The affordable housing gap has adverse consequences for low-income families trying to work. The demand for affordable housing is increasing and already far exceeds supply. Much of the current stock of affordable housing is located in places that have limited employment opportunities and are a long distance from centers of job growth. A growing body of research suggests that providing housing assistance to low-income families and enabling families to live closer to employment opportunities may help welfare recipients get and keep jobs. The reauthorization of welfare this year, and the consideration of major housing bills, provide opportunities to implement changes that would support these welfare policy goals. This brief offers a policy agenda to reduce the affordable housing gap, encourage location decisions that are more accessible to jobs, and support replication of housing strategies that appear to increase the likelihood of a successful transition from welfare to work.

**Introduction**

Increasingly, researchers and policy makers identify the lack of affordable housing as a barrier to getting and keeping a job for welfare recipients and other low-income families. While the connection between affordable housing subsidies, housing location and employment has not been adequately studied, there is a growing body of research indicating that welfare reform successes are greater among families with assisted housing than among other low-income families. These findings suggest both that welfare policy should include housing assistance as a strategy for success and that housing policy should promote housing location options closer to job opportunities.
Work Does Not Solve the Housing Problems of Families that Leave Welfare

Most families that leave welfare for work do not earn enough to afford decent-quality housing, and do not have housing assistance. Recent data indicate that the average total monthly income of households that previously received welfare benefits and have at least one working member is only $1,261 (in 2002 dollars), which falls below the federal poverty level for a family of three. A family with this income would have to pay 58 percent of its total income to rent a two-bedroom unit at the Fair Market Rent in jurisdictions with rental costs at the national median. In the 14 jurisdictions with federally-financed studies on the earnings of recent welfare leavers, modest housing costs would consume 52 to 129 percent of estimated monthly earnings (Figure 1). Housing subsidies can help families leaving welfare for work close the gap between what they earn and the cost of rent and other basic necessities.

Nationally, only about 30 percent of families receiving monthly income from the Temporary Assistance to Needy Families (TANF) program also receive federal housing assistance. This percentage varies across states from about 12 percent to 50 percent. (Federal housing assistance usually allows families to pay 30 percent of their income for rent and utilities, with the remaining cost paid by the government subsidy.) Relatively few TANF families receive housing assistance because federal housing programs serve only about one-quarter of eligible households and because few states invest significant resources in low-income housing programs.

Not surprisingly, the combination of low earnings and scarce housing assistance results in housing problems. Nearly three-fifths of working poor renters with children who do not have housing assistance face severe housing problems—that is, they pay more than 50 percent of their income for housing or live in seriously substandard housing, or both (Figure 2). Among unsubsidized poor renter families with at least full-time, year-round minimum-wage earnings, 36 percent spent more than half of their income on housing.

---

**Figure 1: Estimated Percentage of Earnings Required for Welfare Leavers to Afford a Modest 2-Bedroom Unit, by Location**

Source: Center on Budget and Policy Priorities calculations.
The Housing Problems of Welfare Leavers Appear to be Getting Worse

There is some evidence that the housing problems of families leaving welfare are getting worse. An Urban Institute study found that families that left welfare between 1997 and 1999 were more likely to report an inability to pay a mortgage, rent, or utility bill than families leaving welfare between 1995 and 1997 (prior to most of the impact of federal welfare reform). Of the more recent group of welfare leavers, nearly 1 in 10 reported they were forced to double up with others because they could not afford the cost of housing.6

One reason housing problems may be getting worse for welfare leavers is that the number of rental units affordable (defined as requiring the family to pay less than 30 percent of its income for housing costs) to poor families has declined, from 85 units for every 100 poor families in 1987 to 75 units for every 100 such families in 1999.7 The number of units that are both affordable to these households and available for rent is even lower: in 1999, there were only 39 such units for every 100 poor renters.8 The situation likely has not improved much since 1999.

In 2000, rents increased faster than inflation for the fourth consecutive year,9 and the recent brief recession is unlikely to have reduced rent levels significantly.

Private market forces are mostly responsible for the reduction in the number of affordable rental units, but federal housing policy has contributed as well. Between 1995 and 1998, the number of households receiving federal rent subsidies declined as a result of the demolition of public housing, the expiration of federal subsidy contracts for more than 120,000 privately-owned units, and the lack of federal funding for any new housing vouchers.10 While the Low Income Housing Tax Credit and the HOME block grant—the two current federal subsidies for the production and rehabilitation of rental housing—add more than 100,000 units of decent-quality rental housing per year, households with incomes below about 45 percent of the area median income generally cannot afford these units unless they have additional rental subsidies such as vouchers.11 (Note: In late 2000, Congress enacted a 40 percent increase in LIHTC funding.) Congress did fund about 213,000 new housing vouchers for the four years from 1999–2002, including 50,000 vouchers for welfare to work rental housing assistance in 1999. The number of new vouchers funded in FY 2002, however, was lower than the number funded in any year between 1983 and 1994.

* Working poor families with children who are unsubsidized renters and have at least quarter-time, year-round minimum-wage earnings.
Source: American Housing Survey, (1999) and additional calculations by Cushing Dolbeare and the Center on Budget and Policy Priorities.

Figure 2: Working Poor Families with Children*: Most Pay Too Much for Housing in 1999

- Pay < 30%
- Pay < 30% but < 50%
- Pay > 50%
- Pay > 30%

* Working poor families with children who are unsubsidized renters and have at least quarter-time, year-round minimum-wage earnings.
Source: American Housing Survey, (1999) and additional calculations by Cushing Dolbeare and the Center on Budget and Policy Priorities.
Lack of Affordable Housing with Access to Jobs Compounds the Problem

Lack of housing subsidies or other assistance can prevent families from moving in some circumstances when that could improve their economic prospects. These include moves to areas with greater employment opportunities, as well as moves to areas where parents feel safe enough to go to work and leave older children unattended or to return from work at night on public transportation. Some local studies have found that welfare recipients who live closer to employment opportunities are more likely to be employed. Living in lower-poverty, less-disadvantaged neighborhoods also may improve the chances of being employed, due to better information about job opportunities or other factors.

A growing share of employment opportunities are located not in cities, where TANF recipients are increasingly concentrated, but in the suburbs. Between 1992 and 1997, job growth in the suburbs was more than double that in the largest central cities. In about a quarter of cities the number of jobs fell while the number of jobs in surrounding suburbs rose. This decentralization of employment affects cities in all parts of the country, although about 20 percent of cities have bucked the trend. Cities with some of the most slowly declining TANF caseloads in the nation—Los Angeles, Richmond, Hartford, and Washington D.C.—actually lost jobs from 1992 - 1997. A number of factors—including lack of affordable housing, discrimination, and inadequate public transportation—can make suburbs inaccessible to low-income families in central cities or rural areas.

Rental housing vacancy rates are lowest in the portions of metropolitan areas outside of the core central cities. In every region of the country in 1999, suburbs had lower vacancy rates for units with rents affordable to families with housing vouchers than cities or rural areas did. Not surprisingly, a recent study by Abt Associates found that the tighter the housing market, the lower the percentage of families that succeeded in renting housing with vouchers, and the longer the successful families took to find housing. In the fall of 2000, 61 percent of the families that received vouchers in very tight housing markets succeeded in finding a unit to rent, compared to 80 percent in loose markets.

Thus, there is a need for additional rental housing that is located in job-growth areas and is affordable to working poor families, or at least affordable to those fortunate enough to have housing vouchers. Yet, our current housing production programs are doing little to meet this need, in part due to federal law and in part due to state and local decision-making. A substantial majority of units developed with Low Income Housing Tax Credits are built in central cities or rural areas and not in the metropolitan suburbs where most job growth is occurring and where half the population now lives. An analysis of the location of family-sized tax credit units in comparison with job opportunities in 12 metropolitan areas shows that tax credit units are poorly located in relation to centers of job growth. In addition, HOME-assisted rental units are more likely than Section 8 vouchers, but less likely than public housing units, to be located in high-poverty neighborhoods (Figure 3).

Consequences of the Affordable Housing Gap

There is no question that the demand for affordable housing far exceeds the supply and that much of the current stock of affordable housing is concentrated in areas at a distance from the centers of job growth. As a result, many families may face a Catch-22 situation. If they live in housing they can better afford, they may not be able to get or keep a job; but if they move closer to work, their housing costs may rise to the point where they have difficulties affording necessities, including work-related expenses.

In addition, families that pay too much of their income for housing or live in severely inadequate or overcrowded housing may have to move frequently. A recent study in Ohio found that 42 percent of families who had recently left welfare and paid more than half of their income for housing moved in the six-month period after leaving welfare. (Some 38 percent of the recent welfare leavers in the study paid more than half their income for housing costs.) In contrast, roughly 8 percent of the general population moves in a six-month period. Frequent moves may interrupt work schedules and jeopardize employment.
Lack of stable housing also can have other negative consequences:

Children may be affected adversely. A number of studies demonstrate that frequent moves can undermine school performance, reduce skill development, and increase the risk of dropping out. Inadequate housing also has been linked to increased rates of asthma and respiratory disease, lead poisoning, and poor nutrition, which can retard a child’s physical and intellectual development. Conversely, housing assistance that helps families move from high-poverty to low-poverty neighborhoods can have positive impacts on children. Some studies indicate it can contribute to improved educational outcomes, eventual increases in employment, and reduced involvement in violent crime as victim or perpetrator.

Health can be affected adversely. A recent study by the Manpower Demonstration Research Corporation indicated that poor housing conditions can cause or exacerbate welfare recipients’ health problems. In addition, the Task Force on Community Preventive Services of the Centers for Disease Control recently recommended housing voucher programs as a public health strategy to improve household safety by enabling families to move to less violent neighborhoods.

Housing Assistance and Location Can Support Welfare Policy Goals

There is a growing, although not conclusive, body of evidence that housing assistance, particularly housing vouchers that enable families to choose where they live, helps families stay off welfare once they leave the rolls. A number of studies also suggest that housing assistance can help welfare recipients become and remain employed, often outweighing other potentially detrimental factors in families’ lives. While, under federal housing programs, families’ rents generally increase if their incomes rise, well-designed welfare programs can offset this financial disincentive to work by disregarding part or all of a family’s increased earnings. This research suggests that as policy makers struggle to find the tools to improve job retention, they should give more attention to housing strategies.
Housing vouchers may help families leave and remain off the welfare rolls. Among families that left welfare in Cuyahoga County, Ohio (Cleveland) in 1996, households with housing voucher assistance were 16 percent less likely to return to the welfare rolls in the following year than families without housing assistance. Based on detailed analysis of actual residential and job locations, the researchers attributed this result to the fact that families with housing vouchers were more likely to be employed closer to their homes and to have shorter and more direct commutes; they also had access to more job openings than families without housing assistance or that lived in public or project-based Section 8 housing. In the Moving to Opportunity Demonstration in Baltimore, families that used vouchers to move to low-poverty areas were only one-third as likely to be receiving welfare three years later as families that remained in high-poverty areas. (Interim data from the other four sites in the Moving to Opportunity Demonstration have not replicated this finding.) Analysis of data from a program in Chicago found that families using vouchers to move to areas with a greater number of educated residents were about one-third less likely to receive welfare than similar families that used vouchers to move to areas with fewer educated residents.

Former welfare recipients appear more likely to succeed in the workplace if they have housing assistance. This is an important issue, since only about 75 percent of welfare leavers are employed in the year after leaving welfare. A recent study found that employment among welfare leavers in Massachusetts was higher among welfare leavers with housing subsidies than among those without housing assistance, even though the former group had greater barriers to work. They generally had been on welfare longer, had larger families, and were almost twice as likely to be minorities. As study of welfare leavers in Los Angeles County found that families with housing assistance were more likely to be employed in each quarter in the first year after leaving welfare than families without housing assistance. Families with vouchers were somewhat more likely to remain employed than families with other kinds of housing assistance and families that did not receive housing assistance. Families with vouchers that stayed off welfare also had higher average earnings.

Welfare interventions are more effective when combined with housing assistance. An evaluation of the Minnesota Family Investment Program (MFIP), widely considered to be one of the country’s most comprehensive welfare reform strategies, found that the greatest positive impacts occurred among families that received housing assistance in addition to other welfare benefits and services. This study is significant because, taken as a whole, the gains it found—including reductions in poverty, increases in employment and earnings, and even increases in marriage—are among the strongest ever documented for a welfare reform undertaking in the United States. Most of MFIP’s success was due to the substantial increases in employment and earnings it generated among families receiving housing assistance (primarily Section 8 vouchers); families without housing assistance had little or no gains.

Eligibility for full MFIP services (including generous financial incentives) boosted the employment rates of long-term welfare recipients living in public or subsidized housing by 18 percentage points. This was more than double the gain in employment rates for long-term welfare recipients not living in public or subsidized housing who were eligible for the same services. Nearly all of the gain in earnings that MFIP produced occurred among families living in public or subsidized housing. Quarterly earnings increased an average of 25 percent among the families eligible for full MFIP services that lived in public or subsidized housing. Earnings increased only two percent, an amount that was not statistically significant, among families eligible for full MFIP services that did not live in public or subsidized housing.
In addition, the National Evaluation of Welfare-to-Work Strategies found that families with housing assistance were more successful in sustaining employment than other recipients who received the same services but did not have housing assistance. Unlike the Minnesota demonstration, the different approaches to employment tested in these seven sites did not include additional financial incentives. While the better outcomes for families with housing assistance were not as significant as the MFIP results, the NEWWS results substantiate that housing assistance may enhance welfare interventions.

A Housing Agenda for Welfare Policy

The reauthorization of TANF this year and the filing of major housing bills in both houses of Congress provide an opportunity to consider policy changes that could advance the goals of welfare policy. Families facing welfare work requirements and time limits could use housing assistance to help them move successfully to work and improve their children's well-being. There is a particular need for an increase in the amount of affordable rental housing available in locations nearer employment. In addition, some families that receive housing assistance would benefit from additional work-promoting services, and families with vouchers could be helped to move closer to job growth areas.

1. Enable more families that are moving from welfare to work to receive housing assistance by:

Making it simpler for states to use TANF funds to provide supplemental housing benefits. Nine states and several counties in two additional states have committed federal TANF and/or state maintenance-of-effort funds to programs that provide housing subsidies. Many of these jurisdictions were unable to implement the types of housing programs they wanted – particularly ongoing rental assistance to working families – due to HHS rules that consider any TANF-funded housing subsidy that is not short-term as "assistance" even if families are working and not receiving TANF cash benefits. Under these rules, a TANF-funded housing subsidy provided for more than four months counts against the family's federal lifetime TANF time limit. TANF-funded supplemental housing benefits should be categorized as "non-assistance" to facilitate states' use of TANF funds to serve working families.

Funding new welfare to work vouchers. In FY 1999, Congress appropriated funds for 50,000 new vouchers for current or recent recipients of TANF benefits for whom lack of affordable housing or housing location is a barrier to work. To qualify to administer these specially-targeted vouchers, public housing agencies (PHAs) had to show that welfare and workforce investment agencies would collaborate on program implementation. Experience with this program suggests that such targeted housing assistance can benefit families and provide positive incentives for inter-agency collaboration. Welfare to work vouchers could be authorized as an ongoing program, and funding for additional welfare to work vouchers should be provided for FY 2003.

Providing funds to HHS to conduct a joint HHS/HUD demonstration project for families with multiple barriers to work that combines housing assistance with services. The project could explore the effectiveness of a variety of models for combining housing with services for TANF families with multiple barriers to work, including homeless families. A portion of the funds could be used for non-custodial parents of children receiving TANF benefits, such as homeless fathers or those recently released from prison. Funds could be used to provide not only housing assistance, but also employment services designed to increase their earnings and help them support their children.
2. Help families move to affordable housing closer to jobs by:

Providing funds to help families with vouchers move closer to jobs. Approximately 340,000 families receiving monthly TANF income have housing vouchers. Many live in areas that are distant from job opportunities, are unsafe, or lack adequate transportation. Often these families need assistance to become familiar with new communities where jobs are more plentiful and to identify potential landlords in those communities. Public housing agencies can use their regular administrative fees for housing search assistance, but few have sufficient funds to provide this help. There are two potential ways to fund housing search assistance. Agencies that do not use all of their voucher funds because families have difficulty finding units without help could be given the flexibility to use a small portion of these funds to assist interested families in moving to new communities. Alternatively, welfare agencies could make grants of TANF funds to housing agencies to be used for this purpose. No change in law is required to use TANF funds in this way, but welfare and housing agencies would need to work together on such a strategy.

Revising the Low Income Housing Tax Credit statute to encourage the development of rental housing for families with children in job-growth areas. To create a financial incentive for developers to locate more family units in job growth areas and to make such development more affordable, the LIHTC statute could be modified to authorize the provision of additional credits to developments that are located in areas with relatively high rates of job growth and serve poor families with children. Alternatively, states could be required to give additional weight in the competition for tax credits to developments for families with children that are well-located in relation to employment opportunities.

Authorizing and appropriating funds for new “Thrifty Production Vouchers.” This proposed component of the housing voucher program would allow PHAs to attach vouchers to particular units that are newly constructed or substantially rehabilitated. Such vouchers would help make units created through the Low Income Housing Tax Credit, HOME, state and local funds or any new housing production program affordable to poor families and individuals at a lower cost than other vouchers. (The maximum subsidy would be tied to the operating cost of units that do not carry debt and would be capped at 75 percent of the usual maximum voucher payment.)

Funding production of additional rental housing for families with children. Additional federal funds are needed to encourage the construction of more rental housing, particularly in areas with high job growth where affordable housing is least available. Bills are pending in both the House and the Senate that would establish a National Housing Trust Fund to fund production of new and rehabilitated housing. Most of the funds would have to be used to develop rental housing for poor and near-poor households in mixed-income developments; a portion could be used for homeownership and to serve moderate income families.

3. Promote closer alignment between housing and welfare policies and programs by:

Encouraging cooperation between welfare agencies and housing agencies; requiring states to consider housing needs in TANF planning and implementation. As a parallel to the current requirement in the U.S. Housing Act that PHAs seek to enter into cooperation agreements with welfare agencies, Congress could require states to cooperate, directly or through counties, with PHAs to promote the economic self-sufficiency of public housing residents and voucher program participants that currently receive or recently received TANF benefits. States also should have methods to identify whether families’ living arrangements, housing costs, and housing locations pose barriers to work, and describe in their State Plans the steps the state and other public or private entities that administer housing programs are taking or plan to take to address the primary housing-related problems experienced by TANF families.

Requiring states and counties to consider parents’ access to employment in awarding federal housing block grant funds. Congress should require states and counties, as part of their
Consolidated Plans governing the distribution of various HUD housing block grants, to consider whether there is a need to locate additional rental housing for the TANF-eligible population closer to employment opportunities. States and counties should also be required to solicit and respond to comments from agencies that administer TANF and Workforce Investment Act programs in the development of these plans.

**Funding an earnings disregard for Section 8 families.** Public housing residents who were previously unemployed or recently received TANF benefits do not face an immediate rent increase when they go to work and increase their income. For a two-year period, their increase in earnings is disregarded when their rent obligation is calculated. (In the second year, half the earnings increase is disregarded.) Congress has authorized but never funded this earnings disregard for families that have vouchers or live in units with project-based Section 8 subsidies, despite the fact that 70 percent of families that receive both welfare and housing assistance are served by these housing programs rather than by public housing. The lack of an earnings disregard for these housing assistance recipients may weaken welfare reform efforts and also may diminish the impact of TANF-funded earnings disregards.41

**Expanding the Family Self-Sufficiency Program.** The Family Self-Sufficiency (FSS) program is a HUD-administered employment and savings incentive program for low-income families that have housing vouchers or live in public housing. FSS promotes the goals of welfare reform, but fewer than 1.5 percent of the families that currently receive income from TANF and are potentially eligible for FSS are participating in the program. The number of public housing families enrolled in FSS is particularly low, only 7,000. In addition, families living in units with project-based Section 8 subsidies are not eligible for FSS. Congress should clarify that HUD may provide funding for multiple FSS coordinators to PHAs with large public housing FSS programs, and provide sufficient additional public housing operating subsidies to meet these costs. In addition, the FSS legislation should be amended to make families with project-based Section 8 subsidies eligible.

**Revising federal law to help increase the proportion of children receiving housing assistance that live with both parents.** Fewer than 15 percent of HUD-assisted families with children have two parents in the household. Some generally applicable federal admissions and rent policies have the effect of discouraging two-parent families in federally-assisted housing. For example, if a working adult joins a family, the family’s rent will be increased because all of the additional income is counted. Just as the lack of an earnings disregard for Section 8 families may be a disincentive to work, the lack of any disregard of the income of a reuniting parent or spouse may discourage family formation. (An agency could, at its own cost, adopt a policy disregarding some or all of the income of a parent or spouse who joins a family in public housing, but is not permitted to do so for families with Section 8 assistance.) This financial disincentive could be reduced by a funded disregard of some or all of the income of a newly-admitted working spouse or parent in determining rent.

**Conclusion**

A growing body of research suggests that providing housing assistance to low-income families and enabling families to move closer to employment opportunities may help welfare recipients get and keep jobs. The proposals outlined above are intended to reduce the affordable housing gap, encourage location decisions that are more accessible to jobs, and support replication of housing strategies that appear to increase the likelihood of a successful transition from welfare to work. The reauthorization of welfare this year, and the consideration of major housing bills, provide opportunities to implement changes that would support these welfare policy goals.

“The reauthorization of welfare this year, and the consideration of major housing bills, provide opportunities to implement changes that would support welfare policy goals....”
Endnotes
1. The median total income of leaver households is based on 1999 data from the National Survey of American Families, adjusted for inflation to 2002, and includes earnings and benefits for all household members in households with at least one employed member. See Pamela Loprest, How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers, Urban Institute, April 2001.
2. The housing cost used in this calculation ($727 per month) is the estimated median FY 2002 two-bedroom national Fair Market Rent (FMR) calculated by the National Low Income Housing Coalition, Out of Reach, 2001. It is based on HUD's 2002 FMRs weighted by the number of renter households reported by the 2000 Census. The Fair Market Rent is the estimate issued annually by the Department of Housing and Urban Development of the cost of decent, modest housing in each area. These percentages are based on median wages of employed welfare leavers, derived from median quarterly earnings in the last quarter of the first year after leaving welfare as reported in studies financed by the U.S. Department of Health and Human Services (found at http://aspe.os.dhhs.gov/hsp/welf-ref-outcomes01/appb.htm), adjusted for inflation to 2002, compared with the 2002 State FMRs calculated as discussed in note 2 above. The calculations assume that families pay no more than 30 percent of income for rent and have no income other than the earnings of the welfare leaver.
3. The state data are from 1996-1997. See Barbara Sard and Jennifer Daskal, Housing and Welfare Reform: Some Background Information, Center on Budget and Policy Priorities, November 1998. The estimated national percentage of TANF families receiving housing assistance is calculated by the Center on Budget and Policy Priorities based on May 2001 HUD administrative data and March 2001 HHS welfare caseload information.
4. The term “poor households,” as used here, actually refers to households considered to be “extremely low-income” as that term is defined in federal housing programs. These are households with incomes at or below 30 percent of the area median income, as adjusted by HUD. This income level is roughly equivalent to the federal poverty line. Nearly all TANF recipients and most leavers have incomes below this level.
5. Tenny, Daniel and Bob Zahradnik, The Poverty Despite Work Handbook, 3rd Edition, Center on Budget and Policy Priorities, August 2001. Calculations of 1999 American Housing Survey data by Cushing Dolbear for the Center on Budget and Policy Priorities. As used here, a family is characterized as “working poor” if it has annual earnings of at least $2,575 (equivalent to quarter-time-year-round work at the minimum wage) and total income below the federal poverty line.
7. The term “working poor,” as used here, actually refers to households considered to be “extremely low-income” as that term is defined in federal housing programs. These are households with incomes at or below 30 percent of the area median income, as adjusted by HUD. This income level is roughly equivalent to the federal poverty line. Nearly all TANF recipients and most leavers have incomes below this level.
19. Nolden, Sandra, Carissa Climaco and Meryl Finkel, Updating the Low-Income Housing Tax Credit (LIHTC) Database, U.S. Department of Housing and Urban Development Office of Policy Development and Research, December 2000. Recent national data, however, indicate an increase in suburban units. In 1995-1998, some 39 percent of LIHTC units were built in the suburbs. (More than two-thirds of these units had two or more bedrooms.) By comparison, 26 percent of units developed in 1992-1994 were located in the suburbs.
21. The Urban Institute, Expanding The Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnership Program, U.S. Department of Housing and Urban Development Office of Policy Development and Research, March 1999. Based on 1998 data, 40 percent of all public housing units, 22 percent of HOME-assisted rental units, 15 percent of project-based Section 8 units, and 9 percent of Section 8 certificate and vouchers were located in census tracts that were more than 40 percent poor according to the 1990 census. By comparison, 15 percent of all unassisted renters with incomes below the poverty line lived in such high-poverty areas. Khadduri, Jill, Mark Shroder, and Barry Steffen, Can Housing Assistance Support Welfare Reform, Fannie Mae Foundation, forthcoming.
A study of the Gautreaux program in Chicago found that children whose families moved from public housing in the city to subsidized housing in the suburbs were only one-quarter as likely to drop out of high school and were 2.5 times as likely to go to college as those who remained in the city. Rosenbaum, James E., Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program, Housing Policy Debate 6:1:231, 1995. Elementary school movers to low-poverty areas in the Baltimore site of the Moving to Opportunity demonstration had twice the gain in reading and math scores of children in comparable families that moved to higher-poverty areas. Greg Duncan, and Helen F. Ladd, The Effects of MTO on Baltimore Children’s Educational Outcomes, Joint Center for Poverty Research, Poverty Research News, 5:1 (2001).

Of the children who did not go to college in families that moved to suburban areas with housing vouchers under the Gautreaux program, 75 percent were employed full-time, compared to 41 percent of such children in families that moved to neighborhoods within the city. Rosenbaum, ibid.


Bania, Neil, Claudia Coulton and Laura Leete, Public Housing Assistance, Public Transportation and the Welfare-to-Work Transition, November 2001, U.S. Department of Housing and Urban Development, forthcoming. Within the 12 months following exit from welfare, 30 percent of families with housing vouchers or certificates, 36 percent of families without housing assistance, 48 percent of families with children in project-based Section 8 housing at the time of exit returned to the welfare rolls. Among welfare leavers who worked, earnings were consistently lower for families with any type of housing assistance, though earnings differences largely disappeared when the researchers controlled for the neighborhood poverty rate.


Nagle, Gloria, Comparing Housing-Assisted and Unassisted Welfare Leavers in Massachusetts, Boston, MA; M. Massachusetts Department of Transitional Assistance, U.S. Department of Housing and Urban Development, forthcoming. The study found that 74.2 percent of welfare leavers with housing assistance were employed in the period 6 to 15 months post-welfare, compared with 67.6 percent of those without housing assistance. The study did not make separate employment findings for families with different types of housing assistance. Many of the studied families had left welfare due to the states two-year time limit. Average hourly earnings of employed welfare leavers with housing assistance were somewhat lower than for leavers without housing assistance, perhaps due to differences in human capital or in housing location.

Verma, Nandita and Rick Hendra, Comparing Outcomes for Los Angeles County’s H U D-Assisted and Unassisted CalWORKS’ Leavers, Manpower Demonstration Research Corporation, December 2001, U.S. Department of Housing and Urban Development, forthcoming. Families with tenant-based assistance were a statistically significant 5.5 percentage points more likely to work for four consecutive quarters in the year after exit from welfare than families without housing assistance. Unlike other studies, this research found that welfare leavers with vouchers were more likely to have attained a high school diploma (60 percent) than welfare leavers without housing assistance (50 percent) or welfare leavers in public or project-based Section 8 housing (40 percent). Controlling for education as well as other background characteristics (voucher families were more likely to be African-American than either of the other groups and less likely to be Hispanic or White, non-Hispanic), the difference in employment retention related to receipt of tenant-based assistance was statistically significant 3.1 percentage points. Unlike the Cuyahoga County study by Bania et al., in this study families with vouchers were somewhat more likely to return to welfare than other families.

Rosenbaum, James E., Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program, Housing Policy Debate 6:1:231 (1995). A majority of both groups, though somewhat more of the city movers, had received welfare for five years or more. On average, both the city and the suburban families surveyed had moved out of Chicago public housing (or been selected from the waiting list) about five years earlier.


For a more complete description of policy proposals, see Barbara Sard, A Housing Perspective on T A N F Reauthorization and Support for Working Families, Center on Budget and Policy Priorities, March 12, 2002. See Barbara Sard and Jeff Lubell, The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work, and Barbara Sard and Tim Harrison, The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work, 2001 Supplement, available at: http://www.cbpp.org/12-17-00hous.pdf and http://www.cbpp.org/12-3-01hous.htm, respectively. Connecticu t, Kentucky, Maryland, Michigan, Minnesota, New Jersey, North Carolina, Pennsylvania, Virginia, and the counties of Denver, Los Angeles and San Mateo have committed TANF or state matching funds to ongoing housing assistance.


For a more complete description of policy proposals, see Barbara Sard, A Housing Perspective on TANF Reauthorization and Support for Working Families, Center on Budget and Policy Priorities, March 12, 2002. See Barbara Sard and Jeff Lubell, The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work, and Barbara Sard and Tim Harrison, The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work, 2001 Supplement, available at:

http://www.cbpp.org/12-17-00hous.pdf and http://www.cbpp.org/12-3-01hous.htm, respectively. Connecticut, Kentucky, Maryland, Michigan, Minnesota, New Jersey, North Carolina, Pennsylvania, Virginia, and the counties of Denver, Los Angeles and San Mateo have committed TANF or state matching funds to ongoing housing assistance.

A study of perceived barriers to work among public housing families, nearly half cited a rent increase as their major concern, more than were concerned about child care, safety, loss of other benefits or any other problem. Miller, Cynthia and James A. Riccio, Making Work Pay for Public Housing Residents: Financial-Incentive Designs at Six Jobs-Plus Demonstration Sites, Manpower Demonstration Research Corporation, January 2002.
Acknowledgements

The Center on Budget and Policy Priorities would like to thank the Rockefeller Foundation, the Butler Foundation, and our general support funders for support of the work on housing and welfare reform. The Brookings Institution Center on Urban and Metropolitan Policy would like to thank the Annie E. Casey Foundation, the Charles Stewart Mott Foundation, the Joyce Foundation, and the Fannie Mae Foundation for their support of the Center’s research and policy work on the place based nature of welfare policy and its implications for America’s cities and low-income neighborhoods.

For More Information:

Barbara Sard
Director of Housing Policy
Center on Budget and Policy Priorities
Email: sard@cbpp.org
617-566-1154

Margy Waller
Visiting Fellow
Brookings Institution Center on Urban and Metropolitan Policy
Email: mwaller@brookings.edu
202-797-6466

The Brookings Institution
1775 Massachusetts Avenue, NW • Washington D.C. 20036-2188
Tel: 202-797-6000 • Fax: 202-797-6004
www.brookings.edu

Center on Urban & Metropolitan Policy
Direct: 202-797-6139 • Fax/direct: 202-797-2965

Center on Budget and Policy Priorities
820 First Street, NE, Suite 510 • Washington, DC 20002
Phone: 202-408-1080 • Fax: 202-408-1056
www.cbpp.org