

Subsidized Housing and Household Structure
Extended Abstract
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One of the explicit goals of US welfare policy has been to keep families together and discourage nonmarital childbearing (Berrick 2006). While participation in AFDC has had a modest effect on divorce and separation and almost no effect on unmarried fertility, the program's most pronounced influence may have been on the living arrangements of unmarried mothers by encouraging their independent residence away from kin (Ruggles 1997). This paper will examine a related but often overlooked part of the relationship between government subsidies and household composition, namely how the availability and receipt of subsidized housing affects household composition.

Housing subsidies defray the largest expense facing families and may provide residents with options away from unsatisfactory relationships and crowded conditions (Freeman 2005). On the other hand, the strict rules regarding who may reside in the subsidized apartment and stepped-up enforcement of "one strike, you're out" rules as they pertain to people with drug abuse histories and criminal records may limit the pool of potential partners available to subsidized residents and keep unions from forming in subsidized housing (Mincy 2009). Moreover, the act of entering and exiting the program as opposed to the length of stay in subsidized housing may by themselves influence household composition decisions, as a mother may choose to live apart from the father of her child if that means she is eligible for the subsidy or choose to move out if the rules in subsidized housing make certain unions or living arrangements impossible. Therefore, I will analyze not only the dynamics of household

composition during tenure in subsidized housing but also before families take up the subsidy and after they give it up.

Housing assistance and household structure

Housing assistance might affect household composition in several ways. First, by reducing the cost of housing, rent subsidies may also reduce the economic incentive to share a home and thus reduce household size. This prediction is supported by empirical evidence showing that households receiving rent assistance have fewer adults (Ellen and O’Flaherty 2002, Freeman 2005, Abt Associates 2006). Moreover, cohabitation before the birth of a child is less likely if the mother lives in subsidized housing rather than other types of rental housing and subsidized single adults are less likely to get married over time (Turner 2003, Freeman 2005). In-depth interviews with recipients of Welfare-to-Work Housing Vouchers aimed at smoothing the transition of welfare recipients into the labor market also showed that vouchers enabled them to stop living with partners in abusive circumstances (Abt Associates 2006). Therefore, by providing single adults and especially single women with children with a feasible alternative to staying in unsatisfactory relationships, housing subsidies may allow families to establish independent households away from partners and other family members (Turner 2003, Freeman 2005, Abt Associates 2006).

Nevertheless, the stringent rules of who may live under the same lease in a subsidized apartment may also cause unwanted family break-ups. For example, Welfare-to-Work voucher recipients reported amongst the reasons of not living with other relatives the mistaken belief that even related adult males (e.g. husbands, adult sons) could not live in the same household as the voucher holder. Therefore, even though housing assistance does not appear to affect the

dissolution of partnerships once families enter the program (Freeman 2005), it may reduce the number of adults in a household by forcing subsidized individuals to choose between taking up the subsidy or living together with other family members.

Second, by decreasing rent burdens and freeing up family resources, housing assistance might make having an additional child more feasible, thus, increasing the number of children in the household (Freeman 2005). While recipients of housing assistance do have more children on average than their private-market counterparts, they are less likely to have an additional child while in public housing (Freeman 2005). Therefore, the program itself does not appear to have a positive effect on the number of minors in the household.

Third, because of their access to stable and decent housing, subsidized families may take in extended family members in hard times. There is some limited evidence though that subsidized residents do not appear to be doubled up with other adults. For example, housing assisted leavers of TANF are much less likely than non-assisted leavers to live in extended family or multifamily households (Mancuso et al. 2003). Moreover, Welfare-to-Work voucher recipients reported satisfaction with being able to leave doubled-up housing arrangements (Abt Associates 2006). Voucher recipients considered forming their own household an improvement that gave them a sense of increased stability and independence (Abt Associates 2006). In fact, they could still rely on support from their kin even though they did not live in the same housing unit (Abt Associates 2006).

Nevertheless, the initial decrease of the number of family members living with the subsidized individual could still be offset over time by the stability and quality of subsidized housing arrangements. For example, family members who find themselves without housing options or with poor housing alternatives may seek help first from individuals in subsidized

housing, thus, bringing up the number of persons in the subsidized unit over time. Therefore, while initially housing subsidies may allow recipients living in extended households to move out and form their own households, over the long run they can also make recipients more attractive to pleas for help with housing from friends and extended family members.

Research Model

As the decision to enter and exit subsidized housing is related to the household composition of tenants who choose to take advantage of the subsidy, I will examine the household structure of assisted tenants not only during their stays in subsidized apartments but also before they take up the subsidy and after they leave the program. While there is some evidence pointing out that being in subsidized housing reduces the number of adults in the household compared to income-eligible households, it is not clear whether this reduction comes about because of lower propensity of subsidized tenants to marry, lower propensity to cohabit or lower propensity to live with other kin. Moreover, it is not established whether the event of entering the program rather than the stay of people in a subsidized apartment has a greater salience for their marital, cohabitation and doubling-up decisions. Does subsidized housing discourage marriage for individuals who expect to move into a subsidized apartment? Is a move into subsidized housing associated with leaving overcrowded conditions and doubled-up living arrangements? Is the negative effect on marriage for individuals in the program due to the income eligibility rules of subsidized housing or due to the unfavorable set of marital prospects that people in subsidized housing face? Are exits from subsidized housing associated with changes in household composition such as marriage or are they mainly due to increases in employment stability and earnings?

Methods

I will first explore whether the move into subsidized housing is associated with corresponding changes in household composition. I will examine the household composition of individuals moving into subsidized apartments before and after they make the move and produce descriptive statistics of the proportion of households for which a change occurred. I will conduct a similar analysis for those who leave the program.

It is methodologically challenging to establish a causal relationship between stays in subsidized housing and the timing of union formation, childbearing and doubling-up with family members and roommates. It may be the case that households with certain living arrangements choose to apply for subsidized housing in order to establish a less stressful environment for their children. It could also be true, however, that the rules associated with living in subsidized apartments discourage certain household arrangements from happening, so that the beneficiary does not lose the subsidy. Therefore, I will examine the sequence of union formation, childbearing, doubling-up and entering and exiting subsidized housing without imposing a particular causal order to household formation and subsidized housing decisions. Figure 1 is a schematic representation of different household arrangements crossed with subsidized housing status.¹ Using multi-state life table techniques, I will examine transitions between all states represented in the figure. All transitions in the figure are reversible and there are no absorbing states.

Finally, I will track the changes in the household composition of subsidized tenants over

¹ Note that for neatness not all transitions have been marked with an arrow. However, I plan on examining transitions between all states in the figure.

the period in which they reside in subsidized apartments and conduct an event history analysis of union formation (marriage and cohabitation), union dissolution and the birth of a child for the period in which residents are observed in subsidized housing. Using propensity score matching (Morgan and Winship 2007, Guo et al. 2004), I will draw a comparison group of households, who are eligible by virtue of their income to enter subsidized housing but are not using any housing subsidies, and will compare how the marital and childbirth decisions of subsidized individuals differ from those of income eligible households over time.

Data

The first dataset I will use to address the association between household structure and housing subsidies is the Survey of Income and Program Participation (SIPP). I will incorporate information from the 1990, 1991, 1992, 1993, 1996, 2001 and 2004 panels of the survey, covering the period between 1990 and 2008. Table 1 shows the person-months spent in each type of household structure broken down by type of subsidized housing.

An additional dataset, which will illuminate the relationship between household composition and housing subsidies, is the Fragile Families and Child Well-Being Survey (FFCWS). The FFCWS includes 3,712 children born to single mothers and 1,186 children born to married parents. The dataset tracks both parents from the time of the child's birth to when children are ages one, three and five. About a quarter of the mothers in the survey report receiving housing assistance of some kind (Mincy 2009). The strengths of the dataset include the availability of information on the household arrangement of the mothers, the nature of the relationship between parents, the mother's opinion about gender roles and marriage and the socioeconomic characteristics and incarceration status of the father. Thus, I will be able to

develop union formation models that take account of the characteristics of fathers who are not co-residing with their children as well as of the attitudes of the mother towards marriage. Tables 2 through 7 present tabulations of information for the 3,675 mothers who were interviewed during all waves of the FFCWS, detailing their racial identities, household compositions, union statuses, and poverty levels. All tabulations are broken down by subsidized housing status and show a cross-sectional representation of the sample at the baseline interview, and the 1-year, 3-year and 5-year follow-ups.

Conclusion

This paper examines an understudied aspect of the relationship between government subsidies and household structure, namely how entering subsidized housing, staying in subsidized housing and exiting into the private housing market interacts with the choices that subsidy recipients make regarding the kind of households they live in. Housing subsidies may provide families a way out of crowded and stressful living arrangements. At the same time, the income and behavioral rules associated with keeping the subsidy may make adding extra members to the household, especially adult members, a tough choice if that means losing the housing benefit. Therefore, this research will show whether receiving housing subsidies is beneficial for families and individuals who would not otherwise have the means to establish independent living arrangements or whether the subsidy rules keep families apart.

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Figure 1. Multi-State Representation of Household Structure by Housing Status
 In Subsidized Housing Out of Subsidized Housing

