

Making Work Pay for Public Housing Residents:

Financial-Incentive Designs at Six Jobs-Plus Demonstration Sites

Public housing rules that set rents as a fixed percentage of residents' incomes have long been thought to discourage residents from working. The Jobs-Plus Community Revitalization Initiative for Public Housing Families, a national demonstration project operating in six cities, is testing ways to increase employment among public housing residents by combining changes in rent rules and other financial work incentives with employment and training services and social supports for work. With its reliance on rent-based work incentives, Jobs-Plus anticipated some of the key provisions of the Quality Housing and Work Responsibility Act of 1998. This report describes the kinds of incentives being tested in each of the Job-Plus sites and explains how these strategies can increase residents' net incomes and influence their decisions about work.

Key Findings

- Even without rent reform, changes in welfare rules and the Earned Income Tax Credit (EITC) have made work substantially more rewarding for public housing residents over the past decade. Jobs-Plus builds upon these work incentives by introducing flat or fixed rent steps, rents based on a lower percentage of income, lower ceiling rents, rent credits, and escrow accounts. However, whether it pays for a resident to go to work depends not only on the rent rules but also on how much in welfare and Food Stamp benefits she stands to lose, whether she receives subsidized child care, and whether she receives the EITC. Thus, effectively communicating and marketing all available financial supports for work is an important feature of Jobs-Plus.
- Across all housing developments and for a range of family circumstances, the Jobs-Plus rent rules give residents more incentive not only to accept employment, but also to choose full-time over part-time jobs and to advance into higher-wage jobs than they had under the traditional rules.
- Jobs-Plus rent rules may encourage some residents, particularly second earners in two-parent families, to reduce their work hours. And under some plans, residents' incomes may fall over time unless they can increase their earnings to match the higher rent steps.
- Public housing authorities (PHAs) could gain or lose from Jobs-Plus rent reforms. Whether their total rent revenues increase or decrease will depend on the generosity of the rent reductions, the extent to which Jobs-Plus increases employment and earnings, and how many residents were working prior to the reforms.

The Jobs-Plus demonstration was conceived by its two principal funders, the U.S. Department of Housing and Urban Development and The Rockefeller Foundation, in collaboration with MDRC, which is managing and evaluating it. It is also supported by the other funders listed at the front of this report. Future studies will investigate what effects these promising approaches have on residents' employment and PHA rent revenues.