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Achieving Economic Self-Sufficiency: An Assessment of the Moving to Work Demonstration of Housing Authority of Champaign County

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Introduction & Background

- In 1996, Congress authorized the Moving to Work (MTW) demonstration to test innovations in housing policy, pertaining federal deregulation on provisions in Housing Act of 1937, upon the delivery of housing and services to assisted low-income families.
- Currently, 39 local housing authorities (LHAs) participate in the demonstration program across the nation, administering over 13% of all housing vouchers and 11% of all public housing units.
- MTW has placed an emphasis on efforts against a “culture of dependency” particularly for working-age, able-bodied persons.
- To enhance recipients’ economic self-sufficiency, MTW LHAs have implemented various policies generally summarized into three main strategies: (a) build stronger partnerships with community organizations; (b) develop local self-sufficiency programs tailored to local community needs; and (c) provide service-enriched housing.
- Among implemented policies, as of July 2015, only eight LHAs, including the Housing Authority of Champaign County (HACC), have implemented work requirements and sanctions policies.
- Required work efforts and targeted population vary by housing authority, and sanctions for noncompliance include reductions in housing assistance and/or eviction.
- MTW also pursues to increase cost-effectiveness of federal spending and affordable housing options.

HACC’s Self-Sufficiency Program

- The HACC serves the County of Champaign, Illinois, which is a largely rural county with twin cities of Champaign and Urbana.
- As of 2010, HACC has joined the MTW demonstration, and a local self-sufficiency (LSS) program has taken effect since January 2013.
- Target:** LSS targets all households with working-age (18-54), able-bodied individuals.
- Work Requirements:** LSS requires that at least one program eligible adult member must work a minimum of 20 hours weekly or attend educational and job training programs by the second recertification. HACC gradually raises the work requirements over time.
- Sanctions:** Non-compliant households with the work requirements face a loss of housing assistance.
- Supportive Services:** HACC provides job-preparedness services such as case management and referrals to local supportive services.
- Hardship exemptions:** for households with extenuating circumstances such as illness or loss of employment through no fault of the family member.

Research Question

- This paper quantitatively examines the early impact of HACC’s LSS program on recipients’ economic outcomes of annual total income, annual earned income, and employment-adult ratio.

Research Contributions

- “... in most cases, the practices chosen were based on the opinions of HUD or contracted staff and largely involved anecdotal rather than quantitative data” (GAO, 2012)
- HACC’s unique definition of elderly, program targeted population, and case management systems make the Champaign case as unique, which become an important part of a broader national conversation about larger scale reforms and changes.
- Our research contributes uniquely to the understanding of a MTW self-sufficiency program, especially for new agencies from expansion of the MTW demonstration and decision-making around this program.

Relevant Literature

- HUD’s Family Self-Sufficiency program (i.e. Ficke & Piesse, 2004)
- HUD’s Jobs-Plus Community Revitalization Initiative for Public Housing Families (i.e. Bloom et al., 2005)
- HUD’s Welfare to Work demonstration program (i.e. Mills et al., 2006)
- HUD’s Gautreaux and Moving to Opportunity (MTO) demonstration programs (i.e. Katz et al., 2001; Chetty et al., 2016)

Data

- Main Source: HUD-50058 Family Report Records data (FY 2011, 2012, and 2014)
- Treatment Group: LSS-eligible households in HACC
- Control Group: LSS-eligible households in a non-MTW LHA, which serves a small metropolitan statistical area in Illinois, located southwest of Champaign County

Analysis Sample and Attrition

	Treatment LHA: LSS Eligible HHs	Control LHA: LSS Eligible HHs
Baseline (2011 & 2012)	1,112	656
Follow-up (2014)	848	438
Attrition: EOP & PO (2012-2014)	264 (-23.74%)	218 (-33.23%)

Notes: ‘EOP’ represents end of participation, and ‘PO’ represents portability-out households.

Empirical Strategy

1. Calculate Sample Weights

Baseline Balance

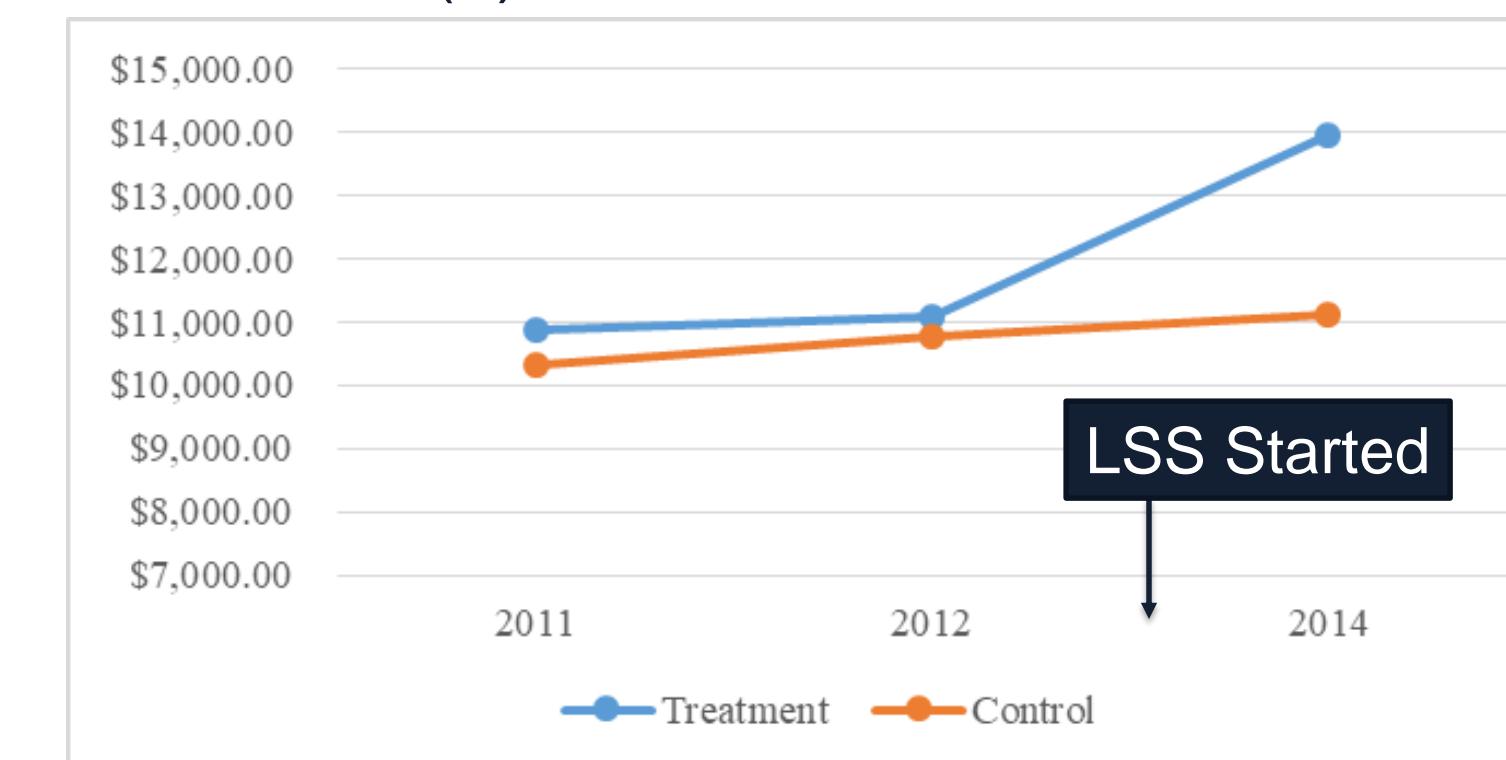
- Propensity Score Matching: Nearest Neighbors Matching (NNM) and Kernel-Based Matching (KBM)
- Use lagged variables to increase matching quality
- Test selection bias using Rosenbaum’s Sensitivity Analysis for Average Treatment Effects on the Treated

Adjust for Attrition

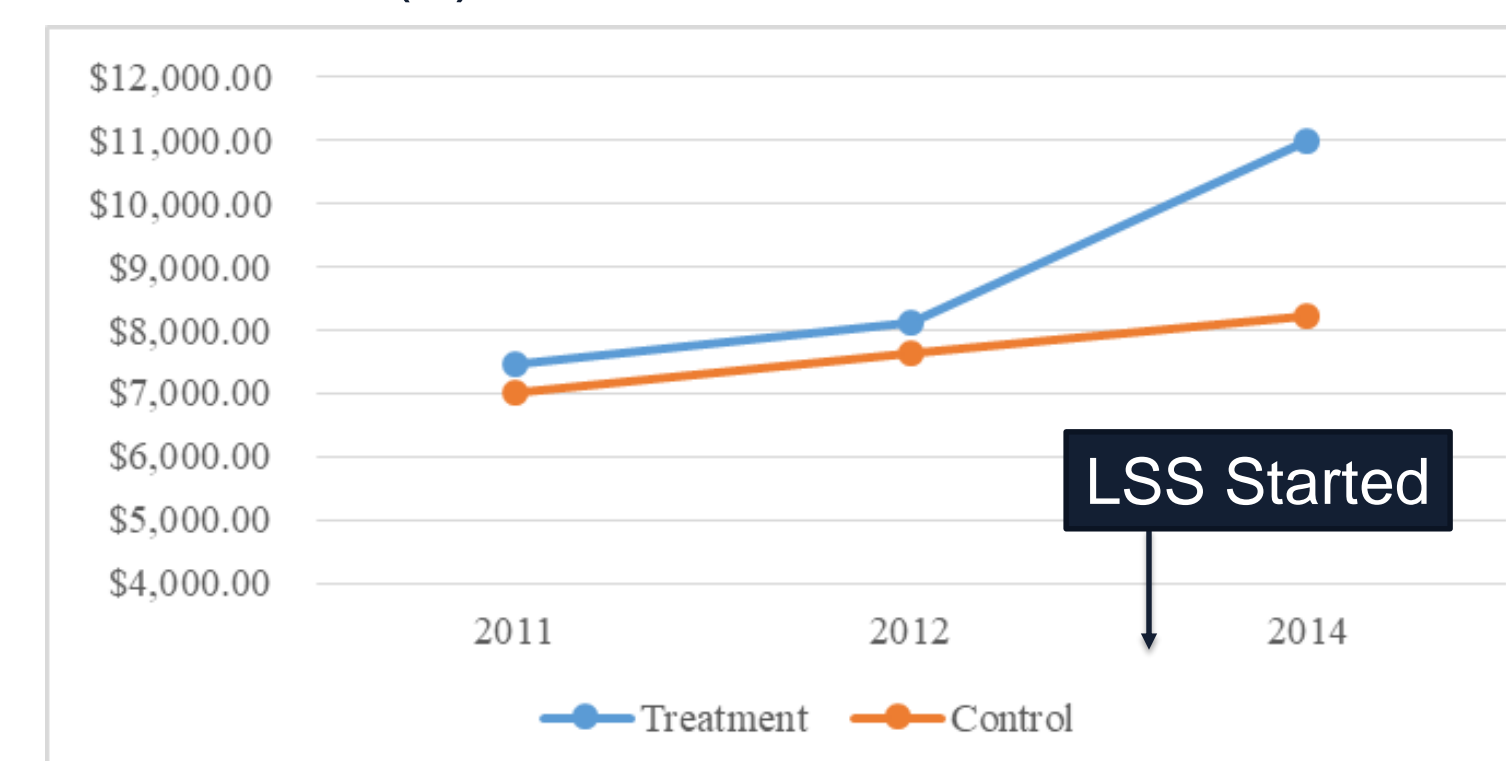
- Inverse Probability Weighting (IPW), estimated by multilevel mixed-effects probit models with random intercept (regional heterogeneity)

Longitudinal Changes in Means of Economic Outcomes (Weights Applied)

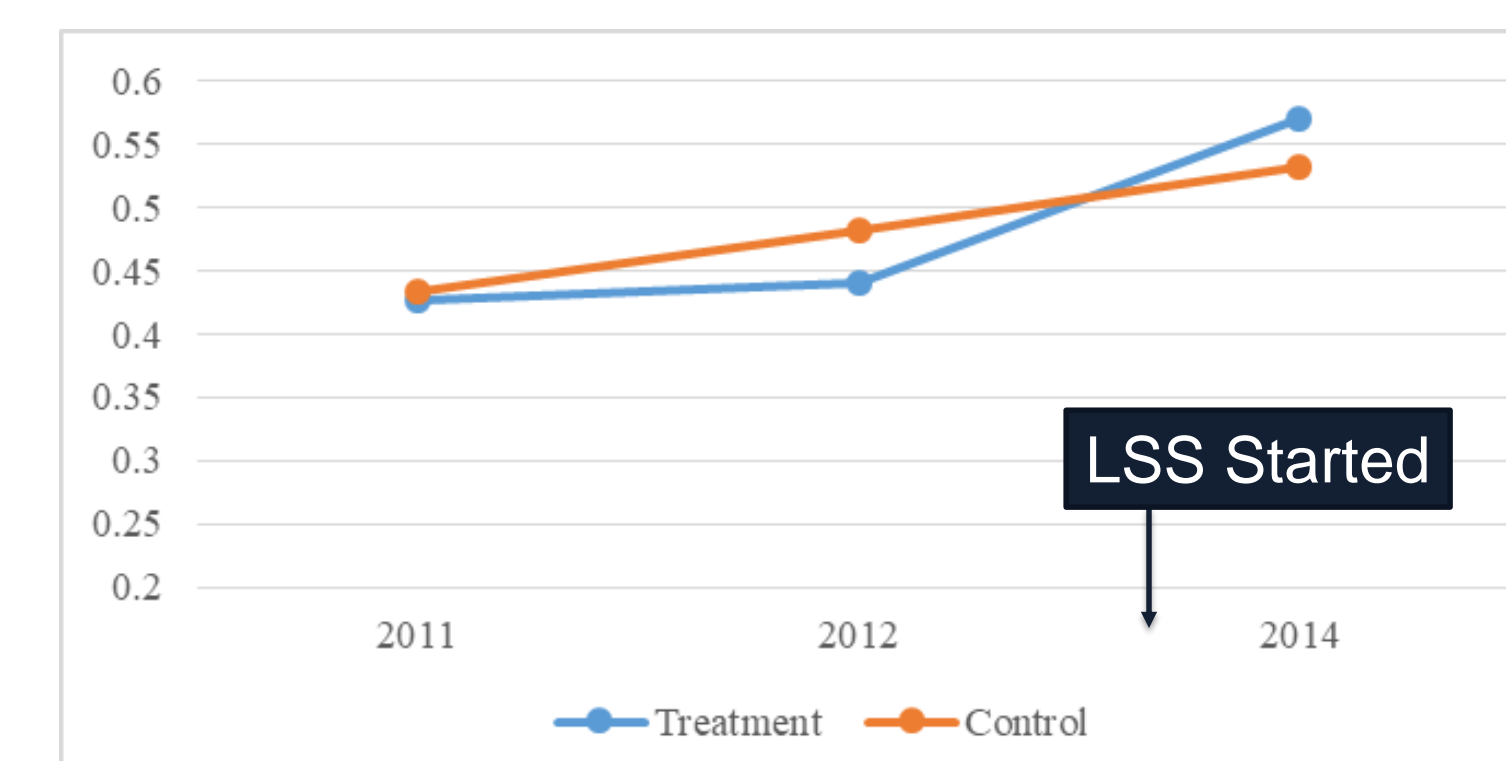
(a) Annual Total Income



(b) Annual Earned Income



(c) Employment-Adult Ratio



2. Calculate Difference-in-Differences Estimates

$$Outcome_{ijt} = \beta_0 + LSS_{ij} \beta_1 + Post_{it} \beta_2 + LSS_{ij} * Post_{it} \beta_3 + X_{ijt} \beta_4 + \varepsilon_{ijt}$$

- $i, j,$ and t index household, LSS, and time
- $Outcome_{ijt}$ are household-level economic variables
- LSS_{ij} is a program intervention dummy
- $Post_t$ is a time dummy
- X_{ijt} are control covariates
- ε_{ijt} is an error term.
- β_0 captures unobserved time-invariant heterogeneity
- β_3 identifies the average program effects

Annual Earned Income Results

	Annual Earned Income
LSS	-0.072 (1.847)
Post	0.213 (0.524)
LSS x Post	2.283*** (0.621)
Head, Age	0.286*** (0.187)
Head, Age ²	-0.005** (0.002)
Head, Female	0.174 (1.057)
Head, Black	-0.336 (0.508)
Head, Elderly or disabled	-1.095 (1.363)
Hsld, Size	1.396*** (0.491)
Hsld, Number of children (≤ 18)	-1.244** (0.494)
Hsld, Having young children (≤ 5)	-1.013* (0.557)
Hsld, Years in Program	0.128** (0.055)
Hsld, Annual earned income in 2011 (log)	0.839*** (0.046)
Hsld, Size in 2011	-0.233 (0.607)
Hsld, Number of children in 2011	0.265 (0.663)
Hsld, Having young children in 2011	0.256 (0.575)
Constant	0.655 (3.908)
Obs.	2,950
R ²	0.267

Increased annual earnings by \$2,283 (\$190 monthly) = Agency’s annual revenue surplus of \$721,885 = Same as the amount of money to serve 98 LSS-eligible households (9%) a year

Having more children or young children are negatively associated with earnings

Previous earning history (economic activities) is positively associated with earnings

* Annual total income and employment-adult ratio results are omitted due to space but available from authors by request.

Notes: * denotes significance at 10 percent, ** at 5 percent, and *** at 1 percent level. Sample weights from KBM and IPW are applied. Regional fixed effects at the census tract level are included. Robust standard errors clustered at the household level are reported in parenthesis.

Discussion

What really drives the impact?

- Human Capital Investment? (Intensive case management, education, and referrals to employment-supportive services)
- Work Incentives? Work requirements and sanctions policies)
- Local Demand for Labor?

What else did LSS impact on?

- Moving to lower poverty neighborhoods?
- Increasing quality of housing?

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