

Disparities and Similarities in U.S. and U.K. Rent Subsidy Programs: A British Perspective on the Moving to Work Demonstration

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This collection is a valuable contribution to the evidence base on Moving to Work (MTW), demonstrating high methodological standards, including randomization, quasi-experimental methods, use of controls, and addressing several key policy issues raised by the program. The details on MTW activities will be valuable to public housing agencies (PHAs), whatever their current status, as well as to policymakers, residents' groups, and advocates.

The collection builds on earlier research on MTW, going back to the mid-2000s. One of the papers refers to at least seven studies of MTW and housing choice and five studies on MTW and self-sufficiency in the past 7 years.¹ Accessible evidence of this standard creates housing policy soft power. Research articles on the HOPE VI and Moving to Opportunity (MTO) programs of the 1990s were so extensively published in international journals and searchable open-access pieces that they also became well known to (if not always fully understood by) European academics and policymakers. This evidence inspired 12 “mixed communities initiative demonstration projects” in the United Kingdom (U.K.), which started in 2005 (and which I was involved in evaluating), and more comprehensive programs in the Netherlands and France.

The robust quantitative evidence puts this group of reports into the international evidence gold standard. The handful of interviews on PHA strategy in the use of project-based vouchers (PBVs) are illuminating, however, and more qualitative elements could have added to understanding.² Was the flexibility of MTW agencies used as envisaged by policymakers? Are there downsides to flexibility? Do non-MTW PHAs find the lack of flexibility a problem, or, as the report on the topic suggests, was flexibility mainly a tactical approach to funding cuts? Resident voices and, indeed,

¹ Treskon, Mark, Matthew Gerken, and Martha M. Galvez. 2020. “Can Diverse Activities Have a Combined Impact? Examining the Effects of the Moving to Work Demonstration on Housing Choice and Self-Sufficiency Outcomes,” *Cityscape* 22 (3): 163

² Galvez, Martha M., Ruth Gourevitch, and Benny Docter. 2020. “A Picture of Moving to Work Agencies’ Housing Assistance,” *Cityscape* 22 (3): 9

resident interests are missing from these papers. Do residents prefer public housing, PBVs, or housing choice vouchers (HCVs)—if they have a choice? How did residents react to the prospect—or actuality—of losing \$1,350 or more a year through increased contributions as required in Santa Clara, California?³

The U.S. and U.K. public housing and rent subsidy programs are very different from one another. From a U.K. point of view, the lack of flexibility for PHAs without MTW is notable. Despite 40 years of the Right to Buy policy—a U.K. policy that gives secure tenants of councils and some housing associations the legal right to buy the council house in which they live at a large discount, and has cut the housing stock in half—the United Kingdom still has considerably more public housing than the United States. About 5 million “social rent” (council and housing association) homes are available in the United Kingdom, at about 50 percent of the market-rent level, providing for 17 percent of all U.K. households. Two-thirds of U.K. social renters receive “housing benefit” to help to pay their already-low rent, as do a minority of private tenants, totaling about one-tenth of all U.K. households. Nonetheless, MTW’s statutory aims and many of the initiatives that agencies have taken since the program started in 1998 are mirrored by similar reforms (or attempts at reform) in the United Kingdom over the same period. U.K. governments of various colors have tired of the cost of housing subsidy or its failure to tackle all social ills. A long-term shift has been occurring in the United Kingdom from subsidizing homes to subsidizing people to pay their rent via housing benefit, which mirrors the growth of HCVs. Private rental housing has been used increasingly to provide temporary accommodation for people eligible for but waiting for social housing, and 6-month-long private rented tenancies are now a legal alternative to more secure social housing. Ironically, that has resulted in increasing total housing benefit costs, prompting further efforts at reform and savings elsewhere, and today one-third of people in poverty (with incomes below 60 percent of the national median) are in private renting, the same proportion as in social renting. MTW seems to have avoided those problems by making efficiencies and by requiring tenants to do so.⁴ Also mirroring MTW, the United Kingdom has made attempts to remove what are believed to be perverse incentives to tenants and to link housing support to employment and training.

The different sizes and mix of the population mix in U.K. social housing residents have created somewhat different politics. For example, just as some MTW agencies increase households’ rent contributions if they are deemed to have too large a home, the U.K.’s 2010–2015 coalition of Conservatives and Liberal Democrats decided to pay housing benefit only for the “right” number of rooms for each household, which affected 10 percent of all social renters. This policy was quickly nicknamed the “bedroom tax” by campaigners and mainstream media and became the best-known and most-campaigned-against welfare reform of the 2010s. Castells says only that households “absorbed their increasing housing costs.” In England, there is evidence of considerable distress from this and other housing benefit reforms. Some people could move home, a smaller number could increase their earned income, but the largest group cut back on essentials, borrowed from

³ Castells, Nina, 2020. “The Effects of Increasing the Tenant Rent Contribution in the Housing Choice Voucher Program,” *Cityscape* 22 (3): 85

⁴ Stacy, Christina, Josh Leopold, Daniel Teles, Alyse D. Oneto, Yipeng Su, Matthew Gerken, and Ruth Gourevitch. 2020. Fund More, Serve More, Save More: Moving to Work and Cost Effectiveness. *Cityscape* 22 (3): 193.

family or friends, or got into other debt—some developed anxiety and depression. Several cases of suicide are under investigation. Although benefit policy is determined at the U.K. level, the governments of Scotland and Northern Ireland chose to use their own funding to mitigate the impact of the “tax” for their residents. As another example, whereas some MTWs increase tenant rent contributions in response to budget cuts, the U.K.’s coalition government gave social landlords the power to charge market rents to tenants with incomes over \$80,000, a policy nicknamed “pay to stay.” When those landlords showed little interest in that practice, the government tried to make the policy compulsory, also lowering the threshold to \$41,000 per year, which would have affected about one-tenth of all tenants. The policy was dropped after widespread protest and evidence that implementation would be difficult (because agencies do not know tenant incomes) and might add to work disincentives and poverty.

I know all too well that evaluators have to stick to the brief, and that doing neutral research in an active policy area can be tricky. In the United Kingdom in the 2000s, my colleagues and I struggled to convey to policymakers our unexciting, evidence-based assessment that the U.K. social housing population was already fairly “mixed” and that the benefits of an additional mix (of housing tenure and income) could not justify the financial and nonfinancial costs of creating this mix through demolition, new build, and displacement (as inspired by HOPE VI). Nonetheless, these MTW papers probably could have done more to point out the local, national, and temporal contexts of their data gathering.

Inevitably, these papers cannot describe the wider policy context into which their carefully assembled evidence will be thrust. The collection only touches on current steps to increase the number of MTW agencies and does not say where the evidence supports widely held beliefs about MTW—or does not support them. For example, it is worth saying bluntly that these papers suggest that “Moving to Work” is a misnomer, as its homes and households are no more likely to be in lower poverty (and presumably higher work opportunity) areas than those in comparable traditional PHAs. Housing policy—public housing policy, in particular—can be eager to please and to appear significant, but it should not try to do everything. How much time and money should housing providers spend trying to get people childcare, education, or jobs? The economy, economic policy, and housing markets must take some responsibility too. For example, no voucher regime can provide choice if landlords commonly refuse to rent to tenant-based voucher holders, as Galvez, Gourevitch, and Docter state.⁵ Discrimination has to be challenged directly. The paper by Castells on the effects of increasing the tenant rent contribution in the HCV program is fascinating and expert; however, the difference-in-difference method irons out variations in labor markets.⁶ For me, the most interesting result was the dramatic increase in housing choice voucher resident incomes in MTWs and nearby control PHAs alike, which far outweighed the differences between them. It also limits the potential to generalize results in times and places with worse job opportunities—like most places now.

⁵ Galvez, Martha M., Ruth Gourevitch, and Benny Docter. 2020. “A Picture of Moving to Work Agencies’ Housing Assistance,” *Cityscape* 22 (3): 9

⁶ Castells, Nina, 2020. “The Effects of Increasing the Tenant Rent Contribution in the Housing Choice Voucher Program,” *Cityscape* 22 (3): 85

Based on this excellent research, another urgent task awaits: to translate the results into a wise policy for an expanded MTW scheme.

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