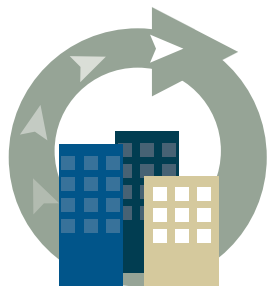


A PLACE OF OPPORTUNITY



Aurelia De La Rosa Aceves

David M. Greenberg

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Research Directions on Low-Income Neighborhoods and Fostering Economic Mobility

OVERVIEW

A growing body of evidence suggests that neighborhoods matter for low-income people's life trajectories,¹ and extensive federal and foundation resources have been devoted to so-called "place-based" strategies to help individuals by addressing the communities where they live.² In general, two strategies have emerged in the field: (1) attempts to help people living in settings of concentrated poverty move to areas of economic opportunity and (2) efforts to improve or preserve neighborhoods for current and future residents who have low incomes.

The importance of place has been reinforced by recent experimental findings that show that when families were offered the chance to move to lower-poverty neighborhoods through the federal housing voucher program, children who were 12 or younger when they moved ultimately had higher incomes and college attainment.³ These reanalyses of the Moving to Opportunity experiment have given new urgency to policies that promote integration, fair housing, and neighborhood mobility as an option for low-income families. At the same time, there is growing consensus that encouraging low-income families to move to higher-income neighborhoods cannot be the *only* policy response; rather, there must be complementary and interconnected strategies to improve neighborhoods for low-income residents *and* to increase their mobility.⁴

This brief summarizes major recent findings on poverty and place, describes how MDRC is building a body of evidence to inform place-based strategies to address poverty, and suggests some future directions for the field.

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- 1 Chetty, Hendren, Kline, and Saez (2014).
 - 2 White House Office of Urban Affairs (2016).
 - 3 Chetty, Hendren, and Katz (2016).
 - 4 Turner, Edelman, Poethig, and Aron (2014).

THE CURRENT STATE OF RESEARCH ON POVERTY AND PLACE

Government, foundations, and nonprofit providers have long attempted to improve the conditions in which low-income people live. These efforts often have taken two forms: (1) **attempts to help people living in settings of concentrated poverty move to areas of economic opportunity** and (2) **efforts to improve or preserve neighborhoods** for current and future residents, especially the least advantaged.

MOVING TO NEIGHBORHOODS OF ECONOMIC OPPORTUNITY

Over and above the challenges associated with being poor, policymakers also have been concerned for decades about the effects of concentrated poverty and segregation on the life trajectories of low-income individuals.⁵ Interventions to assist low-income individuals move out of segregated settings have included the U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher program,⁶ meant to make it possible for low-income residents to move to more mixed-income neighborhoods; fair housing initiatives to combat both outright housing discrimination and the discriminatory effects of housing policies;⁷ and planning and land-use efforts

that promote the construction of affordable apartments in higher-income areas.⁸

One of the most rigorous attempts to discern the impact of place on low-income people's life trajectories was the Moving to Opportunity (MTO) experiment, which gave special vouchers to low-income people living in public housing that enabled them to move to lower-poverty neighborhoods. While the early results of MTO revealed no impacts on adult economic outcomes and some negative social impacts on boys,⁹ follow-up studies have found that children who were 12 or younger when they moved benefited economically and educationally over the long term.¹⁰ These analyses — combined with correlational studies of low-income residents who moved from low-income to higher-income settings — have received increasing national attention.¹¹

At the same time, it is important to note that even in longer-term follow-up studies, MTO did not benefit adults and may have hurt older children economically. These results suggest that it is important to find ways of better serving those who move into “opportunity neighborhoods,” by integrating children into higher-quality schools and by supporting parents and young adults through effective employment and training programs. MDRC is building evidence on a variety of strategies intended to accomplish these goals for households receiving Housing Choice Vouchers.

5 Wilson (1987); Jargowsky (1997).

6 U.S. Department of Housing and Urban Development (2016a). While an original purpose of the housing voucher program was to promote desegregation and housing choice, it is worth noting that for a variety of reasons, voucher holders often reside in areas of high poverty.

7 U.S. Department of Housing and Urban Development (2016b).

8 New York City Department of City Planning (2016).

9 Sanbonmatsu et al. (2011).

10 Chetty, Hendren, and Katz (2016).

11 Leonhardt, Cox, and Miller (2015).

MDRC'S STUDIES: HOW TO IMPROVE ECONOMIC OUTCOMES FOR HOUSING VOUCHER HOLDERS

The MTO findings suggest that individuals receiving housing assistance in the form of vouchers may need more extensive services than they are currently receiving if they are to realize the potential economic benefits of living in mixed-income neighborhoods, such as being closer to jobs. MDRC has evaluated several approaches to enhancing economic mobility among Housing Choice Voucher holders.

Opportunity NYC–Work Rewards Demonstration (2008-2016)

New York City's Center for Economic Opportunity launched Opportunity NYC–Work Rewards, a test of three alternative but related ways of increasing employment and earnings for housing voucher holders. The alternatives were all related to HUD's Family Self-Sufficiency (FSS) program, which provides employment-related case management and an escrow account to encourage work. The study found no evidence that FSS improved labor-market outcomes for the full sample, but combining FSS with an incentive for working produced large increases in earnings for participants who were unemployed when they entered the study.

The National Family Self-Sufficiency Program Evaluation (2012-ongoing)

This evaluation is assessing whether FSS helps families in the Housing Choice Voucher Program achieve economic independence and improve their quality of life. It is being con-

MDRC has evaluated several approaches to enhancing economic mobility among Housing Choice Voucher holders.

ducted across 18 housing authorities. The evaluation includes a random assignment impact study, an implementation and process study, and a cost-benefit study. A separate, expansion demonstration will test the effect of offering families more extensive services than are typically available through FSS.

Rent Reform Demonstration (2012-ongoing)

HUD commissioned MDRC and its partners to evaluate alternatives to the current income-based rent structure in the Housing Choice Voucher Program, which protects most tenants against excessively burdensome rents but which may also discourage them from trying to increase their earned incomes. MDRC is currently testing whether alternative rent policies (1) increase tenants' employment, earnings, and income; (2) protect tenants from excessive rent burdens; (3) reduce tenants' reliance on housing subsidies, potentially allowing housing agencies to serve more families who need assistance; and (4) simplify and reduce the costs of administering the rental assistance program.

IMPROVING AND PRESERVING NEIGHBORHOODS

For decades, federal initiatives from the Johnson administration's Model Cities Program to the Obama administration's Neighborhood Revitalization Initiative have focused on the preservation and revitalization of low-income areas. For their part, foundation-sponsored programs often have devoted resources to Comprehensive Community Initiatives (CCIs), which call for integrated neighborhood investments to address poverty while engaging residents in the planning and implementation of these efforts. For example, the John D. and Catherine T. MacArthur Foundation's New Communities Program (which ran from 2002 to 2012 and was evaluated by MDRC), provided over \$50 million to Chicago community organizations to define, plan, and implement neighborhood improvement efforts. More recently, CCI practitioners, researchers, and funders have started to emphasize different frameworks for action, including "place-conscious" initiatives that aim to understand neighborhoods beyond their geographic boundaries and take greater account of city, region, and state-level actors. These efforts at regional integration include the Ford Foundation's work from 2005 to 2010 to better connect distressed cities such as Camden, New Jersey (studied by MDRC during this time) and Detroit, Michigan with the more prosperous regions that surround them.

Despite these evolving frameworks, however, with very few exceptions CCIs have not been shown through rigorous quasi-experimental analyses to contribute to neighborhood, pop-

ulation, or systems-level change.¹² In some cases there have been no demonstrable results because it has been so difficult to establish a rigorous counterfactual — a representation of what would have occurred in a neighborhood without a particular intervention. A counterfactual comparison is best established through an experimental research design, and experiments are often not feasible for place-based programs.¹³ In other cases, the resources committed to an initiative have not been enough to change outcomes for an entire community. Finally, not every initiative is adequately designed or funded to monitor or produce data that could be used to assess its effectiveness through a randomized controlled trial or a rigorous quasi-experimental evaluation design.¹⁴

MDRC'S FINDINGS: SATURATING SMALL AREAS WITH SERVICES AND BUILDING PARTNERSHIPS FOR CHANGE

MDRC, long known for pioneering experimental methods, has also applied innovative methods to assess how neighborhoods change and how community groups work to improve them. The Jobs-Plus program, which MDRC evaluated using a rigorous research design,¹⁵ is

¹² Galster, Tatian, and Accordino (2006); Skogan, Hartnett, Bump, and Dubois (2009); Economos et al. (2007); Ellen and Voicu (2006); Burns and Brown (2012).

¹³ Nichols (2013).

¹⁴ Federal Reserve Bank of San Francisco and the Urban Institute (2014).

¹⁵ The design combined the random assignment of housing units within each city to a program or control group with a long-term comparative interrupted time-series analysis. See Bloom, Riccio, and Verma (2005).

the only place-based initiative to demonstrate positive impacts on resident earnings. At the same time, in settings where experiments have been infeasible MDRC has developed surveys to explore how community organizations collaborate; applied multilevel statistical modeling to assess the relationship between foreclosures and crime; and conducted nonexperimental statistical modeling to explore how efforts by community organizations affect violence, housing, and educational outcomes.

The Jobs-Plus Demonstration (1998-2003)

Jobs-Plus is a place-based employment services program designed to increase the employment and income of public housing residents. MDRC conducted an impact study involving six public housing developments that operated Jobs-Plus and six well-matched control developments that did not. The study measured residents' outcomes for seven years after the program was launched. It revealed that in the three developments that were able to implement the full program model, residents earned 16 percent more a year than the control group, and that the positive effects persisted even after the program ended. It is likely that reaching a high proportion of residents with services, rent-based work incentives, and other efforts supportive of work was the key to producing impacts.

Chicago's New Communities Program (2002-2015)

The MacArthur Foundation provided \$50 million to the Local Initiatives Support Corporation of Chicago (LISC Chicago), to implement the New Communities Program. In each of

14 Chicago neighborhoods, community organizations convened local partners to define a "quality-of-life plan" that addressed varied local challenges; LISC Chicago then provided grants to implement those plans. MDRC's mixed-methods, nonexperimental study found that the New Communities Program helped improve partnerships among local agencies, but where there were histories of antagonism among community groups, it proved harder to sustain trust and collaboration over time. MDRC's research into the New Communities Program included one of the most extensive social network surveys ever conducted, which measured how local organizations worked together to improve schools, reduce violence, and reclaim foreclosed and abandoned buildings.

New York City's Change Capital Fund (2014-2018)

Low-income neighborhoods in New York City no longer experience the lack of investment that they did through the 1990s, but their residents still face significant poverty, the risk of displacement, and limited economic mobility. The Change Capital Fund is a consortium of New York City donors formed to invest in community organizations that implement data-driven antipoverty strategies integrating housing, education, and employment services. Government agencies often can only provide one of these types of assistance, while the Change Capital Fund embraces a more comprehensive approach. MDRC's "formative" evaluation approach gives implementers and funders information about their programs' performance in real time, to help them refine promising community-based approaches to address intergenerational poverty.

DIRECTIONS FOR THE FIELD

Based on recent findings in the field, several important directions for future policy research stand out. These suggested directions for the field emphasize the interconnected strategies of improving places while fostering economic mobility through housing choice and desegregation. Local histories of inequality and the presence of institutional racism are important factors that may influence place-based and mobility programs, and it will be critical to address these factors when designing interventions and the studies to evaluate them. For example, it may be important not just to support the ability of low-income people of color to move to higher-income suburbs if they wish to do so, but also to provide additional services that support racial and economic integration after they relocate.

- *Test whether saturation-level interventions in small areas can influence communities' physical, social, or economic trajectories.*

Jobs-Plus demonstrated that it was possible to change the earnings trajectories of public housing residents when a very high proportion of individuals were reached with the offer of assistance. Future strategies should attempt to similarly “saturate” areas with service offers and other benefits, to determine whether doing so can change the economic trajectories of whole neighborhoods.

- *Combine mobility interventions with services to provide greater economic opportunity.*

Because the longer-term results from Moving to Opportunity still showed some negative impacts on older children and no im-

pacts on adults, it will be important to test whether it is possible to improve outcomes for entire families by combining mobility assistance with other types of support services.

- *Help low-income families stay in gentrifying neighborhoods.*

Although MTO shows that there is some value in helping people move from areas of extreme poverty to mixed-income neighborhoods, many formerly low-income neighborhoods throughout the country are in fact becoming more mixed-income largely because higher-income households are moving in. While the displacement of lower-income families is a real concern in such neighborhoods, some nonexperimental evidence suggests that the lower-income residents who are able to stay may be able to benefit.¹⁶ This premise should be explored further by investing in and testing experimental strategies that combine antidisplacement strategies or rent subsidies with economic mobility services, so that residents in gentrifying areas can afford higher rents and also take advantage of local changes by increasing their earning potential. ■

16 Dastrup et al. (2015).

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