



What Happens to Housing Assistance Leavers?

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What Happens to Housing Assistance Leavers?

Housing assistance¹ in the United States is unusual: unlike many other forms of public assistance, it is not an entitlement and serves only about one-quarter of eligible households (Turner and Kingsley 2008). In many jurisdictions, waiting lists for public housing and vouchers are closed or very long; applicants can wait years before they reach the top. Those lucky enough to successfully navigate the system receive deep subsidies that require them to pay one-third of their income for housing; generally, they are able to keep their housing assistance as long as they remain income-eligible and a tenant in good standing.² Despite the open-ended nature of the subsidy—and the fact that once having left housing assistance, getting back on is extremely difficult—nationally, people remain on assistance for only a few years (Turner and Kingsley 2008). Evidence suggests, however, that families on average live in distressed urban public housing much longer than that. The vast majority of HOPE VI Panel Study respondents, who were residents of distressed public housing developments slated for demolition, had lived in their developments for 10 years or longer (Popkin et al. 2002). Likewise, a long-term study of Chicago public housing residents found an average tenure of 28 years (Popkin et al. 2013).

Housing assistance meets its basic goals for those lucky enough to receive it. Having a voucher or living in public housing improves stability, dramatically reduces homelessness, and may lead to better outcomes for children (Mills et al. 2006; Newman and Harkness 1999). However, the public and assisted housing programs have significant flaws that leave them open to criticism from advocates, policymakers, and researchers, particularly the fundamental problem that the programs serve only a fraction of those in need. Observers are also concerned about the racial and economic segregation of public and assisted housing (Popkin et al. 2012) and whether the programs should be administered locally or regionally (Katz and Turner 2013). And, like other safety-net programs, housing assistance has been the target of congressional budget cuts because of its relatively high cost.

Despite the large body of research on housing assistance programs—especially Housing Choice (formerly Section 8) Vouchers—few researchers have attempted to study what happens to recipients when they leave assisted housing. Given the research and policy attention to “welfare leavers” when welfare reform was first implemented, it is surprising that stakeholders know so little about why families stop receiving federal housing assistance and even less about how families fare afterward.³ We know that welfare leavers continue to experience economic hardship, with the average monthly family income for leavers near the poverty level, and that the most challenging barriers to self-sufficiency often involve unemployment and the inability to maintain or find work owing to poor health (Acs and Loprest 2001, 2004). Still, most who leave welfare are at least slightly better off than those who remain on assistance. The majority of welfare leavers are employed in the months after leaving assistance, and nearly two-thirds of all exits are associated with work (Hofferth, Stanhope, and Harris 2002). In fact, Acs and Loprest find that “hourly wage rates of working leavers in NSAF and SIPP are consistently higher than those of current recipients, suggesting that those who can earn higher wages are more likely to exit or less likely to continue to be eligible for TANF” (2001, 78). However, literature has also suggested that employment rates of welfare leavers vary by year of exit (Acs and Loprest 2001, 2004).

Housing is the biggest expense for most families; in many cities, minimum-wage earners cannot afford even basic two-bedroom apartments (DeCrappeo et al. 2010). Further, there is evidence that welfare recipients who also receive housing assistance have lower incomes and less social support than other TANF recipients; surprisingly, they also report high levels of material hardship (Zedlewski 2002). While income cutoffs for housing assistance are much higher than those for TANF benefits—households are eligible for vouchers or public housing as long as their household income does not exceed 80 percent of the area median income⁴—housing assistance leavers are likely at risk for hardship and instability because they are still low (and often extremely low) income.⁵

Over the past 20 years, successive Department of Housing and Urban Development (HUD) administrations have promoted the potential for housing assistance to help recipients build assets and improve their circumstances. Federal programs have targeted housing assistance recipients for help toward homeownership as a way for low-income families to increase housing stability and build wealth. The HOPE I, II, and III programs experimented with allowing public housing residents to purchase their units and provided resources to prepare them for homeownership. HUD has also aimed to use tenant-based assistance (formerly Section 8) as a stepping-stone to homeownership and, thus, economic stability. The Section 8 homeownership program allows eligible participants to use their vouchers toward the purchase of a home; the program is relatively small and operates at the discretion of individual housing authorities. In addition, HUD's Family Self-Sufficiency (FSS) Program allows housing authorities to support participants moving toward self-sufficiency and, in some cases, homeownership. The key benefit for participants is that as their income increases, the housing authority pays the difference in rent into an escrow account. Participants can claim the escrow after completing the program and use it for a down payment on a home, education expenses, or a car to help them maintain employment.

To test whether housing assistance can encourage asset building and self-sufficiency, it would help if policymakers knew whether housing assistance leavers were actually better off, in order to judge the success of the program as a springboard to better outcomes. To date, there has been little systematic research on the effects of these efforts on families after they leave housing assistance, particularly whether these programs help recipients successfully transition off housing assistance and build long-term assets.⁶

The Urban Institute's HOPE VI Panel Study is one of the few studies that has tried to look at what happens to housing assistance leavers. The researchers took advantage of the study's longitudinal panel design to explore what happened to participants that had left or lost their assistance (McGinnis, Buron, and Popkin 2007). The study tracked a sample of 887 residents from five housing developments targeted for HOPE VI redevelopment from 2001 to 2005; during that period, 103 households left housing assistance. About half left for positive reasons, such as marriage or a wage increase that made them ineligible for assistance; some of these residents became homeowners. The rest left for negative reasons, such as breaking program rules, being evicted, or being relocated and unable to move back. Among the Panel Study's findings were that the unassisted households seemed to be highly mobile and that, while many were apparently doing better economically than their counterparts still on assistance, they still experienced substantial material hardship. These preliminary findings from the HOPE VI Panel Study suggest that despite efforts to turn housing assistance into a stepping-stone for economic stability, the trajectory for those who leave is likely similar to that of welfare leavers: ongoing struggles and insecurity. However, given the small size of the sample, more research is required before definitively concluding how housing assistance leavers fare.

HUD's Moving to Opportunity (MTO) demonstration provides a unique opportunity to explore what happens to housing assistance leavers in greater depth. The MTO final evaluation survey tracked a sample of nearly 5,000 public housing families in five cities from 1994 (the baseline) through the final evaluation surveys approximately 10–15 years after their initial moves (Sanbonmatsu et al. 2011). The MTO research tested the effect of offering very low income public housing residents the opportunity to move to low-poverty communities; the hope was that moving would improve adults' access to jobs, children's access to better schools, and economic outcomes overall.⁷ The study provides a rich dataset.

In this paper, we take advantage of the tracking of participants over time (including after they leave housing assistance) to study the factors that cause households to leave assistance and how the experiences of leavers compare with households that remain on assistance. We supplement the data from the MTO final evaluation survey with new, qualitative in-depth interviews with a small number of housing assistance leavers from two MTO sites. We use the MTO survey data to describe the characteristics of families that leave assistance and compare how they were faring at the time of the final MTO survey (in quality of life, housing, finances, family stability, employment, and mental health) to their counterparts still on housing assistance. We also explore how the Great Recession may have influenced the lives of housing assistance leavers, especially those who had attempted to become homeowners.

The picture for housing assistance leavers is complex. New policies could help support families when they transition in order to ensure they do not experience severe hardship or fall back into poverty.

Research Questions and Methodology

This paper explores the following research questions:

- How many MTO participants left housing assistance during the demonstration?
- Why do families leave housing assistance? Can leavers be classified into those leaving for positive and negative reasons?
- How do families describe leaving assistance?
- How do the characteristics and experiences of households leaving for positive reasons compare with those leaving for negative reasons?
- How do families no longer receiving federal housing assistance compare with households still receiving it?
- How do families describe their lives after leaving housing assistance?
- How do families describe their experiences with homeownership, and how were these experiences affected by the recession?

We used two different data sources on MTO participants for this analysis: the MTO final evaluation survey (Sanbonmatsu et al. 2011), and new in-depth interviews with MTO households no longer receiving federal housing assistance. Though all MTO families received some form of housing assistance in 1994, many were no longer on assistance 15 years later. This provides a unique opportunity to study what happens to families when they leave assisted housing, why they leave, and how they compare to their still-assisted peers.

MTO Survey Data

HUD launched the MTO demonstration in 1994 in Baltimore, Boston, Chicago, Los Angeles, and New York City. MTO was a voluntary relocation program, targeted at very low income residents of distressed public housing in high-poverty neighborhoods (Orr et al. 2003; Sanbonmatsu et al. 2011). About 4,600 families, largely African American and Latino, were randomly assigned to one of three treatment groups: a control group (families retained their public housing unit and received no new assistance related to MTO), a Section 8 comparison group (families received the standard counseling and a voucher subsidy for use in the private housing market), or an experimental group. Experimental-group families received special relocation counseling and search assistance along with a voucher designed to encourage relocating to a low-poverty neighborhood for at least one year. Just under half of families in this group took advantage of the special voucher. Families participated in extensive surveys at three points over the length of the 15-year study: at baseline when randomization occurred, in 2002 for an interim evaluation, and again between 2008 and 2010.

The MTO final evaluation survey data were collected by the University of Michigan's Institute for Social Research between June 2008 and April 2010 under its contract with the National Bureau of Economic Research. The database includes 3,273 adult household heads and 5,105 youths who were age 10 to 20 at the end of 2007 (Sanbonmatsu et al. 2011). The response rate was approximately 90 percent for adults and youths. The survey covered a wide variety of outcomes and mediators in six domains: housing mobility; adult education, employment, and earnings; household income and public assistance; adult, youth, and child mental and physical health; youth and child social well-being; and child and youth educational performance.

Analytic approach

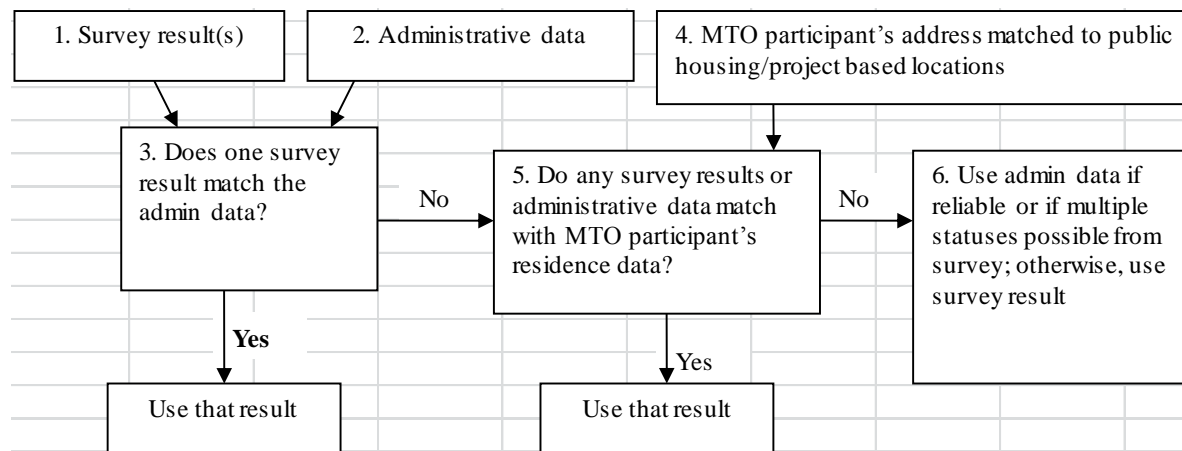
For the MTO final impacts experimental analysis, the Urban Institute developed a unique multisource process to more accurately identify whether each MTO head of household was receiving *any* federal rental assistance and to determine the *specific type* of assistance received.⁸ Although housing assistance status is a key outcome for the MTO demonstration, it is difficult to determine whether a household is still receiving a subsidy and, if so, what type. Recipients often misidentify the type of housing assistance they receive or erroneously report not receiving any assistance (see the appendix of Shroder 2002). Relying on administrative housing assistance data can also be unreliable because resident annual recertification records are not always entered into the appropriate databases (Olsen, Davis, and Carrillo 2005).

To reduce participant misreporting, the MTO final evaluation survey included a new series of housing assistance status questions.⁹ We compared these responses with two annually collected administrative sources—Multifamily Tenant Characteristics System (MTCS)/Public Indian Housing and Information Center (PIC) and Tenant Rental Assistance Certification System (TRACS)/Multifamily data—to identify each MTO participant’s type of housing assistance.¹⁰ HUD staff from the Office of Policy Development and Research successfully matched approximately 90 percent of MTO heads of household to at least one administrative source.

In the first step of this new process, housing assistance survey responses were coded as either eliminating or not eliminating each of eight possible housing assistance statuses (figure 1).¹¹ For MTO heads of household that were linked to the MTCS/PIC and TRACS/Multifamily data, the administrative housing status was determined (step 2). Researchers then compared this status to its corresponding survey information, and if the survey analysis matched a status from the administrative data, the resulting assistance status was used (step 3).

FIGURE 1

Multistep Triangulation Process to Identify Housing Assistance Status



For the 14 percent of participants whose survey responses did not agree with administrative sources, analysts compared participants’ residences at the time of the final survey with the known addresses of the PHA’s housing developments and project-based assistance buildings (step 4). They also compared MTO participants’ zip codes at the time of the final survey with the survey responses and administrative data (step 5). For the 7 percent of MTO participants who still had conflicting housing assistance statuses after this step, analysts selected the housing assistance status from the administrative data if the participant’s administrative records matched residents’ characteristics from the survey file and they found no duplicate records (step 6). Otherwise, analysts assigned participants a status based on the survey result.

Once all households that completed the final survey were classified as assisted or unassisted, we compared key outcomes of these groups to assess how unassisted households fare relative to assisted households. We identified 40 items from the MTO final evaluation survey related to quality-of-life issues that housing assistance policies are designed to improve for participating families, such as housing stability, neighborhood quality, income and benefits, and material hardship. We also examined demographic characteristics to explore what kinds of families left housing assistance and for what reasons. Finally, we created a classification scheme to sort assistance leavers into two groups—those that left housing assistance for positive reasons and those that left for negative reasons—and analyzed differences among unassisted households related to their motivation for leaving assistance. We then calculated mean values of these outcome and demographic characteristics and performed *t*-tests to assess whether any differences between assisted and unassisted, and between positive and negative, leavers were statistically significant.

Qualitative In-Depth Interviews

The second data source was new, in-depth interviews conducted with MTO households that no longer received housing assistance, including those that had left for positive and negative reasons. In-depth interviews with household heads no longer receiving assistance highlighted the reasons families discontinued housing assistance and how unassisted families adjusted to make ends meet. In fall 2011, we conducted in-person interviews with 24 households in Boston and Los Angeles.

We included in the eligible pool households whose current address listed that they lived within a 30-minute drive from the metropolitan-area center or within a cluster of households approximately two hours or less from the metropolitan-area center. To create the eligible pool, we identified households in these areas whose final survey was conducted in English: 126 families in the Boston area and 165 families in the Los Angeles area. In total, we interviewed representatives from 24 households, which included 24 adult household heads (11 from the Boston area and 13 from the Los Angeles area) and 13 youths (five from the Boston area and eight from the Los Angeles area).

Trained Urban Institute research staff conducted separate but concurrent interviews with the head of household (parent/guardian) and youth, when present. Interviews were held in respondents' homes and lasted approximately 60 minutes. Respondents (adult and youth) were given \$40 to compensate them for their time. The semistructured interview guides covered topics including reasons for leaving assistance, housing history after assistance (including homelessness and homeownership), and finances and family life after housing assistance. Interviews were recorded, transcribed, and reviewed for themes. Summary memos were prepared for each household, reviewing household composition and housing history with an emphasis on reasons for leaving assistance and life after assistance.

Recruitment process and interviewee characteristics

Recruitment letters were sent to all eligible households providing a toll-free number to call if they wanted to participate. Letters were followed by telephone calls, soliciting participation after respondents answered a series of screening questions to ensure they no longer received federal housing assistance. We monitored the categorization of positive leavers and negative leavers during recruitment; when we found more positive leavers were being recruited for interviews, we placed additional emphasis (primarily telephone calls) on identifying negative leavers to increase their participation rates. The characteristics of those we recruited, or those who had valid addresses up to two years after the last contact for the final evaluation, were similar in many ways to the whole MTO population we identified as unassisted at the time of the final evaluation using our triangulation method. However, participants who agreed to participate in the research project had higher incomes, education levels, and employment than the greater unassisted pool. Participants were also much more likely to be classified as leaving for positive reasons. Therefore, the qualitative findings may not represent the most challenged families.

TABLE I**Interviewed Households Compared with All MTO Households and the Recruitment Pool**

	All MTO Housing Assistance Leavers	Recruitment Pool		Interviewed	
		Boston	LA	Boston	LA
		N (%)	N (%)	N (%)	N (%)
Total number of households	1,149	126	165	11	13
Type of leaver					
Positive	603 (52%)	84 (67%)	91 (55%)	9 (82%)	11 (85%)
Negative	546 (48%)	42 (33%)	74 (45%)	2 (18%)	2 (15%)
Average age of head of household (years)	43.9	42.5	42.7	43.1	43.0
Gender of head of household					
Female	1,115 (97%)	125 (99%)	161 (98%)	11 (100%)	12 (92%)
Male	34 (3%)	1 (0.8%)	4 (2.5%)	0 (0%)	1 (8%)
Marital status					
Single	766 (69%)	86 (71%)	117 (72%)	9 (82%)	5 (39%)
Married	352 (32%)	35 (29%)	45 (28%)	2 (18%)	8 (62%)
Average income (final)	\$23,915	\$35,035	\$25,608	\$47,205	\$39,052
Employment					
Employed in past two weeks	733 (64%)	87 (69%)	104 (63%)	10 (91%)	11 (85%)
Not employed in past two weeks	414 (36%)	39 (31%)	61 (37%)	1 (9%)	2 (15%)
Education					
Not a high school graduate	375 (33%)	23 (19%)	62 (38%)	0	4 (31%)
High school graduate/GED	611 (54%)	71 (57%)	90 (55%)	6 (55%)	9 (69%)
College graduate	151 (13%)	30 (24%)	11 (7%)	5 (46%)	0 (0%)
Tenure					
Renter	739 (64%)	71 (56%)	129 (78%)	7 (64%)	10 (77%)
Owner	317 (28%)	46 (37%)	28 (17%)	4 (36%)	3 (23%)
Homeless (doubled up or literally)	79 (7%)	6 (5%)	7 (4%)	0	0
Other	14 (1%)	3 (2%)	1 (0.6%)	0 (0%)	0 (0%)
Average years at current address	4.8	5	5	4.2	6.2

Note: When categories don't total 100 percent (or to the column totals), the rest are missing.

Findings

In this section, we first present our findings on the number of people who left housing assistance and our analysis of why they left assistance. Then we describe how and why we categorize unassisted households into those leaving for positive versus negative reasons and relate how families in both situations describe leaving assistance. We detail how unassisted households compare with those still on assistance with particular attention to how positive and negative reasons for leaving influence results. Finally, we present how families describe their lives after leaving housing assistance and examine how leaver households—particularly those who transitioned to homeownership—may have been affected by the Great Recession.

How Many MTO Participants Left Housing Assistance during the Demonstration?

Using the triangulation methodology for determining assistance status, we find that 35 percent of all MTO households (1,149 heads of household) were no longer receiving housing assistance at the time of the final

outcomes survey.¹² This figure is smaller than the proportion we would expect if we looked only at national averages; according to HUD data, the median length of time households use housing assistance is 4.7 years for those living in public housing and 3.1 years for voucher holders (Turner and Kingsley 2008). However, the national data includes *all* types of recipients (seniors, disabled, and families) from *all* housing authorities (small rural authorities to large, urban agencies). A better benchmark for the MTO sample is *families living in distressed public housing* such as the HOPE VI Panel Study, which shows residents having much longer tenures than national averages.¹³

Can Housing Assistance Leavers Be Classified into Those Leaving for Positive and Negative Reasons?

Determining why families leave housing assistance is even more challenging than determining their housing assistance status. Limited information on reasons households leave assistance is available in the MTO final evaluation survey. Only households who reported during the survey that they no longer received housing assistance were asked why they left assistance.¹⁴ Of the 1,149 households we determined were no longer receiving assistance, only 630 self-identified as such, meaning that barely over half responded to the survey item asking why they left assistance.¹⁵ As table 2 shows, 26 percent of these families were unclear or not sure in their response. Twenty-five percent of reported housing assistance leavers say they left because they were income ineligible. We do not know the financial circumstances that made these households ineligible but could expect some saw wage gains after promotions and/or steady employment, others completed education or training that prompted higher earnings, and still others added another wage earner (spouse, adult child, or other family member) to the household. “Incoming out,” or seeing household income increases high enough that the resulting subsidy given to the family is very low (or zero), can be a relatively positive reason for leaving assistance.¹⁶ On the opposite end of the spectrum, households that leave because they are evicted or violate program rules (22 percent) have left for negative reasons. Family turmoil and economic instability that may contribute to program departure may also increase potential challenges for the family once it no longer receives a housing subsidy.

TABLE 2

Reasons for Leaving Assistance Reported in MTO Final Evaluation Survey

Reason	Percent
Other reasons or not sure	26
Incomed out	25
Evicted or terminated from program for violating rules	22
Relocated from public housing and could not move back	13
Moved in with a partner, friend, or relative	9
Purchased a home	5

Notes: Unweighted sample is 630 households of 1,149 that Urban Institute determined were assistance leavers. The remaining 519 households did not self-identify as assistance leavers in the survey. Thirty-five percent of responses were written in by participants and back-coded.

We created a strategy to allow us to classify all 1,149 households in the MTO final evaluation survey that were no longer receiving housing subsidies into two categories: participants who left assistance for mainly positive reasons (such as homeownership or incoming out) and participants who lost their housing assistance for primarily negative reasons (such as lease violations, evictions, or inability to lease up during the period). We used a combination of information from the MTO final evaluation survey, including stated reason for leaving housing assistance when available, reported homeownership, and income, to separate households into the two categories.¹⁷

A key dimension of the classification process is that preference was given to the most reliable indicators of reasons for leaving assistance whenever possible. Figure 2 illustrates the order in which these factors were considered, along with the number of households categorized at each stage. The available indicators were ordered so less reliable measures were invoked only when the stronger ones did not provide a clear answer. For example, the lowest measure on the figure, income at final survey, was

used only to categorize households that could not be categorized with the early measures because of inconclusive responses.

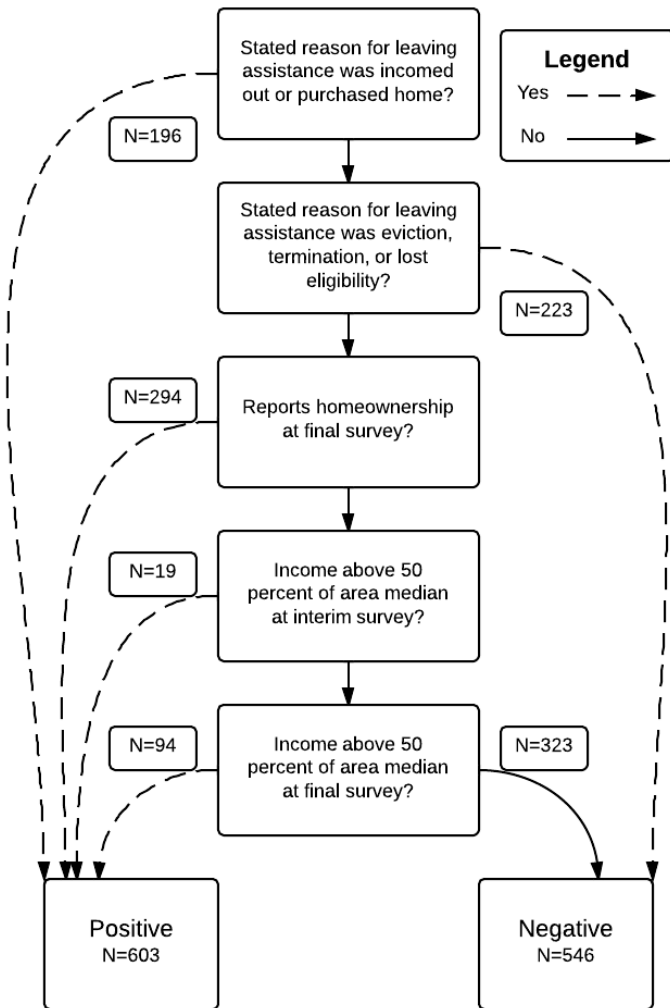
Of the available indicators that suggest why a household left assistance, we give preference to the survey item directly asking households' reasons for leaving. Inferences based on homeownership and income are the next-best available means for classifying households because they correspond to the time of the interim and final survey, not to the exact time of a household's transition off assistance. Therefore, the first step was to categorize unassisted households as either positive or negative leavers based on their recorded reason for leaving assistance whenever possible. Of the households responding to this question, 25 percent reported being income out and were classified as positive leavers, while 22 percent were recorded as evicted or losing eligibility and were classified as negative leavers. The remaining households either did not respond to this item or provided a response that we did not count as positive or negative, such as those who were not sure of their reason for leaving or those who moved in with a partner, friend, or relative.

The remaining households were then assessed based on reported homeownership status at the time of the final survey. Homeownership is a probable indicator of a household leaving housing assistance for positive reasons because the means necessary to become a homeowner potentially reflect a stronger household financial position and intent to leave assistance.¹⁸ The 294 households that reported owning a home were recorded as positive leavers, and the remaining households were then categorized based on interim income. If interim income was above 50 percent of the area median income, households were considered positive leavers. If not, the final assessment was made based on final income relative to 50 percent of area median income. We recognize that even for this group, all leavers at or above 50 percent of area median will not have left the program for positive reasons. We use this threshold to approximate those families for whom the declining level of subsidy could likely be a reason for departure.¹⁹

Via this process, we classified 603 households, a weighted share of 53 percent of all unassisted,²⁰ as leaving for predominantly positive reasons, and 546 households (47 percent weighted) as leaving for negative reasons.²¹

FIGURE 2

Classifying an Unassisted Household as a Positive or Negative Leaver



Source: MTO interim and final survey evaluation data.

Note: Each number is unweighted total households classified as either positive or negative assistance leavers at each particular step in the sorting process.

How Do Families Describe Leaving Assistance?

To better understand the nuances within the positive and negative reasons families no longer receive housing assistance, we spoke at length with unassisted MTO households regarding the situations surrounding their departure from assistance. We know from the MTO final evaluation survey that some families are unclear about why they lost their housing assistance. For some of our interview respondents, the incident that resulted in termination from housing (such as eviction) was often clear.

The court sent me a letter, saying it was an eviction. (LA159)

Other households found program rules difficult. Some families missed mandatory appointments (such as recertification) and did not fulfill obligations required to maintain assistance. Others struggled with program rules, such as using their voucher within a set time frame or identifying a unit that passes inspection. In particular, respondents discussed difficulties navigating the private market with poor credit and insufficient deposits. One woman described her situation this way:

I had to find another place. And it was kind of hard because every place wanted the first month and first and last my voucher had a certain amount of days, months, to move into another place, otherwise the voucher was going to expire, and I couldn't find...the places that I did find weren't approved my coupon just expired. (LA147)

As expected, some families who left for more positive reasons describe steady employment and increasing paychecks, which helped them move off the program. One woman said she got off because of “a better job, making more money, you know” (LA156). Others described how as their income increased, their housing assistance decreased.

I think I kind of weaned, got, kind of got weaned off [assistance] because as I grew on my job, and financially, you get more money, your rent increases slowly, slowly, slowly. So for me, it was like a gradual thing. It just wasn't one day a low amount, and then the next month, you know, a high amount. So I was able to grow gradually and get off of it. (BOS57)

Yeah, to take it [my job] more seriously, you know, the career, so I did that. And that's when they [the housing authority] started paying less and less and less as my income increased, increased, increased. (LA129)

For some, the amount of assistance became small enough that they left the program before being formally terminated by the housing authority.

The amount [of rent] that Section 8 was paying was less than what I was paying. It was like not even \$200 of the rent they were covering. And I felt secure enough in my own income and stability with my job that I didn't need the third party. You know, renewing and verification and this, that, and inspections, and just every six months, and just I didn't feel that is was ... it wasn't worth it. (BOS57)

Other respondents said changes in family status, particularly getting married, added income to their household making them ineligible. One woman described how she married her long-time boyfriend (and father of her children) when he got out of prison. Even those who earn their way off assistance or leave because of a marriage or an additional income earner moving in may perceive themselves as having been forced off assistance rather than voluntarily deciding to leave. It is not surprising that many people are reluctant to give up assistance, given that the subsidy is deep and difficult to get. One respondent described the difficulty of willingly giving up housing assistance:

It's hard because it takes, you have to go through hell and high water to get housing. And I thought, what if I can't afford full rent? Where will my kids be, in a shelter? So you get

scared because it takes so long to get housing. You know what I mean? It's like a trap. It's hard to get in, and because of that, you're scared to get out. (BOS106)

Several respondents who left assistance because they were over income told interviewers that they did not consider themselves over the income limit because the housing authority included the earnings from adult children or extended family in the income calculation when the household head did not believe he or she had access to the additional funds. When this happened to one woman during recertification, she said

I was surprised, and I regret it today, because housing is so expensive. How I wish I had that Section 8. (BOS26)

Other respondents noted that family members (particularly husbands or boyfriends) pressured them to get off housing assistance.

Well, once I started working, and I got in, I got back with their dad, I think the income was one of the issues. And he was the type of person that didn't want to be involved in anything like that [housing assistance]. (LA147)

Even families that noted significant income changes, such as through marriage, used language that suggested they felt pushed out of the program rather than voluntarily left. People commonly described when they "lost" Section 8 or had it "taken away."

I had to come off Section 8 because I got married a year later, and my income was over the income limit. And that's when I lost my Section 8. (BOS2)

I was working at the apprenticeship program, it, I was going to school like, they had us go to school every six months for two weeks ... every time I left there, I got a raise. So it was just constantly rising, so that's why, you know, they took the Section 8 from me. (LA156)

How Do the Characteristics and Experiences of Households Leaving for Positive Reasons Compare with Those Leaving for Negative Reasons?

Our interviews indicate that even those who left for positive reasons often feel their exit was not fully voluntary. But our analysis of the MTO survey data shows clear differences in the trajectories for positive leavers and negative leavers even though there are few demographic differences between the groups (table 3). Positive leavers are more likely to have ever been married and to have been married at study end.²² African Americans who were unassisted were more likely to leave for negative reasons. This finding requires deeper analysis; it could reflect the fact that Hispanic households were more likely to be two-parent or differences in housing authority policies on eviction or one-strike across the five MTO sites.²³

TABLE 3

Demographics of Positive and Negative Leavers

Characteristic	Positive leavers	Negative leavers
Age of household head	<i>44 years</i>	<i>44 years</i>
Female household head	<i>97%</i>	<i>97%</i>
Household size	<i>3.7 people</i>	<i>3.8 people</i>
Married at study end	<i>43%</i>	<i>21%</i>
Ever married	<i>52%</i>	<i>31%</i>
Black, non-Hispanic	<i>59%</i>	<i>71%</i>
Hispanic	<i>34%</i>	<i>25%</i>

Note: Italicized numbers indicate when *t*-tests or chi-squared tests did not identify a significant difference between the groups (*p*-value ≤ .05).

The striking difference between the two groups is income—not surprisingly, given its role in positive departures from assistance. Households that left for positive reasons reported a median income of \$37,865, while families leaving for negative reasons reported a median income of \$13,950 (table 4). This has dramatic implications for the ability of these households to function in the private housing market. Indeed, those who left for positive reasons were also more likely to have better outcomes, presumably linked to their higher incomes. For instance, positive-leaver heads of households were more likely to be married or previously married, less likely to have experienced homelessness or overcrowding in their household, and less likely to experience housing cost burdens than households leaving for negative reasons.

TABLE 4

Income, Homelessness, Crowding, and Cost Burden of Positive and Negative Leavers

Characteristic	Positive leavers	Negative leavers
Median income at study end	\$37,865	\$13,950
Ever homeless (%)	24	46
Ever doubled-up	23	40
Ever literally homeless	3	12
Overcrowded housing (%)	20	27
Severely overcrowded housing	9	14
High housing cost burden (%)	66	74
Severely high housing cost burden	36	52

Those who moved for positive reasons were also more likely to have moved because they wanted a better or bigger housing unit, while negative leavers characterized their last move as prompted by problems with their landlords (table 5). Positive leavers were also more likely to be satisfied with their housing quality and neighborhood and feel safe than negative leavers. Finally, those who left for positive reasons felt better physically, took fewer medications, and were less likely to face mental health problems than those who left for negative reasons.

TABLE 5

Housing, Neighborhood, and Health Characteristics of Positive and Negative Leavers (percent, except where noted)

Characteristic	Positive leavers	Negative leavers
Moved to attain improved housing	34	23
Moved because of landlord problems	13	22
Rated housing as excellent or good	70	56
Neighborhood satisfaction rating	1.92	2.40
Neighborhood feels safe at night	79	64
Adult rates health as good or better	74	53
Takes medicine for blood pressure	32	38
Problems with depression	14	19

Note: Neighborhood satisfaction rating was collected on a five-point scale, with 1 representing the highest level of satisfaction.

How Do Families No Longer Receiving Federal Housing Assistance Compare with Households Still Receiving It?

Outcomes for households who leave federal housing assistance for positive reasons differ significantly from outcomes for households who leave for negative reasons. As detailed below, there are substantial differences in outcomes for the positive leavers and those for households still on assistance. In contrast, outcomes for negative leavers look remarkably similar—or sometimes worse—than those for the still-assisted. Still, the only notable difference in demographic characteristics between the three groups is the proportion who report being married at the final evaluation survey (table 6). Positive leavers are about twice as likely to report being married at the end of the study than negative leavers; likewise, negative leavers are almost twice as likely to be married than those still on assistance.

TABLE 6

Demographics of All MTO, Assisted, and Unassisted Households

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Age of household head (years)	45	45	44	44	44
Female household head (%)	98	99	97	97	97
Household size (people)	3.7	3.7	3.8	3.7	3.8
Black, non-Hispanic (%)	63	62	64	59	71
Hispanic (%)	31	32	30	34	25
Married at end of study (%)	20	13	32	43	21

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Unassisted households that left for positive reasons are better off financially

The average MTO head of household who was unassisted at the time of the MTO final evaluation survey was better off financially than his or her assisted peers.²⁴ The income difference between assisted and unassisted households is almost entirely driven by the relatively higher incomes of the positive leavers; negative leavers' income is only slightly higher than those still on assistance. One reason for this difference might be the larger number of two-parent households among the positive leavers: one-third of unassisted heads of household (43 percent of positive leavers) were married at the time of the final survey compared with 13 percent of those who were assisted.

Similarities between welfare leavers and housing leavers suggest that income stability, or lack thereof, is central to why families decide to leave assistance and, over time, how families continue to face the social and economic hardships of living in poverty without the housing safety-net assistance once provided. While unassisted families have higher incomes on average than assisted families, families leaving for negative reasons fall well below the federal poverty level. This difference across housing assistance leavers is consistent with research on welfare leavers that finds a growing inequality across TANF recipients, with “some families ... moving up and out of poverty, but some families ... moving down into extreme poverty” (Acs and Loprest 2001, 83).

Unassisted see more income growth

While the two groups had similar incomes at baseline, the unassisted group experienced a significantly larger increase in household income over the demonstration period than the assisted group (an increase of \$13,216 from baseline to interim for the unassisted compared with \$1,441 for assisted households). Both positive (\$23,627) and negative (\$4,498) leavers experienced greater increases in income than still-assisted families. Still, the difference is mainly driven by the positive leavers; as table 7 shows, the median incomes of still-assisted households and negative leavers are very similar. And like the trends in income

overall, this difference is almost certainly attributable to the higher proportion of two-parent households among the unassisted.

TABLE 7

Income and Benefit Receipt of All MTO, Assisted, and Unassisted Households

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Median income at study end	\$15,521	\$13,153	\$23,915	\$37,865	\$13,950
Median income change over study period	\$3,466	\$1,441	\$13,216	\$23,627	\$4,498
Receives food stamps (%)	48	57	33	17	51
Has Medicaid coverage (%)	37	46	22	12	33
Receives Social Security benefits (%)	30	36	18	11	26
Receives TANF benefits (%)	16	19	12	6	19
Adult has health insurance (%)	84	87	79	84	73

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Unassisted receive less other public assistance

Unsurprisingly given the higher incomes, the unassisted group overall was less likely to report receiving benefits such as TANF, Social Security, Medicaid, and food stamps throughout the demonstration period and especially by the time of the MTO final evaluation survey. However, while positive leavers may require less financial help, the findings for negative leavers are worrying: they are actually less likely to report receiving food stamps or Medicaid than still-assisted households. Without the buffer of housing assistance, this finding suggests that these households are at risk of significant hardship and instability. Indeed, negative leavers are more likely than both positive leavers and the still-assisted to report food insecurity, which is the prevalence of food hardship defined by the Community Population Survey-Food Security Scale (table 8). Further, more than a third of both the still-assisted and negative leavers report difficulty in making utility payments.

TABLE 8

Hardship and Debts of All MTO, Assisted, and Unassisted Households (percent)

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Household is food insufficient	30	32	28	20	37
Any credit card or medical bills debt	45	41	52	64	40
Over \$5,000 of credit card debt	8	7	10	17	3
Over \$5,000 of medical bills debt	6	5	9	10	8

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized number indicates when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Positive leavers still report hardship and have high debts

Still, one in five positive leavers reports food insecurity. Further, nearly two-thirds report having medical or credit card debt: 17 percent report having more than \$5,000 in credit card debt, and 10 percent report the same level of medical debt (see table 8). Negative leavers and those still on assistance also report having some debt, but relatively few report carrying credit card or medical balances greater than \$5,000.

Positive leavers have better housing and neighborhood outcomes

Heads of household that left for positive reasons report higher levels of satisfaction with their housing and neighborhood (table 9). Positive leavers also report feeling safer and having fewer problems with crime and disorder. The differences could be particularly striking for families leaving public housing. For example, after graphically describing the environment she and her sons experienced in public housing, one respondent said she “cried tears of joy” when she moved to a better neighborhood (BOS124). In contrast, negative leavers reported only marginally better conditions than those still on assistance, many of whom were still living in high-poverty public housing communities.

TABLE 9

Housing and Neighborhood Satisfaction of All MTO, Assisted, and Unassisted Households (percent, except where noted)

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Rated housing as excellent or good	60	58	63	70	56
Neighborhood satisfaction rating (1–5)	2.39	2.53	2.15	1.92	2.40
Moved to a better neighborhood	23	22	26	27	24
Neighborhood feels safe at night	63	58	72	79	64
Neighborhood has drug problems	26	30	20	13	27
Neighborhood has alcohol problems	48	54	38	30	47
Neighborhood has loitering problems	53	59	42	34	51
Neighborhood has trash, graffiti, abandoned buildings	66	71	58	52	65
No transportation access problems	94	93	96	98	94

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Looking at national census data, unassisted households, especially positive leavers, lived in neighborhoods with slightly higher but still statistically different socioeconomic indicators (table 10). For instance, the median income in tracts where the unassisted lived at the time of the final survey was \$37,436, compared with \$29,346 for tracts where assisted households lived; in addition, 23 percent of households were below the federal poverty level in tracts where unassisted lived at final, compared with 32 percent for tracts where assisted households lived. However, this comparison is somewhat misleading: a substantial proportion of assisted households still live in public housing communities, which often have extreme levels of concentrated poverty. As one interview respondent noted, “I guess I should be grateful in a sense because if it [public housing] wasn’t horrendous, I’d probably still be there, afraid to leave” (BOS106). And, as the figures in tables 9 and 10 make clear, even the best-off former residents—the positive leavers—mostly still live in neighborhoods with high rates of poverty, crime, and disorder.

TABLE 10

Neighborhood Quality for All MTO, Assisted, and Unassisted Households

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Median neighborhood income	\$32,372	\$29,346	\$37,436	\$41,996	\$33,449
Neighborhood poverty rate (%)	29	32	23	20	26
Neighborhood single-parent rate (%)	46	50	40	37	43
Share of employed residents (%)	86	85	87	88	86
Adult has no friends in neighborhood (%)	58	57	60	62	59

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized number indicates when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Positive leavers have better physical and mental health

Table 11 shows health outcomes for all MTO participants at the final evaluation survey. Positive leavers report the best health status overall and have substantially lower levels of hypertension and depression. In contrast, negative leavers report the worst health status and are about as likely as those still on assistance to report depression, hypertension, or disability. Given that the negative leavers are also the least likely to have Medicaid coverage, these findings are particularly worrying and highlight this group’s high vulnerability.

TABLE 11

Health of All MTO, Assisted, and Unassisted Households (percent)

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Adult rates health as good or better	57	52	<i>64</i>	74	53
Takes medicine for blood pressure	39	41	35	32	38
Has trouble lifting or climbing stairs	48	54	38	30	46
Problems with depression	18	18	<i>16</i>	14	19

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Negative leavers experience worrying levels of housing hardship and instability

Assisted and unassisted households generally did not differ statistically in levels of housing cost burden and severe housing cost burden. Housing cost burden is defined as paying more than 30 percent of a family’s income on housing; severe housing cost burden is when a family pays more than 50 percent of its income on housing. However, more than half of negative leavers report severe housing cost burdens (table 12). And, even more worrying, these households face worryingly high levels of housing instability and hardship.

TABLE 12

Housing Cost Burden of All MTO, Assisted, and Unassisted Households (percent)

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
High housing cost burden	68	67	<i>70</i>	66	74
Severely high housing cost burden	42	41	43	36	52
Ever homeless	23	17	34	24	46
Ever doubled-up	20	14	31	23	40
Ever literally homeless	5	4	7	3	12
Overcrowded housing	21	20	23	20	27
Severely overcrowded housing	8	7	11	9	14

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Approximately one-third of the unassisted household heads reported a time without their own place to stay compared with only 17 percent of assisted households; the figure for the negative leavers was 46 percent. One in five positive leavers and more than one in three negative leavers reported having to double up with friends and family. Seven percent of the unassisted had been literally homeless; the figure for negative leavers was a shocking 12 percent. Negative leavers were also the most likely to report overcrowded—and severely overcrowded—housing.

For example, one interview respondent said that after she lost her housing assistance, she and her four children had to move into one bedroom in a family member’s apartment:

I couldn’t find a place, so I didn’t have nowhere else to go, so I moved in with them [family members] because they had a spare bedroom.... everybody moved in.... by that time, I only had four [children] because the older one had already [moved out]. (LA147)

Unassisted struggle with high utility and housing costs

Both assisted and unassisted households struggle with utility payments (table 13). Other research has documented that utilities are often a problem for residents who leave public housing for vouchers (see Popkin et al. 2013). As this respondent from LA told us,

And the utilities were more over here than they were there [in public housing]...we had a water bill that we weren’t used to having, and trash. So those was things we didn’t prepare for, and repairs. (LA127)

TABLE 13

Utility and Household Costs for All MTO, Assisted, and Unassisted Households

Characteristic	All MTO households	Assisted households	Unassisted Households		
			All	Positive leavers	Negative leavers
Ever late on utilities payment (%)	36	39	31	22	41
Ever threatened to shut off utilities (%)	27	28	24	18	32
Ever had utilities shut off (%)	6	6	6	3	10
Household electricity cost	\$122	\$109	\$144	\$157	\$129
Household gas cost	\$77	\$70	\$90	\$99	\$81
Household rent/mortgage cost	\$493	\$335	\$785	\$997	\$555
Total monthly housing costs	\$691	\$514	\$1,017	\$1,248	\$765
Housing payments ever 15 days late (%)	22	21	25	27	22

Note: For each of the three unassisted household groups (all, positive leavers, and negative leavers), italicized numbers indicate when a t-test or chi-squared test did not detect a significant difference from the assisted households group (p -value < .05).

Still, even though all respondents report problems with utility payments, unassisted households face higher utility costs and almost double total housing costs compared to assisted families. These higher costs put them at risk for food insecurity and housing instability. This LA respondent spoke of having to cut her grocery expenses in half in order to pay her other bills:

We cut back on the groceries now, because... everything, like I said, is more expensive. So we cut back on that. Instead of spending like \$600 [on food] where we were before, we only spend \$300. (LA127)

Likewise, this Boston homeowner reported falling behind on her mortgage and “shorting” her food budget in order to make payments:

Yeah. Yeah. Yeah, I had, at one point it was scary... I never really got far behind, but I had, and that generate a paper but I’ve never really fallen behind because I would pay it and not have the food. The food is, is always shorted of food. (BOS124)

Others discussed purchasing only necessities and then only enough to meet immediate needs, such as buying one roll of toilet paper at a time.

Even when we take a shower, we cannot buy shampoo... we use soap. (LA209)

These intense financial pressures take a toll on families' well-being. Interview respondents discussed being stressed and worried about paying rent, mortgage, and other bills. Some also commented on how financial pressures affected their relationship with children and spouses.

[Financial pressure] wasn't the reason why I, we got a divorce. There was other things going on, but on top of the house putting more pressure on us, it was a lot of pressure. So it, I would have rather loved to continue to rent, you know. (BOS2)

How Do Families Describe Their Lives after Leaving Housing Assistance?

Analysis of the MTO final evaluation survey shows that in many areas households that leave assistance for positive reasons are better off than either negative leavers or those still receiving housing assistance. To put "better off" in perspective, we spoke with unassisted families about their lives since leaving assistance. Our respondents described their battles with unpredictable income, unsteady employment, and unstable housing, as well as the resulting financial pressures. With little savings and a weak safety net, they related how a health problem, divorce, or job loss quickly negated their previous financial gains. These stories are particularly troubling because, as noted previously, our sample of interview respondents may not represent the most challenged families. Our respondents are much more likely to include families that left assistance for positive reasons and have incomes higher than the average MTO positive leaver.

Unpredictable income

Foreclosure, economic uncertainty, and employment instability fueled by the Great Recession devastated families across the income scale. However, low-income families were particularly hard hit (Kingsley, Smith, and Price 2009),²⁵ and our MTO respondents were no exception. These respondents from LA described precarious situations that developed when their husbands' employment situations became unstable:

It was scary because, you know, you're not always sure from month to month with the financial. I mean, he [husband] ended up losing one job, went to another job, you know. So that's part of life. It's just like any other depending checks, the welfare, depending on that. (LA159)

Actually, it [his income] went down, because he went from being a supervisor to working for himself. So from steady pay to whatever he really makes on his service calls and things like that. So it went down.... It's up and down. (LA127)

Another respondent talked about losing her good-paying job when her company began to lose money because of the recession:

So when all the work got slow, and, you know, they lost a little money, had to wait, that's how I ended up at [name of company], which I make [dollar amount] an hour there, so that's a big cut. (LA156)

Health problems that derail previous gains

Health problems were another major factor that destabilized families, causing them to lose jobs or income. Even families who left assistance for positive reasons and had been moving toward self-sufficiency could easily be derailed by a health crisis. Some respondents described losing steady jobs after they had surgery or major illness:

So I had to stop working to have the surgery. But when I went back there, they had no openings, so I never really went back. (LA136)

Things changed for me too.... I'm not working now, but in 2009 I almost died. I ended up losing my job because I couldn't go back to work. So I was unemployed for a little bit. And then I got a temporary position that I just finished off, so now I'm looking again. (BOS97)

Other family members' (spouses, children) health problems also created challenges, reducing income and increasing household costs:

My daughter, she got diagnosed... with [serious medical condition] and she became very ill.... I didn't have enough for her co-payments, for the health piece, because it can run from \$500 to \$1,500 to \$3,000. I didn't know what I was going to do. (BOS106)

This mother ultimately turned to credit cards to finance her daughter's medical care, house repairs, and household bills. This decision contributed to high balances and tremendous stress as she worried about how to pay her bills.

Unstable housing

As noted earlier, unassisted families (both positive and negative leavers) are more likely than their assisted peers to deal with housing instability and overcrowding. While some interview respondents had been at their current address for many years, it was common for them to have had multiple moves after leaving assistance. In some cases, major life changes (divorce, job loss, or illness) prompt housing instability. One woman described what happened a few years after her family had left housing assistance that started them moving from place to place.

Back then I was making a little money, you know, and I was working pretty steady, you know what I'm saying, to pay my rent. What took a big toll on me was when my husband left [went to jail] because that was a lot of help, you know, two incomes are better than one.... as a matter of fact, he went to jail 2004 November and we moved out in 2005. (LA156)

Interestingly, some respondents who were relatively housing stable attributed the affordability of their current situations to the assistance of family and friends rather than their ability to function on the private market.

My rent was extremely high [area of Boston]. I just couldn't afford it, it was extremely high. And I tried, again to get some type of assistance when I was living there because I love that area, and I couldn't. I'm living here now. My girlfriend owns this place here.... she said, "I'll rent it to you and give it to you for less... of what you're paying now." And that is everything included. So I moved here. (BOS2)

How Do Families Describe Their Homeownership Experiences, Particularly in Light of the Great Recession?

Homeownership was a dream for some of these MTO families, who hoped that it would help them gain a measure of control over their housing situations and insulate them from capricious landlords and unexpected rent increases. One respondent spoke movingly of her concerns, "constantly worrying" about being unable to afford her apartment and saying she "would stay with relatives or a shelter." She followed up these comments on financial instability and concerns about being able to afford an apartment by explaining that she wanted to buy a house.

You know, I mean, I'm tired of just giving people my money, working hard and giving up my money. Where I feel like I can take that money, and put it toward something that I know someday is going to be mine. (BOS26)

In reality, however, it is often difficult for low-income homeowners to sustain homeownership (Van Zandt and Rohe 2011). While some respondents felt their move to homeownership made positive contributions to their lives, others described homeownership as a millstone rather than a stepping-stone. Our interviews with MTO families suggest that many were struggling during the recession. Particularly troubling is that some of the families who seemed most financially stable when they left the program—those that left assistance for positive reasons and became homeowners—are now under severe financial pressure.²⁶ This finding suggests that federal policy encouraging voucher holders to move directly to homeownership may not always serve families well in the long run. The Section 8 Homeownership program allows participants to use their vouchers toward a mortgage, and the FSS program intends to help participants build escrow that they can use for a down payment. But our interviews indicate that this strategy may have backfired for some MTO families, especially those who got caught up in the housing bubble that preceded the recession. Some had taken out unmanageable interest-only loans and could afford housing only in poor, minority areas—housing that rapidly lost value after the crash and left them “underwater.” One respondent remarked, “Now I owe so much money on my credit cards from trying to keep up with this house because I bought a piece of sh—” (BOS106).

When asked when they bought their home, one respondent replies, “I think it was just before the fall.” She went on to explain that she “wasn’t even ready to buy a house” but it was her husband’s “dream.” She said, “We really didn’t have the, you know, funds to do it. You know, we didn’t really save to do it. So I think that made a burden, you know” and explained that “we didn’t put our, no substantially amount down to get the house. So that’s why my mortgage was so high” (BOS2).

The lure of homeownership is strong. One family struggling to make mortgage payments described how it felt when they left Section 8 and purchased a home.

I felt important, because... when you [are able] to do something for yourself and provide for your family the good things and feel help, you know, their lives are important, it was very, very happy at that time. (LA209)

This family went on to struggle with its payments and was worried about losing its home. Other respondents had lost a home purchased after leaving housing assistance.

We bought a house. That’s why we moved, we bought a house. But then, 18 months later we got a divorce [lost house in bankruptcy]. (BOS2)

Discussion and Policy Implications

This paper explores in depth the experiences of federal housing assistance leavers, both the factors that cause families to leave assistance and how their experiences compare with their counterparts still in public housing or using a voucher. Our analysis takes advantage of the MTO research platform, using the rich data in the MTO final evaluation survey and new qualitative interviews with families in Boston and Los Angeles. Building on the methodology developed for the experimental analysis of housing outcomes in the MTO final evaluation survey reported in *Comey and colleagues (2012)*, we determined that 35 percent of MTO participants (1,149 households) were no longer receiving federal housing assistance at the time of the final survey. Of those, our analysis of the survey data and administrative data showed that 52 percent had left for positive reasons—for example, increased earnings or homeownership—and the remaining 48 percent had left for negative reasons—for example, lease violations, eviction, or inability to find a unit before their voucher expired.

Because a mix of factors drives families to leave assistance, it is difficult to draw conclusions about how leavers compare with those still on assistance. If we look at the unassisted as a group, they appear to be doing better than those still on assistance in many ways: higher income, more likely to be married, and

living in lower-poverty, safer communities. But when we divide the unassisted into positive and negative leavers, we see a much more complex picture, one that highlights the ways that negative leavers are struggling as well as the challenges that still put positive leavers at risk of instability. Those who left for negative reasons look much like those still on assistance: they are single-parent households who live in poor-quality housing in high-poverty, high-crime neighborhoods—although not the poverty and violence levels that characterize public housing. Most worrying, their household incomes are barely higher than those still on assistance, which means that, in reality, they are *worse off* because they lack the economic buffer that housing assistance provides. The consequences are apparent in the high levels of instability and hardship negative leavers report: just under 50 percent reported experiencing spells of homelessness, and 12 percent were literally homeless at the time of the MTO final evaluation survey.

In contrast, positive leavers have average household incomes above the poverty level, are more likely to be two-parent households, and are in better health than both negative leavers and those still on assistance. They live in safer, lower-poverty neighborhoods and are generally satisfied with their housing. However, while positive leavers are better off on average, they are still at significant risk for instability. Positive leavers are the most likely to report high credit card debt, and one in five report difficulty affording food or paying their utility bills. Further, our qualitative interviews suggest that this group may have been particularly vulnerable to the effects of the Great Recession: some had become homeowners and were struggling to make payments on large interest-only loans. The housing they had been able to afford was often in the least desirable neighborhoods and likely to rapidly lose value, leaving them underwater. Finally, they faced the possibility of losing the employment that had helped them leave assistance in the first place and being unable to make mortgage or rent payments. For some of these households, the dream of building enough assets to move out of poverty permanently was becoming increasingly elusive.

These findings suggest the need for new, targeted approaches to support both households at risk of losing their assistance and those moving toward leaving for positive reasons. According to our analysis, households that leave assistance for negative reasons are at risk of falling into the homeless system. Given the high costs and negative outcomes (especially for children) associated with homelessness, HUD should implement policies requiring housing authorities to target households that appear to be at risk of lease violations or eviction with intensive supports. We believe it is possible to develop a targeting strategy based on the Urban Institute’s work on vulnerable public housing families (Popkin and McDaniel 2013; Theodos et al. 2012). That work shows that the highest-risk households are those where there is no regular earner and the household is struggling with rent arrears; housing authorities should be able to readily identify those households through their administrative and property management data systems. While intensive case management can be costly (Popkin et al. 2010), it is almost certainly less expensive than the multisystem costs associated with being homeless or unstably housed.

Households transitioning off assistance also require assistance, especially given the difficulties of getting back on federal housing assistance. Again, housing authorities should be able to use their annual recertification data to identify households with income increases or new members. HUD could require or housing authorities could voluntarily target these households for such services as financial counseling, budgeting assistance, and links to community services. FSS programs sometimes offer these kinds of supports, but the services offered vary considerably across housing authorities.

Our qualitative interviews with MTO families also suggest a need to carefully evaluate the true potential of HUD’s homeownership promotion strategies to help assisted households build assets and achieve economic stability. The families we interviewed faced all the worst problems of the housing bubble: high-interest or interest-only loans; and housing that lost rather than gained value, leaving them underwater. Even those who had managed to hold onto their housing faced serious challenges; they were often only able to afford older units in relatively poor neighborhoods and were challenged by the substantial costs to keep up their units. Before continuing to move forward with homeownership promotion as a strategy for families on housing assistance—some of the poorest families in the United

States—we recommend HUD commission a thorough long-term evaluation of its Section 8 homeownership and FSS escrow programs.

Finally, we are in an era of shrinking safety nets that is likely to leave these families ever more vulnerable. Congress has been gradually squeezing funds for housing assistance, reducing the already-low odds that families who leave and then fall into homelessness will be able to get back on assistance. However, there are signs of a renewed policy interest in poverty and inequality. As part of any new debate, we need a real policy conversation about both the costs of *not* providing support to families who leave assistance as well as about not serving the far larger number of families who never manage to receive assistance in the first place.

Notes

¹ Two major types of federal housing subsidies are public housing and Housing Choice Vouchers (formerly Section 8). For residents, public housing is very low cost and sometimes provides a place-based concentration of services and programs for children and adults. However, such neighborhoods concentrate poverty and can have higher crime, poor-performing neighborhood schools, low-quality housing, and the stigma of living in “the projects.” Housing Choice Vouchers are portable with greater neighborhood and housing choice and less stigma. However, residents often face higher utility bills and must navigate the private market and landlords (who may or may not accept the subsidy as payment) while complying with program rules about using the voucher within a set time frame.

² Eligibility for housing assistance is determined by household income. While targeting requirements may influence the income of a household offered assistance, generally, a household with less than 80 percent of the area median income is eligible.

³ There is some evidence that elderly household heads and disabled household heads are less likely to stop receiving Housing Choice Vouchers (Olsen, Davis, and Carrillo 2005).

⁴ While households may be *eligible* for admission if their income is below 80 percent of the area median, targeting requirements are often much lower.

⁵ Per Turner and Kingsley (2008), HUD classifies a household’s income in relation to the median income for the local housing market area (an approach considered more equitable than the federal poverty level since it roughly takes differences in cost of living into account). According to HUD definitions, low-income is less than 80 percent of median, very low income is less than 50 percent of median, and extremely low income is less than 30 percent of median.

⁶ HUD is currently funding a major MDRC study of the FSS program.

⁷ The findings from the MTO experiment have been reported extensively elsewhere (see Ludwig et al. 2008; Sanbonmatsu et al. 2011).

⁸ The information in this section is excerpted from Comey, Popkin, and Franks (2012). The assistance types are public housing, tenant-based federal rental assistance, project-based nonpublic housing federal rental assistance, and no federal rental assistance (including owners, unassisted renters, the homeless, and those with other statuses).

⁹ The researchers based the new questions on the MTO interim survey (Orr et al. 2003) and the HOPE VI Panel Study, a five-site study that tracked outcomes for 887 residents of public housing developments targeted for redevelopment. See Popkin et al. (2002) for a full description of the study.

¹⁰ MTCS/PIC data contain longitudinal information on families living in public housing or receiving tenant-based housing vouchers (Form 50058), whereas TRACS/Multifamily data contain longitudinal information on families living in project-based Section 8 housing (Form 50059). See Comey et al. (2012) for a complete description of the methodology for identifying households’ housing assistance status.

¹¹ The eight possible housing categories are renter with tenant-based assistance, renter in public housing, renter with project-based assistance, renter without housing assistance, homeowner, homeless individual, individual who lives with family or friends and does not pay rent, and individual with another housing arrangement. The researchers could not determine assistance status for owners, because most owners were not asked about housing assistance. For this reason, the final categories include information only on rental assistance, not on homeownership assistance.

¹² This number and percentage reflect unweighted respondents since we matched actual survey respondents to administrative data. This share differs from other published reports and articles about the unassisted MTO population like Sanbonmatsu et al. (2011) and Comey et al. (2012) because those papers report the share of the control group only. This paper does not differentiate by the MTO control and treatment groups.

¹³ See, for example, Popkin et al. (2002; 2010; 2013).

¹⁴ As noted previously, self-reports can be unreliable and inaccurate. For example, 13 percent of respondents who said they no longer received assistance said they left assistance because they had relocated from public housing and later could not move back. Given the frequency of redevelopment in MTO communities (primarily from HOPE VI), some

families probably relocated and could not later move back. What is unclear is if all these families left assistance entirely or if some had tenant-based vouchers (and thus were still assisted).

¹⁵ The weighted share of households classified as unassisted who self-identified as such was 54.1 percent.

¹⁶ “Incoming out” can be associated with tenant-based assistance as a family’s rising income reduces the subsidy it receives of its private-market rent. Households in public housing face a similar phenomenon: income increases can push their public housing rent up to fair market or ceiling rent.

¹⁷ Heads of household identified as a positive leaver because they incomed out if they (1) answered the survey question about why they no longer received housing assistance because they incomed out or purchased a home, (2) responded that they were a homeowner during the final survey, or (3) the household total income was above the HUD Section 8 limit reported in either the interim (2002) or final (2009) surveys. Heads of household identified as a negative leaver (or forced out) if they (1) answered the survey question about why they no longer received housing assistance because they were evicted, terminated, or forced out of the program; or (2) household income at interim or final was below the HUD Section 8 limit. Income limits were applied using the household sizes at interim and final and addresses at interim and final.

¹⁸ Given the recession and housing crash that began soon after the end of the MTO experiment, homeownership was not necessarily a long-term positive outcome for many families. However, we consider it a positive reason for leaving assistance because it suggests the household had the means and intent to leave assistance.

¹⁹ We employed a 50 percent threshold to approximate families whose departure decisions may be influenced by declining subsidy because this level is (1) used by HUD’s Office of Policy, Development and Research as an element in the definition of worst-case need for housing assistance, (2) a criterion for initial eligibility in the MTO demonstration, and (3) part of HUD’s explanation of eligibility for Housing Choice Vouchers suggesting families above this threshold receive little or no tenant-based assistance (see http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet).

²⁰ This is similar to the portion of families who leave welfare because of increased employment. More than half of all welfare leavers cite increased earnings, finding a job, or working more on the same job as the primary reason for leaving welfare (Acs and Loprest 2001).

²¹ Survey and administrative data do not reliably indicate the date at which households left assistance, so classifying households’ reasons for leaving assistance based on income at final survey and current homeownership status is an imperfect process. For example, it assumes that any unassisted household that did not report eviction, termination of eligibility, or incomed out, but does report homeownership, left assistance for positive reasons. For such a household, we do not know the circumstances of its departure from assistance, but infer from its reported homeownership that the family left assistance to pursue better opportunities of their own will or because their income then exceeded eligibility limits. Because homeownership and income at interim and final do not necessarily align with unassisted households’ departure from assistance, we rely first on the survey item asking them why they left assistance, when possible.

²² As noted earlier, adding an additional wage earner to a household could push income high enough that the corresponding housing subsidy is very low or zero.

²³ Two of the five sites—Baltimore and Chicago—had entirely African American populations. Both those sites had large numbers of HOPE VI grants and were relocating many of their residents. Since housing authorities have great discretion in setting lease requirements and enforcing one-strike rules, these sites could have used different standards for eviction than the other sites.

²⁴ This finding is consistent with the HOPE VI Panel Study research (McGinnis, Buron, and Popkin 2007) and with the fact that many families leave assistance because their income rises to a level where they receive little or no benefit.

²⁵ See also Erik Eckholm, “Recession Raises Poverty Rate to a 15-Year High,” *New York Times*, September 16, 2010.

²⁶ Some recipients of federal housing assistance participate in programs that support and encourage homeownership through escrow accounts, mortgage support, counseling, or other inducements. It is unclear how many interview respondents, if any, participated in such programs.

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