Can Escaping from Poor Neighborhoods Increase Employment and Earnings?

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As America engages in a new round of policy debate about how to tackle economic inequality and the challenges of staying competitive in a changing global economy, policymakers and researchers continue to examine whether place—in particular, poor, inner-city neighborhoods—affects employment and self-sufficiency. “Geography of opportunity” is vital but too often oversimplified or misunderstood.

Research on the effects of programs that help low-income and minority families move to better neighborhoods—an approach known as “assisted housing mobility”—has suggested that these efforts can improve the life outcomes of low-income, mostly minority adults and their children. In 1994, encouraging results from a housing desegregation program known as Gautreaux (Rubinowitz and Rosenbaum 2000) spurred the federal government to launch the Moving to Opportunity experiment (MTO) in five metropolitan areas—Baltimore, Boston, Chicago, Los Angeles, and New York (see text box on page 11).

In MTO, just over 4,600 very low-income families who were residents of public housing (Orr et al. 2003) were randomly assigned to one of three treatment groups: a control group, a Section 8 comparison group, or an experimental group (see text box on page 11 for descriptions). At baseline, only about one-quarter of the adults enrolled in MTO were working; most were on welfare (Orr et al. 2003). Although MTO’s design did not explicitly address barriers to employment, previous research suggested that the demonstration would lead to higher employment rates and earnings among participants. Specifically, the expectation was that MTO participants might gain access to jobs by moving closer to employment centers, developing more useful job networks with more advantaged neighbors, or being motivated by an environment with stronger work norms. Past research also suggested that living in safer neighborhoods could lead to reduced stress and anxiety, thereby enabling people to begin work or training activities. At the same time, by moving, families might lose access to social ties that are often sources of child care, transportation, and other work supports.

The MTO Interim Impacts Evaluation, a follow-up survey of the entire sample of MTO families at all five sites, was conducted in 2002, about five years after the MTO families moved (Orr et al. 2003). This brief re-
views findings on MTO’s impacts on employment to date and findings from the Three-City Study of Moving to Opportunity (see text box on page 11). The study was designed to examine key puzzles that emerged from the MTO Interim Impacts Evaluation by focusing on causal mechanisms through a mixed-method approach, combining qualitative interviews, ethnographic fieldwork, and analysis of census and administrative data.

The study was conducted in three of the five MTO sites: Boston, Los Angeles, and New York. This brief also analyzes geographic patterns in Chicago and its suburbs. Interviews and ethnographic fieldwork took place in 2004 and 2005, about 6 to 10 years after families’ initial placement through the MTO program.

**MTO’s Employment Effects: The Evidence to Date**

Statistical evidence on the employment effects of MTO is mixed. The interim evaluation found no significant impacts on employment, earnings, or receipt of public assistance across the five demonstration sites (Orr et al. 2003). One possible explanation is that a strong economy in the late 1990s and the onset of welfare reform overrode any effects of the MTO treatment at the interim mark.

In fact, employment rates rose dramatically for all participants in the demonstration. However, when we measured interim impacts separately by site, we found a significant impact on the rate of employment (and the rate of full-time employment) for experimental-group families in Los Angeles and a significant impact on earnings for those in New York.1

In addition, evidence suggests employment and earnings impacts among younger adults (women under age 40) in the experimental group some two to five years after they relocate (Kling et al. 2007). Further, using multivariate statistical methods to explore the relationship between neighborhood characteristics and employment outcomes, we find that, net of other factors, MTO adults who moved to low-poverty suburban neighborhoods earned $75 a week more than adults in control neighborhoods. Similarly, Clampet-Lundquist and Massey (2006) find a significant association between exposure to racially integrated, low-poverty areas and employment outcomes over time. These results should be interpreted with caution, however, because we cannot be certain whether people who are more likely to be employed are simply more likely to live in integrated, low-poverty areas, or whether something about these areas contributed to their employment success.

**Greater Proximity to Job Opportunities?**

In many metropolitan regions across the United States, employment opportunities—including opportunities for low-skilled workers—have spread outward over recent decades, with growing numbers of jobs located in the suburbs (Fernandez and Su 2004; Ihlanfeldt and Sjoquist 1998; Ong and Miller 2005). For transportation and other reasons, many of these suburban job locations are inaccessible for residents of poor central-city neighborhoods, creating a “spatial mismatch” between affordable housing and job opportunities and contributing to unemployment and low earnings. By helping low-income families escape from inner-city locations, MTO was expected to increase their access to employment opportunities.

However, analysis of entry-level job locations suggests that, although MTO enabled families to move to lower-poverty neighborhoods, these neighborhoods were not necessarily closer to job opportunities. For some families, relocating to lower poverty meant leaving behind a dense concentration of low-wage jobs for areas with fewer nearby jobs and little public transportation. Figure 1 illustrates this pattern for greater Boston.

To explore this issue further, we assembled data for Chicago and Los Angeles to estimate the net number of new jobs and job openings between 1998 and 2002 paying less than $20,000 a year within 1, 5, and
10 miles of the addresses where MTO families in all three treatment groups lived between 1998 and 2002. MTO experimental-group families in Los Angeles moved to locations with fewer low-wage jobs, lower job growth, and less job creation within 5 and 10 miles than their control-group counterparts (figure 2). Specifically, the average growth in low-wage jobs in the communities where experimental-group families lived is 65 percent lower than for their control counterparts within 5 miles of the most current address, and 16 percent lower within 10 miles.

In Chicago, where both the volume of low-wage jobs and the rate of job growth were dramatically lower, we find no significant difference in proximity to employment opportunities for treatment and control families. And in both Los Angeles and Chicago, families in the Section 8 comparison group moved to locations with essentially the same number of low-wage job opportunities as the control group. Although MTO experimental movers possibly faced less competition from other low-skilled workers for nearby jobs, moving out of the inner city clearly did not expand their proximity to job opportunities.

Further investigation suggests that what really matters is the “jobs-housing-support match,” not spatial mismatch. In choosing where to rent, MTO participants appear to have balanced competing concerns about housing affordability (and landlord willingness to accept a government housing voucher), neighborhood safety, access to employment, and access to child care in different ways. This balancing act has important implications for employment success.

About one in seven experimental-group movers interviewed as part of the Three-City Study specifically identified the loss of convenient access to public transit as a “price” they paid to get to a safer neighborhood. For example, when asked how her current, low-poverty neighborhood compared to the one left behind in worries and stress, Nicole, a mother in the Boston experimental group, replied:

“The stress here is more just transportation issues. How am I going to get from here to the doctor’s today? … I don’t have money for a bus, which is an hour-and-a-half walk. . . . In South Boston and Dorchester, I didn’t have worries like that. It was just more concern for my kid’s safety.”

Most participants in the MTO demonstration cited safety and security rather than better job opportunities as their main reason for moving. When asked why they had chosen their current neighborhood, however, about 1 in 10 respondents in the Three-City Study specifically mentioned relocating to be closer to jobs they already had. These respondents emphasized the risks associated with job changes, such as losing their seniority within an organization or losing benefits temporarily while they worked through a trial period with a new employer—an outlook at odds with the notion that wider housing choices will lead low-income people to pursue better jobs. Rhadiya, for example, a participant in the New York experimental group who told us she had used her voucher to reduce her commute time, found she could earn more because the shorter commute time meant she could work more overtime.

In Los Angeles, where MTO appears to have raised employment rates, several successful participants described combining their new housing locations with access to job training, placement—sometimes through temp agencies—and shorter commutes. Although these women were probably more likely than others in the program to succeed on their own, the assisted relocation appears to have accelerated their economic advancement.

Many MTO participants, however, had to repeatedly adjust their housing, work, and child care arrangements, so any progress they achieved involved two steps forward and one step back. Anique, an experimental mover from Los Angeles, described the challenges she faced aligning steady work, housing, and child care. Her pre-move experience as a telemarketer and bill collector helped her find better work as she moved, but in a turbulent labor mar-
FIGURE 1. Proximity of Pre- and Post-Move Locations to Low-Wage Jobs for Boston’s MTO Experimental Movers
ket, she suffered repeated spells of unemployment and financial hardship.

After eventually landing a job in Riverside County, Anique moved nearby, to a community where she had an aunt and uncle to help look after her child. But when her relatives left the state, Anique and her daughter had to move again, this time to Long Beach to live with Anique’s mother. While living with her mother, Anique was laid off from her job due to company relocation. She then found a new job, but her daily commute was about 70 miles each way. Anique gradually saved enough to rent an apartment near her job, but because she was now far from the social support her mother provided, her daughter was home alone after school each day.

Anique’s experience reflects the reality that low-wage work is often unstable and inflexible (Holzer and Martinson 2005). It illustrates the challenges of adjusting one’s residential location fast enough or often enough, and lining up child care and other vital supports consistently enough, to keep up with the shifting demands of the labor market.

**Stronger Social Networks and Norms?**

Moving from a distressed public housing development to a low-poverty neighborhood might help people find jobs (or better jobs) by exposing them to more employed neighbors who can refer them to job openings, recommend them to employers, and set an example of stable employment. This expectation rests on the assumptions that the low-income, mostly minority in-movers would be willing and able to form the requisite ties with their more advantaged neighbors and that their neighbors would be both willing and able to provide the right kind of information, such as about useful training opportunities or potential job openings.

Our findings suggest that few MTO movers “converted” their new housing locations into valuable new social capital. Few MTO movers “converted” their new housing locations into valuable new social capital.
Like many people in America’s cities and suburbs, most MTO movers who were living in low- or moderate-poverty (less than 20 percent poor) neighborhoods at the time of our visits had only casual contact with neighbors, greeting them or chatting briefly outside their homes but often not knowing their names or visiting them in their homes. A handful participated in secular associations, and a larger minority were actively involved in their churches, but these organizations were often located outside the neighborhood. In general, there was little to encourage everyday neighboring; class differences and other social barriers as well as frequent residential moves combined to make most interactions with neighbors fleeting.

At the time of the interim evaluation, only 16 percent of MTO experimental movers reported finding their current or most recent job through a referral provided by a friend, relative, or acquaintance in their current neighborhood. Networks are just one resource for a job search, of course. Our in-depth interviews suggest that, like others in the market, MTO job seekers also used newspaper ads, the Internet, and walk-in applications to find jobs. But when networks played a role, MTO participants were more likely to get useful referrals from job training program staff or fellow job seekers they met in those programs, and from friends or coworkers, than from neighbors. Only a small share (less than 10 percent of our interviewees) got referrals from kin or from another trusted source, such as a pastor, workmate, or participant in a training program.

Further, some MTO movers lost access to useful social resources they had at baseline, typically because their contacts were too far away. Others chose to “drop” particular social ties because they wanted to distance themselves from needy, risky people in their lives, such as relatives in chronic financial need or those with substance addictions.

Most of the MTO experimental movers we interviewed report living in neighborhoods that are supportive of employment, but whether this increased their motivation to work or to increase their income remains unclear. Beyond gains in neighborhood safety and feelings of security and calm, a number of MTO families that moved to low-poverty areas took pride in their neighbors’ working. The handful that offered explicit comparisons believed that more people were working in the current neighborhood than in the projects left behind. A few complained about the lack of commitment to getting ahead among those able to work in the projects and were motivated by that observed lack of commitment to find a good job and do better. About one-quarter of the movers we interviewed—like Jackie (see sidebar)—differentiated themselves from those they perceived to lack the right values or get-ahead attitude and motivation.

Not all the MTO experimental movers described their original, public housing neighborhoods as hostile to work. A few specifically argued that in the post–welfare reform era, everybody “has to work” regardless of neighborhood environment. Finally, a small minority of MTO movers who were not working (about 1 in 10) spoke about their desire to focus on their children and their concerns about exchanging...
ing public assistance for an insecure paycheck with no benefits. These participants associate work with insecurity and with short-changing one’s children, not with advancement or self-respect. And while discussions of pro-work norms generally assume readiness to work, about a fifth of the MTO participants we interviewed highlighted major barriers they had faced to joining the labor market, including disabling health problems and family members needing constant care.

Relocating to less poor areas may be a boon to the next generation, especially if it leads to sustained exposure to a new social context. The interim survey found that adolescent girls in the experimental group were 22 percent more likely to be in school and 16 percent less likely to be idle than their counterparts in the control group. Evidence from our interviews and observations suggests that youth may benefit from both a motivating social climate and the chance to develop a broader repertoire of “soft skills” like the ability to deal with the public. When asked about the positive influences of their low-poverty neighborhood on girls, some mothers specifically emphasized the climate of work and its importance for their children’s perceptions and development.

**Barriers to Employment: The Limits of a Relocation-Only Intervention**

Many MTO families face basic health and mental health challenges that stand in the way of steady employment. It is not clear that changes in access to jobs, job networks, or normative support for work can benefit those who are either not ready or not able to work. Nor is it clear that changes experienced through a relocation-only intervention can make them more ready or more able. Our findings reflect the severe disadvantage that characterized high-poverty public housing projects—in some of the toughest neighborhoods of the target cities—by the early 1990s. Public housing was, and still is in many high-cost cities, the housing of last resort, especially for the nonworking poor.

At the time of the interim evaluation, about 13 percent of MTO adults received Supplemental Security Income, a benefit primarily granted to individuals who are unable to work because of chronic health problems. Although MTO movers experienced reductions in depression and obesity over the study period, just under a fifth of these adults reported that problems such as depression, asthma, diabetes, heart problems, and obesity continued to interfere with their ability to look for work or keep a job after their initial move.

Yolanda, a mother in Boston, describes how severe trauma that occurred more than five years ago continues to limit her ability to work:

My problem started in ’97. I got depression and anxiety. I get panic attacks. . . . All of this is a result of a trauma I had at the projects . . . there was a fire . . . it traumatized me so much. . . . I saw the 2-year-old baby burn in the crib.

**Policy Implications**

To date, evidence emerging from the Moving to Opportunity demonstration suggests that assisted housing mobility alone might not be sufficient to significantly

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The experience of Esperanza, now 23, whose family moved from a public housing development in Los Angeles to a middle-income community in the San Fernando Valley, illustrates how a new neighborhood environment can contribute to better employment prospects for young people. Although Esperanza often got into fights during her high school years in the Valley, she remembers learning a different “way to be” there: how to be “proper” rather than “ghetto.” She describes how she learned to behave around “people who are more middle class,” including “sitting up straight” rather than “leaning back, always being casual . . . always have attitude.” Esperanza believes that this helped her when she decided to enter the Marines. Since completing military service, she has moved to a southern suburb, and she marks her move there as a step up from her family’s life in Los Angeles. “I’m not going backwards,” she says.
Housing mobility counselors should help participants plan their housing search in conjunction with a strategy for improving employment and earnings.

increase employment and earnings among a broad range of very low income families. But MTO provides powerful lessons about how to better target and otherwise improve such interventions.

Although moving to a low-poverty neighborhood offers other important benefits for both adults and children, it does not necessarily improve access to job opportunities. Nor do newcomers automatically benefit from networks of employed residents or potential job referrals in their new neighborhoods. Nonetheless, neighborhoods can matter (as locations) even when neighbors do not. For example, in today’s labor market, where keeping a job can be more difficult than finding one, low-income families with children have to constantly juggle their child care arrangements and work commutes. In addition, a substantial share of public housing residents faces additional, health-related challenges that stand in the way of steady employment. Relocation alone cannot address these barriers, and it may actually make things harder for some families.

These findings have important implications for the next generation of policy and practice. If a goal of assisted housing mobility is to increase employment and enhance economic well-being among very low income families living in poor neighborhoods, these programs need to be better targeted, designed, and delivered. And, they need to be broader than just relocation.

Target destination neighborhoods that offer access to suitable job opportunities, and consider linking transportation assistance with housing vouchers. Assisted housing mobility programs should analyze the spatial distribution of low-skill jobs in metropolitan markets, focusing in particular on job openings and job growth in sectors where their clients are most likely to be employed: retail trade, transportation and warehousing, health care and social assistance, and accommodation and food services. This analysis should focus not only on the location of jobs and job clusters but also on public transportation services and routes. It can help local programs identify neighborhoods that offer meaningful access to promising job opportunities and improve program capacity to advise families in their housing search.

In some locations, public transportation may not serve low-poverty neighborhoods or may not offer reasonable access to dispersed job opportunities. In these circumstances, linking a housing voucher with affordable financing for a reliable car may offer the best prospects for improving access to employment.

Link mobility assistance with employment counseling, training, and matching. Housing mobility counselors should help participants plan their housing search in conjunction with a strategy for improving employment and earnings. For some participants, this strategy might mean helping identify employers with jobs that match their skill sets and education levels, paying particular attention to the sector in which the individual has experience. Encouraging participants to give preference to employers that offer educational assistance, training, or promotion opportunities, as well as neighborhoods with access to educational or job-training services, could contribute to economic advancement.

However, not all participants should be encouraged to use their vouchers to find new jobs. For some, moving to a neighborhood that offers easy access to a community college or to high-quality job training services might be the best strategy. And participants with longer job tenures and potential for promotion or training with their current employers should be encouraged to use their vouchers to reduce their commute times or to increase their access to critical health services or child care providers.

Connect participants to services that directly address health, child care, and other barriers to work. Some housing mobility participants clearly need more than access to jobs and job-training programs; they need intensive services that directly address health, child care, or other needs. Services should include needs assessments to identify individuals who are capable of working but who face persistent challenges that may hinder their employment.
Nonexperimental analyses of MTO families suggest that participants who are older, not high school graduates, not currently working, disabled, and have teenagers in the household might be likely candidates for more intensive services. And adults who report either physical or mental health challenges that interfere with steady work clearly need help if they are to achieve gains in economic security (possibly including service-rich supportive housing rather than voucher-based relocation, at least initially). Providing assistance to overcome these barriers, such as transportation and child care subsidies, as well as publicly funded or low-cost health services, could improve the ability of program participants to find and keep jobs.

Help participants stay in better neighborhoods—not just get to them—by extending relocation and support services beyond the first year and through supply-side strategies that expand affordable housing options. Tight and increasingly expensive rental markets, as well as changing job locations and unstable child-care arrangements, made it difficult for MTO movers to remain in low-poverty neighborhoods. Future assisted mobility programs should look beyond the first move, helping participants negotiate with landlords at the end of their lease term or locate new resource-rich neighborhoods when a move is necessary. Sustained counseling could also help participants overcome barriers to work as they arise or change over time, and it may allow more participants to realize the long-term benefits of living closer to job centers or training services.

But other research has established as a major problem that the pool of landlords willing to accept government housing vouchers was limited and that local program staff had little success expanding the landlord pool (Feins, McInnis, and Popkin 1997). Addressing this constraint, whether through new incentives or rules or both, is critical for assisted housing mobility interventions, as are strategies for directly expanding the supply of affordable rental units in the costly markets where much of today’s job growth is occurring (Briggs and Turner 2006).

Help families connect to neighbors, services, and institutions in their new neighborhoods that can link them to jobs with potential for upward mobility. So far, MTO movers are not establishing strong connections with their new neighbors or with neighborhood institutions that might provide job and job support leads or other useful resources. For some MTO participants, this isolation owes in part to frequent and often involuntary moves (housing instability) that undermines the formation of local connections (without stability, no community). If so, helping families stay in their new neighborhoods longer (as discussed above) would help. In addition, however, counselors could explicitly help mover families connect to these resources, encouraging them to seek out and join neighborhood associations, churches, community centers or schools that would enable newcomers to form useful ties.

Notes

2. This analysis followed computational methods employed by Raphael (1998) and Mouw (2000). Data on business establishments come from Census Zip Business Patterns; on earnings from the Census Transportation Planning Package, Part 2, by place of work and industry; on overall turnover in the job type from Local Employment Dynamics (LED) data; and on MTO residential locations from Abt Associates tracking data for the program population. The LED data were not available for metropolitan Boston or New York, so we limited these analyses to metropolitan Los Angeles and, for comparison, Chicago (though we did no qualitative fieldwork in the latter). We conducted the analysis separately for four industries known to be major sources of entry-level jobs for low-skilled workers (Newman 1999): retail trade, transportation and warehousing, health care and social assistance, and accommodation and food services. We then analyzed all four industries together.
3. Additional analysis would be required to assess differences in competition for low-wage jobs for MTO treatment and control locations.
4. All respondent names are pseudonyms.
5. This is similar to findings for suburban movers in the Gautreaux demonstration (Rosenbaum, DeLuca, and Tuck 2005).
6. This logic has been documented by ethnographies of low-wage work and community life in poor neighborhoods since at least the 1960s (Hannerz 1969; Newman 1999).

References


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The Moving to Opportunity Demonstration

In 1994, the U.S. Department of Housing and Urban Development (HUD) launched the Moving to Opportunity Demonstration (MTO) in 1994 in five metropolitan areas: Baltimore, Boston, Chicago, Los Angeles, and New York. MTO was a voluntary relocation program for very low income residents of public and assisted housing located in high-poverty neighborhoods in these cities. Those who volunteered were randomly assigned to one of three treatment groups: a control group (families retained their public housing unit, but received no new assistance); a Section 8 comparison group (families received the standard counseling and a voucher subsidy for use in the private housing market); or an experimental group. The experimental group families received special relocation counseling (focused on opportunities to live in low-poverty areas) and search assistance. They also received a voucher usable only in a low-poverty neighborhood (less than 10 percent poor as of the 1990 Census), with the requirement that the family live there for at least one year.

Of the 1,820 families assigned to the experimental group, just under half (48 percent, or 860) found a willing landlord with a suitable rental unit and moved successfully or “leased up”; they were experimental “complier” families. The MTO Interim Impacts Evaluation—conducted in 2002, approximately five to seven years after families relocated—found that many experimental group families had moved again, some of them several times—and many moved out of their low-poverty neighborhoods. In addition, about 70 percent of the control group had moved out of public housing, mostly to other poor urban neighborhoods. Families in the MTO experimental group, however, were still much more likely to be living in low-poverty areas (whether the original placement areas or other areas) than their Section 8 voucher or control family counterparts. MTO families also had lived for longer periods in such areas than families in the other two groups.

The Three-City Study of MTO

The Three-City Study of MTO is a large-scale, mixed-method study focused on three MTO sites: Boston, Los Angeles, and New York. The study was designed to examine key puzzles that emerged in previous MTO research, including the Interim Evaluation, and combines analysis of MTO survey, census, and neighborhood indicator data with new, qualitative data collection. The family-level data were collected in 2004 and 2005—about 6 to 10 years after families’ initial placement through the MTO program and 2 years after the Interim Evaluation data collection. First, we randomly selected 122 families, conducting 276 semistructured, in-depth qualitative interviews with parents, adolescents, and young adults in all three treatment groups. We included compliers (those who successfully moved at the outset) and noncompliers (those who did not move through the program) in the experimental and comparison groups, although we weighted compliers more heavily. Overall, we conducted 81 interviews in Boston, 120 in Los Angeles, and 75 in New York. The combined cooperation rate (consents as a share of eligible households contacted) was 80 percent. Next, we launched “family-focused” ethnographic fieldwork, visiting a subset of 39 control group and experimental-complier families repeatedly over six to eight months. The cooperation rate for the ethnographic subsample was 70 percent.

The Three-City Study of MTO is housed at the Urban Institute. The principal investigators are Xavier de Souza Briggs of the Massachusetts Institute of Technology, Susan Popkin of the Urban Institute, and John Goering of the City University of New York. The study is funded by the U.S. Department of Housing and Urban Development and the Annie E. Casey, Fannie Mae, Rockefeller, Smith-Richardson, and William T. Grant Foundations.
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