

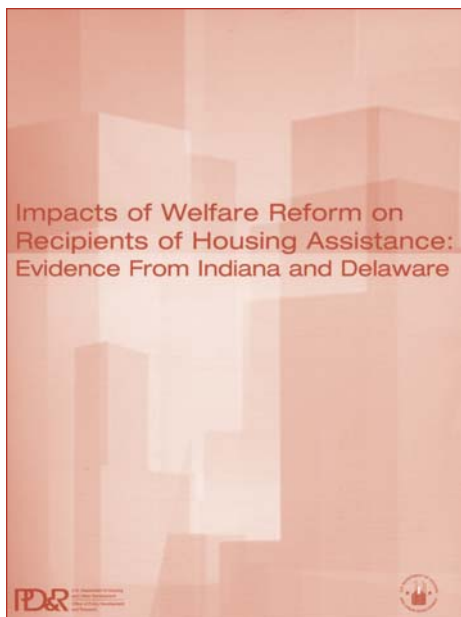
Recent Research Results

FEBRUARY/MARCH 2003



Newsletter From HUD USER

Study Finds Welfare Reform Has Similar Impact on HUD-Assisted Families as on Other Welfare Recipients



Approximately 30 percent of families receiving welfare also receive federal housing assistance, and almost half of all HUD-assisted families with children receive some income from welfare in any given year. Although experts recognize the potential for interactive effects between welfare reform and housing assistance, relatively little rigorous research is available on the subject.

A new study from HUD's Office of Policy Development and Research, "Impacts of Welfare Reform on Recipients of Housing Assistance: Evidence From Indiana and Delaware," explores the rela-

tionship between welfare reform efforts and housing assistance in the two states. The study uses results from experiments in welfare reform, in which families were assigned randomly to be subject to the new rules or remain under the old rules of the welfare system.

Researchers assessed the effects of welfare reform by type of housing assistance (public housing, vouchers, Section 8 Project assistance, and no housing assistance) on families' welfare receipt, employment, earnings, and other measures of self-sufficiency. They also prepared non-experimental estimates of the effects of housing assistance on employment and welfare receipt.

Overall, the evidence from this study suggests that welfare reform did not, for the most part, have substantially different impacts for families receiving both welfare with housing assistance in Indiana and Delaware compared to welfare recipients without housing assistance.

Experimental analysis shows that in both states, families that received housing assistance (public housing, vouchers, or Section 8 Project assistance) and were subject to welfare reform had increasing earnings and employment and decreasing Temporary Assistance for Needy Families and food stamp payments. Not all impacts were statistically significant. However, similar results were found for the unassisted group.

Nonexperimental analyses show that families living in public housing moved less often and faced less financial strain than families without housing assistance but lived in more distressed neighborhoods. Families using vouchers also faced less financial strain (except for greater problems paying utility bills), but lived in neighborhoods similar to those of families in private, unsubsidized housing. These analyses also show that among families that were exposed to welfare reform and who also received housing assistance at the beginning of the study, additional time living in public housing or using vouchers was associated with increases in employment and earnings and decreases in welfare receipt. ♦

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Study Suggests Actions for Improving the Usefulness of the Consolidated Plan

Throughout the 1990s, HUD has required local jurisdictions to prepare Consolidated Plans as a condition for receiving federal housing funds. These planning requirements are intended to encourage communities to allocate federal housing resources – in conjunction with state and local funding – to address local needs and market conditions.

To assess the effectiveness of HUD's planning requirements, HUD's Office of Policy Development and Research sponsored the recently released study, "Planning to Meet Local Housing Needs: The Role of HUD's Consolidated Planning Requirements in the 1990s."

The study explores how communities of different types have documented housing needs over the course of the 1990s; how their housing plans relate to local needs, priorities, and market conditions; and how these plans have shaped federally funded housing activities.

Researchers conducted site visits and collected secondary data from the central city and select other participating jurisdictions in the Atlanta, Boston, Cleveland, Minneapolis, San Antonio, and San Francisco metropolitan areas. Cross-site analyses synthesized findings from the individual study sites.

The analysis of the Consolidated Plans and the planning process in these six metropolitan areas concluded that HUD's requirements are being responsibly implemented by both city and suburban jurisdictions. All studied

jurisdictions met the minimum requirements established by HUD for the Consolidated Plan process, and many went beyond the minimum. However, the process presented challenges that limit the extent to which HUD's fundamental goals could be achieved.

The report recommends ways in which HUD could clarify the process and provide better support to jurisdictions to make the local Con Plans more meaningful and effective.

Specifically, the Con Plan process could be strengthened in four ways:

1. Address the problem of outdated census information.
2. Have the priorities and strategies in the Consolidated Plans reflect all federal, state and local resources, not just HOME and CDBG.
3. Require Public Housing Authorities to actively participate in the local planning process.
4. Design activity reports that align with the priorities and strategies.

According to the report, these recommendations do not necessarily require either statutory or regulatory changes. Instead they could be implemented through a combination of clear instructions and consistent guidance provided with ample notice.

The findings in this study will provide HUD with invaluable information as it works to make the Con Plan easier to prepare and more effective in guiding program implementation. ❖



- Are you interested in state and local regulatory barriers in the development of affordable housing in your community?
- Have you recently discovered a way to overcome one of these challenges?
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Visit the Regulatory Barriers Clearinghouse today:
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Readily Available Measures of Neighborhood Quality May Help Local Communities Assess the Impact of CDBG Spending

A new study from HUD's Office of Policy Development and Research entitled "The Impact of CDBG Spending on Urban Neighborhoods" concludes that two readily available data – median home loan amount and the number of businesses – may be promising as tools for helping local communities measure the effects of concentrated Community Development Block Grant (CDBG) expenditures.

The Government Performance and Results Act (GPRA) of 1992 requires Federal agencies to devise performance indicators, benchmarks, and targets for all programs they administer to increase the effectiveness and accountability of these programs. This study examines whether readily available data sources can be used to track the outcomes of activities funded by the CDBG program.

HUD allocates more than \$5 billion in CDBG funds to states, cities, and urban counties according to a formula based on population, poverty, age of housing stock, and other needs. By design, the program gives these communities extensive leeway in deciding how they spend their grants, enabling them to use funds in ways that best meet the particular needs of their local area.

This flexibility, however, can lead to difficulties in measuring the impact of such programs, particularly at the national programmatic level. Different types of investments might require different performance measures. A variety of external factors, such as interest rates, the economy and other community actions, can also affect neighborhood quality. To address these issues, the study had the following four goals:

1. Develop a small number of available, accepted, and easily replicable indicators of neighborhood quality suitable for an assessment of CDBG impacts.
2. Develop a definition of "substantial" CDBG investments in a neighborhood to allow development of performance standards that could be fairly applied and measure results.
3. Recommend alternative standards or benchmarks against which to assess the performance of neighborhoods that have received substantial levels of CDBG investments.
4. Compare the study's results with local informant's understanding of the impact of CDBG on their neighborhoods in the late 1990s.

The analysis presented in this study is a good first step in identifying a relationship between CDBG spending and measurable improvements in neighborhood quality. While HUD continues to refine the methodology for constructing a national performance measure applicable to all CDBG programs, the measures developed here may be useful to local communities interested in assessing their own program performance and in furthering their understanding of the neighborhood effects of past CDBG investments. ❖



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