

# The Effects of Federal and Local Housing Programs on the Transition From Welfare to Work: Evidence From New York City

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## Abstract

*This article examines two hypotheses that explain how federal and local housing programs influence the transition from welfare to work. The enabling hypothesis suggests that housing programs provide residential stability and free resources for households to use for work-related expenses such as childcare and transportation. Project-based housing programs may also provide more onsite support services that facilitate finding and keeping a job. The hindering hypothesis suggests that housing subsidies, many of which impose a high marginal tax on income, discourage employment. The location of subsidized housing projects may also hinder employment because of neighborhood crime, poverty, and distance from employment opportunities.*

*The authors' results provide little support for either the enabling or hindering effects of housing programs on the transition from welfare to work in New York City. Although the lack of any effect on either employment or welfare participation may be due to the unique housing policy and market context of New York City, their results are consistent with a growing body of empirical research findings that public housing has few, if any, employment effects.*

Since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), housing policymakers and researchers have focused on the effects of housing programs on welfare reform. In particular, they have questioned the extent to which housing policy does or does not support the primary goal of welfare reform: to move welfare recipients to jobs within a specified time limit.

Using data from a unique panel study of women on welfare in New York City in 1996–97 along with focus groups and administrative interviews, this article examines the influence of federal and local housing programs on the transition from welfare to work. Specifically, we estimate the effect of living in federally subsidized housing and locally

subsidized housing units on the probability of leaving welfare and gaining employment among a sample of women on welfare. We also investigate whether neighborhood characteristics, such as poverty and crime, mediate the effect of such housing programs on the transition from welfare to work.

## Background

For much of their history, the government-assisted housing and welfare systems, both of which began in the 1930s, were viewed as separate and distinct spheres of public policy. This view persisted even as the population served by public and other federally assisted housing programs became increasingly dependent on welfare and as a growing proportion of the welfare population also received housing assistance (Hays, 1995). By the time PRWORA was passed, nearly half of all families with children in federally assisted housing received welfare, and approximately one-quarter of all families on welfare were living in federally assisted housing (Sard and Daskal, 1998).

Most accounts of the results of PRWORA have been cautiously optimistic (O'Neill, 2001). Welfare rolls have dropped dramatically since passage of welfare reform, as has the proportion of single mothers on welfare, and employment of such women has risen. Little is known, however, about the fate of former recipients who left welfare. In addition, opinions about PRWORA may change after the current economic downturn is complete and after the law's 5-year limit on welfare receipt is met. For the moment, however, mainstream welfare policy debate centers on how to best complement PRWORA's positive outcomes.

Since PRWORA's passage, policymakers and policy researchers have focused their attention on the synergy between housing subsidy programs and the welfare system (Khadhuri, Shroder, and Steffen, 2001; Newman, 1999). Sard and Lubell's (2000) review of various studies found that welfare reform had a larger positive effect on families receiving housing subsidies than on other families. Such an effect would be especially significant in New York City, which has the largest welfare caseload of any U.S. city. In 1999, more than 225,000 families were living on welfare in New York City, representing nearly 9 percent of all U.S. families on welfare (Allen and Kirby, 2000; HHS, 2000). New York City also has the largest public housing program of any U.S. city with more than 180,000 occupied units of public housing, representing approximately 14 percent of public housing units nationally (NYCHA, 2000; HUD, 2000). The city has a similarly large share of the nation's federally assisted housing. The scale of New York's housing and welfare programs allows researchers a better understanding of how housing programs affect welfare participation nationally.

New York City is also significant, however, because of the nature of its public housing stock and its sizable commitment of local resources to its own low-income housing program, which is by far the largest of any U.S. city (Bach, 1999; Van Ryzin and Genn, 1999). The city built the nation's first public housing projects, and it has long been considered to have one of the best-run public housing programs of any large U.S. city (Thompson, 1999). The New York City Housing Authority (NYCHA) has also emphasized a mixed-income strategy of tenant selection over the years, maintaining a higher percentage of working tenants than other big-city housing authorities (Thompson, 1999). Thus the concentrated poverty and chronic unemployment associated with urban public housing communities in places such as Chicago may be less of a barrier to work for public housing residents in New York.

New York City's low-income housing program remains distinct from NYCHA's public housing program. Using a massive stock of housing acquired from tax delinquents in the

1970s and early 1980s, the city has spent more than \$5 billion on building or preserving more than 140,000 units of mostly low-income housing (Braconi, 1999; Van Ryzin and Genn, 1999). Approximately half of these units were in buildings that were at least partially occupied, and the remainder were in vacant buildings that required gut rehabilitation or new construction. After restructuring finances and rents, the city sold these properties to nonprofit organizations; tenant cooperatives; and community-based, for-profit landlords. These units have become a major source of government-assisted low-income housing in New York City.

Unfortunately, the city does not publish statistics on the characteristics of households living in these units. These units were in New York's poorest neighborhoods and certainly housed many households on welfare (Salins, 1980; Braconi, 1999). In addition, the city targeted up to 30 percent of its gut-rehabilitated units to formerly homeless families, most of which were on welfare (City of New York, 1989). Thus welfare reform has important implications for New York City's local and federal public housing programs.

In what ways might federal and local housing programs influence the transition from welfare to work? Policy and research in this area suggest several possibilities, which can be classified broadly as either enabling or hindering effects on the transition from welfare to work.

Government-assisted housing may enable the transition from welfare to work in several ways. First, having secure tenure in an affordable unit may help residents find and keep a job. Employers may prefer applicants with a permanent address both for practical reasons and because of the responsibility and reliability a permanent address represents. Moreover, the disruption caused by not having a permanent place to live, moving often, or doubling up can interfere with work and make keeping a job difficult.

Second, the reduced rent of assisted housing allows householders to devote more of their income to other purposes, including job searches and job-related expenses such as clothing, transportation, and childcare. These job-related investments may help participants in government-assisted housing programs more easily find and keep employment.

Third, many public housing programs, as well as some local housing programs, include onsite services that help support employment. The U.S. Department of Housing and Urban Development (HUD) grants housing authorities ongoing as well as special funding to provide transportation, childcare, training, and other workforce development services (Fishman et al., 2000). Housing authorities are also required to run family self-sufficiency programs, which encourage employment through escrow accounts and other incentives (Rohe and Kleit, 1999). Local housing programs, particularly the one in New York, which relies heavily on community-based nonprofits, also provide support services along with housing (Goetz, 1993; Briggs and Mueller, 1997). These residential services are in marked contrast with the limited bundle available in most unsubsidized rental housing.

However, public and other government-assisted housing programs may hinder employment. The rent subsidy that is the major benefit of most government-assisted housing programs may itself reduce the incentive to work (Moffitt, 1992). Perhaps more important, public and federally assisted housing rules calculate the rental subsidy by subtracting 30 percent of household income from the established fair-market rent. As household income increases, the subsidy decreases proportionally. If household income reaches the program's eligibility limit (typically 50 percent of median income), the household could lose its subsidy altogether—along with its right to remain in the unit.

Clearly, these rules create potentially strong disincentives to work. Indeed, research by Currie and Yelowitz (1998) finds that public housing rent rules “induce substantial labor supply distortions,” with significant negative effects on labor force participation and positive effects on welfare participation. Because of this concern, the 1998 Quality Housing and Work Responsibility Act (QHWRA) specifically authorizes public housing agencies to change their rent rules to encourage work—for example, by establishing flat rents or ceiling rents or by disregarding increases in income in the calculation of rents (Sard and Lubell, 1998).

The poor neighborhood conditions associated with public and other government-assisted housing may also hinder employment. Various studies have shown that project-based housing assistance is associated with both concentrated poverty and neighborhood crime (Newman and Schnare, 1993; Goering, Kamely, and Richardson, 1994; Mollenkopf et al., 1998). Recent research suggests that this pattern is particularly pronounced among households on welfare (Khadduri, Shroder, and Steffen, 2001). The evidence suggests that living in a neighborhood characterized by high poverty and crime may influence labor force participation rates (Osterman, 1991; Rosenbaum, 1991). For example, the social norms and social networks of neighborhoods with high poverty rates may not be conducive to seeking and maintaining work (Reingold, 1999).

Neighborhood crime and violence also has been cited as a key factor in discouraging people from working, particularly women on welfare with children (Rubinowitz and Rosenbaum, 2000). Research on the Gautreaux program (Rosenbaum, 1991) found gains in labor force participation among householders who moved out of public housing to suburban neighborhoods with less poverty and crime.

Another hindering factor of public and other government-assisted housing may be location (Connell, Devine, and Rubin, 1998; Ihlanfeldt and Sjoquist, 1998). Many public and government-assisted housing units were built in declining inner-city areas that are far from the economic growth and job opportunities available in the suburbs of many metropolitan areas.

Although location may be less important in New York, which maintains an economically vibrant central business district and an extensive public transit system, more subtle forms of spatial mismatch may be affecting the city’s public housing residents. For example, a number of the city’s large public housing projects were built in isolated neighborhoods not well served by public transportation. In addition, many of the city’s public housing projects are located in urban renewal zones, where large tracts of cleared but still undeveloped land and scarce retail and commercial structures attract few neighborhood-based employers (Plunz, 1990). Some researchers have also suggested that residents of public housing may suffer the effects of address discrimination from widely held negative perceptions of public housing communities (Kirschenman and Neckerman, 1991; Reingold, 1997).

To summarize, public housing programs may provide stability and access to services that increase residents’ likelihood of employment and decrease the need for cash assistance (the enabling hypothesis). The financial incentives and neighborhood characteristics associated with public housing programs, however, may decrease the likelihood of employment and lengthen the duration of welfare receipt (the hindering hypothesis). Deciding which one of these two hypotheses is correct is an empirical matter and underscores the value of the analysis we present in the following sections.

## Data and Methods

To evaluate the two hypotheses, we analyzed data from a survey of welfare recipients in New York City conducted by the Center for the Study of Business and Government at the Baruch College School of Public Affairs. This survey was part of a comprehensive evaluation of job-training programs in New York City. The survey data were augmented with housing program data, census tract characteristics, and precinct-level crime reports, detailed in the following sections.

## Qualitative Analysis

Before the statistical analysis, we conducted a set of exploratory focus groups at a local welfare-to-work center. The focus groups were composed of adults on welfare and seeking employment. Each group included a mix of people living in public housing, receiving Section 8 benefits, or occupying unsubsidized housing units. The discussions focused on the ways in which the participants' housing and neighborhood facilitated or inhibited their ability to find and keep a job. The focus group participants emphasized crime as an inhibitor (for example, being afraid of traveling to work, particularly early in the morning, and of leaving children alone at home) but put less emphasis on neighborhood poverty or transportation problems. Appendix A summarizes the results of the focus groups, which helped guide our initial quantitative investigation.

Appendix B summarizes the results of administrative interviews conducted with representatives of NYCHA, the New York City Department of Housing Preservation and Development (HPD), and various local nonprofit and advocacy groups with an interest in housing and welfare reform. The interviews focused on the administrative and policy responses of these housing organizations to welfare reform. Appendix B also includes our qualitative and historical research into the effect of welfare reform on New York City's housing bureaucracies. We interviewed representatives of Community Development Corporations (CDCs) that provide, in partnership with HPD, formerly *in rem* apartments to eligible low-income families. We also reviewed literature on welfare reform and housing policy and public documents related to the city's various housing subsidy programs. These documents included NYCHA's Annual Plan for 2001, recent editions of the *Mayor's Management Report*, and various reports relating to QHWRA. We were also able to interview the congressional sponsors of QHWRA for their insights into how the law has affected NYCHA and other housing agencies in New York City.

Based on our qualitative review, we conclude that, to date, welfare reform has had surprisingly little effect on New York City's housing bureaucracies. HPD sees buildings and their owners, not tenants, as its main clients; therefore, it views welfare reform as having only an indirect effect on the organization. NYCHA and the CDCs do see individual tenants, many of whom are welfare recipients, as being their clients. But, rather unexpectedly, these organizations also reported that welfare reform had not had a significant effect on their operation. If we regard employment and exit from welfare as desirable outcomes of housing policy, and the operations and organization of the city's housing bureaucracies as the implementation of housing policy, then it seems that welfare reform has had little effect on either the outcomes or implementation of housing policy in New York City.

## Quantitative Analysis

The Center for the Study of Business and Government survey, the basis of our statistical analysis, consisted of interviews of a representative sample of women receiving Aid to Families with Dependent Children (AFDC) who were eligible for or participating in

short-term welfare-to-work programs in New York City (excluding Staten Island). Between December 1995 and May 1996, 4,966 women receiving AFDC were interviewed. These baseline interviews were conducted at eight offices of the Human Resources Administration's Begin Employment Gain Independence Now (BEGIN) program and at the office of America Works, with most interviews (4,566) occurring at BEGIN offices.

At the time of the interviews, nearly all women who were eligible for or participating in a New York City welfare-to-work program were required to pass through a BEGIN office either to maintain their benefits or to receive payment for training and other related expenses. For each BEGIN office, data on client flows from the previous year were used to estimate the number of interviews to conduct. The interviews lasted approximately 75 minutes, were conducted in both English and Spanish, and were run by trained interviewers using computer-assisted personal interview software and laptop computers. Participants were offered \$5 as a financial incentive to complete the interview. The survey instrument was designed to collect extensive background and other information about each respondent that might be related to employment and welfare receipt, including the following:

- Employment history (jobs, earnings, training).
- Education.
- Past AFDC participation (number of spells, size of AFDC payment).
- Past welfare-to-work program participation.
- Marital history.
- Current living arrangements (number of adults, relatives, and children).
- Fertility history (number and timing of children, previous births, and desired fertility).
- Health and educational development of dependent children.
- Family background (parental education, childhood family structure, and ethnic and religious background).
- Social support.
- Emotional and psychological status.
- Nonverbal intelligence, using the Test of Nonverbal Intelligence-2 (TONI-2).

The women in the baseline sample were reinterviewed by telephone approximately 1 year after the initial interview (the mean elapsed time between interviews was 13 months). These followup interviews lasted approximately 25 minutes and were conducted by trained interviewers using computer-assisted telephone interview software. Participants received \$5 in the mail as a financial incentive to complete the followup interview, which focused on obtaining information about each woman's participation in welfare-to-work programs, receipt of public assistance, labor market experiences, and changes in marital status and family structure during the period between interviews.

Despite incentives, tracking, and other efforts, a fairly high rate of attrition was present; 43 percent of the original baseline sample could not be reinterviewed. Although a number of statistically significant differences existed between those who could and could not be reinterviewed, these differences were all quite small in substantive terms.<sup>1</sup> In previous analyses of these data, we applied various statistical solutions to the attrition problem using available data. The results of these analyses indicated that statistical adjustments for attrition had virtually no effect on parameter estimates (Fitzgerald, Gottschalk, and

Moffitt, 1998; Hill, Kaestner, and Main, 2001). Because there are also numerically small differences in measured characteristics between observations missing due to attrition and those that remain, we believe that attrition is not a serious source of bias in these data.

To examine how housing programs affect the transition from welfare to work, the survey data were augmented with housing and neighborhood data. The housing program status of the units occupied by survey respondents at baseline was determined by matching respondents against a comprehensive database of addresses for all government-assisted housing in New York City compiled by the Center for Urban Research at City University of New York. The database includes administrative records from HUD, NYCHA, the New York State Division of Housing and Community Renewal, and HPD.

We supplemented this database with information on the Section 8 program provided by NYCHA. This information was used to classify the addresses of baseline survey respondents into four categories of housing assistance:

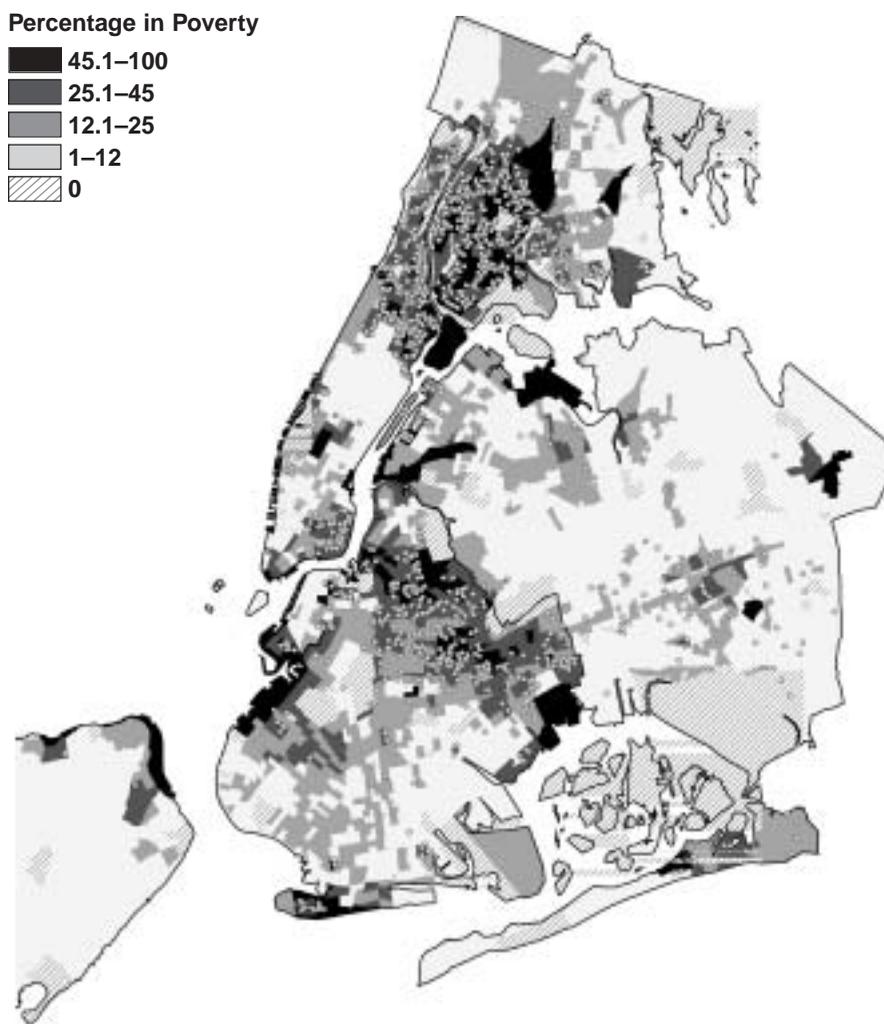
- **Public housing.** These units are owned and managed by NYCHA as part of the federal low-rent public housing program.
- **Federally assisted, privately owned rental housing.** These units include a mix of project-based Section 8, Section 236, and the more recent Low-Income Housing Tax Credit program, all of which provide subsidies to private developers to build and operate low-income housing.
- **New York City's local housing program.** These units are in various programs administered by HPD and include mostly landlord-abandoned buildings that were resold and renovated by nonprofit organizations or for-profit developers using community development block grants and municipal loans and subsidies. Section 8 rent subsidies also are used to finance some of these buildings.
- **Section 8 benefits.** These tenant-based subsidies, which in New York are administered primarily by NYCHA, help low-income renters meet the costs of occupying units in privately owned and managed buildings.
- **Other housing subsidy programs self-reported by survey respondents.** This category includes respondents who indicated that they lived in public housing but whose addresses were not matched to a program as well as those who said that they received a welfare shelter allowance. The welfare shelter allowance is a supplement to the ordinary welfare cash grant for New York City households whose high housing costs put them at risk of being homeless. Approximately one-quarter of the city's welfare households receive a shelter allowance.
- **No housing program.** This category includes respondents whose addresses were not matched to any program and who reported to interviewers that they did not live in public housing or receive a shelter allowance.

Finally, the addresses recorded in the survey were geocoded and linked to 1990 census data and City of New York Police Department (1998) crime reports. The main census variable of interest in our analysis is the percentage of families in the census tract living below the federal poverty level in 1989. The main crime variable of interest in our analysis is the 1996–97 average number of reported violent felonies per 1,000 population in the precinct. These variables are mapped and presented in exhibits 1 through 4.

Analytically, we began by simply comparing the characteristics of the respondents in each program category, focusing on employment and welfare participation. We then estimated a series of logistic regression models of employment and welfare participation that

## Exhibit 1

### Poverty and Location of Households in Subsidized Housing, New York City



control for observed differences in background characteristics and examine the potential mediating role of neighborhood characteristics. The models examine the effect of any housing subsidy at all (the aggregate of all programs) as well as the effect of each individual type of housing subsidy program.

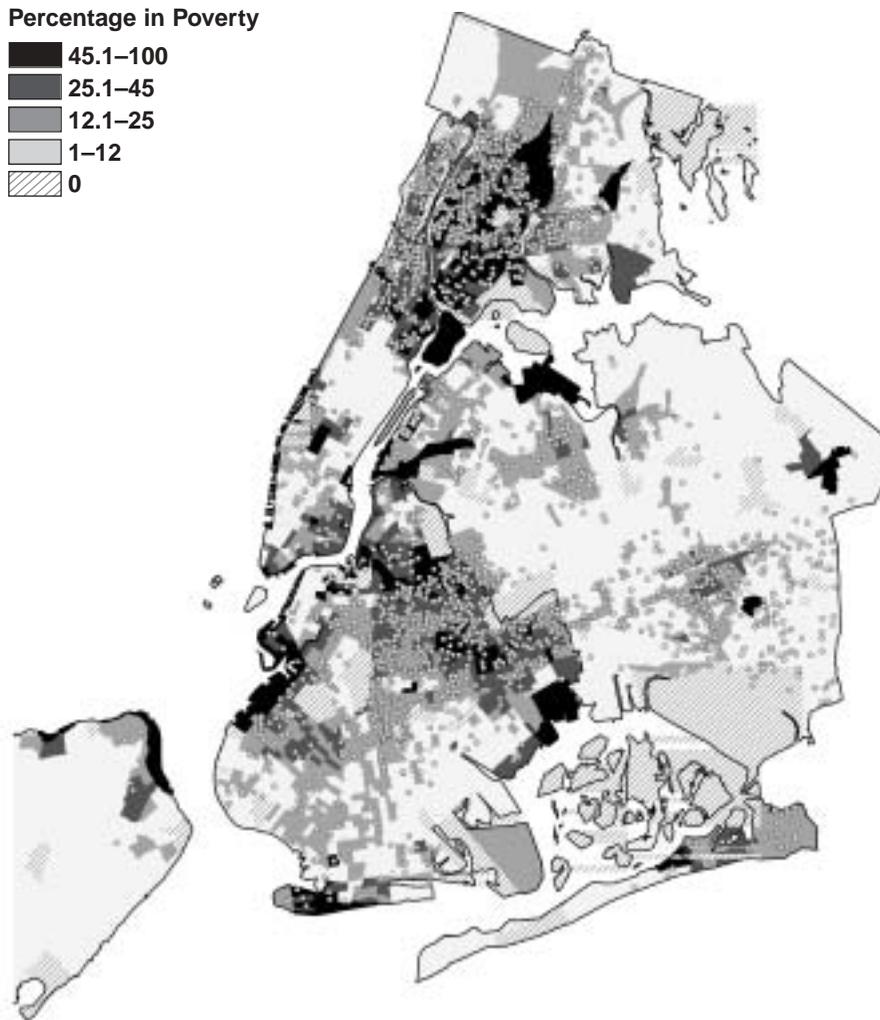
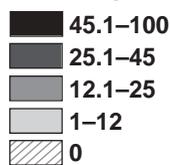
In addition, we estimated two basic models: one that includes a small set of covariates, and another that includes an extended set of covariates. The small set of covariates includes eight variables: age, race, ethnicity, education, number of children, length of current spell of public assistance receipt, time between interviews, and whether the respondent is a subfamily (living with another renter or owner) or not.

The more extended set of covariates includes all 8 variables in the small set and 16 additional variables: years in residence at baseline, marital status, TONI-2 percentile score,

## Exhibit 2

### Poverty and Location of Households Not in Subsidized Housing, New York City

#### Percentage in Poverty



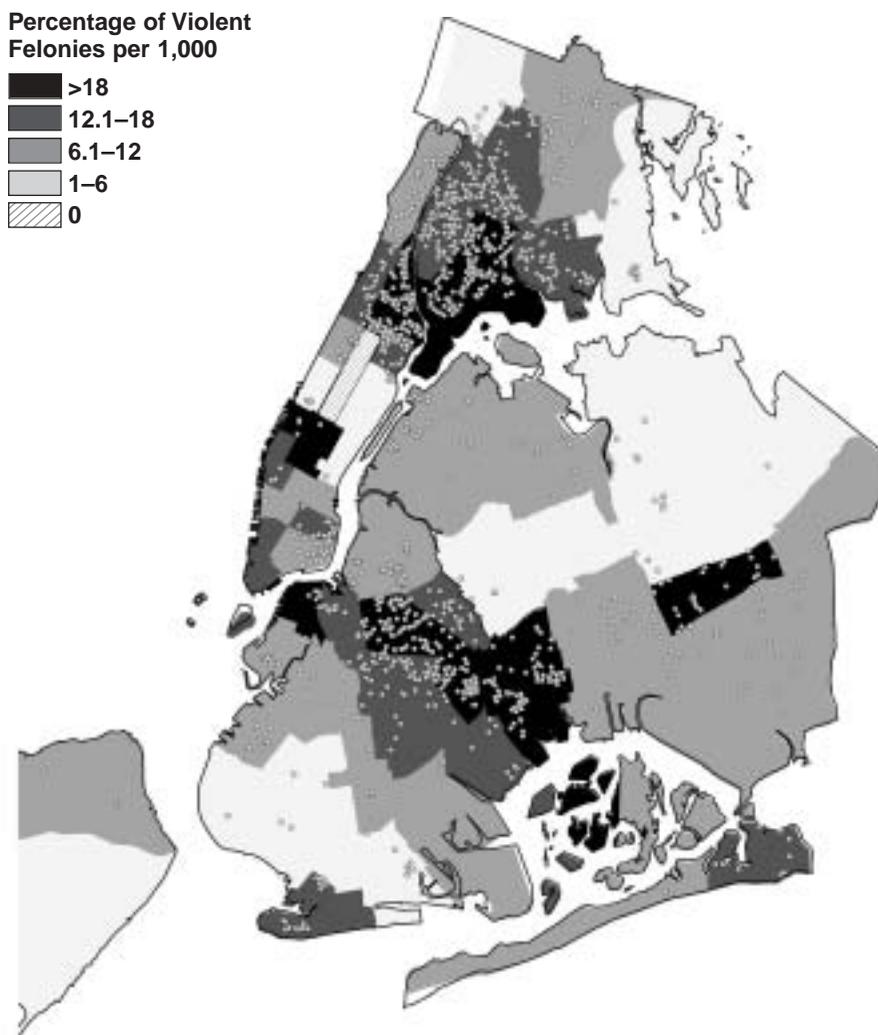
participation in a job program at baseline and prior to baseline, Rotter's Locus of Control scale, previous labor force experience at baseline, substance (cigarette, alcohol, and drug) use at baseline, Spanish-speaker status, native-born status, frequency of attendance at religious services, parental structure at age 14, mother's education level, history of public assistance receipt by the family, whether the household had a library card, number of children in childcare, and an indicator of the respondent's social support network.

## Results

Exhibit 5 shows the basic descriptive statistics by type of housing program. The rates of both welfare and labor force participation of those respondents in subsidized housing (all programs) were very similar to those not in subsidized housing. Those in subsidized housing had only slightly higher rates of welfare receipt (77.6 percent) than those not in

### Exhibit 3

#### Violent Felonies and Location of Households in Subsidized Housing, New York City



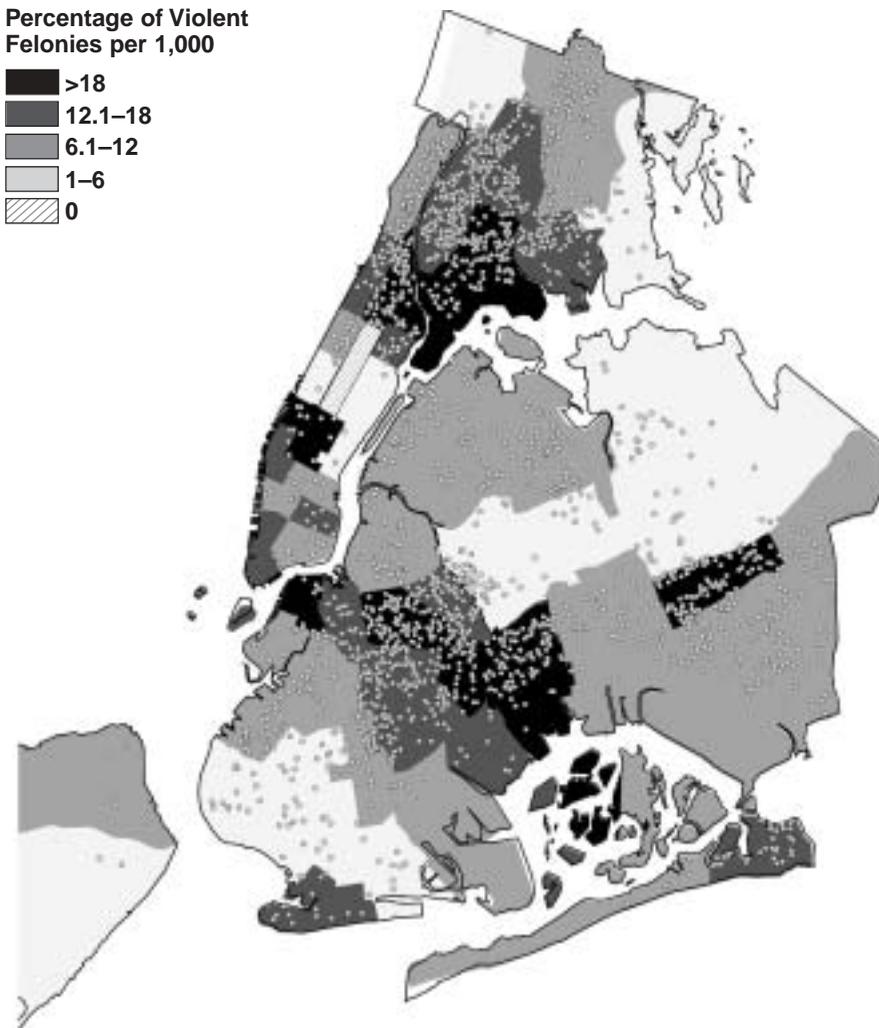
subsidized housing (76.0 percent), although the rates of labor force participation were nearly identical for both groups (23.8 and 24.2 percent, respectively).

In addition, the rates of welfare and labor force participation varied little across the four housing subsidy categories. Welfare participation ranged from a low of 73.5 percent in New York City’s local program to a high of 79.3 percent in the self-reported category. Labor force participation ranged from a low of 21.1 percent in the Section 8 program to a high of 29.0 percent in New York City’s local housing program. None of these differences are statistically significant.

However, some differences in respondent characteristics were present. Compared with those not in a subsidized housing program, those in subsidized housing (all programs)

## Exhibit 4

### Violent Felonies and Location of Households Not in Subsidized Housing, New York City



were more likely to be African American, to be native born, to never have been married, and to have more children under 18 years of age. Those in subsidized housing were more likely to have been on welfare longer on average, to have been in a single-parent household at age 14, and to come from a family that frequently received welfare. These results suggest that respondents in subsidized housing may be somewhat more disadvantaged than those not in subsidized housing. However, differences were evident even among those in subsidized housing. Respondents living in public housing and those in federally assisted private housing were somewhat more likely to be African American and native born, and respondents living in units subsidized by New York City's local housing programs had been on welfare for a somewhat shorter average period.

## Exhibit 5

### Statistics by Type of Housing Program, New York City

Variable	Housing Program							
	All (n = 2,179)	No Subsidized Housing (n = 718)	Subsidized (All Programs) (n = 1,461)	Federal Public Housing (NYCHA) (n = 393)	NYC Local Public Housing (HPD) (n = 162)	Federally Assisted Private (Sect. 236, LIHTC) (n = 141)	Section 8 (n = 247)	Other Subsidy (Self- Reported) (n = 518)
<b>1997 Followup survey</b>								
AFDC receipt	0.771	0.760	0.776	0.766	0.735	0.787	0.777	0.793
Labor force participant	0.239	0.242	0.238	0.221	0.290	0.234	0.211	0.247
<b>1996 Baseline survey</b>								
Age (years)	32.96	32.65	33.12	32.93	32.08	32.91	33.63	33.40
African American	0.679	0.602*	0.717	0.794	0.741	0.801	0.668	0.653
Hispanic	0.327	0.368*	0.307	0.270	0.296	0.213	0.356	0.342
Native born	0.758	0.674*	0.799	0.911	0.784	0.858	0.721	0.739
Never married	0.606	0.584*	0.617	0.662	0.685	0.688	0.530	0.585
Children <18 years old (n)	1.998	1.898*	2.047	2.003	1.951	2.000	2.057	2.118
TONI-2 percentile score	17.93	18.30	17.76	18.11	17.24	18.10	18.31	17.28
GED or no high school diploma	0.593	0.572	0.603	0.613	0.593	0.603	0.567	0.616
Worked in past 3 years	0.319	0.330	0.313	0.345	0.311	0.305	0.317	0.290
Currently on AFDC (years)	5.777	5.000*	6.158	6.628	5.267	6.444	5.630	6.255
Single-parent family at age 14	0.346	0.315*	0.361	0.359	0.426	0.426	0.368	0.322
Family received AFDC often	0.240	0.196*	0.261	0.298	0.296	0.241	0.231	0.243
Rotter's Locus of Control Scale	7.422	7.465	7.401	7.659	7.525	7.007	7.591	7.183
Mother's social support network: friends can pick up sick child	0.731	0.724	0.735	0.736	0.655	0.767	0.748	0.743
<b>Area characteristics</b>								
People living in poverty (%)	31.57	25.54*	34.54	39.99	40.49	39.07	31.24	28.87
Violent felonies/1,000 pop. (n)	15.35	13.93*	16.05	15.90	18.82	18.98	15.44	14.79
Distance to central business district (miles)	7.120	7.671*	6.849	6.225	6.159	6.451	7.178	7.489

NYCHA = New York City Housing Authority; HPD = New York City Department of Housing Preservation and Development; LIHTC = Low-Income Housing Tax Credit program; AFDC = Aid to Families with Dependent Children; TONI-2 = Test of Nonverbal Intelligence-2; GED = general educational development certificate.

Notes: Sample size (n) refers to maximum number of valid observations. Poverty and travel distance are measured at census tract level. Violent felonies are measured at precinct level.

\* $P < .05$ , significant difference in mean compared with subsidized housing program.

## Exhibit 6

### Logistic Regression Estimates of Effect of Participation in Housing Program on Receipt of Welfare at Followup Interview

Variable	Small Set of Covariates <sup>a</sup> (n = 2,179)				Extended Set of Covariates <sup>b</sup> (n = 1,788)			
<b>Housing program</b>								
All programs	0.062 (0.114)				-0.046 (0.130)			
Public housing (NYCHA)	-0.028 (0.156)		-0.072 (0.166)		-0.250 (0.178)		-0.284 (0.188)	
NYC local housing (HPD)	-0.115 (0.206)		-0.211 (0.215)		-0.231 (0.239)		-0.327 (0.248)	
Federally assisted housing (Sect. 236, LIHTC)	0.144 (0.232)		0.048 (0.238)		0.128 (0.260)		-0.044 (0.265)	
Section 8	0.095 (0.182)		0.061 (0.184)		0.006 (0.206)		-0.030 (0.208)	
Other (self-reported rent allow., other)	0.151 (0.145)		0.135 (0.146)		0.080 (0.164)		0.071 (0.165)	
<b>Area characteristics</b>								
Violent felonies/1,000 pop. (n)			0.014 (0.010)				0.017 (0.012)	
People in poverty			0.007** (0.004)				0.006 (0.005)	
Distance to 42nd Street and Broadway (miles)			0.042* (0.020)				0.034 (0.023)	
<b>Mean of dependent variable</b>	0.771		0.771		0.766		0.766	

NYCHA = New York City Housing Authority; HPD = New York City Department of Housing Preservation and Development; LIHTC = Low-Income Housing Tax Credit program.

Note: Standard errors in parentheses.

<sup>a</sup>Estimates were obtained from regressions that include limited set of covariates: age, race, ethnicity, education, number of children, length of current spell of public assistance receipt, time between interviews, and whether the woman is subfamily (lives with owner or renter).

<sup>b</sup>Estimates were obtained from regressions that include extensive set of covariates: all variables in a plus years in baseline residence, marital status, TONI-2 percentile score, participation in job program at and before baseline, Rotter's Locus of Control scale, previous labor force experience at baseline, substance (cigarette, alcohol, or drug) use at baseline, Spanish-speaker status, native-born status, religiosity, parental structure at age 14, mother's education, history of public assistance receipt of family, whether the household had a library card, number of children in childcare, and indicators of mother's social support network.

\* $P < .05$ , \*\* $P$  between .05 and .10, significant difference in mean compared with subsidized housing program.

Differences in neighborhood characteristics were also present. Those living in subsidized housing lived in census tracts with higher poverty levels and in precincts with a somewhat higher rate of violent felonies. They also lived somewhat closer to Midtown Manhattan than those not in subsidized housing. Exhibits 1 through 4 geographically demonstrate the relationships among subsidized housing, poverty, and violent felonies. The respondents living in subsidized housing (exhibit 1) lived almost exclusively in high-poverty areas of New York City. Those not in subsidized housing (exhibit 2), although generally concentrated in high-poverty areas, could be found with some frequency in lower poverty areas as well.

Violent felonies reflect a similar pattern. Respondents living in subsidized housing (exhibit 3) showed up predominantly in high-crime precincts, whereas those not living in subsidized housing (exhibit 4) were located in precincts with low or moderate levels of violent crime. To the extent that neighborhood poverty and crime discourage employment, as some research suggests, these results support the hypothesis that housing programs may hinder the transition from welfare to work.

Exhibit 6 presents logistic regression models of welfare receipt at the time of the follow-up interviews. Being in a subsidized housing program at baseline has little effect on welfare receipt at followup in both the model with the small set of covariates and the model with the extended set of covariates. When the subsidized housing programs are disaggregated into a set of indicator variables, none of the four program categories have a statistically significant effect on welfare receipt at followup.

New York City's local housing program, however, has a substantively large coefficient, which is of marginal statistical significance in the models with the extended set of covariates and neighborhood area characteristics. The logistic regression coefficient in this model ( $-0.327$ ) indicates that participation in New York City's local program is associated with about a 6-percentage-point decline in welfare receipt (from the mean). The second-largest effect is for NYCHA's public housing, again in the model with extended covariates and neighborhood area characteristics. This logistic regression coefficient ( $-0.250$ ) represents about a 5-percentage-point decline in welfare receipt (from the mean), but it is not statistically significant.

Neighborhood poverty appears to have a small positive effect on welfare receipt, and other neighborhood characteristics have marginally significant effects on welfare receipt. The rate of violent felonies at baseline is associated with an increased probability of receiving welfare at followup. Again, given an increase of 5 felonies per 1,000 population (approximately 1 standard deviation) from the mean felony rate (15.35), the marginally significant coefficient in the model with the extended covariates (0.017) implies an approximately 2-percentage-point increase in the probability of receiving welfare at followup.

Distance to Midtown Manhattan at baseline also has a marginally significant effect on welfare receipt at followup. The coefficient in the model with the extended covariates (0.034) implies that an additional 3 miles (approximately 1 standard deviation) from the mean of 7 miles from Midtown would increase the probability of receiving welfare by about 2 percentage points.

Exhibit 7 shows the estimated effects of housing programs and neighborhood characteristics at baseline on employment at followup using a small and an extended set of covariates. As with the basic descriptive comparison, these multivariate results indicate little difference in the probability of employment at followup between those who live in subsidized housing and those who do not. When disaggregated into a set of indicator variables,

## Exhibit 7

### Logistic Regression Estimates of Effect of Participation in Housing Program on Employment at Followup Interview

Variable	Small Set of Covariates <sup>a</sup> (n = 2,179)				Extended Set of Covariates <sup>b</sup> (n = 1,788)			
<b>Housing program</b>								
Subsidized housing (all programs)	-0.055 (0.113)				-0.029 (0.129)			
Public housing (NYCHA)	-0.141	(0.158)	-0.103	(0.167)	-0.044	(0.180)	-0.055	(0.190)
NYC local housing (HPD)	0.161	(0.203)	0.249	(0.211)	0.168	(0.237)	0.205	(0.245)
Federally assisted housing (Sect. 236, LIHTC)	-0.091	(0.226)	-0.003	(0.232)	-0.153	(0.255)	-0.110	(0.260)
Section 8	-0.228	(0.185)	-0.202	(0.186)	-0.144	(0.205)	-0.132	(0.206)
Other (self-reported rent allow., other)	0.026	(0.141)	0.039	(0.141)	0.011	(0.160)	0.013	(0.160)
<b>Area characteristics</b>								
Violent felonies/1,000 pop. (n)			-0.014	(0.010)			-0.014	(0.011)
People in poverty			-0.005	(0.004)			-0.002	(0.004)
Distance to 42nd Street and Broadway (miles)			-0.022	(0.020)			-0.033	(0.023)
<b>Mean of dependent variable</b>	0.239		0.239		0.239		0.249	

NYCHA = New York City Housing Authority; HPD = New York City Department of Housing Preservation and Development; LIHTC = Low-Income Housing Tax Credit program.

Note: Standard errors in parentheses.

<sup>a</sup>Estimates were obtained from regressions that include limited set of covariates: age, race, ethnicity, education, number of children, length of current spell of public assistance receipt, time between interviews, and whether the woman is subfamily (lives with owner or renter).

<sup>b</sup>Estimates were obtained from regressions that include extensive set of covariates: all variables in note a plus years in baseline residence, marital status, TONI-2 percentile score, participation in job program at and before baseline, Rotter's Locus of Control scale, previous labor force experience at baseline, substance (cigarette, alcohol, or drug) use at baseline, Spanish-speaker status, native-born status, religiosity, parental structure at age 14, mother's education, history of public assistance receipt of family, whether household had a library card, number of children in childcare, and indicators of mother's social support network.

none of the four types of subsidized housing programs has a statistically significant association with employment at the time of the followup survey, although the magnitude of some of the coefficients is noteworthy. The largest coefficient is for New York City's local housing program, which has a consistent positive, but not statistically significant, association with employment.

These logistic regression coefficients, which in the extended model range from 0.168 to 0.205, imply a gain of 3 to 4 percentage points in the probability of employment (from the mean) for those in New York City's local housing program. Although the Section 8 program appears to have a consistent negative relationship with employment at followup, the coefficients diminish in magnitude in the extended model, suggesting that background factors may explain part of this finding.

Nevertheless, the coefficients in the extended model (which range from  $-0.132$  to  $-0.144$ ) show that the Section 8 program is associated with a decrease of 2 to 3 percentage points in the probability of employment at followup. Other subsidized housing programs also have mostly negative coefficients (ranging from about  $-0.04$  to  $-0.15$ ) that, from the mean, imply at most a decline of 3 percentage points in the probability of employment at followup. None of these results are statistically significant. Exhibit 7 shows that the addition of a large set of covariates has only a modest influence on many of the estimates.

Finally, neighborhood characteristics also exhibit weak relationships with employment. Violent felonies, poverty, and travel distance all have a negative, but statistically insignificant, effect on employment.

## Discussion

Our results suggest that housing subsidy programs in New York City have little overall influence on short-term transitions from welfare to work. Thus our study fails to provide support for either the enabling or hindering hypothesis. The one exception is New York City's local housing program, which has a negative effect on welfare receipt and a positive effect on employment, a finding consistent with the notion that this type of housing assistance may enable employment.

Although these effects are not trivial, they are of marginal statistical significance. The lack of clear program effects is somewhat surprising, especially given the high cost of housing in New York, the various housing subsidy programs that have been instituted to address the city's housing needs, and the heterogeneity of housing and neighborhood conditions in the city—all of which might be expected to influence employment of welfare recipients. However, our results consistently show that living in subsidized housing has a minimal effect on the transition from welfare to work.

These findings can be interpreted both methodologically and substantively. Sample-size and statistical-power considerations may complicate the interpretation of our results. When the various housing programs are represented by a single indicator variable, a rough calculation indicates that a sufficient number of observations exist to detect a relatively small (0.036) effect of housing programs on employment, representing a relative effect of approximately 5 percent. However, this aggregate housing program variable joins together various housing types that may have potentially offsetting effects, as exhibits 6 and 7 suggest.

When the housing programs are disaggregated more specifically, however, the minimum detectable effect increases. In the case of the two programs with the smallest number of respondents (New York City's local program and the Section 8 program), the minimum

detectable effect becomes quite large. Thus lack of statistical significance may indicate not the absence of a true effect but rather the inability to reliably detect a minimal effect.

The lack of effects may also be due to the relatively short time (a median of 13 months) between the baseline and followup surveys. Housing subsidy programs may have longer term effects that are not captured by our welfare-to-work survey data, which focused on short-term outcomes. For example, Rosenbaum's (1991) research on the Gautreaux program in Chicago, which found significant employment gains for households that moved out of public housing into the suburbs, involved a 7-year followup survey. Newman and Harkness (1999) looked at even longer term effects, finding some tentative evidence of an enabling influence of housing programs.

The matching procedure used to identify the housing assistance status of addresses may not have correctly identified all units receiving a subsidy, and some units that were identified in the match may have been misclassified. Although there is no reason to suspect that such mismatches were extensive, they may have attenuated the relationships in our analysis, biasing our estimates toward zero. Another possibility is that attrition in the sample may have influenced our results, although no clear differences in observed characteristics existed that might indicate the extent or direction of possible bias.

However, the longitudinal feature of the data—especially the extensive set of background covariates in our models—reinforces our finding that the effects of housing subsidy programs on welfare-to-work outcomes in New York City are minimal. This result has several possible substantive interpretations.

First, the link between housing programs and welfare-to-work outcomes in New York City may be more subtle and complex than in other parts of the country. Because New York City's subsidized housing is more economically mixed than that of other U.S. cities, and because the projects are more socially and architecturally integrated into the fabric of the city, local residents of subsidized housing may experience less social isolation and stigmatization.

Moreover, much of the unsubsidized rental housing in New York City is rent stabilized, and the city's housing courts have traditionally provided strong protections for poor tenants. These factors may provide unsubsidized renters in the city with nearly as much security of tenure as those in subsidized housing. Although unsubsidized renters still pay much more in rent than subsidized renters (Schill and Scafidi, 1999), the relative advantages of residential stability and security of tenure may not be as great for subsidized housing programs in New York.

Another possible explanation is that both enabling and hindering effects may be present in the housing programs we examined, but these effects may offset each other, resulting in little or no observable net effect. For example, among public housing residents the probability of a successful job search may be enhanced by security of tenure and rent savings, but such gains may be simultaneously offset by work disincentives inherent in public housing rent guidelines and obstacles associated with neighborhood poverty and crime.

Indeed, when poverty and crime measures are added to our models, evidence of a hindering effect on the movement from welfare to work dissipates somewhat, suggesting that these variables are mediators of a possible hindering effect. However, our data do not allow a similar analysis for many of the other possible enabling and hindering effects that may affect households on welfare in New York City.

One noteworthy effect is the apparent enabling influence of New York City's local housing program. Living in a unit under this program seems to increase the probability of employment at followup by about 3 to 4 percentage points (at the mean) and decrease the probability of welfare receipt by about 4 to 6 percentage points (at the mean). These results may reflect selection effects of the program. Certainly, the descriptive statistics do not indicate any inherent advantage in observed background characteristics. Our analysis also included an extensive set of covariates, which in the case of the city's local program increased the magnitude of the effect.

Another possibility is that the nonprofit organizations that own and operate many of these units provide better support services and other aids to employment. Rents in many of these units are not directly tied to tenant incomes; thus the program's rent structures may impose much less of a marginal tax on additional earnings. Although we have limited data to explore the possible reasons why New York City's program seems to have enabled the transition from welfare to work, they are certainly worthy of further investigation.

Finally, the lack of evidence that the Section 8 program has an enabling effect on finding a job—and, indeed, that the program may have a small hindering effect—is noteworthy as well. This result fails to confirm the findings of other studies and the arguments of some observers that vouchers offer advantages over project-based subsidies for households making the transition from welfare to work (Ong, 1998; Sard and Lubell, 2000). However, this contradictory result may reflect the fact that the Section 8 program operates much differently in New York than in other cities, which tend to have much lower housing costs, higher vacancy rates, and less rent regulation (Kamber, 2001). Nevertheless, the suggestion of a possible negative effect of Section 8 on employment in New York City deserves further investigation.

## Conclusion

Since the passage of PRWORA in 1996, analysts and administrators have turned increasing attention to public housing as the next element of the social safety net in need of reform. Analysts at both ends of the political spectrum have become interested in the possibly synergetic combination of housing support and welfare reform. Conservatives have argued in favor of public housing reform on the grounds that housing subsidies should reinforce rather than undermine the incentives to work built into PRWORA (Turner, 1997). Liberals have argued that a lack of sufficient housing remains a barrier to employment for many poor families and that work-oriented welfare reform should therefore be combined with housing subsidies (Center on Budget and Policy Priorities, 2000).

Our quantitative findings, however, fail to show that welfare families that received housing subsidies did much better at finding employment than families that did not. In addition, our qualitative and historical research does not suggest that reinforcing the impact of welfare reform was ever an important goal for New York City's housing bureaucracies. These findings may suggest that, at least in New York City, the hoped-for synergy between housing subsidies and welfare reform may not exist.

However, there are other ways to account for our nugatory findings. The New York City Work, Accountability, and You (NYC WAY) program had only just been implemented when we recontacted the families in our sample of welfare clients. More time may be required for the policy mix to work. Also, in many ways New York City is different from the rest of the country, so our findings may not hold up in other states such as Minnesota, where combining welfare reform and housing subsidies seems to have had positive results (Center on Budget and Policy Priorities, 2000). However, if future studies replicate our findings, the answer may be that welfare reform, rather than needing synergetic reinforcement, is sufficient alone to accomplish the ends envisioned for it.

## **Appendix A: Selected Focus Group Results**

Group Date: November 16, 1999

Moderator: Gregg G. Van Ryzin

Assistant: Michelle Ronda

Nine participants

*Where do you live? (warmup question)*

1. Canarsie, private housing, “drug neighborhood.”
2. Sheepshead Bay, public housing, “quiet neighborhood.”
3. Upper Manhattan, Section 8, “fairly good neighborhood.”
4. Lawrence (Queens-Long Island border), private house, no Section 8.
5. Bedford-Stuyvesant, private building, “neighborhood not too bad,” no Section 8.
6. Manhattan, Section 8 building, “not a nice place to live.”
7. Manhattan, public housing, “OK.”
8. Manhattan, public housing, “my block is rowdy, drugs.”
9. East New York, Section 8 housing, “drug neighborhood, hole in ceiling.”

*How does the place where you live affect your search for work?*

Crime mattered to most participants. One participant said that the threat of crime in the early morning and late at night might affect the search for work. Several other participants suggested that their neighborhood needs more lighting on blocks without houses.

All participants agreed that their access to transportation was good. Although some have a long commute, they did not consider it to be a problem.

*Does it matter if other people in your neighborhood are working or not?*

No one said that other people’s unemployment matters for them. As one participant put it, “No, it really doesn’t make a difference. You’re going to better yourself, not them.”

*If you could move somewhere else, what would you look for in a neighborhood to move into?*

Most participants agreed that you cannot move away from drug activity, but one wished that she could move into a quieter neighborhood—one that doesn’t “have drugs right in your face—they drive by in cars and do it.”

*Do you talk to your neighbors about jobs?*

This question drew a mixed response. A few participants explained that they mainly keep to themselves to avoid getting involved in gossip or that working people don’t have time to talk to each other much. One person said that seeing other employed people motivated her to work: “Everyone in my building works, so it makes me want to get out there and get a job even more.”

*What about the cost of the housing—does that matter in the search for work?*

Several participants said that meeting the high cost of housing requires two incomes, which cannot come from minimum-wage jobs. Those in public housing said that utility

bills add to the burden of paying rent. One participant, a former shelter resident, said that because her public assistance was cut in half, she could not pay her electric and gas bills and provide for her child.

Several participants living in public housing agreed that although their rent will increase once they are employed, the increase would not make them reconsider getting a job. However, a married participant said that if she were a single mother, she might think twice about getting a job.

*Are there disadvantages to being in public housing or having Section 8 assistance?*

Many participants agreed that the conditions in public housing are not good. One woman said that her building was infested with mice.

*Is there more crime in public housing than in private housing? Is the neighborhood different?*

Several participants said that public and private housing had similar crime levels. However, other participants who used to live in public housing said that they thought the neighborhoods surrounding public housing were more dangerous. One woman living in public housing said that she felt public housing was too crowded.

One woman in private housing had not applied to live in public housing but had applied for Section 8. She said that public housing is less expensive but more dangerous than private housing. She insisted that residents of public housing worry more about their safety. Two women in public housing, however, responded that in public housing the level of safety depends on where you live and whether the neighborhood has a block association.

*Are there services or other programs in public housing that help people find jobs?*

Two women said that their housing projects have such programs. Another participant, however, said that her project has no job programs because it does not have a tenant association. Several participants agreed that projects with tenant associations are more likely to have job programs.

Most said that the housing authority does not offer childcare, and although childcare is available in private homes, it is expensive.

*Is there anything we have not covered that matters in the search for work?*

Several participants mentioned that the physical condition of the apartment matters. Repeated maintenance problems that require residents to wait at home during work hours for repairs may affect their job.

*People don't know how to create housing programs that support work—we're trying to figure out what elements of housing or neighborhood could be improved to help people.*

This statement prompted a discussion about how having a stable place to live helps support work. Participants agreed that poor people have few advocates. Another participant on public assistance said that finding a job means being “rebudgeted” (that is, having her welfare grant adjusted to reflect her higher income), which makes keeping up with expenses difficult. Other participants stated that those in public housing are more affected by rebudgeting than those with rent subsidies, but all agreed that because employment reduces housing benefits, a minimum-wage job is often inadequate.

*Are you treated differently if you're a working tenant?*

Two participants agreed that you get more respect from neighbors and the housing agency if you work. One woman in Section 8 housing said that unlike in her last apartment, maintenance problems get fixed right away. She believed that she receives this attention because she is a working tenant, not because she lives in Section 8 housing.

Group Date: November 17, 1999

Moderator: Michelle Ronda

Assistant: Gregg G. Van Ryzin

Nine participants

*Where do they live? (warmup question)*

1. Harlem, "nice but needs improvement" public housing (since March).
2. Washington Heights, private housing, longtime resident, "a village of drugs."
3. Washington Heights, public housing, "Dominican territory."
4. Flatbush, private housing (for 4 months).
5. East Harlem, senior public housing (facing eviction because his father died), lives in front of police precinct.
6. Manhattan (East Side from 20th to 29th Streets), rent-controlled apartment.
7. Lexington Avenue, three-unit private building (used to be nice, now infested with drugs).
8. West Side, private, rent-controlled apartment.
9. Bronx, rent-controlled apartment (excellent building, neighborhood "not so good").

During the introduction, an African-American participant said that she lives in a Dominican neighborhood and that she believes that she cannot get hired in her neighborhood because she is not Dominican. Many participants agreed with her statement. In addition, she said that many store managers in her neighborhood are Latino and prefer to hire other Latinos. She said that she experiences discrimination at the grocery store; for example, other customers are served before she is, and cashiers put her change on the counter instead of in her hand. She also stated that similar discrimination occurs at her school, where the teachers, who are mostly Dominican, don't give African-American children adequate attention. A second person said that she experienced the same treatment—people around her speak in Spanish and assume that she doesn't understand, but she knows the language and is aware of what they say about her.

Two participants mentioned leaving for work early in the morning and seeing drug dealers and users in their neighborhood. Another participant talked about how her neighborhood sees many shootings and how drug dealers conduct business in local stores. Several people agreed that drug activity is something residents need to consider, but that it wouldn't stop anyone from getting a job.

Several participants have children and others have grandchildren. Many agreed that most childcare is in private homes. Although locating childcare did not seem to be a problem for most people, work requirements made caring for their children themselves difficult.

One participant is married and lives with her husband. Because she is on welfare, she had to enter the city's Work Experience Program. She wanted to send her children to daycare

while she studied for her general educational development certificate (GED) and her husband worked, but the city said that she couldn't because she is considered the head of household. As she put it, "It is a catch-22."

All participants agreed that transportation is not a problem where they live, but several said that bus service in predominantly White Midtown Manhattan is more frequent than in Upper Manhattan (above 125th Street).

*Have maintenance problems made negotiating a job difficult?*

Participants agreed that residents need to know their rights and be persistent to get maintenance work done.

*Would you be interested in public housing?*

One participant has an application pending; another said that she would not want to move to public housing because it is too crowded.

## *Appendix B: Summary of Administrative Interviews*

### Housing Preservation and Development: "Our Clients Are the Buildings"

We considered three main forms of housing assistance in New York City: public housing owned and operated by the New York City Housing Authority (NYCHA), privately owned rental housing assisted by Section 8 and other federal programs, and the city's local housing program, which consists mostly of rental units administered through various programs operated by New York City's Department of Housing Preservation and Development (HPD). These HPD units were the one form of housing assistance that our quantitative analysis associated with the positive outcomes of employment and welfare exit, although the results were only marginally significant statistically. We thought, therefore, that HPD would turn out to be the city housing bureaucracy most affected by or responsive to welfare reform. HPD bureaucrats dispelled our expectation.

The HPD officials with whom we spoke reported that welfare reform had had very little effect on their department. "[HPD] policy generates from other factors, generally, than welfare to work," and "We don't turn on a dime for welfare policy," were among the comments HPD officials made to us.<sup>2</sup> A brief discussion of how HPD operates and of how it may be said to provide "housing assistance" puts these comments in context.

With the exception of a period in the early 1990s when the department provided apartments to some homeless families, individuals have never applied directly to HPD for housing. HPD's mission is to encourage the building and rational husbanding of housing. HPD officials describe themselves as "brick and mortar oriented," primarily concerned with buildings, developers, owners, and housing supply. They explained their orientation as follows:

First official: "There are no HPD clients."

Second official: "Our clients are the buildings."

First official: "Or to put it another way: We work with the providers of housing. We don't work primarily with those who are the recipients of housing.... Our client is the 2.9 percent vacancy rate in New York City."<sup>3</sup>

HPD simply does not see tenants as its primary clientele, and, even though it has tenants who might be directly affected by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), it does not see welfare reform as a major concern. Even seeming exceptions prove this rule. In fiscal year 2000, the U.S. Department of Housing and Urban Development (HUD) approved HPD's application for 700 vouchers. City documents explain that this application "enables a select group of very low-income New Yorkers to have access to better housing as well as training and employment opportunities" (NYCHA, 2001). Was this an attempt by HPD to provide housing subsidies that will support welfare reform efforts? The answer is no; one means that HPD has of subsidizing buildings of various sorts is to arrange for their tenants to receive vouchers. As HPD officials explain:

We are a big housing agency. We've got thousands of people, all kinds of situations. So with something like welfare-to-work [vouchers], basically what we understand is that we need vouchers. If HUD has some kind of special [program] for some subset of the Section 8 universe, odds are we are dealing with them anyway. So that if we can...increase the total number of vouchers that we have, we'll do that.<sup>4</sup>

In other words, HPD applied for the welfare-to-work vouchers primarily because the department needed as many vouchers as it could get, not because of heightened interest in welfare reform.

## Community Development Corporations: Limited Response

HPD's efforts to improve the availability of housing may, however, disguise the real impact of welfare reform. This finding is particularly true of HPD's disposal of formerly *in rem* buildings that the department rehabilitated and rented to homeless and other poor families. HPD did not provide many of these apartments directly to poor tenants. Instead, HPD provided rehabilitated apartments to nonprofit Community Development Corporations (CDCs), which would then rent them to poor families. CDCs in New York City include the Abyssinian Development Corporation, which is affiliated with the Abyssinian Baptist Church of Harlem, and the Fordham Bedford Housing Corporation, located in the Bronx.

CDCs provide a wide range of social services—including job training and placement, childcare, and transportation—for the mostly low-income residents of their buildings. Perhaps, then, welfare reform has affected housing policy not through HPD, but through the CDCs that own and manage HPD units.

In a study of the effect of welfare reform on CDCs nationwide, the Rockefeller Institute of Government looked at four large CDCs in New York City. The authors of this study concluded that "the response of the CDCs in our study to welfare reform had been—rather unexpectedly—limited.... Affordable housing is a huge business producing a long list of worries. Welfare reform is on the list but not near the top" (Wright, Gould, and Schill, 2001).<sup>5</sup> After a systematic review of various possible reactions by CDCs to PRWORA, the Rockefeller Institute study concluded:

[I]t would be inaccurate to suggest that the typical CDC in our study is responding to welfare reform in a sustained or significant fashion. Indeed, most of the CDCs in our study do not provide significant welfare-to-work services, nor have they engaged in strategic planning around the set of issues concerning welfare reform. Some make use of referrals to other community agencies. Those CDCs that provide the services themselves typically indicated that they did so for reasons that have little to do with the advent of welfare reform. (Wright, Gould, and Schill, 2001)

## New York City Housing Authority: Quiet Compliance

With the passage of the Quality Housing and Work Responsibility Act (QHWRA) in 1998, NYCHA received a direct mandate for “supporting families making the transition from welfare to work” (HUD, 2001). QHWRA required local housing authorities to make two changes regarding rent policy that are particularly relevant to the issue of welfare reform. They were required to establish a new minimum-rent program that set rents to levels appropriate to the incomes of families with serious financial problems and that would help families leave welfare by phasing in rent increases associated with higher income over a 2-year period. Authorities also had to require 8 hours of monthly community service of nonexempt residents.

How did NYCHA respond to these mandates? We can get a sense of how the authority’s residents reacted from several sources. Resident responses to the work requirements may be inferred from the following remarks in NYCHA’s Annual Plan for 2001:

NYCHA notes that the Resident Advisory Board [“RAB”] has expressed unanimous opposition to the requirement that public housing residents provide community service. Nevertheless, the Authority has no choice but to implement this requirement of federal law. (NYCHA, 2001)

Reaction to the new rent regulations is likely to be more favorable. Focus group sessions with female NYCHA residents who have left welfare for work have found that these women believe that “the transition from welfare to work was made more difficult because of the loss of so many subsidies at once combined with the new expenses of working” (Boushey, 2001, 2002). Residents were especially upset with the policy of immediately increasing rents as soon as they started working and earning higher incomes. As one focus group participant explained:

You know, I’m not saying that the apartment should stay at the rent that it was while you’re on welfare; however, if we’re trying to better ourselves, give people an opportunity to establish some type of savings or prepare—even if they don’t say it, prepare them for what’s about to happen. It’s like “what.” This is it.... It comes in, but it’s going right back out. That’s the effect that you feel. (Boushey, 2002)

Presumably, NYCHA’s new policy of phasing in rent increases over a 2-year period for newly working people will strike residents as a dramatic and welcome change. The reaction of NYCHA’s managers to the components of QHWRA that are related to welfare reform is harder to gauge because the agency seldom communicates its deliberations to outsiders.<sup>6</sup>

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timing, place of occurrence, and incidence of abortion; the effects of welfare reform on employment and fertility; and the effect of unintended pregnancy on infant and child development.

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## Notes

1. For example, the difference in years of completed education between reinterviewees and those who were not reinterviewed is 0.2 years. Similarly, 30 percent of women not reinterviewed had worked for pay in the past 3 years compared with 33 percent of the women who were reinterviewed. The largest differences are related to ethnicity and phone service. Compared with the women who were reinterviewed, a larger proportion of the women who were not reinterviewed were Hispanic and a smaller proportion had telephone service.
2. Personal interview with officials of the New York City Department of Housing Preservation and Development, July 16, 2001.
3. Ibid.
4. Personal interview with officials of the New York City Department of Housing Preservation and Development, July 16, 2001.
5. The New York CDCs included in the Rockefeller Institute of Government study were the Abyssinian Development Corporation, the Cypress Hills Local Development Corporation, the Fordham Bedford Housing Corporation, and Los Sures.
6. NYCHA officials did not grant our requests for interviews.

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