In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended the program known as Aid to Families with Dependent Children (AFDC). In place of AFDC, the new system, Temporary Aid to Needy Families (TANF), imposed significant changes to the rules that govern the availability of cash benefits with a view toward transitioning welfare recipients off the rolls and into jobs. The revised system devolves responsibility to state and local agencies in the form of capped block grants. These grants give states considerable discretion in how they distribute benefits and choose which initiatives to invest in to help current and former welfare recipients secure employment.

At the time when the PRWORA was enacted approximately 25 percent of AFDC/TANF families lived in assisted housing.\(^1\) In this report we explore the relationship between housing assistance and receipt of welfare and assess the role that subsidized housing plays in the economic well-being of poor families. In the process we attempt to understand the decisions families make with regard to the location and costs of housing, and try to place into context some of the tradeoffs they make when balancing the need for housing against other obligations.

**Changing Policies and Changing Housing Markets**

During the time when states were enacting changes to their welfare policies in the 1990s, alterations in the administration of federal housing programs, as well as massive relocation and demolition projects that involved aging public housing structures, were also under way throughout the country. In 1992 Congress enacted the HOPE...
Because housing assistance is not an entitlement, access to these programs is not guaranteed to all eligible families.

(Housing Opportunities for People Everywhere) VI program, which is intended to renovate or replace dilapidated housing developments with new, mixed-income housing. More recently, the Quality Housing and Work Responsibility Act of 1998 (QHWRA) expanded on the housing reforms set in motion by HOPE VI and is dedicated to the deconcentration of poverty by creating mixed-income housing projects, the revitalization of housing units, modification of the socioeconomic composition of eligible households, and the general betterment of residential services.2

Two of the overall goals of these changes in federal housing policies are to decrease the number of people residing in public housing and to ensure that the existing developments cater to a more economically diverse population. Disadvantaged families that in the past would have been eligible for a slot in a public housing development may now receive Section 8 subsidies or may end up without housing assistance altogether.3 The consequential lack of housing assistance may greatly impede families’ ability to transition from welfare to work as suggested by the fact that many of the economic gains from work have been concentrated among TANF families in public and Section 8 housing.4

In addition to the changes brought about by HOPE VI, QHWRA, and other housing improvement programs, in the late 1990s most urban low-income families were affected by dramatic increases in the cost of housing. Housing prices have soared during this period of unprecedented economic growth and the supply of low-cost housing has dwindled, especially in many central cities where the poor have generally sought affordable accommodations close to employment opportunities.3 Policy experts caution that unless the housing needs of low-income families are carefully considered as part of any welfare reform bill, the chances of sustained economic progress will be greatly impeded by unaffordable housing costs and a paucity of affordable housing choices in areas with ample employment opportunities.6

Housing Assistance Programs

The U.S. Department of Housing and Urban Development (HUD) funds the majority of the housing assistance programs available to poor families. Because housing assistance is not an entitlement, access to these programs is not guaranteed to all eligible families. Indeed, many families that qualify are unable to obtain housing assistance due to the limited supply of available slots. Those fortunate enough to receive a housing subsidy are, for the most part, beneficiaries of one of three major HUD-sponsored programs: public housing, Section 8 tenant-based vouchers, or Section 8 project-based programs.3

The availability, condition, and location of public housing and Section 8 rental units in each of the three cities—Boston, Chicago, and San Antonio—that comprise the locations for this study are fueled in large part by historical and current patterns of federal spending, local political support, area economies, and residents’ demographic characteristics. Chicago has one of the largest housing authorities in the nation, and in all likelihood the most controversial. Years of gross neglect by administrative entities, together with the prevalence of gangs, crime, drugs, and chronic poverty contributed to the deterioration of public housing developments and negatively affected residents’ quality of life. In 1995, following long periods of allegations of mismanagement and abuse, HUD took over management of the Chicago Housing Authority (CHA) in an effort to revitalize the embattled system.6 Citing an improvement in conditions, HUD returned control of the CHA to the city in 1998.

San Antonio’s public housing system dates back as far as 1937, with the majority of housing units constructed after World War II.7 The city’s public housing projects are mostly low density, consisting of one or two stories. In comparison, the face of Chicago’s public housing is dominated by the image of the “superblock”—huge, high-rise structures that house large numbers of family units. While the San Antonio Housing Authority (SAHA) has been the focus of some attention due to irregularities, HUD has consistently ranked it as a high-performing housing authority, especially in the mid- to late-1990s when this study was being conducted.10

Boston’s public housing history is as unique as that of San Antonio and Chicago. Massachusetts is one of the only states in the country that allocates funds to support local public housing. Consequently, Boston has been able to draw on federal and state investment dollars to fund public housing developments. Furthermore, the city’s political machinery has historically been receptive to the idea of making more housing available for poor families. As a result, Boston’s low-income residents may be better served in terms of the availability of public housing than poor families in either of the other two cities in the study. On the other hand, Massachusetts had one of the least affordable rental markets in the country during the time when the data for this report were collected, a situation that may have seriously curtailed poor families’ ability to secure low-cost housing apart from that provided by the local housing authority.

In addition to public housing, Section 8 rental assistance, in the form of tenant-based or project-based assistance, is the other major source of federally funded housing assistance for poor families. Tenant-based vouchers allow beneficiaries to rent units on the private market, whereas project-based assistance is tied to a specific complex or development.11 However, enticed by the prevailing high market rates of rental property in the tight housing market of the late 1990s, many project-based Section 8 rental property owners, upon expiration, chose not to renew their contracts with HUD. In addition, the demolition and replacement of large public housing projects by smaller developments has resulted in displaced families competing for the limited pool of
available Section 8 units in many large cities, including Boston, Chicago, and San Antonio. Consequently, a dearth of federally subsidized housing for low-income families coupled with the dramatic increase in the market rate cost of rental units in recent years caused a serious constriction in the affordable housing stock available to needy families.12

To comprehend the breadth of the housing situation for low-income households one need only consider the length of the waiting list or the amount of time it takes for applicants to be considered for housing assistance in each of the three cities in 1999. In Boston, San Antonio, and Chicago several thousand families were on waiting lists for public and Section 8 housing, and the average wait for housing placement was approximately two years during the period under consideration.13 None of these cities was accepting new applications for housing assistance at the time of the survey, and applications had been closed for up to two years in most cases.14

**Welfare and the Housing of Low-Income Families**

The data for this report are drawn from the *Welfare, Children and Families: A Three-City Study*, a longitudinal study of low-income Hispanic, African-American, and non-Hispanic white children and parents in poor and near-poor neighborhoods in Boston, Chicago, and San Antonio (see back panel for a complete description of the study).15 The data presented here are from the first wave of a longitudinal survey of approximately 2,400 families and provide for a descriptive profile of the housing arrangements of low-income families with children. The first wave took place in March and December 1999, and the data indicate that 36 percent of low-income families in the three cities lived in public housing at that time. Fifteen percent had a Section 8 subsidy, 30 percent lived in unsubsidized rental units, and the remaining 20 percent owned their own homes. Because we restricted the study to low-income neighborhoods, our findings may underrepresent the use of Section 8 subsidies, which can be used outside these neighborhoods.16

When we compare the housing arrangements of residents by study site, we get a better sense of how each city’s history of low-cost housing policies has contributed to the living arrangements of poor families. As indicated in Figure 1, 51 percent of low-income families in Boston resided in public housing at the time of the survey, compared with 34 percent of Chicago’s and 24 percent of San Antonio’s poor families. In Chicago, low-income families were most likely to reside in unsubsidized rental units (41 percent), whereas San Antonio’s families were most likely to either own their own home (36 percent) or rent an unsubsidized house or apartment (31 percent).

Turning to the residential patterns of welfare families, we show in Figure 2 that a majority (52 percent) of families receiving welfare in the late 1990s in Boston, Chicago, and San Antonio lived in public housing. Unsubsidized rental units were the second most common form of housing arrangement used by current welfare recipients (27 percent), while 17 percent of the families received Section 8 assistance, and a small fraction (4 percent) owned their own homes. Recent welfare leavers show similar patterns of housing arrangements. Forty-seven percent of families who left the welfare rolls at some point during the two years prior to the interview lived in public housing, 23 percent were receiving a Section 8 subsidy, 21 percent lived in unsubsidized rental units, and 9 percent were home owners. In comparison, households that had been off welfare for over two years were less likely to live in

**Figure 1**

Housing Arrangements of Low-Income Families by City

**Figure 2**

Housing Arrangements of Low-Income Families by Welfare Status
We find that a significant proportion of low-income families must dedicate a large percentage of their monthly household income to cover the costs of housing.

public housing (37 percent) and more likely to dwell in unsubsidized units (24 percent) or own their own homes (23 percent). Low-income families with no history of welfare receipt were more likely to reside in market-rate rental properties (39 percent) or own their own homes (36 percent).

Site-specific variations give a more contextualized understanding of the housing patterns of welfare families and how they differ across cities. In Boston, public housing plays an important role in the lives of poor families regardless of their welfare status.¹⁷ Though we do not present it diagrammatically, we find that families currently on welfare in Boston are most likely to be concentrated in public housing projects (62 percent). We also find that a sizable proportion of those who left welfare in the last two years (58 percent) and families who have been off welfare for some time (51 percent) are also reliant on public housing. Unsubsidized renters—families who pay fair market rental rates—are not common among our Boston sample.

In contrast, although welfare recipients are often located in public housing in Chicago (44 percent), a notable percentage of families on welfare also live in unsubsidized rental units. In fact, renting a house or apartment is a common living arrangement among urban poor and near-poor families with children in Chicago, accounting for 38 percent, 33 percent, 44 percent, and 54 percent of current, recent (off in the last two years), and past (off welfare for over two years) recipients and non-recipients, respectively.¹⁸

Current and recent welfare recipients in San Antonio are much more likely to live in public housing (31 percent and 45 percent, respectively) while past recipients and families who have never been on welfare are more likely to own their own homes (42 percent and 47 percent, respectively).

Though all the respondents in this study reside in urban neighborhoods, variation in housing structure underscores the fact that low-income families experience different living conditions depending on their city of residence. In comparison to Chicago or Boston (18 percent and 2 percent, respectively), the majority of San Antonio’s survey respondents (65 percent) reside in detached single-family homes. Low-income families in Chicago and Boston are most likely to live in multi-unit apartment buildings, with the caveat that more of Chicago’s low-income population lives in high-rise apartment buildings than does Boston’s.

### Housing Cost Burdens for Low-Income Families

Housing costs are probably the single most important expenditure a family must consider each month, as many subsequent financial outlays are predicated on how much disposable income is left after this obligation is met. The Fair Market Rent (FMR), which reflects the 40th percentile of rents paid by recent movers into area rental units and is set by the federal government, is a useful yardstick for the assessment of housing costs reported by our study sample. The FMR for an average two-bedroom apartment in Boston, Chicago, and San Antonio was $906, $737, and $554, respectively, in 1999.¹⁹

As shown in Table 1, the median monthly housing cost of low-income families in each of our cities is considerably below the FMR for that location.²⁰ Not only is this a sample of poor families that pay less than market rates, but the sample also consists of a large number of families who receive a rent subsidy. Nevertheless, even taking into consideration the fact that some families receive housing assistance, we find that a significant proportion of low-income families must dedicate a large percentage of their monthly household income to cover the costs of housing.

The data suggest that the median low-income family in Chicago has the highest outlay of funds, spending approximately 36 percent of total income on housing costs. The median Boston and San Antonio families, in general, spend comparable proportions of their household incomes on the cost of housing (28 percent and 27 percent, respectively).

When we look at expenditures by housing arrangement we find that the median unsubsidized renter must dedicate the highest proportion (41 percent) of her income to housing costs. The median homeowner must also spend a large portion (37 percent) of household income on housing. The benefits of a housing subsidy for current recipients and recent welfare leavers appear to be especially significant since they spend the least amount on rent in relation to their household income (20 percent and 23 percent, respectively).

The results are the exact opposite for families in either of these groups who do not receive a housing subsidy. The median housing-to-income ratio for recent welfare leavers who are not in public housing or who do not receive a Section 8 voucher is 64 percent. Those who are still on welfare and who do not have a housing subsidy must also expend a sizable portion (53 percent) of their income on the cost of housing. Both groups therefore, in comparison to everyone else in our sample, are particularly constrained by lack of housing support.

The extent of this financial constraint is even starker when we look at the distribution of housing costs for current and recent welfare recipients. According to federal guidelines, housing costs are considered to be affordable when they do not exceed 30 percent of a family’s income. Families who spend in the range of 30 percent to 50 percent of their monthly income on housing costs are considered to experience a moderate cost burden. Housing costs in excess of 50 percent are considered to be severely burdensome. As Table 2 shows, a sizable proportion of families have ratios that indicate a moderate or severe burden.

For example, the data in the last row of Table 2 indicate that current and recent welfare recipients who receive housing assistance, 34 percent and 40 percent, respectively, are in the moderate to severe range in terms of housing cost.
burdens. Non-beneficiaries of housing subsidies disproportionately experience severe financial burdens. Eighty-eight percent of recent leavers and 86 percent of current recipients who do not have housing assistance spend more than 30 percent of their monthly income on rent.

**The Role of Housing Assistance Among Welfare Recipients and Recent Leavers**

**Meeting Other Financial Obligations**

In this section of the report we look more closely at current recipients and recent welfare leavers (families who left the rolls sometime in the two-year period prior to when we interviewed them), especially those who are experiencing difficulty trying to make ends meet. Once housing costs are covered, families must then worry about meeting a number of other financial obligations. In the survey we asked respondents a battery of questions about some of the broader financial strains they are under. Here we report on answers to one question that asked respondents to provide a general assessment of household economic hardship: specifically, the respondent’s ability to get by from month to month. In this section of the report we look more closely at current recipients and recent welfare leavers (families who left the rolls sometime in the two-year period prior to when we interviewed them), especially those who are experiencing difficulty trying to make ends meet. Once housing costs are covered, families must then worry about meeting a number of other financial obligations. In the survey we asked respondents a battery of questions about some of the broader financial strains they are under. Here we report on answers to one question that asked respondents to provide a general assessment of household economic hardship: specifically, the respondent’s ability to get by from month to month, 4

When asked to consider the 12-month period prior to the interview, less than a third (30 percent) of those who are currently receiving welfare and housing subsidies, one-quarter (25 percent) of welfare recipients without a subsidy, and 33 percent of recent leavers without a subsidy report being unable to make ends meet from month to month. Significantly fewer recent welfare leavers who have housing assistance (19 percent) report being unable to make ends meet, a percentage which suggests that housing subsidies may ease the financial hardship associated with transitioning off welfare.

**The Neighborhoods Where Low-Income Families Live**

We also asked respondents a series of questions that gauge two important measures of neighborhood quality, namely neighborhood problems and neighborhood collective efficacy. The former is measured by respondents’ rating of the severity of neighborhood problems such as unemployment, unsafe streets, abandoned houses, and unsupervised children. Collective efficacy, on the other hand, is a multiple-item scale that gauges respondents’ satisfaction with their neighbors. The scale includes items that measure whether respondents feel they can trust or count on their neighbors and whether they feel that their neighbors are likely to monitor activities in the neighborhoods, actively promote normative behavior, or intervene if problems are encountered.

Recent leavers who rent in the private market report significantly fewer major neighborhood problems (2.8 in comparison to 3.9, 3.8, and 4 for housing-assisted families currently on welfare, unsubsidized welfare families, and recent leavers with housing assistance, respectively). Thus while these families experience inordinate housing cost burdens, they nevertheless appear to reside in slightly better neighborhoods with fewer major problems.

Although we do not know from these data whether unsubsidized recent welfare leavers chose to spend more of their household income to reside in less

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**Table 1**

| Monthly Housing Costs, Low-Income Families in Boston, Chicago, and San Antonio, 1999 |
|---|---|
| | Median Monthly Gross Rent or Mortgage | Median Monthly Gross Housing Cost/Income |
| **Total Sample** | $365 | 31% |
| **By City** | | |
| Chicago | $415 | 36% |
| Boston | $318 | 28% |
| San Antonio | $390 | 27% |
| **By Housing Arrangement** | | |
| Unsubsidized renters | $540 | 41% |
| Owners | $500 | 37% |
| Public housing residents | $176 | 20% |
| Section 8 renters | $282 | 25% |
| **By Welfare and Housing Subsidy** | | |
| Current welfare and housing assisted renters | $150 | 20% |
| Current welfare and unsubsidized renters | $575 | 53% |
| Recent welfare and housing assisted renters | $180 | 23% |
| Recent welfare and unsubsidized renters | $550 | 64% |
| Previous welfare and housing assisted renters | $284 | 25% |
| Previous welfare and unsubsidized renters | $579 | 37% |
| Never welfare and housing assisted renters | $270 | 28% |
| Never welfare and unsubsidized renters | $500 | 33% |

1. *The sample is weighted and excludes respondents who did not answer either the rent or utilities questions. Also, five cases reporting rent costs over $5,000 and a housing subsidy are excluded.*
2. *Amount family living in household spent on rent or mortgage plus utilities (heat, gas, and electricity) in the month prior to interview. The cost of utilities may account for some of the difference between public housing residents and the other groups described here. Public housing residents are not expected to pay for utilities, while Section 8 recipients must pay a portion of these costs, and unsubsidized renters are responsible for the entire amount of their utility bills.*
3. *The income measure used in this calculation includes all household members’ income for the month prior to the interview from sources such as earnings, unemployment insurance, food stamps, welfare, other welfare, child support, Social Security disability, workers’ compensation, Social Security, pension, relatives, friends, and other. Missing values are imputed using the mean. Persons with 0 income are excluded.*
4. *“Housing assisted” includes both public housing and Section 8 housing. These figures exclude owners.*
distressed neighborhoods or whether they were forced to do so because of a shortage of available affordable units in more disadvantaged neighborhoods, the results do highlight a troubling trade-off that low-income families face. They can stay in high-poverty neighborhoods where the opportunities for low-cost housing are greater or they can relocate to more stable neighborhoods where housing costs are much higher.

The seriousness of this trade-off is further underscored by how these groups feel about their neighbors. Recent leavers who rent in the private market rate their neighbors significantly higher in terms of collective efficacy (28.1 in comparison to 24.5, 26.1, and 24.1, for welfare recipients with and without a housing subsidy, and housing-assisted recent leavers, respectively) suggesting that they feel better connected with those around them and are less concerned about the lack of social cohesion in their neighborhoods. These findings lend credence to the notion that leavers without a housing subsidy reside in somewhat less distressed neighborhoods and there may be some marginal gains in terms of neighborhood quality that will improve their lives and those of their children.27

Deciding Whether to Stay or Move

If some welfare recipients and recent leavers live in less desirable neighborhoods, why don’t they relocate somewhere else? To attempt to answer that question we looked at responses to two items. One asks, “How difficult would it be for you financially if you decided you wanted to move from this [house/apartment/residence]?” The second asks, “How likely is it that you would move out of your neighborhood if you could?”28

A considerable number of respondents in all four subgroups felt that it would be a major financial burden to move out of their current home. Nevertheless, for those respondents with housing assistance the constraints seem to be much more widespread. Current recipients and recent welfare leavers with a housing subsidy (61 percent and 57 percent, respectively) are significantly less likely than their current (40 percent)29 and recent leaver (46 percent)30 unsubsidized counterparts to be able to afford to move from their present dwellings.

Moving from the neighborhood is also problematic for families with housing assistance. Consistent with our earlier findings concerning the lower number of problems and increased neighbor support in the neighborhoods that house recent welfare leavers without a housing subsidy, we find that these families are less likely to want to leave their neighborhood. Even though the data indicate a general lack of satisfaction among all the families

### Table 2

Housing Cost Burdens of Low-Income Families in Boston, Chicago, and San Antonio, 1999

<table>
<thead>
<tr>
<th></th>
<th>Total Sample (N=2114)</th>
<th>Boston</th>
<th>Chicago</th>
<th>San Antonio</th>
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<tbody>
<tr>
<td>% Moderately Cost Burdened</td>
<td>23</td>
<td>20</td>
<td>21</td>
<td>27</td>
</tr>
<tr>
<td>% Severely Cost Burdened</td>
<td>28</td>
<td>28</td>
<td>38</td>
<td>19</td>
</tr>
<tr>
<td>Total: % of Families With Moderate or Severe Housing Cost Burden</td>
<td>51</td>
<td>48</td>
<td>59</td>
<td>46</td>
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<table>
<thead>
<tr>
<th></th>
<th>Total Sample</th>
<th>Unsubsidized Renters</th>
<th>Section 8 Renter</th>
<th>Public Housing</th>
<th>Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Moderately Cost Burdened</td>
<td>23</td>
<td>30</td>
<td>18</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>% Severely Cost Burdened</td>
<td>28</td>
<td>39</td>
<td>24</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Total: % of Families With Moderate or Severe Housing Cost Burden</td>
<td>51</td>
<td>69</td>
<td>42</td>
<td>37</td>
<td>57</td>
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</thead>
<tbody>
<tr>
<td>% Moderately Cost Burdened</td>
<td>23</td>
<td>17</td>
<td>35</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>% Severely Cost Burdened</td>
<td>28</td>
<td>17</td>
<td>52</td>
<td>24</td>
<td>62</td>
</tr>
<tr>
<td>Total: % of Families With Moderate or Severe Housing Cost Burden</td>
<td>51</td>
<td>34</td>
<td>86</td>
<td>40</td>
<td>88</td>
</tr>
</tbody>
</table>

1. Moderate cost burden = spends 31 percent to 50 percent of total household income on gross rent or mortgage in month prior to interview.
2. Severe cost burden = spends more than 50 percent of total household income on gross rent or mortgage in month prior to interview. About 14 percent of the sample spend greater than 100 percent of total household income on gross rent or mortgage. This can result because of a temporary situation, unreported assistance with rent or mortgage, living off savings, or response error. Technically, public housing residents are required to pay no more than 30 percent of their total income on rent and utilities. The reasons why some respondents in public housing indicated that they are paying more are not clear from the data.
3. Sample size is weighted and excludes respondents who did not answer either the rent or utilities question, five cases reporting extreme rent costs over $3,000 and receipt of housing assistance, and respondents reporting 0 income.
In the housing projects themselves. In actually provide welfare-to-work programs in some cities, such as San Antonio, PHAs with families may differ from city to city. In helping residents make this transition, they have the potential to play a significant role in the labor market. Public housing authorities (PHAs) assist welfare recipients move into the labor force. The extent to which these programs are described by many as a very attractive form of housing assistance for low-income families in search of work, since they have the potential to let recipients choose where they want to live. In reality, especially in cities such as Chicago, Boston, and San Antonio where the housing markets are exceptionally tight and the supply of subsidized housing greatly limited, residents do not have many options with regard to where to live, especially if they want to stay inside the city limits.

In Figure 3, we look at the current employment status and job training experiences of our respondents. Job training is measured by a battery of questions pertaining to the various types of employment preparatory programs a respondent might have attended in the previous month. Employment status is measured by a dichotomous variable that asked if the respondent worked for pay in the week prior to the interview.

Although we cannot differentiate between tenant-based and project-based Section 8 beneficiaries, the data indicate that Section 8 recipients were the most likely to be enrolled in a job training program in the previous month. This group is also the most likely to have been working during the week prior to the interview. While we do not control for other possible confounding variables in these analyses of exit patterns, these findings lend partial support to the argument that portable subsidies ease the transition from welfare to work.

Further evidence to support the notion that housing vouchers may have important implications for recipients transitioning off welfare is obtained from an analysis of the exit patterns off the welfare rolls. In the survey, we asked mothers detailed questions concerning receipt of welfare for the 25 months preceding the interview. Therefore, we are able to chronicle their entry and exit patterns over this period on a month-by-month basis. In the analyses that follow, we calculate the probability that a TANF recipient would leave welfare in two time periods: Year 1 represents leaving welfare anytime during months 1 to 12 in the 25-month period before the interview date and Year 2 covers the same amount of time during the 13- to 25-month period. Here again we note a positive association between receipt of a housing subsidy and exit patterns off the welfare rolls. As shown in Table 3, respondents who had a Section 8 voucher at the time of the interview had a higher probability of exit from welfare than those without a voucher.

**Employment and Training and Exit Patterns Off Welfare**

Finally, we wanted to know if housing assistance helped families leave the welfare rolls. There has been much speculation about whether housing assistance programs assist welfare recipients move into the labor market. Public housing authorities (PHAs) have the potential to play a significant role in helping residents make this transition, and their degree of support or involvement with families may differ from city to city. In some cities, such as San Antonio, PHAs actually provide welfare-to-work programs in the housing projects themselves. In others, like Boston, residents are expected to make use of the services available in the city, and the PHAs do not become directly involved in the provision of these services, although they do help with referrals to existing programs.

Tenant-based Section 8 subsidies are described by many as a very attractive form of housing assistance for low-income families in search of work, since they have the potential to let recipients choose where they want to live. In reality, especially in cities such as Chicago, Boston, and San Antonio where the housing markets are exceptionally tight and the supply of subsidized housing greatly limited, residents do not have many options with regard to where to live, especially if they want to stay inside the city limits.

**Figure 3**

**Employment and Job Training Enrollment of Low-Income Families by Housing Arrangements**

- Unsubsidized renters
- Owners
- Public housing residents
- Subsidized renters

<table>
<thead>
<tr>
<th>Percent of Low-Income Families</th>
<th>Enrolled in job training in the past month</th>
<th>Employed last week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsubsidized renters</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Owners</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Public housing residents</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Subsidized renters</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>49</td>
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</tr>
</tbody>
</table>
higher probability of leaving welfare in Year 1 (19 percent) and Year 2 (26 percent) than public housing residents (12 percent and 20 percent, respectively) and unsubsidized renters (11 percent and 15 percent respectively). These trends lend further support to the potential positive contributions of housing assistance to welfare reform efforts. 36

Conclusions

The 1990s constituted a period of significant flux in the lives of many low-income families due, in part, to changes in governmental policies pertaining to receipt of welfare and housing assistance. But for many of these families who were also beneficiaries of housing assistance in the form of either public housing or a Section 8 voucher, changes in their housing situation or the availability of a subsidy has led to additional uncertainty and change. In this report we examined the relationship between housing and welfare receipt during the period under consideration were omitted.

Table 3


<table>
<thead>
<tr>
<th>By Housing Arrangement</th>
<th>TANF Exit Probability Months 1–12</th>
<th>TANF Exit Probability Months 13–25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsubsidized renters</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Public housing renters</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>Section 8 renters</td>
<td>19%</td>
<td>26%</td>
</tr>
</tbody>
</table>

1. These figures exclude owners due to small cell size.
2. The TANF exit probability is the probability that a mother receiving welfare in each time period will exit welfare. Families with 2 or more spells of welfare receipt during the period under consideration were omitted.

housing subsidies are linked to housing cost burdens and help to lessen the strain on low-income families’ already meager household incomes. Conversely, unsubsidized households must shoulder high rents in the private housing market, often far in excess of what would be considered severe hardship. 37 For current welfare recipients and recent welfare leavers—two groups that have been the focus of attention by policy-makers and researchers—the trade-offs are sobering. The median costs of housing for the majority of welfare leavers without housing assistance consume approximately 64 percent of their household income. Though still in a range that is considered severely burdensome, current welfare recipients without housing assistance spend slightly less of their total household income on housing costs (53 percent) in comparison to leavers. The situation for families who have recently left the welfare rolls and are not the beneficiaries of a housing subsidy is especially troubling, in light of the fact that many of these families are considered by policy-makers to be welfare reform’s success stories. In the three urban areas considered by this study, both current recipients and recent welfare leavers in public or Section 8 housing are disproportionately more likely to live in distressed neighborhoods where crime and related problems abound. They are also less likely to be able to move from their current neighborhood for financial reasons. Recent research suggests that the behavioral and cognitive development of children may be negatively affected by exposure to highly disadvantaged neighborhoods. 38

For unsubsidized families either on or recently off welfare, the costs of housing strain the already limited economic resources at their disposal. That said, there are potential benefits to residing in their neighborhoods. These neighborhoods appear to be qualitatively different environments from those where subsidized families are located. Recent welfare leavers without a housing subsidy in particular appear to live in neighborhoods where collective efficacy is higher and major problems are fewer. The consequence of living in these better-off neighborhoods for unsubsidized leavers is that they must pay the largest share of their household income to live in their neighborhood than any other group of low-income families we considered.

Despite the fact that subsidized housing units were located in the most distressed neighborhoods of our study, beneficiaries of a Section 8 subsidy appear to do better in terms of work readiness and employment rates. We find that these families left welfare at a higher rate than their unsubsidized and public housing counterparts. Moreover, we found that beneficiaries were significantly more likely to be enrolled in a job-training program or to have worked during the week prior to their enrollment in the study. The reasons for this are not readily apparent. Advocates of housing vouchers stress their implications for residential mobility whereby recipients are able to relocate to places where jobs are available and escape troubled neighborhoods. However, the results reported here suggest that some Section 8 recipients may be clustered in the same disadvantaged neighborhoods as public housing residents. The reasons for their greater success in the job market may indeed be directly related to the economic cushion that a housing subsidy provides as beneficiaries attempt to become economically self-sufficient. It may also be that, despite the fact that they reside in distressed areas of Boston, Chicago, and San Antonio, Section 8 recipients are able to locate themselves in less isolated parts of these neighborhoods and away from some of the most troubled spots.

Public housing residents, on the other hand, are most often located in developments with high welfare dependency rates, chronic unemployment, and a concentration of single parent families, all

A series of visual aids is included to help illustrate the points made in the text.
of which may contribute to their lack of success in transitioning off welfare. A number of demonstration programs are currently under way in several cities around the country in an attempt to better the understand the relationship between portable subsidies, neighborhood contexts, and the well-being of low-income families. The results of these programs may provide additional insights into the findings reported here.

Overall, the findings suggest the need for a greater investment on the part of local housing authorities in the housing needs of low-income families, in particular by increasing the availability of portable housing vouchers, which recipients can use to relocate to neighborhoods of their choice. But vouchers by themselves are not enough. Localities need to do more to meet the affordable housing needs of low-income families and seriously consider ways to increase the pool of inexpensive housing options in mixed income neighborhoods.

Currently, states have substantial flexibility in spending their surplus TANF and Maintenance of Effort (MOE) funds. One possible solution to the dearth of available housing units is to channel these funds toward more innovative programs, which better serve low-income families who have already lost, or are in jeopardy of losing, their housing or who experience oppressive housing costs. In our three cities where current rents are higher than established Fair Market Rates (FMR), federal and state policy makers might be well advised to direct federal TANF and MOE funds toward helping local housing authorities overcome their long waiting lists and restricted options about where they can locate subsidized families. States and counties may have reservations about using TANF funds for housing-related purposes because of federal restrictions, but MOE funds can be used to help offset the housing burden on low-income families, especially families that have made good faith efforts to transition off welfare and attain self-sustaining employment. This strategy would serve two purposes. Not only could it ensure that low-income working families are able to meet their financial obligations without experiencing crises and setbacks that undermine their efforts to leave the welfare rolls, but it would also help to communicate to families that are considering leaving welfare that the potential pitfalls are surmountable.

Given the extent of the housing burdens reported by the families discussed here, it is apparent that housing costs are possibly one of the most significant obstacles to economic security that families face. Expanding the availability of federally supported housing programs would greatly help to ensure the stability of low-income families. But the data presented here also suggest that the location of these rental units is important. Programs that assist subsidized movers to relocate to more stable, mixed-income neighborhoods should be expanded. These programs can help to lessen the trauma of the relocation and offset financial burdens by providing help with housing searches, moving costs, and rental down payments.

Finally, careful consideration should be given to expanding the use of TANF-funded emergency housing assistance, which would allow for the provision of housing assistance for extended periods of time without affecting families’ welfare time limits. As it stands, federal regulations prohibit states and localities from providing emergency housing assistance sponsored by TANF funds for periods longer than four months, without counting the time against the beneficiary’s welfare time limit. The results discussed in this report suggest that many poor families in large metropolitan areas such as Boston, Chicago, and San Antonio, are precariously housed. While the provision of short-term emergency funding for those in danger of becoming homeless is a valuable source of support, it is unfortunate that many families have to try to make do until it becomes apparent that they cannot afford to maintain their homes without emergency financial assistance. Serious thought should be given to restructuring existing regulations so as to minimize the disincentive on the part of states and localities to find ways to alleviate the financial strain of housing costs on low-income families, especially those families trying to leave welfare. A broader definition of what constitutes a threat of homelessness, one that includes households where rents are severely burdensome, might encourage states to find ways to ensure the continuous housing stability of their low-income families.

Expanding the availability of federally supported housing programs would greatly help to ensure the stability of low-income families.
Notes


2. As a result of HUD’s transformation initiative, which is replacing some of the nation’s oldest and most dilapidated housing projects with smaller mixed-income developments, many public housing residents will be provided with a Section 8 voucher instead. "The net effect of these policies will be to shift many of the poorest tenants from public housing to the private market" write S. Popkin, L. F. Buron, D. K. Levy, and M. K. Cunningham in “The Gautreaux Legacy: What Might Mixed-Income and Dispersal Strategies Mean for the Poorest Public Housing Tenants?” Housing Policy Debate 11 (2000): 911–942. For a review of Section 8 availability in Chicago see S. Popkin, L. F. Buron, D. K. Levy, and M. K. Cunningham, Searching for Rental Housing with Section 8 in the Chicago Region (Washington, D.C.: Urban Institute, 1998).


7. Nationally, there are approximately 1.2 million public housing rental units that are owned and operated by public housing authorities (PHAs). The typical public housing development consists of multiple rental units housing residents who are beneficiaries of the program. Enrollees in the Section 8 tenant-based voucher program are able to rent apartments on the open market by using a voucher which pays a portion of the rent, and the recipient must pay the remainder. Project-based Section 8, on the other hand, is often a HUD subsidized dwelling. Renters are usually required to contribute up to 30% of their income toward the rent in one of these three subsidized housing arrangements, while HUD pays the remainder. On October 1, 1999, the Section 8 voucher and certificate programs were merged into the new Housing Choice Voucher Program (HCVP); however, for purposes of clarity and general comprehension we have continued to use the term “Section 8” here.


11. We use the term “Section 8 assistance” throughout this report to include both project-based and tenant-based assistance. The former refers to rental units in buildings for which the landlord receives a federal subsidy that pays a portion of the tenants’ rent. Tenants are responsible for paying the remaining balance. Tenant-based subsidies are more portable and can be used by the tenant to locate housing wherever available in the private market. The latter is considered more beneficial since, at least in theory, it allows tenants the opportunity to move closer to where jobs are more readily available. In the survey we do not distinguish between these two types of housing subsidies. Respondents who indicated that they lived in rental housing, but not public housing, were asked if the government subsidized some portion of their rent. In this report we refer to respondents who answered this question in the affirmative as Section 8 beneficiaries.

12. S. J. Popkin and M. K. Cunningham, CHAC Section 8 Program: Barriers to Successful Leasing Up (Washington, D.C.: The Urban Institute, 1999). During 1999, several renovation and demolition projects were under way in Boston, Chicago, and San Antonio, including The Robert Taylor Homes in Chicago, Mirasol and Springview Apartments in San Antonio, and Orchard Park in Boston.


14. That said, many Public Housing Authorities make exceptions in emergency or “priority one” cases.

15. Poor and near-poor neighborhoods were identified by selecting block groups with high numbers of low-income families based on the 1990 Census, in each of the three cities. In each city we ranked block groups by the percentage of Hispanic, African-American, and non-Hispanic white children between the ages of 0 to 4 and 10 to 14 years old who lived in households with incomes below 200 percent of the federal poverty line. To ensure that we targeted block groups that were likely to yield the largest number of the study population, we decided on a cutoff point for the percent of each of the racial and ethnic groups under consideration and omitted all block groups below that cutoff from further consideration. Consequently, for most racial/ethnic groups the majority of the study’s families were located in block groups where 20% to 40% of the households were poor. However, low-income African-American families in Chicago and Hispanic families in San Antonio, especially welfare families—one of the main focuses of our study—were more likely to reside in neighborhoods where more than 40% of the households were poor. For a complete description of the sampling strategy and study population see P. Winston, R. Angel, L. Burton, P. L. Chase-Lansdale, A. Cherlin, R. Moffitt, and W. J. Wilson, Welfare, Children, and Families: A Three City Study, Overview and Design Report (Baltimore: Johns Hopkins University, 1999).

16. The reader is reminded that most of the sample for this study is drawn from near poor (20% to 40% of residents are at or below the federal poverty line) and high poverty neighborhoods (more that 40% of the households are poor). Nationally, more than 75% of all public housing households resided in census tracts with poverty rates above 20% and nearly 60% of all tenant-based Section 8 households were located in census tracts that had poverty rates below 20% in 1999 (Office of Policy Development and Research, Voucher Recipients Enjoy Much Greater Choice About Where to Live Than Residents of Public Housing and Are Less Likely to be Concentrated in Distressed Neighborhoods [HUD Issue Brief No.1; December 2990]). The numbers reported here therefore may underrepresent families with voucher assistance, specifically those who lived outside census tracts that were at least 20% poor in 1999.

17. Overall, Massachusetts’ ratio of housing assistance to low-income families is higher than that of most other states in the nation. See G. T. Kingley, Federal Housing Assistance and Welfare Reform: Uncharted Territory (Washington, D.C.: The Urban Institute, 1997).

18. The period when the survey was in the field was a turbulent time for residents of older public housing stock, especially in Chicago where large high-rises, such as The Robert Taylor Homes on
the city’s south side, were in the midst of a major demolition. Many residents of these public housing projects may have been temporarily relocated while the buildings were being demolished. These figures therefore may underrepresent public housing residence in Chicago during this time period. See S. J. Popkin and M. K. Cunningham, CHA Relocation Counseling Assessment: Interim Report (Washington, D.C.: The Urban Institute, 2001).

19. See the National Low Income Housing Coalition Web site www.nlihc.org

20. Survey respondents were asked, “What did your family living in this household spend on rent/mortgage/housing last month?” We compare this figure to the FMR to assess how the study household’s current rent burden would change if they lost their subsidy or were unable to locate low-cost housing. We use the FMR for a two-bedroom dwelling since the majority of our study population is at least a three-person household.

21. Respondents were asked, “Thinking about the end of each month over the past 12 months, did your household generally end up with: 1=more than enough money left over; 2=some money left over; 3=just enough to make ends meet; or 4=not enough to make ends meet?”

22. Results for recent leavers with subsidies are significantly different from those of current recipients with subsidies at the p<.001 level, current recipients without subsidies at p<.10, and recent leavers without subsidies at p<.05.


24. Respondents were asked, “How likely is it that your neighbors would do something (about children in front of their home/if the fire station closest to your home was threatened with budget cuts)?” Response categories include: 1=very unlikely; 2=somewhat unlikely; 3=50-50 chance; 4=somewhat likely; and 5=very unlikely.

25. The results for recent leavers without subsidies differ from those for current recipients with subsidies at the p<.10 level and for recent leavers with subsidies at p<.10. They were not statistically different from the results for current recipients without subsidies.

26. In analyses not presented in this brief we found that, overall, respondents in public housing are significantly more likely to live in problematic neighborhoods and rate the efficacy of their neighbors lower than do Section 8 beneficiaries, unsubsidized renters, and owners.


28. We do not attempt to ascertain if respondents’ moves are governed by the portability of a housing voucher or subsidy. Rather, these questions were intended only to gauge the attractiveness of a neighborhood or whether respondents could afford the up-front costs associated with moving—transportation, deposits, decorations, etc.

29. Differences are significant at p<.001.

30. Differences are significant at p<.01 and p<.10, respectively.

31. Differences are significant at p<.05 and p<.10, respectively.

32. Including owners and all other renters in the private market.

33. Although not reported here, of all the groups discussed in this brief, homeowners rated their neighborhoods best in terms of collective efficacy and lowest in terms of neighborhood problems. Families who had been off welfare for more than two years and those who had never been on were also more likely to rate their neighborhood problems lower and their neighborhoods more efficacious than did the four groups discussed in this section.

34. Since each local housing authority has a certain number of public housing units, it may be that the employment and location of federal TANF funds and MOE funds can be used to provide housing assistance to welfare families, see B. Sard and J. Lubell, The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work (Washington, D.C.: Center on Budget and Policy Priorities, 2000); B. Sard, Using TANF Funds for Housing-Related Benefits to Prevent Homelessness (Washington, D.C.: Center on Budget and Policy Priorities, 2001); E. Sweeney, L. Schott, E. Lazere, S. Fremstad, H. Goldberg, J. Goyer, D. Super, C. Johnson, Windows of Opportunity: Strategies to Support Families Receiving Welfare and Other Low-Income Families in the Next Stage of Welfare Reform (Washington, D.C.: Center on Budget and Policy Priorities, 2000).


36. While the results are strongly suggestive of a link between housing subsidies and transitions off the welfare rolls, further analyses using two waves of data are required to verify a causal relationship.


38. All three cities had developments that received funding for public housing renovations in 1993 as part of the HOPE VI initiative and were in different stages of completion by 1999. Each city’s history of low-cost housing development and more recent revitalization and repositioning plans may mean that they are not representative of urban public housing authorities across the country.

39. This group is also sometimes referred to as the “shelter poor.” See M. Stone, Shelter Poverty, New Ideas on Housing Affordability (Philadelphia: Temple University Press, 1993).


43. The authors would like to acknowledge the valuable support and contributions of the co-principal investigators of the Three-City Study and Anita Zuberi, Michael Malone, and Laura Drenen for their research and editorial assistance. We would also like to acknowledge the thoughtful comments of Susan J. Popkin, Barbara Sard, and Jeff Lubell on earlier drafts of this report.
Welfare, Children, and Families: A Three-City Study is an ongoing research project in Boston, Chicago, and San Antonio to monitor the consequences of welfare reform for the well-being of children and families. The study comprises three interrelated components: (1) a longitudinal in-person survey of approximately 2,400 families with children 0 to 4 years of age or 10 to 14 years of age in low-income neighborhoods, about 40 percent of whom were receiving cash welfare payments when they were first interviewed in 1999. Seventy-seven percent of the families have incomes below the poverty line. Seventy-three percent are headed by single mothers, and 23 percent are headed by two parents. (The balance are non-parental caregivers.) They should be thought of as a random sample in each city of poor and near-poor families with children 0 to 4 years of age and 10 to 14 years of age who live in low-income neighborhoods. In Boston and Chicago we sampled approximately equal numbers of African-American, Hispanic, and non-Hispanic white children in poor neighborhoods. Since San Antonio does not contain poor neighborhoods that are predominantly non-Hispanic white, we did not sample this group in that city. Our San Antonio sample, therefore, consists entirely of African-Americans and Hispanics. As part of the survey, extensive baseline information was obtained on one child per household and his or her caregiver (usually the mother). The caregivers and children will be reinterviewed periodically. (2) an embedded developmental study of a subset of about 630 children 2 to 4 years of age in 1999 and their caregivers, consisting of videotaped assessments of children’s behaviors and caregiver-child interactions, observations of child-care settings, and interviews with fathers. (3) an ethnographic study of about 215 families residing in the same neighborhoods as the survey families who will be followed for 12 to 18 months, and periodically thereafter, using in-depth interviewing and participant observation. Unlike the survey, the San Antonio ethnography included non-Hispanic white families. About 45 of the families in the ethnography include a child with a physical or mental disability. A detailed description of the research design can be found in Welfare, Children, and Families: A Three-City Study. Overview and Design Report, available at www.jhu.edu/~welfare or in hard copy upon request.

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