in/out of the map to update these summaries of areas displayed on the map.

Average Rate of Housing Vouchers  
**89.2**  
Per 1k Rental Households

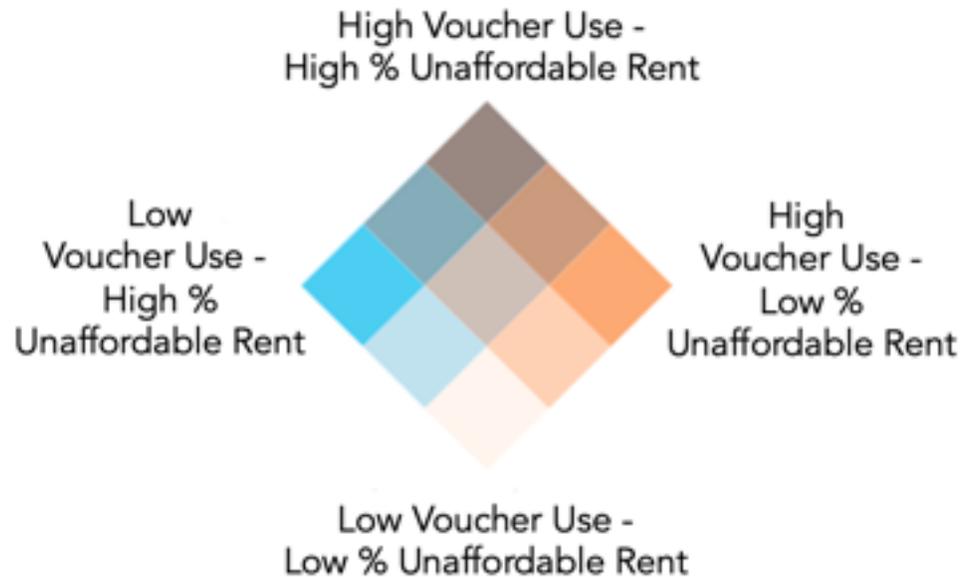
Average Rental Affordability Rate  
**44.8%**  
Spending ≥ 30% Income on Housing

Average Gross Rent  
**\$1.4k**  
Price for the Average Rental Unit

Average Rate of Cash Sales  
**18.6%**  
Versus Mortgage-Based Home Sales

Data About

# Voucher Use and Rental Affordability



Below Area Median Income (AMI)

Bivariate choropleth map to show relationship between voucher use and rental affordability

Hatched overlay to show Tracts that are below the AMI

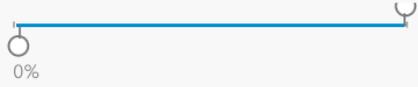


Spatial concentrations of high voucher use and high rental costs apparent in Baltimore



## Population/Housing Characteristics

Use the sliders to filter and refine the map display.



### Percent White/Caucasian

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### Percent Hispanic

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### Percent Owner-Occupancy

0% - 100%



### Median Household Income

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### Gross Median Rent

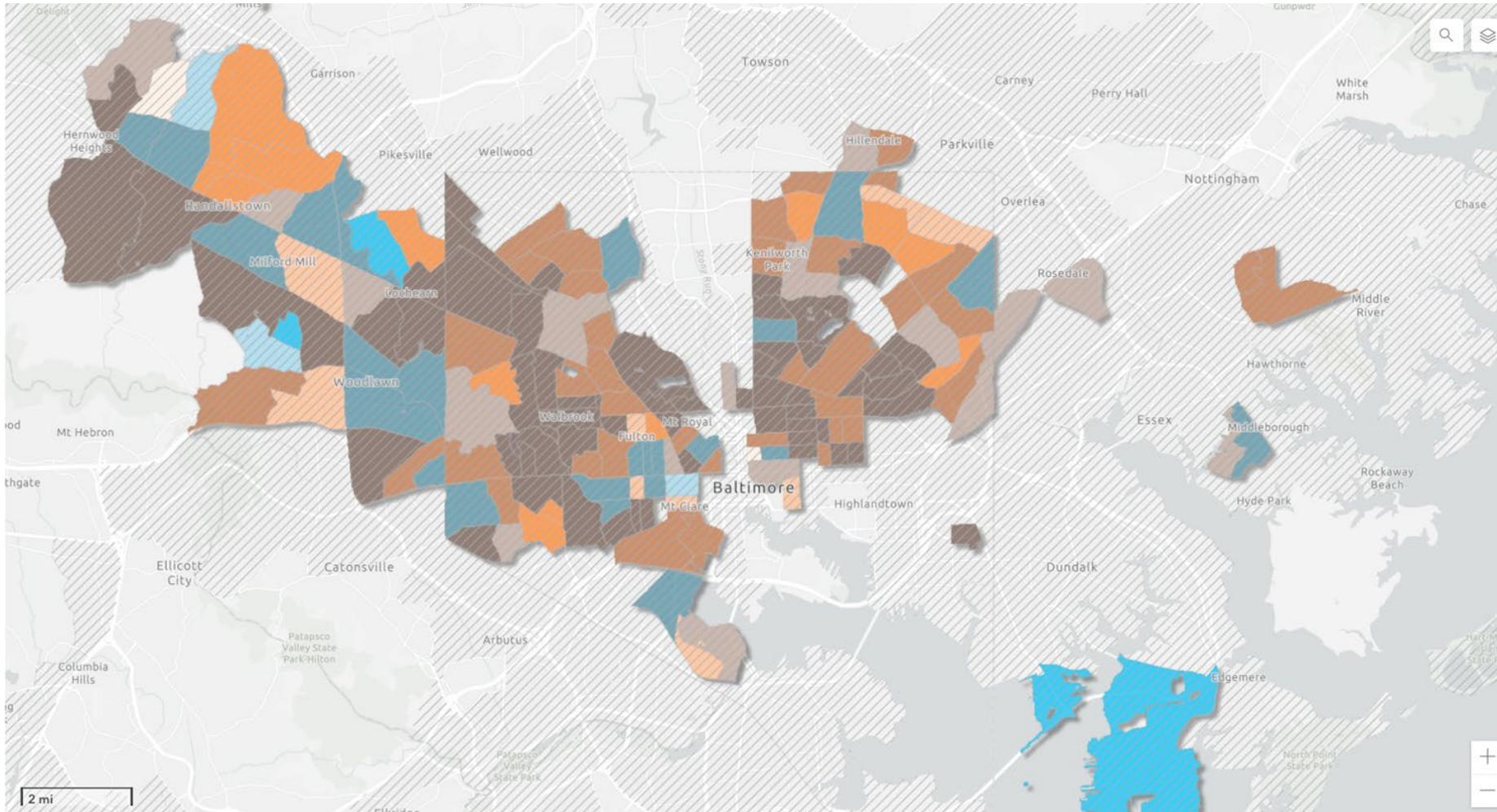
\$0 - \$3,444



Custom sliders for displaying population and household characteristics

Adjust the sliders and the map and numeric indicators will update its display

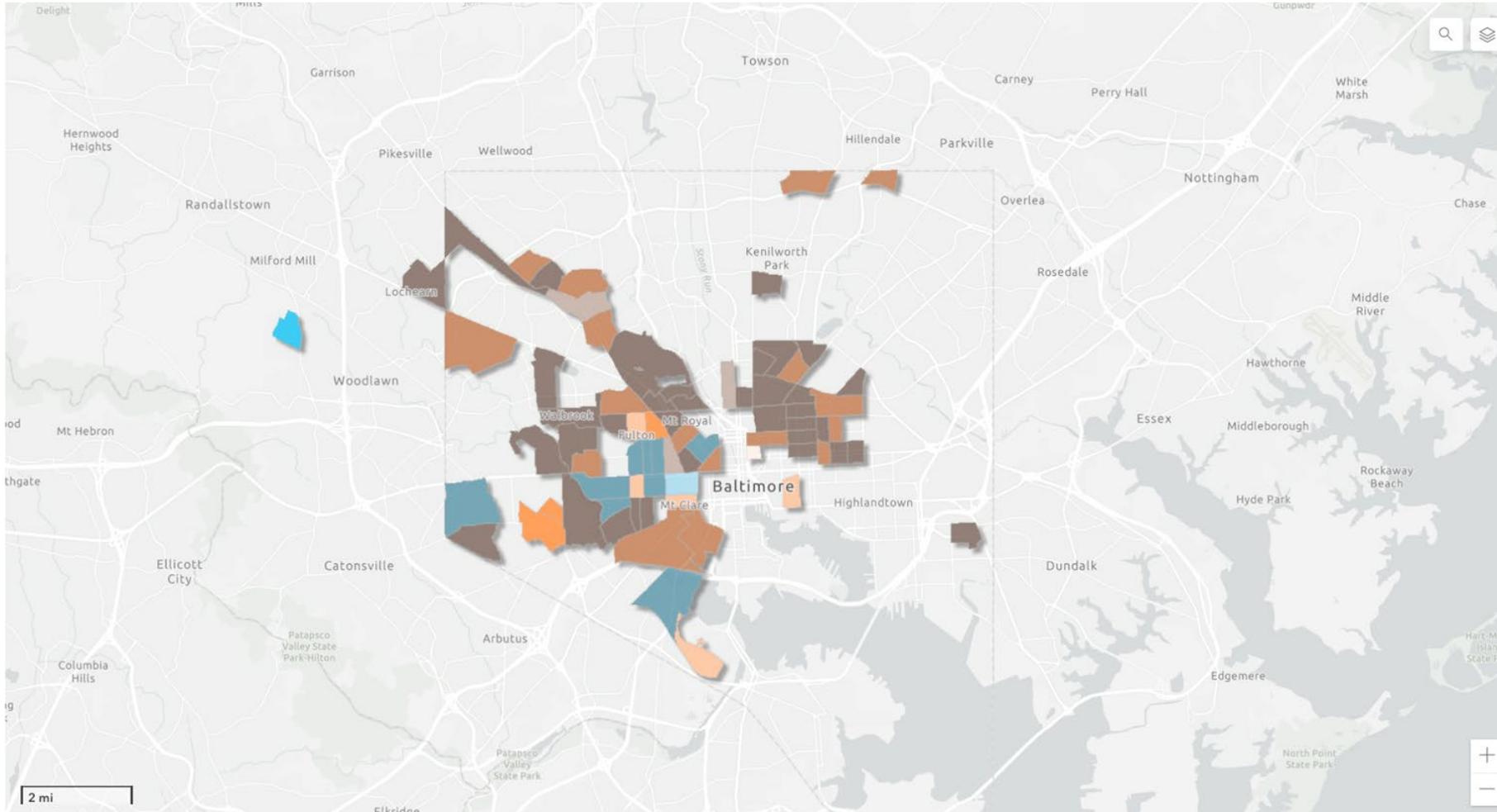




Filter: More than 50% Black/African American



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**Filter: More than 50% Black/African American AND  
Owner-occupancy less than 50%**

*\*de-selected the AMI hatching for visibility*

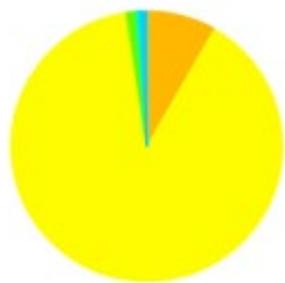
### Data for Census Tract 130300

In this Census tract, there are **203 housing choice vouchers** per 1,000 rental households. The *gross median rent*, or middle range dollar amount for rental units is **\$1,155** in this area and **52.6%** of rental households spend more than 30% of their take home pay on housing costs.

The *median household income* for this tract is **\$45,906** compared to the *2022 Area Median Income (AMI)* of **116100**.

**25.9%** of housing units are owner-occupied. **48.9%** of home sales sold for cash, meaning they may have been purchased by investors instead of homeowners with mortgages.

The pie chart below displays the **Race and Ethnicity** of the population living in Census Tract 130300 - you can see the values by clicking or hovering over each portion in the chart.



### Breakdown of Housing Units by Bedroom Size

Percent of Units that are Studio Apartments	1
Percent of Units that are 1-2 Bedrooms	16
Percent of Units that are 2-3 Bedrooms	62
Percent of Units that are 4+ Bedrooms	21



Click on a Tract on the map to get data descriptives of that area:

1. Voucher utilization
2. Affordability
3. Income
4. Ownership
5. Cash sales
6. Race/ethnicity
7. Housing size



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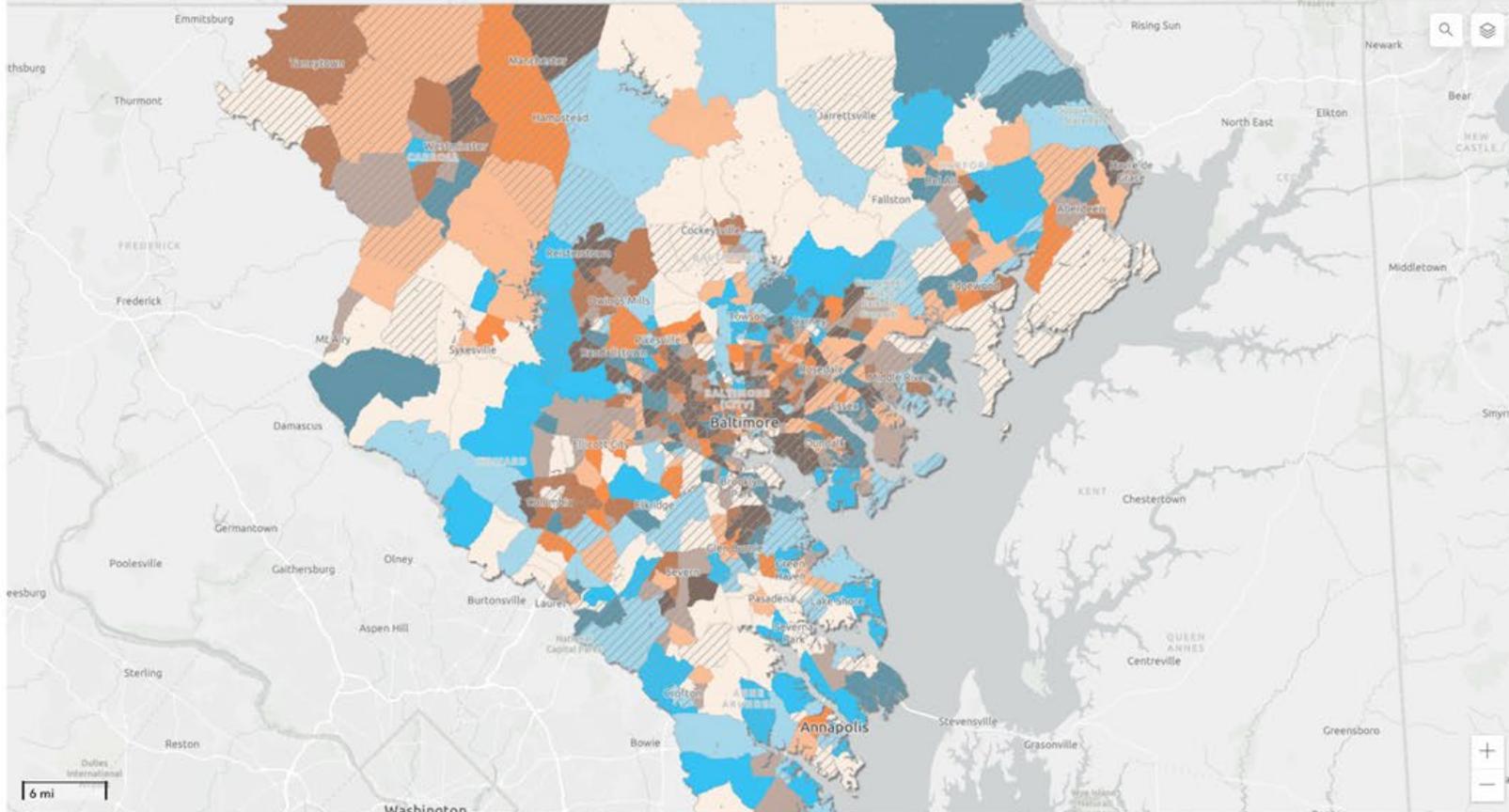
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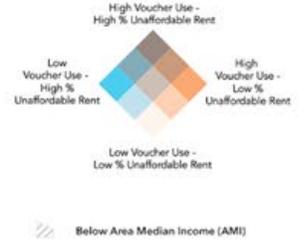
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Data About

# Recommendations for SAFMRs

- ▶ Deconcentrate voucher holders by reducing payment ceilings in low-income neighborhoods, increasing affordability in the rent prices
- ▶ Implementing SAFMR would incentivize moving by raising the rent ceilings in high-opportunity neighborhoods and decreasing the rent ceiling in low-opportunity neighborhoods; this should increase the affordability of higher-opportunity neighborhoods by increasing the affordable housing units in those areas.
- ▶ It could, in theory, recruit new landlords in new neighborhoods, as well as give voucher households with more choice to those neighborhoods through increased availability of affordable units

# Thank you!

**Cheryl Knott,**

*Assistant Director*

Baltimore Neighborhood Indicators Alliance

[cknott@ubalt.edu](mailto:cknott@ubalt.edu)

**Taneeka Richardson,**

*Policy Analyst*

Maryland Center on Economic Policy

[trichardson@mdeconomy.org](mailto:trichardson@mdeconomy.org)

**Musaab Ibrahim,**

*Senior Research Assistant*

Maryland Center on Economic Policy

[mibrahim@mdeconomy.org](mailto:mibrahim@mdeconomy.org)

