

Highlighting New Poverty Research

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“Subsidized Housing and Household Hardship Among Low-Income Single-Mother Households,” published in *Journal of Marriage and Family*, Vol. 70, Issue 4 (November 2008)

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Subsidized Housing and Household Hardship Among Low-Income Single-Mother Households

Background. Housing costs are a major burden for many families and may be particularly burdensome for low-income, single-mother households. The government provides two main types of rental assistance to help low-income families reduce their housing costs and improve the quality of their housing. Unit-based housing subsidies (e.g., public housing) provide subsidized units, with rent capped at a percentage of a tenant's income. Tenant-based subsidies (e.g., Section 8) provide vouchers that individuals can use to rent approved units in the private market, the subsidy being capped at a fair market rent. To the extent that such assistance results in reduced housing costs and improved housing quality for recipients, it may reduce both housing-related and other types of hardship (e.g., by freeing up income that can then be spent on other basic necessities). Yet few existing studies have examined the extent to which housing assistance receipt is associated with reductions in household hardship or whether such associations vary by subsidy type.

Methods. WCPC Center Director Marcia K. Meyers and her colleagues Lawrence M. Berger, Theresa Heintze, and Wendy Naidich used data on over 5,300 low-income single-mother households from the 1997 and 1999 waves of the National Survey of American Families (NSAF) to explore associations between receiving a rental housing subsidy and measures of housing- and food-related hardship. The measures included the proportion of household income spent on rent, difficulty paying rent or utilities, housing stability, residential crowding, and food insecurity. The authors also explored whether these associations varied by the type of subsidy received.

To adjust for the endogeneity between receiving housing assistance and experiencing household hardship, the researchers used an instrumental variable (a measure of the availability of housing subsidies per poor families in a given state and year) to first predict the probability that a household received assistance. Second, the authors used OLS or probit regression (depending on the measure of hardship) to estimate associations between the predicted probability of subsidy receipt and each measure of household hardship, net of a variety of household and state characteristics.

Findings. The authors found that receiving a housing subsidy, in general, was associated with decreased residential crowding and increased housing stability. They also found several differences in associations between assistance receipt and household hardship based on the type of subsidy received. For example, relative to families without subsidies, a 10 percentage point increase in the probability of receiving a unit-based subsidy was associated with an 8 percentage point decrease in the proportion of income a household spent on rent, whereas the same increase in the probability of receiving a tenant-based subsidy was associated with a 9 percentage point increase in a household's rent burden. Unit-based assistance was also associated with fewer difficulties paying rent or utilities and with decreases in household crowding, whereas tenant-based assistance was associated with increased housing stability, but also with increased difficulty paying rent or utilities. Neither unit- nor tenant-based subsidies were associated with food insecurity.

Over all, the results suggest that unit-based subsidies were associated with reductions in three of the four measures of household hardship considered (proportion of income spent on rent, difficulty paying rent or utilities, and crowding) and that tenant-based subsidies were associated with a higher rent burden but also with increased housing stability. These findings are relevant for housing policy, which has increasingly shifted funding from unit-based housing assistance toward tenant-based subsidies in recent years. The authors suggest that the positive and negative trade-offs involved in these types of assistance should be carefully weighed in crafting future policy.

Poverty Research Flash

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Subsidized Housing and Household Hardship Among Low-Income Single-Mother Households

New research from Lawrence M. Berger, Theresa Heintze, Wendy B. Naidich, and Marcia K. Meyers

Key Findings

- Among a sample of over 5,300 low-income single-mother households, receipt of unit-based housing subsidies (e.g., public housing) was associated with large decreases in the proportion of income spent on rent and modest decreases in both difficulty paying rent or utilities and residential crowding.
- Receipt of tenant-based subsidies (e.g., housing vouchers under Section 8) was associated with a modest increase in housing stability, but also with modest increases in the proportion of income a household spent on rent and in difficulty paying rent or utilities.
- Neither unit- nor tenant-based subsidies were associated with food insecurity.