

# Using Housing Assistance to Promote Economic Mobility

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*MDRC is dedicated to learning what works to improve the well-being of people in poverty. During these challenging times, our “Ideas and Evidence 2021” briefs provide policymakers with fact-based research and analysis to help them address critical issues in social policy and education.*

Families who receive federal housing subsidies are among the poorest and most disadvantaged households in the United States. The federal government helps over two million of these families meet their monthly rental needs, primarily through public housing and housing vouchers. In addition, the public housing system is used to encourage work, increase earnings, and provide families with pathways out of poverty.

For more than 20 years, MDRC has designed and evaluated strategies that use the housing subsidy system as a platform for promoting economic self-sufficiency—specifically, interventions that provide employment-focused supports and services and work-based rent incentives. This memo highlights what is known so far about these strategies, how people engage in and respond to them, and what elements should be considered when designing economic mobility programs for families receiving housing assistance, many of whom already work in low-wage jobs. Because the demand for housing subsidies far outstrips supply, promoting the upward mobility of current recipients may free up more resources for others in need.

## INTERVENTIONS AIMED AT IMPROVING ECONOMIC WELL-BEING

**Employment services and work incentives:** Programs like [Jobs Plus](#) and [Family Self-Sufficiency \(FSS\)](#) offer housing-subsidy recipients a combination of employment-focused services and financial incentives to promote work.

- Jobs Plus operates in more than 43 public housing developments across the country. It provides residents with on-site employment services such as job search assistance and education and training activities, a rent-based work incentive so that earnings increases do not trigger rent increases, and a community context that supports work. MDRC’s evaluation of the original Jobs

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Plus program (1998 to 2003) showed that participating residents earned 16 percent more per year than residents in comparison developments who were not in the program. This earnings increase lasted for at least seven years, the study's follow-up period. The U.S. Department of Housing and Urban Development (HUD) has invested more than \$100 million since 2015 to scale up Jobs Plus across the country. MDRC is evaluating the replication effort as well as the long-term outcomes of the original program.

- The FSS program is the main government strategy for helping recipients of federal [Housing Choice Vouchers \(HCVs\)](#) increase employment and improve their economic well-being. FSS case managers work with participants to help them set goals and develop a plan to make progress toward self-sufficiency, while referring them to support services in their communities. FSS also includes a work incentive component that helps families build up savings in an escrow account; the funds are dispersed to participants when they reach key employment and self-sufficiency milestones. Limited evidence is available about the success of this program, however. The New York City Work Rewards [evaluation](#), the first randomized trial of an FSS program, showed few positive outcomes for those enrolled in FSS. A [national evaluation](#), which MDRC is currently conducting for HUD, will provide critical evidence about the program's effectiveness.

**Rent policies that incentivize work:** Some critics have argued that subsidized rent policies discourage work. They say that the current income-based rent subsidy system, which protects residents from excessively burdensome rents, may also discourage recipients from trying to increase their earnings. Such concerns have prompted housing agencies to experiment with traditional rent rules—such as relaxing the penalties on higher incomes—to see if that can increase work and reduce the need for housing subsidies.

- MDRC is leading [an evaluation](#) of alternative rent rules implemented by four public housing agencies around the country. Evidence from the evaluation will inform important debates about how the rent system, without additional wrap-around employment supports and services, can promote work and help families increase earnings. A separate evaluation, also led by MDRC, of 10 other housing agencies participating in HUD's [Moving to Work](#) expansion effort testing additional rent reforms, will be launched in 2021.

**Advancing housing choice:** Compelling new research suggests that when children in families with low incomes move to “high opportunity” areas, their prospects for escaping poverty as adults can [greatly improve](#). With over two million federal housing vouchers in circulation, the HCV program can play a critical part in helping families both move to and thrive in such areas. A new initiative, [Creating Moves to Opportunity](#), is beginning to generate promising evidence about housing mobility strategies that reduce rental barriers and support families in moving to high opportunity neighborhoods in the Seattle and King County, Washington, area.

- MDRC has launched a new multisite mobility demonstration, [Supporting Moves to Opportunity](#), which will test strategies that help families move to higher-opportunity neighborhoods and then help them thrive once they get there. The interventions in St. Louis and Milwaukee include supports such as housing search assistance, help with security deposits, and post-move follow-up. The 2Gen program in Chicago and Cook County, Illinois, offers comprehensive and intensive services after families have used their voucher to rent in higher-opportunity neighborhoods, the first such intervention of its kind. Family coaches work with parents and children on their educational, employment, emotional, and social needs, while helping them build networks in their new communities.

## KEY ELEMENTS WHEN DESIGNING ECONOMIC MOBILITY PROGRAMS

Here are some elements to consider, based on MDRC's experience implementing and evaluating different types of mobility interventions.

**Confront the challenge of creating meaningful and sustained engagement.** A common pattern in employment-focused interventions is that engagement tapers off early in the program, leaving a smaller share of people who actually take part in and benefit from the full array of services offered. MDRC’s Work Rewards evaluation mentioned above showed that about 40 percent of the study participants had no interaction with staff members in the first 3.5 years of the program. Those who stayed connected were more likely to have been employed at the time of enrollment. Even so, longer-term participation rates for both employed and unemployed sample members were extremely low. A similar pattern is emerging in the national FSS evaluation. Finding ways to keep all types of participants engaged and figuring out how not to lose those who have disengaged should be an important program objective. MDRC’s [MyGoals for Employment Success](#) offers incentives to address this problem: Participants can earn \$30 a month if they engage in at least one substantive coaching session a month in which employment goals, action steps, and progress are discussed.

**Focus on job advancement, not just on getting a job.** Employment is common among families receiving housing subsidies, but low-wage work and high levels of underemployment are often the norm, leaving large numbers of households with incomes close to the poverty line. Employment programs need to be deliberate and intentional about *advancement*—helping individuals build on existing skills, develop new ones, and connect to [sector-specific job opportunities](#). Strongly implemented employment-focused programs like the original Jobs Plus model can serve as an important bridge—helping residents assess their employment goals, understand the labor market, and identify and build the skills they need to compete in the workplace.

**Address the wide variety of needs in the assisted housing population.** Large segments of people who receive housing assistance and are not in the labor force face steep barriers to employment, including limited work-related credentials, personal health issues, transportation and child care access issues, and other caregiving responsibilities. Programs that do not address these barriers are likely to show few, if any, economic gains for these types of individuals. Offering a generous work incentive, for example, will likely be inadequate for individuals with steep barriers to work. Program models should anticipate a mix of participants and should not assume a uniform service delivery strategy or use one yardstick of success.

**Include structured coaching and case management strategies.** Structured coaching may be more effective than traditional case management approaches in helping participants establish employment goals and navigate challenges they encounter along the way. Researchers and policymakers have observed recently that coaching that focuses specifically on executive functioning such as time management and organizational skills may better help participants make progress toward economic security goals. Yet, there are few examples of robust coaching interventions for housing-assisted families and the evidence about their effectiveness is slim. The MyGoals demonstration mentioned above is testing one such model and will build much-needed evidence about the promise of the combination of executive skills-informed coaching techniques and financial rewards to increase work and earnings.

**Experiment with alternative work incentive approaches.** Self-sufficiency programs like FSS and Jobs Plus both offer support services, but they incentivize work in different ways. FSS offers a financial incentive, but participants mostly cannot receive it until they achieve their FSS goals and graduate from the program. On the other hand, Jobs Plus and other rent policy-based incentives offer an immediate financial reward: Tenants keep all of their earnings increases and do not pay higher rent until their next program recertification, or for as long as the incentive is in effect. While the jury is still out on the effectiveness of the two approaches, testing alternative incentive models combined with services might be prudent. The Work Rewards evaluation offers encouraging evidence about the promise of such combinations within an FSS framework, especially for participants who were not working at the time of study enrollment. The original Jobs Plus evaluation also offers similarly promising results. Insights from behavioral science can also be used to deliver more effective messaging about work incentives and enhance program participation and outcomes.

**Support advancement by helping housing voucher recipients thrive in opportunity neighborhoods.** A new wave of housing mobility initiatives, including those led by MDRC, are being launched around the country. Most of them are prioritizing services to help families find affordable housing in higher-opportunity neighborhoods. Few such initiatives, however, offer extensive post-move services to help families settle into their new neighborhoods, build community connections, and use their new communities as launching pads for improving their economic status. The 2Gen demonstration that is being designed for voucher recipients in Chicago and Cook County who recently moved into high-opportunity areas is the first test of a “post-move” intervention. The program seeks to help families pursue employment and financial security goals, support their children’s advancement in school, and build local networks.

The pandemic has launched the country into uncharted territory, and growing numbers of families with low incomes are facing the dire consequences of the sharp economic downturn. More will be needed from programs designed to improve these families’ economic well-being and support their advancement. The lessons from decades of innovation and evidence-based research are even more relevant today.