



ADVANCING OPPORTUNITY THROUGH AFFORDABLE HOUSING

# The Employment Landscape for Subsidized Households

BY ELIZABETH KNEEBONE

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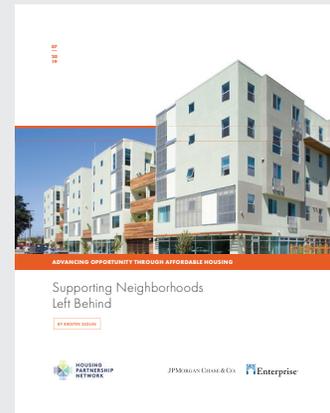
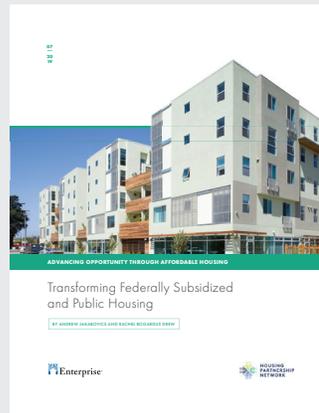
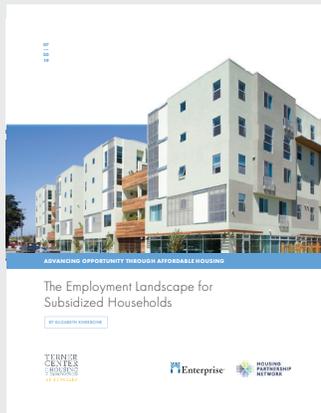


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## SERIES SUMMARY

Enterprise Community Partners and Housing Partnership Network are working together to launch a series of white papers Advancing Opportunity Through Affordable Housing. With contributions from the Turner Center for Housing Innovation at the University of California at Berkeley, the series focuses on accelerating promising ideas to address longstanding community development challenges in the current environment.





## **Executive Summary**

President Trump's 2020 budget calls for the imposition of work requirements on a range of federal assistance programs, including housing subsidies for low-income households. Labor market conditions can vary significantly within and across different regions, creating vastly different opportunities and barriers for subsidized households to find stable, quality employment. This paper analyzes employment conditions, options and potential barriers in the different kinds of neighborhoods and communities in which subsidized households live. It also considers the implications for policymakers and practitioners weighing the feasibility of conditioning housing subsidies on work.

An analysis of census-tract level data on employment, demographics and subsidized households in the United States finds:

- » People in HUD-subsidized households are more likely than other renters to be located in parts of the country with higher-than-average unemployment rates.
- » The average subsidized household is located in a neighborhood where most adults are working but are likely to be less educated and earn lower wages than average.
- » Subsidized households in cities are located near more jobs than their suburban or rural counterparts, but those jobs are more likely to require a college degree.
- » Workers outside the urban core travel farther and are more reliant on cars to get to work, but evidence suggests that people in subsidized households face barriers to car access.

The ability of subsidized households to achieve economic stability and eventual self-sufficiency depends, at least in part, on the number, type and location of employment options in their local labor market. Not every household is starting from a level playing field in terms of the quantity, quality and fit of employment options near them. The jobs nearby may be plentiful but require skills residents do not have. Conversely, limited job options nearby mean longer, more expensive commutes that may not be feasible for households that cannot afford a reliable car. And jobs that pay lower wages may do little to allow households to access housing in the private market. Given these complexities, work requirements alone are unlikely to be effective at moving subsidized households to self-sufficiency. However, evidence suggests more integrated, holistic work-focused programs that are tailored to individual needs and local market conditions can improve employment and earnings among participants.

Rather than advancing standalone work requirements, a truly effective federal approach to advancing economic mobility would focus on expanding the stabilizing platform of housing assistance to more eligible households and increasing the share of assisted households given access to the high-quality, individually tailored and locally grounded voluntary programs that can improve economic outcomes over the long term.

## **Introduction**

In 1996, amid the then-longest U.S. economic expansion on record, President Clinton signed the Personal Responsibility and Work Opportunity Act, which overhauled the welfare system and imposed work requirements on cash assistance for poor households. Just over two decades later, during what has recently become the nation's longest economic expansion, the Trump administration has redoubled efforts to make existing work mandates more stringent and expand such requirements to an array of non-cash assistance programs that make up the federal safety net.

In April 2018, President Trump signed the Executive Order Reducing Poverty in America by Promoting Opportunity and Economic Mobility. Framed as advancing "Principles of Economic Mobility," the order required the Secretaries of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development [HUD], Labor, Transportation and the Treasury to explore "strengthening existing work requirements for work-capable people and introducing new work requirements when legally permissible."<sup>1</sup> The language and intent of that order was echoed by Secretary of Agriculture Sonny Perdue, when he announced in December 2018 that his department would toughen existing work requirements on food assistance: "As we make benefits available to those who truly need them, we must also encourage participants to take proactive steps toward self-sufficiency. Moving people to work is common-sense policy, particularly at a time when the

unemployment rate is at a generational low.”<sup>2</sup> In March 2019, President Trump released his 2020 budget, which called for HUD rental assistance programs to incorporate uniform work requirements to “promote tenant work and self-sufficiency.”<sup>3</sup>

The nation’s unemployment rate has indeed reached lows not seen in decades, hovering at or below 4 percent since March 2018. Yet Secretary Perdue’s statement underscores one of the challenges of relying on national statistics to inform policies around work: they often obscure what can be significant disparities in employment opportunities at the local level. As strong as the national economy may be, not all communities have been equally buoyed by the current period of growth. Many continue to struggle with higher-than-average unemployment rates, or employment conditions and wage levels that leave working households struggling to make ends meet. That means that where a person lives determines a great deal about the number and kinds of employment options to which they have access. Labor market opportunities (and barriers) look very different depending on the region or neighborhood.

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Labor market disparities will influence the effectiveness of any assistance program’s attempt to impose national standards around work, but they take on an especially complicated dimension when it comes to considering work requirements for federal housing subsidies. A small number of Public Housing Authorities already have been experimenting with work requirements, although, to date, those experiments have been fairly limited in scope and reach.<sup>4</sup> However, if HUD were to move to significantly scale up such efforts nationally, the agency would have to grapple not just with the challenges of an uneven employment landscape, but also with the fact that people who receive housing subsidies often have limited say in where they are able to use them. While poor households in general are more constrained in their locational choices given their limited resources, choice constraints are often even more explicit for subsidized households. Half of HUD’s housing subsidies are tied to a particular unit. The other half are Housing Choice Vouchers that move with the tenant as they rent in the private market. While vouchers offer more flexibility, voucher holders still face constraints in choosing where they can use their subsidies.

For instance, in addition to the already uneven distribution of affordable rental housing within a region, when HUD's subsidy payment standards – Regional Fair Market Rents – are set too low that can limit ability of voucher holders to move to higher-opportunity, higher-cost neighborhoods within their region, as can landlord discrimination and “steering” practices.<sup>5</sup>

A localized understanding of the variable geography of economic opportunity should be central to any discussion of the potential impact of work requirements. But given the limited ability of subsidized households to select the local employment conditions to which they have access, such understanding is especially important when considering work requirements for federal rental assistance programs.

This paper does not delve into the long and complicated history around the siting of public and subsidized housing. Others have written detailed and compelling analyses of how the modern geography of federally subsidized housing has evolved and continues to be shaped.<sup>6</sup> Rather, this paper takes the current geography of subsidized housing as a starting point from which to assess how the employment landscape varies for people in subsidized households across the country. Specifically, this analysis uses Bureau of Labor Statistics, Census Bureau and HUD data to analyze the employment conditions, opportunities and barriers in and around the neighborhoods in which federally subsidized households are located.

Achieving economic stability, let alone mobility, is a complex and multilayered process for poor families and individuals. What it will take for subsidized households to work their way to economic stability – and eventually off assistance – will look different based on their local job and housing markets. This analysis is a first step in better understanding the opportunities and barriers people in subsidized households face in working toward self-sufficiency.

## **Methods**

Ideally, to assess the employment situation of subsidized households, we would use data on the characteristics and employment patterns of residents receiving subsidies.<sup>7</sup> For instance, according to the Center on Budget and Policy Priorities, of the households using federal rental assistance in the United States, more than one-third are seniors and almost one-quarter have a disability. Just over one in 10 are childless adults, and the remaining 29 percent are adults with children present. Among non-disabled, non-senior households, three-quarters were working in 2016, had recently worked, or were likely already subject to work requirements.<sup>8</sup> However, while revealing at the national level, these data do not allow for the disaggregation necessary to assess local variations in employment dynamics or characteristics within and across different parts of the country.

In lieu of direct data on households receiving subsidies, this analysis uses census tract level data culled from a variety of sources to examine the labor market and employment characteristics in the neighborhoods in which subsidized households are located.

## **Data**

Census tract data on households receiving subsidies from HUD programs come from HUD's Picture of Subsidized Households (PSH).

PSH provides data on three types of subsidies – tenant-based; public housing; and privately owned, project-based – which together provided more than 5 million subsidized homes across the country in 2017, 92 percent of which were occupied.

The tenant-based Housing Choice Voucher program – a subsidy that follows the tenant as they rent on the private market – accounted for roughly half of the HUD-subsidized units in 2017. There are no requirements to accept vouchers, but landlords who do accept them enter into a contract with a Public Housing Authority, which then pays a subsidy that supplements the rent paid by the voucher holder.

The other half of subsidized units in 2017 were project-based subsidies, meaning tenants must agree to live in a particular unit to receive assistance. Privately owned, project-based housing programs – the largest of which is the Project-Based Section 8 program – account for about 30 percent of subsidized units overall, while public housing makes up the remaining 20 percent of all subsidized households. Public housing is run by local housing agencies that receive HUD funding to build, operate or make improvements to housing. The housing agencies own the housing units.

(PSH does not report data on other housing subsidy programs, like U.S. Department of Agriculture's Rural Housing Service or other programs like Indian Housing, HOME or Community Development Block Grant.)

The analysis also includes data on 2.5 million low-income units (i.e., rent-restricted for low-income households) produced through the Low-Income Housing Tax Credit Program. (For brevity, low-income LIHTC units are referred to simply as LIHTC throughout the analysis.) The data comes from HUD's LIHTC database, although, as a tax credit program, LIHTC is administered by the Treasury Department rather than HUD. Some overlap exists between voucher holders and LIHTC units, but both are presented here to provide a more complete picture of the ways in which different subsidy programs map onto local labor markets.

Employment data come from three main sources:

- » The U.S. Bureau of Labor Statistics Local Area Unemployment Statistics provide the most up-to-date snapshot of unemployment rates. The most recent data available at time of publication were from August 2018 but are only available down to the county level.
- » Additional data on total number and characteristics of jobs – such as education and wage level of current employees and the origins and destinations of commutes – come from the Longitudinal Employer-Household Dynamics program. Data are available down to the block level, and the most recent year available is 2015.
- » Data on census tract employment rates, household and individual employment status, commute modes and times, and vehicle ownership rates come from the 2012-16 American Community Survey (ACS).

The 2012-16 ACS is also the source of demographic data used in the analysis.

### **Geographies**

The data sources referenced above are combined to create a national database of more than 73,000 census tracts. Tracts are assigned to one of four geographical categories. If a tract is located in one of the 100 largest metropolitan statistical areas, it is designated as a city (also referred to as urban) tract if its centroid falls within the boundaries of a primary city, otherwise the tract is designated as suburban.<sup>9</sup> Tracts that fall in any other MSA are designated as a "small metro area" tract, and tracts that are not located in an official MSA are flagged as non-metropolitan (also referred to as rural).

### **Metrics**

It is relatively rare for subsidized units to account for a significant proportion of a census tract's total households. Almost 63,000 of the nation's roughly 73,000 census tracts have some kind of HUD- subsidized housing reported in the PSH. On average, just 5 percent of housing units in the tracts are HUD- subsidized, and in fewer than 600 tracts do HUD- subsidized units make up more than half of all housing units. For the more than 19,000 tracts that have LIHTC units present, LIHTC units make up 8 percent of the total housing stock on average. LIHTC units account for the majority of neighborhood housing units in roughly 200 tracts. (Counting HUD programs and LIHTC together increases the number of tracts where subsidized units make up the majority of housing units to closer to 1,200, but that number is likely overstated since vouchers can be used in LIHTC units.)

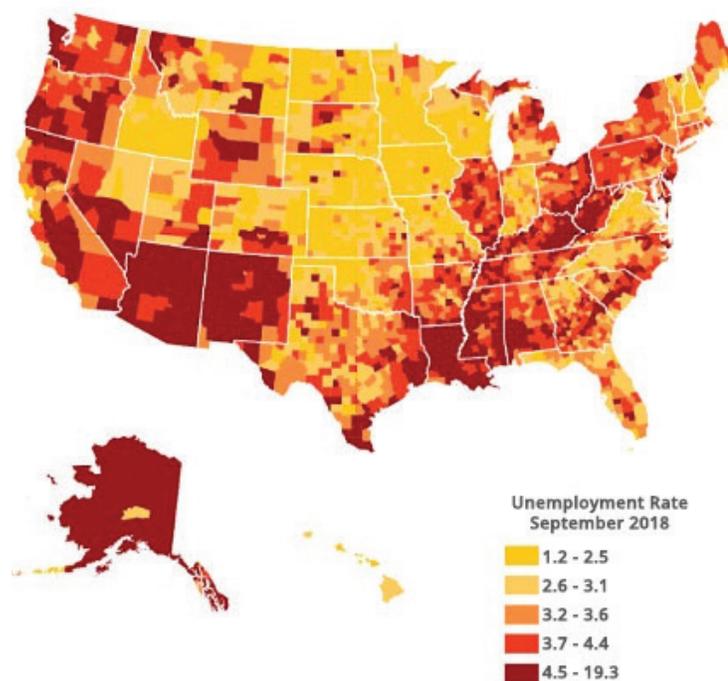
Because the number of subsidized households is relatively modest overall and spread unevenly across thousands of neighborhoods, to construct average neighborhood characteristics for different kinds of subsidized households, averages are weighted by the number of subsidized units in a given subsidy program.

## Findings

People in HUD-subsidized households are more likely than other renters to be located in parts of the country with higher-than-average unemployment rates.

As strong as the nation's jobs numbers have been – and continue to be – not all communities share equally in the current expansion. The most recent data on county unemployment rates reveal some of the local disparities that exist beneath the national statistics (Map 1).

**Map 1. Unemployment Rates by County, September 2018**



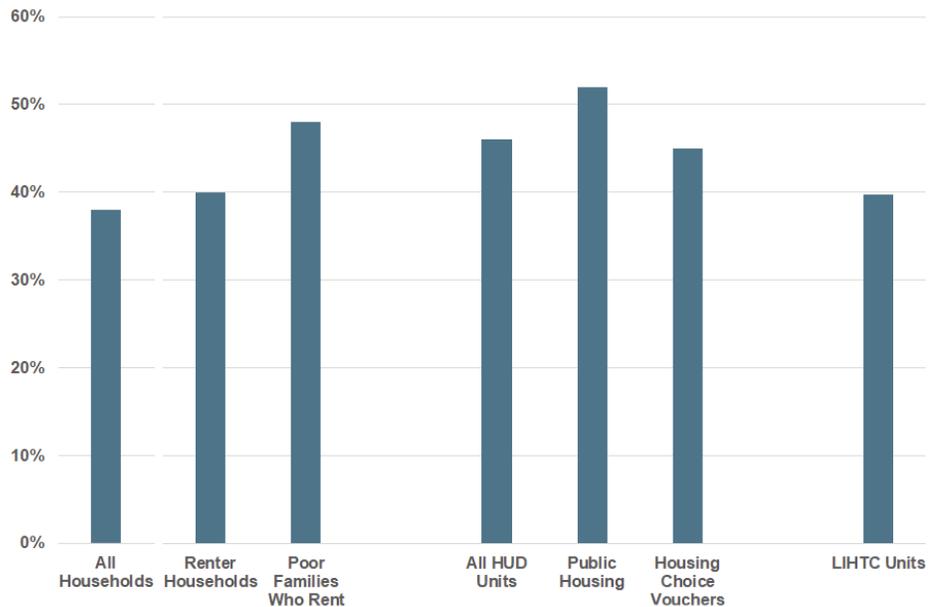
Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics Data

Strong regional economies on the coasts and broad swaths of Middle America show up as bright spots on the national map. In September 2018, several large, urban counties outperformed the nation's already-low unemployment rate of 3.7 percent, including San Francisco County (2.2 percent) and Seattle's King County (3.4 percent) on the West Coast, and Boston's Suffolk County (3 percent), Manhattan's New York County (3.6 percent) and Miami-Dade County (3.6 percent) on the East Coast. They were joined in the Midwest by the 16 counties that comprise the Minneapolis-St. Paul metro area – each of which posted unemployment rates in the 2 percent range – and the 11 counties that make up the Indianapolis metro area, among others. To the South, more than half of the counties in Texas reported unemployment rates below the national average in that same month.

However, not all communities performed so well. More than 1,200 counties registered unemployment rates higher than the national average. Of those, 36 had unemployment rates at least double the national rate, including the agriculturally-oriented border counties of Yuma, Arizona, and Imperial, California, each of which registered unemployment rates more than five times higher than the nation as a whole (19 and 19.3 percent, respectively).

This uneven economic landscape is of particular importance when considering the employment prospects of subsidized households. Federally subsidized households are not distributed evenly across the country (Figure 1). Instead, people in HUD-subsidized households are more likely to be located in areas where local employment conditions are weaker than those facing the average American household. Just 38 percent of U.S. households and 40 percent of renters live in counties that had above-average unemployment rates in September 2018. While LIHTC units align with that overall distribution (40 percent), almost half (46 percent) of all HUD-subsidized units lie in a county with higher-than-average unemployment rates. Voucher holders fare slightly better than both the total pool of HUD-subsidized households and the broader universe of families with very low incomes who rent. But public housing units fare worse: More than half (52 percent) of public housing units are located in counties with higher-than-average unemployment rates.

**Figure 1. Share of Households in Counties with Above Average Unemployment Rates, August 2018**



Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics and HUD Picture of Subsidized Households Data

While unemployment rates are just one indicator of economic performance, the county-level disparities that underlie the national statistics reveal the uneven playing field in which people in subsidized households look for work. Further disaggregating the local economic landscape only compounds those disparities, given the uneven and unequal ways subsidized households and employment prospects cluster within and across different kinds of neighborhoods.

**The average subsidized household is located in a neighborhood where most adults are working but are likely to be less educated and earn lower wages than average.**

Between the full slate of HUD programs and the LIHTC program, federal housing subsidies for low-income households can be found in 87 percent of census tracts across the country.

Yet, the fact that low-income housing subsidies are far-reaching does not mean they are evenly distributed (Table 1). Federally subsidized households are more likely to be clustered in lower-opportunity, higher-poverty neighborhoods than the typical American household. Roughly one in four households in the U.S. lives in a high-poverty neighborhood – defined here as census tracts with poverty rates of 20 percent or more. But that figure more than doubles for subsidized households: 57 percent of LIHTC units and 58 percent of voucher households are located in high-poverty neighborhoods, and the share climbs to 77 percent for public housing residents. (Very low-income families who rent fare better than public housing residents but worse than LIHTC and voucher households, highlighting the constraints low-income renters face in finding affordable housing in higher-opportunity neighborhoods, regardless of whether it is subsidized.)

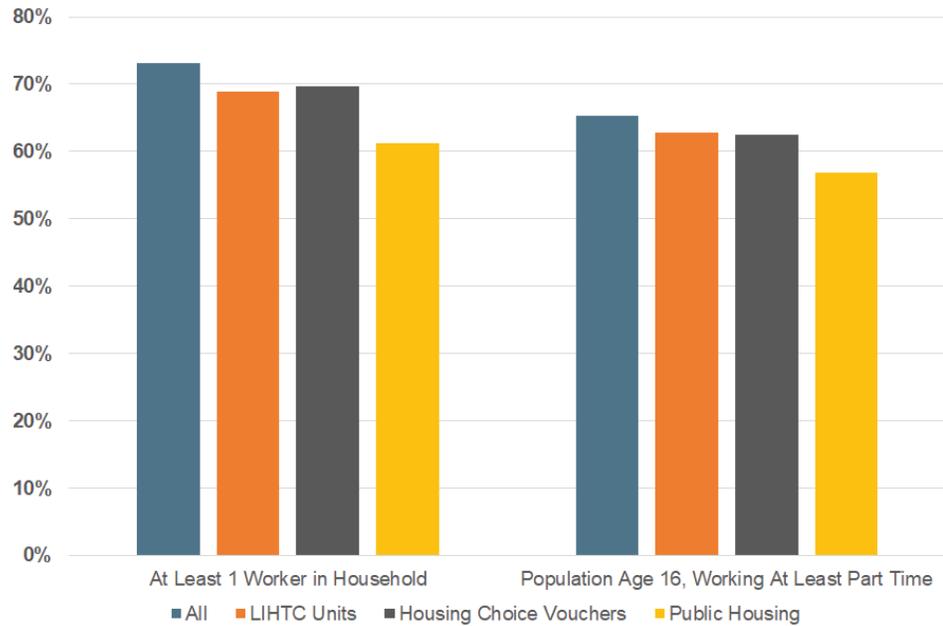
**Table 1. Poverty Status of Neighborhoods that Contain Subsidized Households**

	Share of Units in High Poverty Tracts	Average Tract Poverty Rate
All Households	26%	15%
Renter Households	38%	19%
Poor Families Who Rent	60%	26%
LIHTC Units	57%	25%
Housing Choice Vouchers	58%	24%
Public Housing	77%	33%

Source: HUD Picture of Subsidized Households and 2012-16 American Community Survey Data

Poverty rates may be higher in the neighborhoods subsidized households tend to live in, but most people in the neighborhoods are working. For the average LIHTC and voucher neighborhood, the share of households with a worker present is strikingly similar to the national average, as is the share of the adult population that is working (broadly defined here as people at least 16 years old). Differences are greater for the more distressed neighborhoods in which public housing units tend to concentrate. Still, the average resident in public housing lives in a neighborhood where roughly two-thirds of households are working households, and where most adults worked in the previous year.

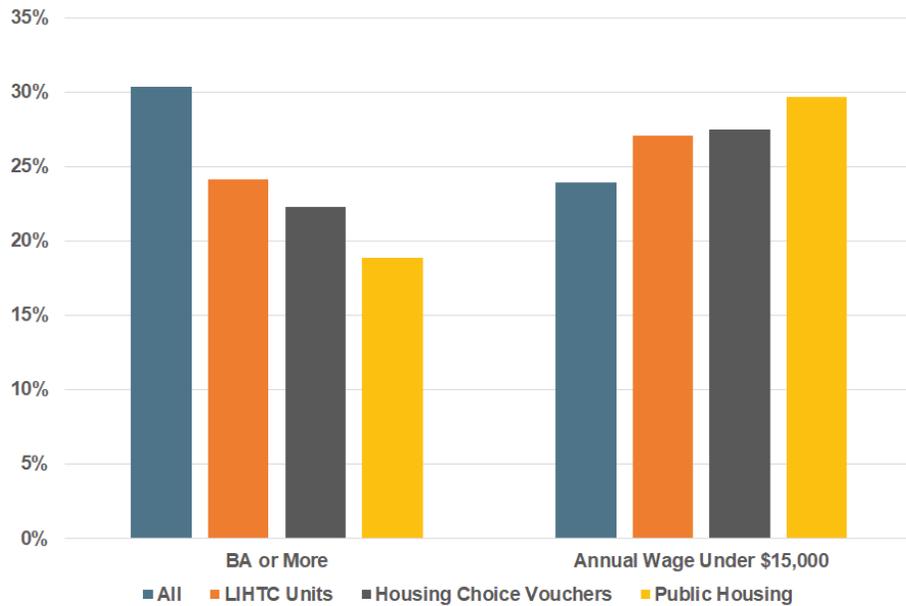
**Figure 2. Neighborhood Employment Characteristics for the Average Household, by Subsidy Type**



Source: HUD Picture of Subsidized Households and 2012-16 American Community Survey Data

But while most people in the typical subsidized household’s neighborhood are working, they are more likely to have less education and lower earnings than average (Figure 3). The share of adults with a college degree drops considerably in neighborhoods where subsidized households tend to be located, while the share of workers earning low wages (i.e., less than \$15,000 a year, or the rough equivalent of the federal minimum wage) increases. That pattern holds true regardless of the type of subsidy, although it is most pronounced for public housing units.

**Figure 3. Educational Attainment and Wage Levels in the Average Neighborhood, by Subsidy Type**



Source: HUD Picture of Subsidized Households and 2015 Longitudinal Employer-Household Dynamics Data

These findings suggest subsidized households often face limitations in their employment options, both in the types of jobs for which they might qualify and in the wages they often earn. Low-income workers also tend to have smaller job search areas than their less economically (and spatially) constrained higher-income counterparts, which makes them more reliant on the job options near them – whatever those might be.<sup>10</sup>

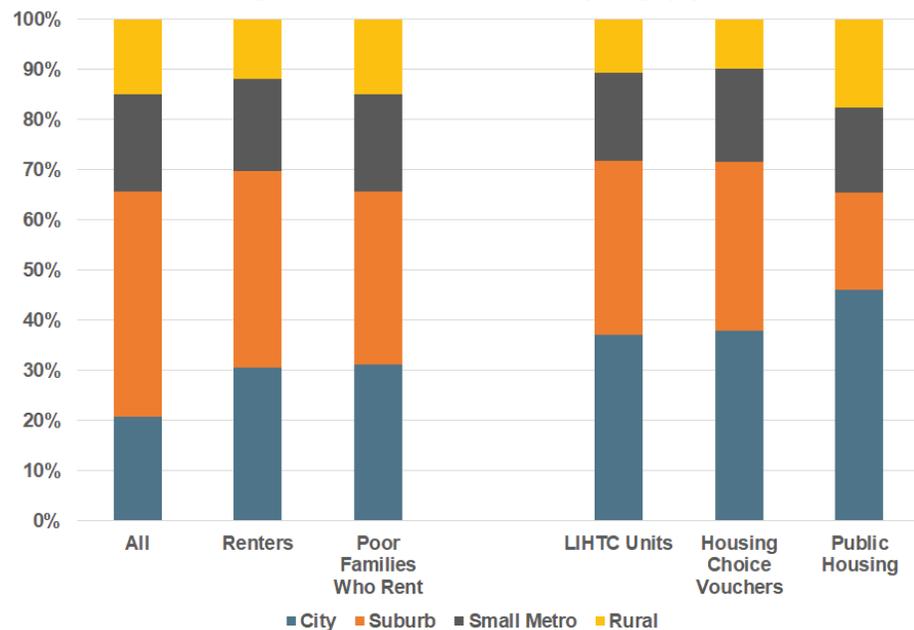
**Subsidized households in cities are near significantly more jobs than their suburban or rural counterparts, but those jobs are more likely to require a college degree.**

Where a person lives shapes the number and types of employment options near them. Having more jobs nearby does not guarantee a worker will be able to find stable employment, but the evidence suggests it can help. Better proximity to employment increases the likelihood of a person working, and, for very low-income residents, boosts their chances of leaving welfare.<sup>11</sup> Being closer to jobs also leads to shorter job searches and unemployment spells, especially for certain groups, including black, female and older workers, whose jobless spells show greater sensitivity to job accessibility.<sup>12</sup>

For city dwellers, not surprisingly, greater density and the agglomeration of employers and businesses tend to translate into many more jobs nearby. In contrast, jobs and people tend to spread farther apart as distance from the urban center grows and density diminishes, so that the number of nearby jobs dwindles for the average suburban resident and further still for the average rural worker.<sup>13</sup>

These spatial patterns hold true for all households, not just people receiving subsidies. So, the question becomes: How do subsidized households distribute across the urban-rural continuum, and what does that mean for their proximity to employment opportunities? Federally subsidized households are more likely to live in big cities than renters (whether poor or not) and U.S. households overall (Figure 4). Almost half of public housing units (46 percent) and well over one-third of LIHTC and voucher households are located in major urban centers. However, while subsidized households may skew more urban than average, like most U.S. households, the majority of subsidized units are located outside of major cities in suburbs, smaller metro areas and in rural communities. There may be any number of reasons for – and advantages to – people in subsidized households locating outside of city centers, particularly if they are able to gain access to good schools or safer and healthier neighborhood conditions. But when it comes to proximity to job opportunities, the employment landscape across these geographic categories can look very different.

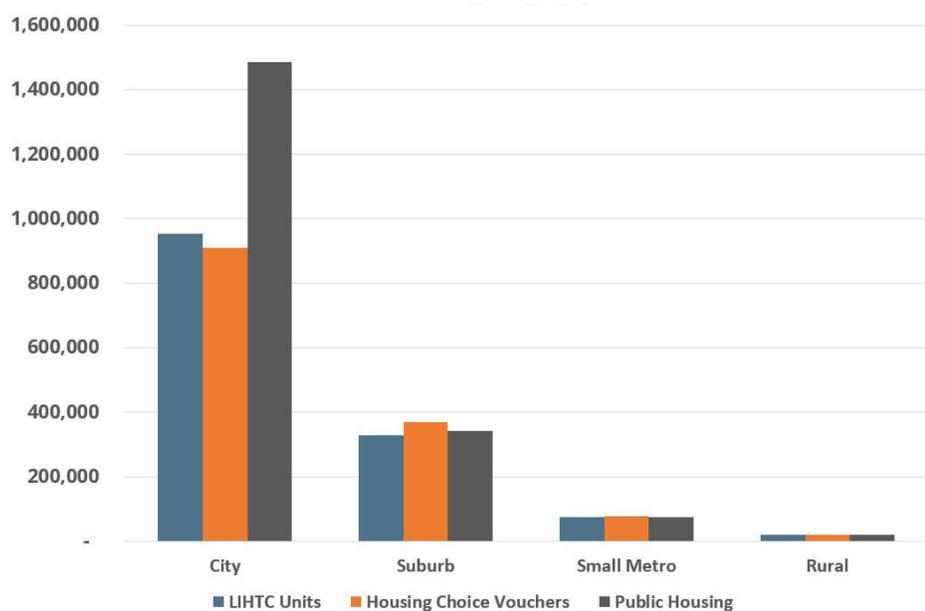
**Figure 4. Distribution of Households by Geography**



Source: American Community Survey and HUD Picture of Subsidized Households Data

For instance, the average voucher holder in a big city is near 2.5 times as many jobs as the average suburban voucher holder, and 47 times more jobs compared to the typical rural voucher holder.<sup>14</sup> The disparities are even greater for public housing units. Public housing units pose by far the strongest job proximity numbers among city-based subsidized households because the number of jobs near the average person living in public housing in rural America is just 1 percent of the total for their urban counterparts.

**Figure 5. Average Number of Nearby Jobs for the Typical Subsidized Household, by Geography**



Source: HUD Picture of Subsidized Households and 2015 Longitudinal Employer-Household Dynamics Data

Yet even amid the more jobs-rich landscape large cities offer, people in subsidized households can still experience barriers to employment. For one, they still have to compete for the jobs near them.<sup>15</sup> And they may not have the educational levels necessary to be competitive for the type of employment opportunities nearby, in part because higher-paying industries (e.g., financial and legal services) tend to be more centralized while industries that are often more accessible to workers with lower levels of education (e.g., retail, construction and manufacturing) tend to be more suburbanized.<sup>16</sup> For example, while people in public housing units in large cities register the strongest job proximity numbers among subsidized households, the majority of the jobs near the average urban public housing unit are higher-paying, higher-skill jobs held by workers with at least a college education (Figure 6).

Figure 6. Characteristics of Jobs Near the Typical Public Housing Unit



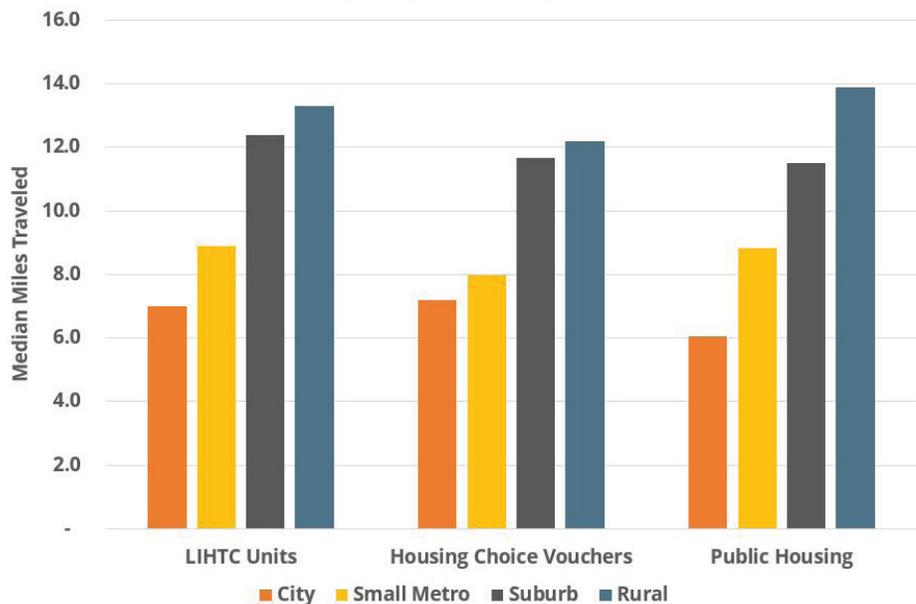
Source: HUD Picture of Subsidized Households and 2015 Longitudinal Employer-Household Dynamics Data

In contrast, the farther a subsidized household moves from the urban core, the less likely the jobs near them require a college degree but the more likely those jobs are lower paying. Thus, there may be fewer educational or skills barriers to finding employment for subsidized households in less dense, more rural neighborhoods. But the tradeoff is that they offer proximity to far fewer jobs overall, leaving people in subsidized households outside of urban centers more likely to travel farther for jobs that do not necessarily pay that well.

**Workers outside the urban core travel farther and are more reliant on cars to get to work, but evidence suggests that people living in subsidized households face barriers to car access.**

Not surprisingly, one consequence of the underlying disparities in neighborhood job proximity is the related disparity in the distance commuters travel to work. The farther from the urban core a subsidized household’s neighborhood lies, the farther workers commute on average (Figure 7).<sup>17</sup> Workers in the urban neighborhoods where people in subsidized households tend to live register the shortest commute distances on average, followed by their small metro-area counterparts. However, commute distances stretch considerably farther in the suburban and rural neighborhoods where people in subsidized housing live. On average, rural neighborhoods with public housing units pose the longest commute distances. Typical commutes in rural neighborhoods stretch 2.3 times farther than in the urban neighborhoods where public housing is found.

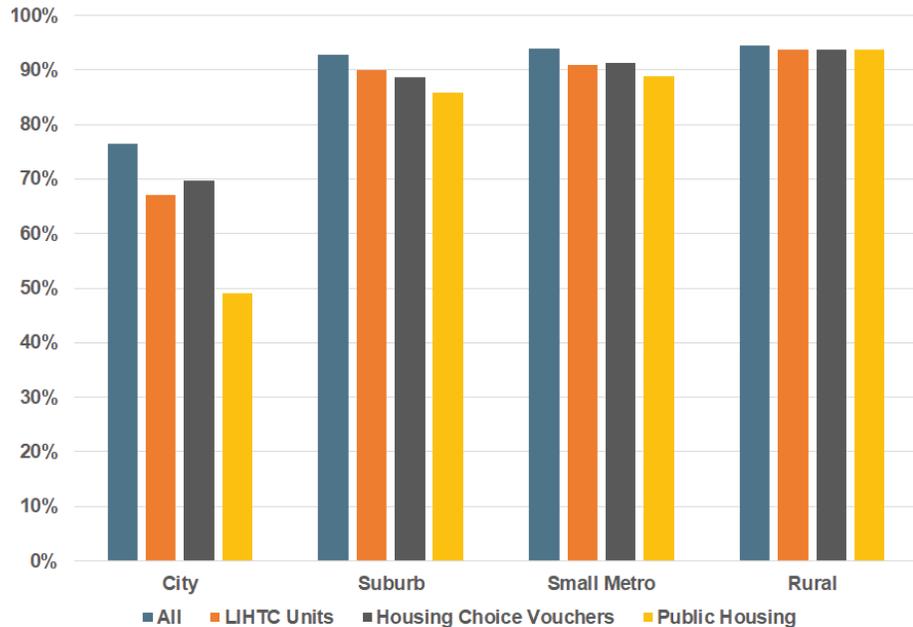
**Figure 7. Typical Commute Distances in the Neighborhoods Where Subsidized Households Tend to Live**



Source: HUD Picture of Subsidized Households and 2015 Longitudinal Employer-Household Dynamics Data

Except for city neighborhoods with public housing, people in federally subsidized households tend to live in neighborhoods where driving remains the most common way commuters travel to work. That is even true for the average UHTC and voucher neighborhoods in big cities that offer strong proximity to jobs and relatively shorter commute distances (Figure 8). The farther from the urban core a subsidized household's neighborhood is, the more dependent on car-based commuting workers become. In rural neighborhoods with subsidized housing - regardless of subsidy type - more than 90 percent of workers commute by car.

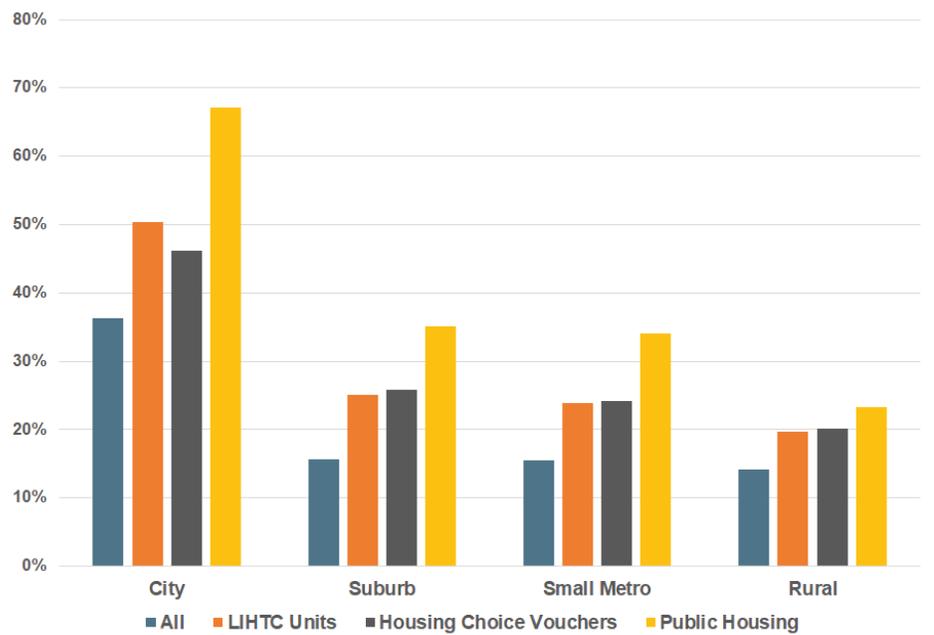
**Figure 8. Share of Workers Commuting by Car**



Source: HUD Picture of Subsidized Households and 2012-16 Longitudinal Employer-Household Dynamics Data

Having to rely on a car to commute to work can pose significant barriers to employment, since people in subsidized households across the urban-rural continuum also tend to live in neighborhoods with below-average car ownership rates. The share of households without a car climbs further still for households where no one is working (Figure 9). The average big-city public housing unit is located in a neighborhood where more than two-thirds of non-working households do not have a car. That share drops for the average LIHTC and voucher urban neighborhood, but still accounts for half (or nearly half) of non-working households. Of course, in many urban areas non-working households without a car can use other modes to connect with employment opportunities. For instance, urban neighborhoods exhibit higher-than-average shares of transit commuters.

Figure 9. Share of Non-Working Households with No Car



Source: HUD Picture of Subsidized Households and 2015 Longitudinal Employer-Household Dynamics Data

However, in suburban and small metro areas where transit options are often less plentiful –or not available at all – non-working households still are less likely than average to own a car. Even in a typical rural neighborhood that is home to subsidized households, at least one in five non-working households do not have a car. Coupled with the much sparser local employment landscape in rural neighborhoods, the lack of car ownership compounds barriers low-income households face in finding and maintaining jobs that could offer a path to economic stability or eventual upward mobility.

## Discussion

Without housing, other goals – whether they relate to health, education or employment – only become harder (if not impossible) to achieve. Federal housing subsidies play a critical role in helping vulnerable families gain more stability in their lives. The stability of a secure home carries a host of benefits for residents, including providing a platform from which work-capable adults can pursue self-sufficiency.<sup>18</sup>

But this analysis underscores that:

**A subsidized household’s location affects the number and types of barriers they may encounter in trying to work their way to self-sufficiency.**

The findings of this analysis help quantify the extent to which the strength and structure of the local economy varies for subsidized households across the country. Not every household is starting from a level playing field in terms of the quantity, quality or fit of employment options near them – suggesting that any negative impact of imposing work requirements on federal housing subsidies would be borne unevenly and likely most heavily in the most distressed communities and regions of the country. Moreover, even in stronger local markets, the barriers that could hinder the ability of households to meet work requirements shift across different types of households and geographies, complicating efforts to establish uniform guidelines and expectations.

For the majority of subsidized households located outside of big cities – in less dense suburbs, smaller metropolitan hubs and rural communities – fewer nearby job options and longer commutes on average mean that access to affordable and reliable transportation becomes a critical determinant in whether or not people can find and keep employment.

For households in dense, urban job markets, the benefits of plentiful nearby job options may be limited if those jobs require skills that people in subsidized households do not have. And their location may not minimize their transportation challenges or costs if they have to travel farther or longer (via public transit or other non-car-based modes) to find jobs for which they qualify.

Extended travel times or non-traditional or unpredictable work hours can also make it harder or more expensive for workers with children to find adequate child care. Those challenges are only exacerbated for workers in suburbs or rural communities where local safety net services tend to be patchier and thinner, and work supports like subsidized child care are often harder to come by.

Work requirements, on their own, do nothing to confront these spatial inequities, transportation burdens or gaps in skills or necessary work supports, all of which can stand in the way of the type of stable employment that leads people to economic mobility.

**Work requirements alone are unlikely to be effective at helping people in subsidized households move to self-sufficiency, but more integrated, holistic approaches that can take individual needs and the local labor market into account show promise.**

As president and CEO of the Housing Authority of the city of Charlotte, A. Fulton Meachem Jr., has said, “Just asking someone to go to work has not been successful I believe...Giving them the support they need to go to work, I do think that works.”<sup>19</sup> Charlotte is one of the nine housing authorities that have used their Moving to Work (MTW) status to experiment with work requirements, and the only one to have been rigorously evaluated to date. That evaluation showed a boost in employment rates among participants (although not in average hours worked) in the pilot phase of the program.<sup>20</sup> The program pairs work requirements – beginning at 15 hours of “work-related” activities a week (e.g., community service, education, training or work) – with case management and supportive services, which Meachem has credited as central to the program.

Previous evaluations of work requirements imposed on welfare recipients found that such mandates helped increase employment rates in the near term, but the effects subsided over time.<sup>21</sup> More research is needed to understand if housing authority models like Charlotte’s can achieve more lasting gains. But, evidence from other voluntary work programs – implemented by both public agencies and nonprofit organizations – suggests that elements like case management and supportive services are important components to improving longer-term outcomes for participants. (Voluntary programs also avoid the downside associated with work requirement programs – the risk that vulnerable residents who struggle to fulfill those requirements will lose needed supports, making it even harder for them to stabilize their economic situation and meet basic needs.)

The Jobs-Plus demonstration is one example of a voluntary work program that has yielded positive results. The program was first tested in six public housing developments in the early 2000s. It targeted all non-disabled, working-age residents, and offered them employment services at on-site job centers, along with community supports and changes to rental rules aimed at increasing employment and earnings among residents. The results of the initial demonstration showed that the program – where well- implemented – substantially increased earnings among participants, and those gains took place across different demographic groups, types of cities and points in the economic cycle.<sup>22</sup> Follow-up several years later in the three sites found that earnings gains not only persisted but continued to grow after the demonstration ended. Based on these positive results, HUD expanded the program to additional locations in 2015.<sup>23</sup>

The Family Self-Sufficiency (FSS) program, a HUD program established in 1990, is another example of an existing voluntary program aimed at improving employment and earnings outcomes. Originally intended to reach residents in Public Housing and the Housing Choice Voucher Program, Congress voted in 2015 to extend the program to Project-Based Section 8 units as well. The program pairs participants with a case manager or coach who helps residents set employment and self-sufficiency-related goals they hope to achieve in the next five years. The case manager or coach also helps participants access services and supports (beyond housing assistance) that can assist in meeting those goals, by, for example, providing information on where to find subsidized child care, financial counseling or education or training programs. The program also provides participants with incentives to achieve their goals: As a resident's income grows throughout their participation in the program, the portion of their increased earnings that would have gone to pay for a commensurate increase in rent is instead deposited in an escrow account. (HUD continues to pay the full housing assistance payment.) At the end of the contract term if the resident is employed, has met their goals, and they and their household members are not receiving cash assistance through Temporary Assistance for Needy Families, they graduate from the program and receive all the funds in the escrow account. Well-implemented FSS programs have been shown to increase employment, earnings, and savings, and in some cases have helped participants pay down debt and improve their credit scores over the course of the program.<sup>24</sup>

A number of high-capacity nonprofit organizations have created work-focused housing programs that leverage similar supportive elements to improve outcomes for residents. The Community Builders – a nonprofit real estate developer that owns and manages more than 11,000 apartments in 14 states and Washington, D.C. – has incorporated work-focused programming in several of their properties, including two developments that use work requirements alongside other supports. The best outcomes have emerged when high-quality workforce coaching and training have been paired with wraparound supports like transportation and child care assistance. To those ends, in the past, the organization has successfully advocated for local bus lines to increase the number of stops to improve the connectivity and usefulness of public transportation for residents and has used community spaces to offer child care and after school programs for working parents. Their programs also include financial counseling and coaching to help residents prepare for the benefit reductions that come with increases in earned income. The FSS program – which the Community Builders has incorporated into its model in recent years – has helped create a smoother path to higher-earnings as residents reduce dependence on public assistance.

CommonBond Communities – a high-capacity nonprofit that manages apartments and townhomes in Minnesota, Iowa and Wisconsin – has developed an integrated approach to community services and supports in their developments. Their model begins with a focus on housing as the platform to help vulnerable households achieve stability. From there, their employment program is designed to meet each resident “where they are,” and help equip them for advancement from that starting point. That might mean assistance finding a job, strategizing how to advance in their current position or reskilling to change fields, depending on the needs of the resident and opportunities in the local labor market. Residents working with an employment coach eventually see an increase of \$1,000 a month in earnings on average. Residents also have the opportunity to receive counseling on credit score repair and, when ready, how to move toward homeownership.

### **Implications for Adapting Policy to Support Work-Focused Efforts**

As this analysis has helped illustrate, what it will take to achieve self-sufficiency will look different for different people in different parts of the country and in different kinds of communities. But these models provide the building blocks for what federally supported efforts to advance self-sufficiency should look like – namely, interventions grounded in an understanding of the opportunities and barriers in the local labor market, sensitive to individual needs and supported by high-capacity coaching and integrated supportive services.

Federal programs should build on evidence-based models of what works to support economic advancement among people in assisted households – and continue to expand that evidence base.

In lieu of standalone work requirements that are unlikely to be effective, evidence from this analysis and existing public and nonprofit models suggest five important takeaways for how federal policies could evolve to better support work-focused efforts to promote self-sufficiency.

**1. More evaluations of work-focused housing programs are needed to understand what works where and for whom.**

Rigorous evaluations like those conducted on the JobsPlus demonstration, the FSS program (e.g., those conducted by Abt Associates in Lynn and Cambridge, Massachusetts, and MDRC's ongoing national evaluation), and the Charlotte Housing Authority's program help policymakers and practitioners distill what elements of a program are effective and how outcomes vary across different groups of residents or across different types of markets and neighborhoods. Continuing to build that evidence base across more places and types of communities is critical to tailoring effective interventions for differing local contexts. Investing in such evaluations over longer periods of time will also be important to understanding what types of interventions achieve lasting positive change.

**2. Scaling up programs that have demonstrated success could help improve outcomes for assisted households.**

Roughly 72,000 families were enrolled in the FSS program in 2017 – a fraction of the households that could benefit from the program.<sup>25</sup> Not all housing authorities offer the program and others cap enrollment, constraining the ability to expand the program to more eligible households. Sharing best practices, as HUD has started to do through its FSS community of practice and evidence-based guidebooks, is one avenue to support the replication and scaling up of promising programs.<sup>26</sup> Another critical pathway to scale is ensuring adequate staff capacity to implement effective strategies.

**3. Increasing investments in case management and coaching staff capacity would accelerate efforts to improve employment and earnings among residents.**

One of the unifying takeaways to come from the evaluations of various programs is the importance of high-quality, robust implementation. That kind of implementation, and the ability to scale it up, hinges on having trained and dedicated staff. Constraints in scaling up the FSS program reflect, in part, the limited funding available to staff programs for public housing and voucher households, and the fact that Project-Based Section 8 properties are not eligible for any HUD funds to support the staff needed to implement the program. Whether supporting the expansion of FSS or investing in other integrated work-focused programs, ensuring adequate federal funding is available to public and private providers for dedicated staff capacity is essential.

#### **4. Successful housing-based work programs depend on a robust local safety net.**

Just like work requirements alone are unlikely to lead to lasting positive outcomes, coaching and counseling alone can only do so much without adequate supportive services available in the community. High-capacity practitioners like the Community Builders can advocate for additional services (as they did in extending bus services) or provide space for on-site services, but if there are not adequate public and private resources for nonprofit partners – or a lack of nonprofit partners to begin with – then gaps in necessary work supports like training programs and child care are likely to hinder the efforts of assisted households to find and sustain employment. These gaps are particularly pronounced in suburbs and rural communities where safety net services tend to be stretched thinner or may lie at a significant distance.<sup>27</sup> Work-focused programs in those communities will be at a greater disadvantage without additional resources and strategies to extend and strengthen programmatic supports.

#### **5. Even when housing-based work programs are effective, local labor and housing market conditions can stymie self-sufficiency efforts.**

While some participants of well-run programs improve their situations enough to exit assistance programs, many still need some level of assistance to supplement their wages over a longer period of time. In some cases, they may be limited by the employment options available to them – the jobs near them may be more likely to offer lower wages or only part-time work. In some cases, even working full time would not guarantee wages that would allow a family to leave subsidized housing, especially if they live in higher-cost housing markets lacking housing options that would be affordable without subsidy.

A. Fulton Meachem Jr., the head of Charlotte’s housing authority, has noted that their work requirements program has benefitted from Charlotte’s strong economy. But the rising housing prices that have accompanied that growth can make it harder to exit assistance, even when residents are complying with work requirements. Recognizing those challenges, Meachem has said, “I don’t feel like individuals should be on a term limit when the issue is they are working. But even with them doing the things that they’re supposed to do, they can’t afford what people would define as the market rate. That’s not their fault.”<sup>28</sup> That sentiment reinforces the fundamental mission of federal housing assistance programs – to provide safe, stable housing to people who are vulnerable. Even as housing assistance provides a platform for economic advancement, it also serves as a bulwark against potentially destabilizing pressures in a rapidly changing housing market.

## **Closing Observations**

Shifting housing and labor markets are among the complexities that underscore the difficulty of establishing uniform work requirements and limits to assistance, especially absent an understanding of the local economic landscape. Without that local context paired with targeted wraparound supports, work requirements may indeed reduce the number of households on assistance, but not by achieving the stated goals of upward mobility and poverty alleviation.

Requirements that would result in increased evictions would be counterproductive to creating a scenario where people need less government assistance, not more. Instead, a truly effective federal approach to advancing economic mobility would focus on expanding the stabilizing platform of housing assistance to more than the one-in-four eligible households who currently receive it. In addition to broadening that platform, such an approach would scale up the share of assisted households given access to the high-quality, individually tailored and locally grounded voluntary programs that can improve long-term economic outcomes.

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