The Use of Markets in Social Policy: Welfare Recipients as Market Participants

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Dedication

This dissertation is dedicated to Jen, Grace, and Grant.

Abstract

The structure of welfare benefits has a material impact on the experiences and outcomes of beneficiaries. Historically, many governments provided supply-side welfare benefits in which the state provided direct provision of goods or services (i.e. public housing). Since the 1970's, many governments have increasingly provided demand-side benefits, such as vouchers and cash transfers, in which recipients use the benefits to procure goods and services in the private market. A fundamental reality of demand-side subsidies—largely ignored by the scholarly community—is that the use of such subsidies turns welfare beneficiaries into market participants. Because the recipients of demand-side subsidies must enter the market to use the benefit, the terms on which they do so may have a significant effect on the outcomes produced by these social policies. It is, therefore, the experiences of welfare beneficiaries in the private market that serves as the foundation of this study.

This study presents the concept of a *market position* to help understand the experiences of welfare recipients in the private market. The Market Position Framework is introduced as a tool to analyze market positions and the framework is applied to social programs in the U.S. and in Europe. Market positions are defined and compared and the relationship between market positions and market outcomes is examined. The study demonstrates that market positions are constituted by a set of social, political, economic, and individual factors. The analysis highlights how social and political contexts combine with program conditions to explain variation in market positions. The study also finds an

association between market positions and market outcomes—stronger market positions are associated with better outcomes.

This study offers a unique perspective on the analysis of social policies that is missing from conventional welfare state scholarship that focuses solely on the relative generosity of programs. This approach may be used by policymakers, advocates, and scholars to help explain the market outcomes of welfare recipients. Importantly, these tools may help to explain welfare program outcomes that may, in certain circumstances, deviate from the stated goals and objectives of that program.

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Chapter 1 – Introduction

A fundamental question facing all societies is whether basic goods and services should be distributed via the market or through state provision. Social theorists such as Marx, Polanyi, Friedman, and Hayek provided influential commentary on this debate and their scholarship laid the groundwork for future generations of social scientific inquiry. While this tension is clearly evident in the historical debate between market-based and centrally-planned economies, the development of modern welfare states within capitalist democracies has provided another venue in which these competing ideas are contested. In market-based economic systems, the distribution of resources, according to Deborah Stone, may be provided pursuant to either work or need. Distribution based on labor allows workers to exchange income earned from work for the goods and services they need and desire, while in the need-based system, the government provides resources based on need (Stone, 1984). Each society must, therefore, structure the boundary between the two systems of distribution to determine who may receive need-based benefits and who must rely on wage labor. This dichotomy is a continuum in which some people rely on wage labor for all goods and services, while many others rely on a mix of government resources and income from wage labor. Governments use social policies to establish the conditions under which one may receive resources based on need.

Stone's framework helps to demonstrate how need-based distribution of goods and services reduces recipients' reliance on the market. Karl Polanyi and Gøsta Esping-Andersen stressed the decommodifying attributes of welfare states. Decommodification occurs when basic goods and services are provided as social rights by the state, rather than as commodities delivered via the market (Block & Somers, 2014; Esping-Andersen, 1990). According to Esping-Andersen (1990), comprehensive welfare states are more highly de-commodified than are those states with more limited social policy frameworks. One can link these two strands of scholarship by noting that as need-based distribution increases, a society becomes more de-commodified as citizens become less reliant on wage labor and the market for their existence.

Much welfare state scholarship focuses on issues related to benefit distribution. This strain of scholarship considers important questions such as who is eligible for benefits, on what grounds is eligibility determined, and how generous are the benefits. These questions are essential to the analysis of welfare states and their development, but this focus on the distribution of benefits has obscured another critical dimension of the welfare state that has received far less scholarly attention: the *form* of benefit.

A focus on the form of welfare benefits invites very different questions than studies that focus on the distribution of benefits. By focusing on the form of benefit, one can study how the benefit is structured and how is it designed for use. For the purposes of this study, I present two broad categories of benefit form to help frame this analysis. On one hand, governments may provide supply-side benefits in which the state provides direct provision of goods or services (i.e. public housing or commodity distribution) or may extend tax credits or subsidies to producers of affordable goods or services (i.e. low-income housing tax credits). On the other hand, the government may provide demand-side subsidies, such as vouchers and cash transfers, in which recipients use the benefits to procure goods and services in the private market. A fundamental reality of demand-side subsidies—largely ignored by the scholarly community—is that the use of such subsidies turns welfare beneficiaries into market participants. Because the recipients of demand-side subsidies must enter the market to use the benefit, the terms on which they do so may have a significant effect on the outcomes produced by these social policies. It is, therefore, the experiences of welfare beneficiaries in the private market that serves as the foundation of this study.

It is impossible to analyze the form of benefits without acknowledging the increased reliance on markets and market mechanisms in the delivery of welfare benefits. Scholars have noted the increased use of market mechanisms across a broad range of social policy reforms in many capitalist democracies (Gingrich, 2011; Le Grand, 1991). Concerns about efficiency and consumer sovereignty drive many of these reforms (Le Grand, 1991; Lowery, 1998), but the use of markets as a delivery mechanism for welfare benefits prompts fundamental questions about the effectiveness and equity of these programs.

When analyzing programs that deliver demand-side benefits, the outcome of interest is not the benefit that recipients receive. The outcome of interest is the good or service that a beneficiary procures through a market transaction. In the case of housing vouchers, the outcome is the housing unit that a recipient leases with the help of a voucher—not the voucher itself. By contrast, in the case in which supply side housing benefits are provided—such as public housing—the receipt of the benefit, the housing unit, is the ultimate housing outcome. This slight nuance has profound implications when one begins to consider the causal implications of programs and policies. In the case of housing vouchers, because the housing outcome is the result of a transaction in the private market, that outcome is influenced by a variety of factors beyond just the program benefit itself. As a result, when analyzing the outcome of such a program, one must be sensitive to the context in which that program benefit is delivered. If a program is delivered into a system that undermines the efficacy of a program, it is unlikely that the program will be deemed a success. This approach to policy analysis honors the notion of causal complexity that, according to Charles Ragin (1987, 2000, 2014), is best investigated through the method of Qualitative Comparative Analysis (QCA). According to Ragin (2014):

> QCA allows for the assessment of multiple conjunctural causation, which implies that (1) most often, it is a combination of conditions that generate an outcome; (2) several different combinations of conditions may produce the same outcome; and (3) a given condition may have a different impact on the outcome depending on context. Hence, QCA implements a context-specific notion of causality. This allowance for greater causal complexity also implies that a causal condition may have opposite effects, depending on context. (p. xxii).

In her book, *Reform in the Making*, Ann Chih Lin highlighted the importance of the fit between a policy and its implementation context, “It is the *match* between context and policy…that counts” (Lin, 2000, p. 181). Lin’s findings support the methodological approach advanced by Ragin by highlighting the important role of context in analyzing policy outcomes. A well-designed program implemented in certain contexts may prove to be highly efficacious, while the same program in a different context may fail to deliver the desired results. Lin notes a common failure among those who analyze the success or failure of social policies: “the tendency of researchers and policymakers to see programs—prison rehabilitation, welfare reform, job training, education reform—separately from the organizations—the prisons, the welfare offices, the job-training centers, and the schools—in which they are housed” (p. 7). The logic offered by Ragin and Lin suggests that the context in which market transactions occur and the fit between that context and a particular program is critically important to understanding the causal impact of demand side welfare benefits. The causal complexity of the market transactions of welfare recipients is the focus of this study.

A primary contribution of this study is the development of a conceptual framework to facilitate the study of welfare programs that deliver demand side benefits. This framework focuses analytical attention on the position of welfare recipients in the private market, under the belief that the market position of a market participant influences the market outcomes achieved by that individual. In this study, I rely on a mixed-method approach to study the phenomenon of market positions. Understanding a recipient’s market position is important, because a disadvantaged market position has the potential to undermine the ability of a market actor to achieve success in the private market. A fundamental assumption that underlies this analysis is that the variation in market positions across welfare programs is not coincidental, but rather is institutionally constructed. Scholars have noted that many public policies do not treat all people equally, and that many policies bestow benefits on one portion of the population, while burdening other people (Schneider & Ingram, 1997). The variation in market positions follows the same logic. Therefore, in this study, I seek to understand how political and social institutions construct market positions and to provide explanations for variation in the position of these actors. I begin my analysis by studying the Housing Choice Voucher (HCV) program in the U.S.—the core case in this study. The HCV program provides housing vouchers to eligible households that can be used to procure rental housing in the private market.

To highlight my approach to the analysis of market positions, I provide a detailed constitutive explanation of market positions of HCV recipients. In this explanatory exercise, I consider the various factors—social, political, economic, and individual—that combine to constitute a market position. In the second stage, using quantitative methods, I examine the effect of market positions on the housing market outcomes achieved by housing voucher recipients in the U.S. Third, I conduct a cross-case comparison of welfare programs in the United States and consider how and why market positions of welfare recipients vary across policy domains. This comparison demonstrates how market positions may vary across programs even though all three programs have been established and implemented within the same U.S. political and institutional context. Fourth, using the same three U.S. welfare programs as cases, I analyze the historical explanation for variation in market position across policies. Finally, I use cross-case comparisons of demand-side housing benefits in the U.S., the U.K., and the Netherlands to see how market positions vary across geographies and political contexts. In this chapter, I develop constitutive explanations of market position for recipients of all three programs, compare the market positions across all three programs, and use this variation to demonstrate the effect of market positions on the market outcomes achieved by recipients of housing programs in different countries.

Understanding the market position of welfare recipients is critical because there is ample evidence that the relative power and position of market participants has a material impact on bargaining leverage and distributional outcomes (Kim, Pinkley, & Fragale, 2005; Muthoo, 2000). If the goal of market delivery of welfare benefits in social policy is to unleash the power of the market to improve the allocation of goods and services and to provide more efficient outcomes, institutionally-constructed market positions that undermine the ability of market participants to compete in private markets must be evaluated. Given the importance of demand-side subsidies in modern welfare states, understanding the position from which beneficiaries enter the market and the outcomes that they achieve is critical to assessing the performance of these important social policies.

The findings of this study are relevant for a broad audience. First, this study offers an additional dimension on which to consider the efficacy of social policies. Policymakers and scholars may consider the market position of welfare beneficiaries as a key variable to help explain the success or failure of a social policy and its implementation. Second, this study also highlights the specific policy characteristics that may restrict the ability of a welfare beneficiary to effectively transact in the private marketplace. Policymakers may apply this knowledge as new policies are established, or existing policies are modified, in order to structure a policy that provides a welfare beneficiary the greatest chance for success. By focusing on the market position of welfare recipients, policy makers can construct a better fit between the program and implementation context which may improve outcomes and allow policymakers to be better stewards of public funds. Finally, this study provides an important methodological intervention into the causal analysis of welfare programs, particularly those that deliver demand side benefits. I demonstrate that the market outcomes achieved by welfare recipients is a function of complex causation that conventional variable-based statistical analyses are unable to capture and appreciate.

In this study, I rely on theoretical and methodological contributions from multiple disciplines. First, I draw extensively on the economics, political science, and sociology literature that examines the relationship between the state and markets. I present my analysis from the perspective that the market is not an autonomous institution into which the government occasionally intervenes, but rather is an institution that is embedded with other political and social institutions (Block & Somers, 2014; Lindblom, 1977). Second, I rely on the theoretical contributions of scholars who have analyzed market reforms in the welfare state. This set of scholars have described market reforms, examined the drivers and causes of these reforms, praised and critiqued the use of markets in welfare delivery, and created typologies of market reforms in social policy (Gingrich, 2011; Le Grand, 1991; Lowery, 1998). Third, I tap the fields of economics, business, and management to understand how market positions are constituted and how one's market position can alter distributional outcomes based on the relative bargaining power of market participants (Kim et al., 2005; Muthoo, 2000). Finally, I rely on the methodological contributions of Charles Ragin. Ragin notes that many social phenomena are the result of complex causality that requires a different analytical approach. The effect of a program may vary based on the different contexts in which that program may be delivered (Ragin, 1987, 2000, 2014).

To develop an understanding of the experiences of welfare beneficiaries in the private market, I analyze the following five research questions:

1. How are the market positions of HCV program participants constituted?
2. What is the effect of one's market position on the housing market outcomes of HCV program participants?
3. How do the market positions of HCV program participants compare to the market positions of recipients of Social Security and the Supplemental Nutritional Assistance Program (SNAP)?
4. What explains the variation in market positions across different U.S. welfare programs?
5. How do the market positions of housing subsidy recipients in the U.S., the U.K., and the Netherlands compare and what is the effect of these different market positions on the housing outcomes of beneficiaries?

Definitions

To facilitate a consistent understanding and interpretation of this study, I provide the following working definitions for important concepts that appear in this work:

Welfare Benefit – In this study, a welfare benefit includes the delivery of an item of value to an eligible recipient pursuant to a social policy—such items may include a good, service, voucher, or cash. Excluded from this definition would be other regulatory and tax policy mechanisms that are used to enhance the social welfare of the population such as tax credits, labor laws, and policies to ensure product quality.

Market – A market is an abstract concept, not a physical place. A market is a relational structure or institution that facilitates the exchange of goods and services between buyers and sellers.

Market Actor – All individuals, organizations, and institutions involved in a market are market actors. This includes all buyers, sellers, agents, and intermediaries, as well as the government given the regulatory role that it serves.

Market Participant – For the purposes of this study, the buyer or the seller in a market transaction are defined as market participants. This definition excludes other market actors such as intermediaries and the government.

Market Position – Each market participant has a market position. A market position is an abstract concept that is formed through relationships with the social world. A market position is a set of conjunctural relationships between a variety of individual, market, and policy factors. A market position, therefore, constitutes a set of relationships that endows a market participant with advantages or disadvantages relative to other market participants. In this study, I present a framework to help identify and analyze the market position of welfare beneficiaries.

Literature Review

The role of the market and the state in society is a fundamental question in welfare state scholarship. At the highest level, scholars such as Marx, Polanyi, Friedman, Hayek, and Lindblom have considered whether the state or the market should be the primary mechanism by which a society allocates goods and services (Block & Somers, 2014; Friedman, 1982; Hayek, 1948; Lindblom, 1977, 2001; Marx, 1992). This debate has largely centered around the fundamental split between centrally-planned systems and market-based economic systems. Some scholars, such as Polanyi and Lindblom, argue that this split is a false dichotomy, and, in fact, pure market-based economic systems do not exist. Rather, market based economic systems are embedded within the structure of the state, and the government apparatus provides oversight and influences much of the activity of the "private market."

Within market-based economic systems, a second dimension of the state versus market debate ensued. It is within these market-based systems that the modern welfare state emerged, and scholars have used this setting to raise questions about when and under what conditions the state should provide benefits. Central to this debate is the extent to which goods and services are provided via the market or the state. Esping-Andersen developed the concept of welfare regimes to help understand variation in the development and trajectory of welfare systems (Esping-Andersen, 1990). Esping-Andersen revived the concept of de-commodification from Polanyi and Marx to demonstrate how societies may differ based on the extent to which its citizens are reliant on the market for their existence. The cross-national heterogeneity in welfare state structure and composition has been a source of extensive comparative welfare state research. At the core of these studies are basic questions regarding the distribution of welfare benefits: who gets benefits, why do they get benefits, and how much do they get. These questions have dominated welfare state scholarship over the last half century.

There is a third level of literature at which state versus market debates emerge. This body of literature considers the form of the benefit that is provided to recipients. Governments must decide whether to deliver benefits via the state (supply side benefits) or relying on market mechanisms for the allocation of goods and services (demand side benefits). The state delivers supply side benefits when it provides direct provision of goods and services. An example of supply side benefits is public housing in which a welfare recipient receives a good from the government without having to enter the market to procure such good. In lieu of supply-side provision, the state may deliver demand-side benefits in which the private market is used as a delivery mechanism. Demand-side benefits come in two forms: cash (such as cash assistance programs) and vouchers (such as the HCV program in the U.S.). The distinction between demand-side and supply-side benefit distribution is important given the increasing use of markets in the delivery of welfare benefits in many western capitalist democracies. These market reforms in social policy have not, by definition, altered the generosity of welfare programs or changed the rules of eligibility. Rather, market reforms in the welfare state have altered the methods by which benefits have been distributed by the state. This observation is at the core of this study which provides insights on the benefits and costs of the decision to deliver demand side welfare benefits.

Markets and the State

Markets are a fundamental institution of all societies; they provide an essential mechanism for the allocation of goods and services. But, as noted by Lindblom (2001), markets and market systems are two very different things. All societies, including those based on a communist economic system, use markets to allocate goods and services. But societies with central authorities are not considered market systems. A market system exists when the buying and selling within markets is the key mechanism of societal coordination, as opposed to coordination by a central authority. Fundamentally, the market system, according to Lindblom (2001) "is a method of controlling and coordinating people's behavior" (Lindblom, 2001, p. 7). Lindblom's characterization is important because he argues that in a market system, the key societal decisions are devolved to the market rather than assumed by a central authority. In contrast to a centrally-planned economy, in a pure market-based economic system, no authority, other than the market, determines where people work, how much of a good is produced, and at what price goods are sold. These decisions are a form of societal coordination and control. Lindblom's characterization does not preclude state provision of goods and services, but rather this definition underscores that markets are the dominant mode of allocation. Therefore, within the set of countries with market-based economic systems, variation exists based on the extent to which the state provides resources.

Two schools of scholarship analyze the relationship between the state and the market within market-based systems. Classical economists consider the market independent of the state and therefore, state involvement in market relationships represents an intervention by the state into the autonomous market. In such a view, the state exists to provide a framework of laws which allows the self-regulated market to function autonomously (Friedman, 1982). Critics of the classical economic interpretation argue that, in fact, markets are not independent of the state, but rather are embedded within social and political institutions to provide employment, goods, and services to the citizenry (Block & Somers, 2014; Katz, 2008; Lindblom, 1977). Block and Somers (2014), following the logic of Karl Polanyi, argued that the "free market celebrated by economists and political libertarians has never – and cannot ever – actually exist" (p. 9).

In a society in which the market is embedded within a structure of social and political institutions, public policy is not an intervention into an otherwise free market. Rather, public policies that form the welfare state are institutional responses in which the state provides resources to eligible recipients that would have otherwise been procured via the market. Pierson (2000) suggested that the welfare state is not an independent institution, but rather a fundamental component of modern capitalism. Existing literature provides two potential explanations for the development of welfare states within capitalist democracies. First, the welfare state was a response to market failure (Estevez-Abe, Inversen, & Soskice, 2001; Therborn, 1987) and, second, the public interest was not well served, in certain circumstances, by purely market-driven outcomes (Katz, 2008). Therefore, the relationship between the welfare state and the capitalist system is symbiotic, in which the welfare state responds to shortcomings in capitalism, but the welfare state is also a critical institution that helps to facilitate and perpetuate the capitalist enterprise by controlling social unrest and providing a supply of low-wage labor to employers (Piven & Cloward, 1993; Soss, Fording, & Schram, 2011).

Market Reforms in Social Policy

Market reforms in the welfare state involve the use of markets, or quasi-markets, in the delivery of welfare benefits (Le Grand, 1991). Therefore, instead of serving as both funder and provider of a good or service, the government continues to finance the program while non-government, market suppliers, provide or deliver the benefits (Le Grand, 1991; Lowery, 1998). Market reforms in the welfare state have been driven by a desire to provide greater efficiency (Le Grand, 1991; Lowery, 1998), and to respond to the preferences of recipients by providing greater consumer sovereignty (Lowery, 1998). The push for greater efficiency was driven by the belief that the existing welfare system was wasting resources and was not helping the poor and disadvantaged population that it was designed to support. By introducing private market suppliers into the marketplace, allocative efficiency could be improved. It has also been argued that the legacy welfare system failed to satisfy consumer preferences. The introduction of quasi-markets in the welfare system creates increased competition which provides the mechanism by which consumer sovereignty – responding to the preferences of individuals – is delivered. Scholars noted that these quasi-markets in welfare are socially and politically constructed (Ferlie, 1992) and therefore differ from traditional private markets due to different rules and constraints that effect both the supply and demand side of the market (Le Grand, 1991).

While the application of market principles in social policy (or market reforms) has accelerated in recent decades, the connection between markets and the welfare state is longstanding. Welfare states have, since their inception, used private markets as a delivery mechanism for public benefits—Social Security benefits as an example. Although present since the onset of modern welfare states, the use of markets in the welfare state accelerated beginning in the late 1970s. The elections of Margaret Thatcher in the U.K. and Ronald Reagan in the U.S. ushered in a new era in welfare state politics in which neoliberal ideology prevailed (Block & Somers, 2014; Gingrich, 2011; Harvey, 2005; Katz, 2008; Le Grand, 1991). In this period, the application of market principles to the functions of the traditional welfare state altered the landscape for social policy. In the U.S., changes in the welfare state were driven by concerns about dependency (Murray, 1984), budget constraints (Katz, 1996), and bureaucratic inefficiencies (Daniels & Trebilcock, 2005), and also by the application of laissez faire ideology (Block & Somers, 2014).

The acceleration of market reforms in social policy prompted researchers to study the causes and effects of these policy changes. Many scholars have traced the development of neoliberalism, or market fundamentalism, and its effects on social policy (Block & Somers, 2014; Katz, 2008; Soss et al., 2011). Neoliberal ideology fundamentally alters the relationship between the state and markets. Unlike the autonomous market envisioned by classical liberals (Friedman, 1982), in neoliberal thought, the lines between the state and market are blurred as market principles are applied to state functions and the power of the state is unleashed to support and enhance the market (Block & Somers, 2014; Soss et al., 2011). According to Harvey (2005), the application of neoliberal ideology leads to the commodification of many aspects of life, in which the market is used more broadly to allocate resources. Modern life is rife with examples of commodification of basic goods and services including education, healthcare, military services, and even dating and relationships. These principles are evident in social policy as relationships between beneficiaries and the state have become increasingly contractualized (Harvey, 2005; Soss et al., 2011). As market principles are increasingly applied to the welfare state, understanding the experience of welfare beneficiaries in the marketplace takes on increasing importance.

The U.S. cases that I study provide an apparent contradiction when considering the rise of neoliberalism and its effects on social policy. Social Security, food stamps, and housing vouchers pre-date the ascendance of neoliberal ideology highlighted above, which suggests that the use of demand-side subsidies was not limited to the modern neoliberal era. Existing scholarship provides an explanation for this potential contradiction by stating that neoliberal principles did not emerge in 1980 in a 'big bang' event, but these were latent concepts that existed previously but were not incorporated into the dominant ideology until the 1980s (Harvey, 2005; Katz, 2008). Katz (2008) confirms this ideological transition by stating, "The values associated with markets have never drifted far from the center of American public policy. What marks the post-1980 period is their hegemony—their replacement of alternative templates in both the public and private sectors" (p. 28). Therefore, the policies that I study are not historical outliers, but rather provide evidence of a latent market ideology that has been present throughout the history of U.S. social policy.

While many scholars attribute the rise of markets in welfare to the neoliberal ideology favored by the political Right, Gingrich (2011) demonstrated that both sides of the political spectrum have supported such reforms. Gingrich used cases of market reforms in Europe to develop a typology of welfare markets and analyzed the role of politics in the development of these market types. Gingrich found a pattern in which the

Right tends to favor market reforms that reduce public provision and rely more heavily on private sources of financing and service provision. The Left, on the other hand, used welfare markets to maintain support for public benefits and to enhance the legitimacy and efficiency of the welfare state. The work of Gingrich suggests that one should not consider welfare reforms as an exclusive victory by the political Right, but rather as an example of the power of market ideology that has been implemented in different ways by political actors of varying political persuasions. To help explain the power of market ideology, Block and Somers (2014) note, "the seductive persistence of free market ideology is rooted in its premise *to reduce the role of politics in civic and social life*. Since politics inevitably entails conflict over the scope and character of government, as well as morally unsatisfying compromises among competing interest groups, the wish to narrow its scope is understandable" (p. 10).

Welfare Beneficiaries as Consumers in the Marketplace

Welfare benefits may be delivered in two primary ways. First, the state may both provide and deliver public benefits. This instance involves the non-market delivery of welfare benefits. Benefits that involve non-market delivery include supply-side subsidies such as public housing, public education, or public healthcare. In this case, the government provides an in-kind benefit directly to the beneficiary. In non-market delivery, consumer choice is constrained, but the state has greater control of the provision of goods and services. The constrained choice in these examples is that beneficiaries do not have access to the diverse options provided by the market, rather they receive a stated, and discrete, benefit from the state.

The second delivery mechanism for welfare benefits involves the use of markets. These welfare benefits are demand-side subsidies in which the government provides a benefit that the recipient uses in the private market to procure goods and services (Daniels & Trebilcock, 2005). Demand-side subsidies provide greater choice for the consumer, but the amount of consumer flexibility is a function of policy design. The benefits of greater consumer choice must be weighed against the uncertain outcomes that welfare beneficiaries achieve in the private market. Demand-side subsidies, by definition, provide a very different consumer experience for welfare recipients.

Within the scope of demand-side subsidies, there are two primary forms of benefits. First, the government may provide vouchers in which a stated use benefit may be used in the private market. Examples of vouchers include food stamps and housing vouchers. The voucher dictates that a benefit may only be used for specific purposes (Daniels & Trebilcock, 2005). The second form of demand-side benefits are cash transfers. Examples of cash transfers include Social Security pensions and Temporary Assistance for Needy Families (TANF). While cash transfers may be subject to a variety of conditions, there is no stated use of the benefits and beneficiaries may use the cash to purchase whatever goods and services they need or desire.

Market Structure and Bargaining Power

Markets have a fundamental role in this study and, therefore, an operating definition of markets is required. Developing a proper definition of markets is difficult given the abstract nature of the concept. While a marketplace may be a physical place in which buyers and sellers gather to exchange goods, a market does not physically exist.

Rather, a market is a relational concept comprised of social relationships and transactions involving individuals and organizations. In addition, this abstract concept of the market is not monolithic, but rather is made up of lots of different markets. One market is not the same as the next. To help understand how markets differ, economists have developed typologies of markets based on specific attributes including the number of buyers and sellers and the nature of the good being exchanged (Colombatto, 2016; Tregarthen & Rittenberg, 2000). Across the different types of markets, competitive dynamics may vary considerably. For the purpose of this study, the key area of focus is the existence of inequity between buyers and sellers which may lead to a power differential, or bargaining power (Dunlop & Higgins, 1942). Power differentials tend to arise in market structures that are not perfectly competitive. While perfectly competitive markets are relatively rare, a basic theoretical understanding helps to understand how and where bargaining power arises in market relationships. In perfectly competitive markets, market actors exchange relatively homogenous goods. These markets are characterized by numerous buyers and sellers such that the action of any single buyer or seller does not alter the market price of the good. In a perfectly competitive market, both buyers and sellers are price takers, because of their inability to alter the market price of the good being exchanged (Colombatto, 2016; Tregarthen & Rittenberg, 2000). When both buyers and sellers are price takers, there is no bargaining over price, and, hence, no bargaining power (Harding, Rosenthal, & Sirmans, 2003).

Markets with imperfect competition are far more common in modern life. Such markets tend to demonstrate some level of inequity between buyers and sellers. An extreme example of imperfect competition is a monopoly in which a single seller or producer has significant market power. Other variations of imperfect competition produce instances in which either the buyer or seller has greater leverage in the exchange of goods. Goods that are highly differentiated (or heterogeneous) are exchanged in markets with imperfect competition, which may give rise to bargaining power that may favor either buyers or sellers (Dunlop & Higgins, 1942; Harding, Knight, & Sirmans, 2003).

Two examples that are relevant for the cases I analyze in this study are the markets for food and housing. First, in developed economies, consumers purchase most food through retail outlets such as grocery stores. The market for food in a grocery store is imperfect, but consumers are price takers when they enter the grocery store, which according to Bester (1993) is also known as a posted-price market regime. The purchase price of a loaf of bread is not negotiated, but rather is set by the grocer. The customer then must decide whether to purchase the bread, and if so, determine what quantity to purchase based on the market price. In this market relationship, the customer is a price taker given that the decision of the customer to purchase (or not purchase) the bread has no immediate impact on the market price for that good (Colombatto, 2016; Tregarthen & Rittenberg, 2000). Therefore, in the market for retail groceries, consumers have little bargaining power. The power of customers derives from their ability to shop at different stores which serves as an important check on the practices of grocers. As the market for food becomes more competitive (more retail options), inequity between buyers and sellers is limited because buyers pay the posted price and sellers must align prices with the prevailing market in order to remain competitive.

On the other end of the spectrum, the market for home ownership is very different than the market for groceries. Rather than entering into transaction as a price taker, buyers in the housing market engage in a negotiation to establish the terms under which a transaction may take place. In such a negotiated marketplace, buyers are not price takers and their actions can alter the price at which an exchange takes place. From the perspective of an economist, housing is known as a heterogeneous good (Harding, Knight, et al., 2003). Because heterogeneous goods are unique, market prices are unobservable, and the market is relatively thin (as opposed to thick markets in which there are many buyers and sellers for the same good). As a result, market prices for heterogeneous goods are established through a process of bargaining or negotiation. Therefore, it is in markets for heterogeneous goods that bargaining power, or inequity between buyers and sellers, arises (Harding, Knight, et al., 2003; Harding, Rosenthal, et al., 2003).

In markets in which prices are established through a negotiated process, understanding the nature and effects of bargaining power is critical. According to Kim et al. (2005), many scholars who analyze the role of power in market relationships rely on conceptions of power that derive from Max Weber's classic definition that states that power is the ability to carry out one's will despite resistance (p. 800). Existing literature demonstrates that the relative bargaining power of market participants has a material influence on the outcomes of negotiation (Harding, Knight, et al., 2003; Harding, Rosenthal, et al., 2003; Kim et al., 2005; Muthoo, 2000). Scholars have also attempted to highlight traits and attributes that may contribute to increased or decreased bargaining power. Such traits include household wealth, gender, other demographic characteristics, the level of patience, the presence of alternatives other than the negotiated outcome, and information asymmetries (Harding, Rosenthal, et al., 2003; Kim et al., 2005; Muthoo, 2000). In addition to general factors that alter the bargaining power of market actors, the specific circumstances of exchange may produce other sources of or constraints on bargaining power. Harding, Knight, et al. (2003), in their study of bargaining power in the housing market, estimated the relative power of the seller of a house based on the seller's occupancy of that residence. The concept was that a vacant house creates a weak bargaining position for a seller, given that they have already moved out of the home. This example shows that idiosyncratic factors that are specific to a certain circumstance may alter the relative power of a market actor.

The market outcome that is most associated with capitalist systems is price. Classical economics suggests that competition within a market-based system is price-based, and market reaches equilibrium when buyers and sellers agree on the price and quantity of a good. The price at which an exchange takes places is of critical importance in a market-based economy, but the literature demonstrates that other outcomes of exchange are also important. Ferlie (1992) notes that when market principles are applied to the welfare system, other outcomes, such as quality, become relevant for consumers. In addition to quality, Zinn (1994) suggested that access is also a critical market outcome that is important in certain circumstances. In the welfare system, the ability of a beneficiary to access goods and services they need is very important. Therefore, rather than focusing on the market price paid by welfare beneficiaries, in this analysis I focus on the ability of welfare beneficiaries to access the goods and services that they need and desire.

Market Position

Market position is the concept that motivates this study. As noted earlier in this chapter, a market position is a set of conjunctural relationships between a variety of individual, market, and policy factors. A market position, therefore, constitutes a set of relationships that endows a market participant with advantages or disadvantages relative to other market participants. A key distinction must be drawn between the definition of market positions, as presented in this study, and the definition of bargaining power that is common in the economics and management literature. I suggest that a market position includes the presence of bargaining power, but also includes other factors that would not be considered in conventional definitions of bargaining power.

Market position and bargaining power represent two different conceptions of market relationships. Bargaining power highlights the inequity in power between two players in a negotiation. Bargaining power may also arise when one person is dependent on another person. Market position incorporates inequities between two parties in a negotiation, but it also considers other factors that effects one’s standing in the market. While bargaining power focuses on situations that involve negotiation, market position considers the rules, procedures, and context that govern how a person interacts in the market, which may, but frequently does not, include a negotiated outcome. For example, if Maya can shop at the grocery store every day, but James may only shop on Tuesday, Maya has an advantage over James. Maya may get better access to high quality goods, she may be able to take advantage of deals, and she may shop at the times that are most convenient for her. This inequity between Maya and James is not due to bargaining power, but rather is represented by a tangible difference in their position in the market. Another way to examine this relationship is to consider a hypothetical situation in which Maya may use her own financial resources to purchase goods at any retail outlet. James, who purchases goods with a voucher, can only use his voucher at stores that accept vouchers—a subset of all stores. All else being equal, Maya has a stronger market position because of the flexibility that she must shop at the store that best fits her needs and desires. These hypothetical scenarios highlight the broader considerations—beyond bargaining power—that alter one's market position.

When studying an abstract concept such as a market position, there is a great temptation to reify the concept. Market positions do not exist independently and, therefore, are difficult to define and analyze. Unlike hair color and shoe size, market positions are not concrete attributes of individuals. Instead, market positions are formed through relationships and transactions between individuals and society. Presenting market positions in this manner is consistent with the "relational" approach introduced Emirbayer (1997). Relationalism suggests that entities or concepts are comprised of processes and social relationships, not discrete substances. In describing the nature of abstract concepts – such as a market position – Emirbayer quotes Ernst Cassirer who suggested that things "are not assumed as independent existences present anterior to any relation, but…gain their whole being…first in and with the relations which are predicated on them. Such 'things' are terms of relations, and as such can never be 'given' in isolation but only in ideal community with each other" (p. 36). This relational approach suggests that market positions are not fixed and may vary temporally and spatially.

The complexity of market positions provides a useful setting to apply the qualitative, case-oriented methodology developed by Charles Ragin (1987, 2000, 2014). In contrast to conventional statistical analytical techniques, the case-oriented approach provides room to explore the complex causality that is present in many social interactions. A fundamental limitation of variable-based statistical approaches are the "homogenizing assumptions" (Ragin, 2000, p. 5) which suggest that causal conditions operate in the same way across all cases. Throughout the social world, there are many examples of a program working well in one setting while failing in another. This causal heterogeneity is important to consider when welfare recipients enter the private market. The flexibility of the conceptual framework that I introduce in this study allows one to systematically explain seemingly contradictory evidence, such as the fact that landlords in many geographic areas refuse to accept housing vouchers, while in other settings, landlords desire voucher recipients as tenants.

In this study, I demonstrate that social and political institutions play a key role in the construction of market positions. A key assertion of this study, therefore, is that the market positions of welfare recipients are, in part, institutionally-constructed through the policymaking process. While no existing theory or framework helps to explain the concept of market positions in full, the social construction of target populations framework, developed by Helen Ingram and Anne Schneider, helps to explain how the policymaking process may influence the market positions of welfare recipients. Ingram and Schneider developed the framework in order to explain political realities that remain unexplained by other frameworks and theories—for example, "How is it that, while every citizen is nominally equal before the law, policy design tends to distribute mainly benefits to some people while almost always punishing others?" (Ingram, Schneider, & DeLeon, 2007, p. 93). The framework posits that the social construction (either positive or negative) of a target population, combined with the political power of that group, helps to explain the allocation of benefits and burdens throughout the policymaking process (Ingram et al., 2007). Because policy and program attributes are important constitutive elements of a market position, Schneider and Ingram's framework helps to explain why some welfare recipients enjoy stronger market positions while other recipients enter market transactions from a disadvantaged position.

Chapter 2: Studying Market Positions

Prior to entering the academy, I was an active participant in the financial markets for seventeen years. During this time, I participated in hundreds of deal negotiations. As I progressed through my career, I developed an intuitive sense for my own market position, although that concept remained unnamed. A gut feeling guided my assessment of the relative strength or weakness of my position based on a variety of individual, market, and institutional factors. Based on my assessment, I would alter my negotiating approach based on the relative advantage or disadvantage of my position. Although highly unscientific, I found that my initial assessment of my market position was highly correlated with the outcome that I ultimately achieved in the negotiation. The obvious limitation of the intuitive approach to understanding market positions is that it requires repeated interactions to develop a reliable interpretation of one's own position.

A market position is a highly abstract concept, but many people have experienced the effects of market position without assigning those experiences to a specific concept. For some, market position is felt when holding a strong hand at the poker table, while for others, the reality of one's market position is felt when trying to sell a home in a depressed real estate market. As noted in the prior chapter, one's market position is not just a reflection of one's bargaining power, but an overall assessment of the advantages or disadvantages of one's position in the market. The following vignettes provide two scenarios to demonstrate how various factors converge to constitute a market position.

Vignette 1: Selling a home

Rebecca and Grant, along with their two children, are relocating to San Francisco from Omaha, Nebraska. The family is excited about the move, but is concerned about finding *a home in San Francisco. Given the higher cost of housing in San Francisco, the couple must sell their Omaha home to have money that is required for a down payment on a home on the west coast. Their challenge is that houses sell quickly in San Francisco, and given the strength of the housing market, house sellers in San Francisco rarely accept contingent offers. Therefore, the family must sell their home in Omaha before they can make an offer on a home in San Francisco. Given the relative weakness of the Omaha housing market, the couple does not know how long it will take to sell their existing home. Compounding their anxiety, the family would like to move in the next three months to get their children settled before the start of the new school year. Although excited about the move, the stress associated with the move is causing Rebecca and Grant to reconsider their decision to relocate.*

Vignette 2: Parental support for college students

Grace and Simone are college roommates. Both women receive financial support from their parents to assist with the purchase of incidental items. Each month, Grace receives $75 in cash while Simone receives a $100 Target gift card. Both women are grateful for the support, but each woman envies the benefits received by the other. Grace wishes that her monthly stipend was more generous, while Simone is frustrated that she can only spend her monthly benefit at Target. Simone even suggested that she would prefer $75 in cash to $100 in Target gift cards. The receipt of cash, Simone argues, is worth a lot more because she can use it wherever she wants. When Simone asks if she wants to trade benefits, Grace decides to keep her $75 in cash given the flexibility provided by that method of payment.

These vignettes demonstrate how multiple factors converge to establish one's market position. The first vignette highlights how, in a negotiated market like housing, the strength of the market has a great effect on the market position of a buyer or seller. This hypothetical example also highlights how time constraints can weaken one's market position. Given their unique circumstances, Rebecca and Grant have a disadvantaged market position due to their time constraints and the need to buy a home in a strong market while selling in a weak market. The second vignette highlights how other factors such as purchasing power and stated use serve to alter one's position in the market. This vignette also demonstrates how different elements of one's market position may not be uniformly positive or uniformly negative. Simone enjoys greater purchasing power with her $100 gift cards (a source of advantage for her market position), but the restriction on use limits her personal utility. Simone's debate about which monthly benefit she prefers illuminates the challenge of identifying a clear and objective market position.

To analyze an abstract concept such as a market position, there is a need to simplify the concept in order to facilitate analysis. Paul Sabatier (2007) noted that complex processes require strategies for simplification. One such strategy involves the use of common sense and it tends to be useful in circumstances in which the observer has considerable experience. The intuitive sense that I developed for my own market position during my years in finance is an example of using common sense to simplify a complex phenomenon. The alternative to common sense is a scientific approach. According to Sabatier, the scientific approach's "fundamental ontological assumption is that a smaller set of critical relationships underlies the bewildering complexity of phenomena" (p. 5). Scientists, therefore, may develop propositions to explain a variety of phenomena. Elinor Ostrom highlighted three such propositions: frameworks, theories, and models. Frameworks, according to Ostrom, "provide the most general list of variables that should be used to analyze all types of institutional relationships" (Ostrom, 2007, p. 25). Following this logic, in this study I develop a basic framework to highlight the key variables and factors that help to explain the complex phenomenon of market positions.

Michael Porter, of the Harvard Business School, developed a highly influential framework to analyze markets and industries. In his book, *Competitive Strategy*, Porter introduced his five forces framework to help analyze the level of competition within an industry. Porter's framework is an important analytical tool because these five forces help an analyst to determine the profit potential for a specific industry (Porter, 1980). For the purposes of this study, Porter's five forces provides a helpful guide for highlighting the use and utility of an analytical framework. In particular, Porter highlights the interrelated nature of forces and how the forces work together to form the competitive landscape for an industry. Porter states that "all five competitive forces jointly determine the intensity of industry competition and profitability, and the strongest force or forces are governing and become crucial from the point of view of strategy formulation" (p. 6). Therefore, Porter's framework does not produce an objective measure of a specific industry's competitiveness, but rather provides the analyst a tool to understand the primary forces that shape the competitive landscape of a given industry.

Like industrial competition, the market position of market participants is constituted by a variety of different factors with varying levels of influence. A market position may, using the words of Charles Ragin, "result from various conjunctures of conditions" (Ragin, 2000, p. 42) which endows a market actor with advantages and disadvantages relative to other market participants. To determine the relative strength or weakness of that position, I compare the market positions of welfare recipients relative to the positions of other similarly-situated, market participants who do not receive those specific welfare benefits.

A notable challenge with this analysis is that each of the constituent pieces that comprise a market position may not have uniformly positive or negative effects, and assessing the interaction between conflicting attributes is difficult. It is easier to assess each attribute individually to understand how that specific component either strengthens or weakens the market position of that person. For example, higher household wealth increases bargaining power (Harding, Rosenthal, et al., 2003), while impatience weakens one's power (Muthoo, 2000). In this hypothetical example, a challenge exists to assess the relative advantage of an individual's market position who has high household wealth, but who does not have the luxury of patience in reaching an exchange in the marketplace. This challenge requires a subjective analysis of all the components of the market position, with an understanding that the strength of one's market position may vary based on the facts, circumstances, and market conditions of a specific context. To further complicate the analysis, the causal effect of a specific variable or attribute may vary based on context and circumstance. This assertion is fundamental to Ragin's notion of complex causality

(Ragin, 1987, 2000, 2014). Therefore, the market position of an individual is not fixed, but rather varies based on the context in which a market participant operates.

The concept of complex causality is also present in the analysis of the social phenomenon of intersectionality which considers the way in which the interaction of different demographic attributes—such as race and gender—have a unique causal effect. In her review of the development of intersectionality research, Ange-Marie Hancock (2013) notes that:

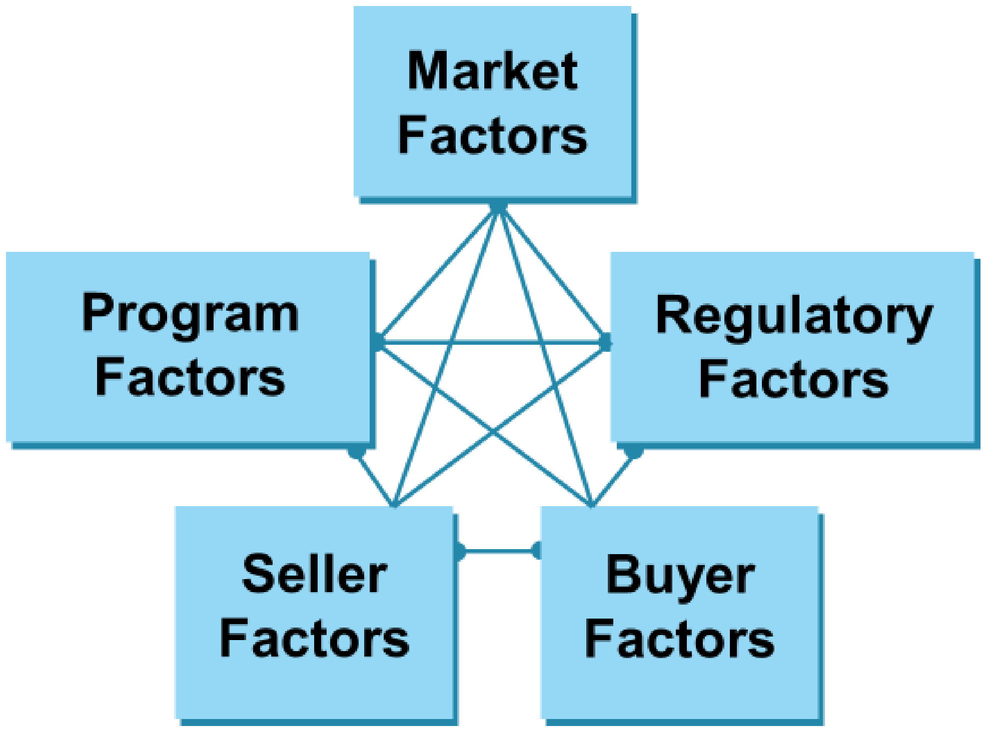
> there are two key interventions intersectionality contributes to how we understand demographic difference and forms of discrimination grounded in such differences. First, identities and the differences that are attributed to them are not fundamentally disaggregable. There is something about being a woman of color that cannot be decomposed empirically into a "race" part and a "sex" part. Second, the shift from a margin-centered metaphor to one of intersections reshapes the way in which scholars conceptualize power distributions. One's membership on some single axis of disadvantage (for example, being a member of a racial minority group) does not prevent one from having privilege on another axis of disadvantage (for example, being heterosexual). (p. 266-267).

Hancock's two observations underscore the need to think about social relationships conjuncturally. Because personal attributes are "disaggregable" one must be open to the possibility of complex causality. Traditional statistical techniques are based on the idea that the analyst can isolate the causal effect of a single trait or attribute on the outcome of interest. Hancock, and the considerable body of intersectionality research, takes issue with that assumption. Second, Hancock notes that an individual may possess attributes that exert both positive and negative impacts on the social world. This observation is fundamental to the analysis of market positions.

In her study of intersectionality, Hancock (2013) relies on the methodological contributions of Charles Ragin to support her analysis of intersectionality as a position in social relationships. Just as understanding market positions requires an appreciation for the complex conjunction of attributes and relationships, the study of intersectionality requires a similar approach. Hancock notes the lack of alignment between statistical approaches to empirical research and the complex reality of the social world. When a researcher uses variable-based research methods to study intersectionality, it "requires the assumption that each independent variable (race, gender, and sexual orientation) competes with the others, holding everything else equal" (Hancock, 2013, p. 277). Hancock highlights the shortcoming of this approach given the presence of complex causality in the intersection of various aspects of personal identity. In response to these challenges, Hancock advocates for and applies Ragin's Qualitative Comparative Analysis to the study of the laws covering same-sex marriage. Using this methodological approach, Hancock created sets of people who were likely to support or oppose same-sex marriage laws. The outcome, therefore, was not an assessment of the causal effect of a particular variable (race, gender, sexual orientation) on a person's support for a specific law. Rather, the outcome of the study is a description of the various conjunctions of attributes that combine in unique ways to predict a person's position on a specific law. The importance of Hancock's work is that it highlights how Ragin's logic can be applied to positions in social relations. I can extend this work by using set-theoretic logic and applying it to an individual's position in market relations.

Following the logic of Ragin, and the empirical footsteps of Hancock, I propose a framework to think about the position of an individual in market relations. The Market Position Framework identifies factors that contribute to a market position and presents those factors as relational attributes that combine to produce a market position for a market participant. A market position is constituted in relationship to a system, and the factors identified in this framework help to explain the structuring of relationships that produce a market position. Importantly, the framework is sensitive to the context in which market transactions occur. The five factors of the framework include: market factors, program factors, regulatory factors, seller factors, and buyer factors. Figure 2.1 provides a visual description of the framework, which demonstrates the relational nature of these factors. Fundamental to the framework is the network of lines that connect the factors that constitute a market position. Rather than each factor contributing individual force to one's market position, a market position is the sum of the all the interactions between factors that are relevant for a particular market participant's transaction. Therefore, to understand a market position is to understand the network of interactions that constitute that market position.

Figure 2.1—The Market Position Framework



The following description summarizes the five factors included in the Market Position Framework:

Market Factors. There are two primary market factors that can alter a market position. First, the type of market has a significant impact on the market position of a welfare recipient. For example, the price-taking market dynamics of the retail food market has a different impact on one's market position than does the negotiated market that is common in housing markets. When consumers enter the grocery store, transactions are not complex. There is a cost assigned to a loaf of bread and the consumer decides whether to purchase the bread or not—there is no negotiation. In negotiated markets like housing, transactions are more complex as various factors influence the decisions of buyers and sellers. Second, in negotiated markets, the relative tightness of a market has a significant impact on the market position of a beneficiary. This is most relevant when studying housing benefits, because tighter markets may reduce the bargaining power of a market participant who is receiving housing benefits. In contrast, the relative tightness of the food market does not have a substantial impact on the market position of welfare recipients unless there was such a significant shortage of food that it radically altered the accessibility of food and the price at which it was sold—a rare occurrence in western capitalist democracies.

Program Factors. The way in which policies are structured plays an important role in the construction of market positions. In this framework, I highlight multiple ways in which policy and program features can alter the market position of welfare recipients. First, paternalistic features are frequently embedded in social programs and these attributes can affect market positions. While some paternalistic impulses of the government may be well intentioned, the use of state-sponsored paternalism highlights an important paradox between government control and liberty (Stone, 2006). Scholars have noted the negative and coercive effects of many paternalistic elements of social policies and programs (Soss et al., 2011). Some demand-side benefits, such as vouchers, have a stated-use; in the U.S. a recipient cannot use a housing voucher or SNAP benefits to purchase other goods. This limits the freedom and choice of the beneficiary. The stated use of vouchers and the prohibition of certain purchases are examples of paternalistic behavior in which the government seeks to control how the recipient uses a specific benefit. Paternalism is also evident in provisions of the U.S. HCV program that requires a government inspection prior to a beneficiary using a housing voucher for a specific rental housing unit. This requirement, which is driven by a paternalistic desire for high quality housing, is a factor that landlords must consider when they decide whether to participate in the program or not.

A second program factor that influences the construction of market positions is stigma. Social policy scholars have noted that certain welfare programs in the U.S. are highly stigmatized (Handler & Hasenfeld, 2007; Katz, 1996; Skocpol, 1995) and this stigma may alter the way in which recipients of those programs behave. For example, stigma may cause some recipients to alter the neighborhoods in which they choose to live, the goods they choose to purchase, or the stores at which they choose to shop. Numerous scholars have analyzed the stigma that is associated with welfare receipt (Besley & Coate, 1992; Goffman, 1986; Moffitt, 1983). From a sociological perspective, Goffman noted that stigmatized people are discredited or discreditable based on a specific personal attribute, such as the receipt of welfare. The perspective of an economist was provided by Moffitt who described welfare stigma as “disutility arising from participation in a welfare program” (p. 1023). Moffitt demonstrates that individuals do not value all forms of income equally; people prefer earned income to welfare income. Further scholarship has shown that stigma may explain the low take-up rates of some welfare programs (Besley & Coate, 1992; Moffitt, 1983). Stigma is included as a program factor in this framework because there is ample evidence to suggest that the stigmatization of certain welfare programs was not coincidental, but rather was a purposeful effort on the part of policymakers (Katz, 1996; Skocpol, 1995). Therefore, the disadvantages to one’s market position due to the receipt of a stigmatized welfare benefit is an important program factor in the Market Position Framework.

Certain welfare programs place constraints on the recipients of that benefit. One such constraint is the imposition of time limits on the use of a welfare benefit. By mandating that a benefit must be used within a given time period, the government may undermine the market position of a recipient of that benefit. An additional constraint is government-imposed rent caps for units leased by the recipients of housing benefits. This cap prohibits the recipients of housing welfare from renting housing that costs more than the cap. Therefore, this constraint limits the eligible supply of housing that is available to a recipient of housing welfare.

Regulatory Factors. Program attributes are not the only way that policy influences market positions; regulations also alter market relationships in significant ways. It is difficult to think of a market transaction that is not, in some way, regulated. For the purposes of the Market Position Framework, and its utility as an analytical tool for analyzing the experiences of welfare recipients, I only focus on those regulations that have a meaningful impact on the market transactions in which welfare recipients engage. For example, food safety laws are relevant for all consumers of retail food items, but those regulations do not specifically affect the market experiences of welfare recipients. Therefore, I do not focus on general regulations such as zoning, food safety and building codes because they do not have a specific impact on the market positions of welfare recipients. Rather, I focus on regulations relating to discrimination in market transactions. Discrimination may occur in market transactions when sellers or landlords refuse to sell to a particular market participant or when a seller limits access to certain goods. By constraining access, sellers of goods and services weaken the market position of the subjects of the discriminatory behavior. To appreciate the effect of regulations on the market positions of welfare recipients, one must pursue two stages of analysis. First, there are anti-discrimination laws that serve to protect the interests of market participants. The basis of discrimination may be the receipt of benefits or the demographic attributes of recipients. Discrimination based on the receipt of welfare benefits is highly relevant to the study of market positions for welfare recipients, but general anti-discrimination laws are also relevant given that welfare recipients in the U.S. are disproportionately non-white, disabled, female, or, in the case of Social Security, older. The presence or absence of these laws may have a material effect on the experiences of market participants. The second stage of the analysis requires one to consider the strength of enforcement of existing regulations. A regime with expansive regulatory protections, but with weak enforcement, may not provide meaningful protection for consumers who face discrimination. In a system with lax oversight, discriminatory behavior may proceed unchecked, which will in turn negatively affect the market positions of welfare beneficiaries who face discrimination. Jurisdictions with strong anti-discrimination laws *and* strict enforcement will provide the strongest protections, and, as a result, stronger market positions for welfare recipients.

Seller Factors. Multiple supply-side factors influence the market positions of welfare recipients. First, in the markets for food and housing, suppliers choose whether to accept welfare benefits (housing vouchers and food stamps). The level of participation by grocers and landlords may have a material impact on the supply of food and housing available to beneficiaries. Second, although not an issue in the market for food, suppliers of housing (landlords) not only decide whether they want to participate, but they also have the power to select tenants. This selection decision is a source of great power for landlords and alters the market position of recipients of housing benefits. Third, discrimination on the part of sellers may limit the supply of goods and services available to certain subsets of the population. Discrimination may alter the market position of a consumer when suppliers choose not to participate in a market, as sellers selectively control information, when suppliers manipulate prices, or by the customer selection decisions of a supplier. Fourth, the identity of a seller may influence the market position of market relationships. Research has demonstrated that personal attributes alter the bargaining power and position of market participants (Harding, Rosenthal, et al., 2003; Kim et al., 2005; Muthoo, 2000). Therefore, sellers from dominant race, gender, ethnic, religious, and sexuality groups may possess greater bargaining power which may translate into a weakened market position for welfare recipients.

Buyer Factors. On the demand side of the market relationship, the resources available to a buyer influence the market position of that individual. A person with greater resources enjoys a stronger position within the market as more resources provides greater flexibility, greater negotiating leverage, and the ability to consume more expensive goods and services. Therefore, in the case of welfare beneficiaries, the generosity of a program has a material impact on the market position of those recipients. A well-structured program could construct a strong market position for a welfare recipient, but if the benefit provides a very small financial benefit, the market position of that recipient may remain disadvantaged. The second factor that effects market position on the demand side is buyer identity. Just as the personal attributes of a seller may alter that individual's market position, the same is true for buyers. Buyers may be exposed to discrimination by sellers based on their personal attributes. Because discrimination is not applied uniformly across the population, the specific identity of a buyer is important to help understand the market position of that market participant.

To conclude, the market position of each individual is constituted by the conjunction of these five factors. As a result, market positions vary based context and two people who are identical in virtually all respects could have very different market positions even if only one factor or variable is different. The utility of the framework is as a conceptual tool, not an analytical device that produces a quantitative measure of the strength of market position. The framework helps analysts, scholars and policymakers critically think about the context in which welfare benefits are spent, and to determine when, and under what circumstances, recipients will have success in the market.

Case Selection and Methods

Within the academic literature on the HCV program, an apparent contradiction exists. On one hand, numerous studies cite the reluctance of landlords to participate in the due to the regulatory constraints of the program as well as negative perceptions of voucher recipients themselves (Basolo & Nguyen, 2005; DeLuca, Garboden, & Rosenblatt, 2013; Galvez, 2010; Graves, 2016; Greenlee, 2011; Pashup, Edin, Duncan, & Burke, 2005; Ruoniu Wang, 2016). On the other hand, Eva Rosen, in her qualitative study based in Baltimore found that landlords take an active role in soliciting and sorting voucher tenants into their available units (Rosen, 2014). Rather than avoiding households that receive vouchers, the Baltimore landlords in Rosen's study proactively sought voucher recipients as tenants. Although largely absent in the literature, some scholars have taken notice of context-specific effect of the voucher program (Desmond & Perkins, 2016). There are intuitive explanations for this contradiction; under strong market conditions, landlords have little incentive to participate in the program, but in weak markets, voucher tenants are valuable to landlords. While this nuance is important to understand for researchers and policymakers interested in the voucher program, this contradiction also has important methodological implications. This contradiction is an example of what Charles Ragin would call complex causality (Ragin, 1987, 2000, 2014). The causal effect of voucher receipt on the behavior of landlords, and the associated housing outcomes of voucher recipients, varies depending on context. Therefore, it is difficult to identify a homogeneous causal effect of voucher receipt, because other factors intervene to influence the ultimate outcome. Ragin (2000) notes that a key problem in conventional quantitative analysis is that researchers assume that causal conditions are homogeneous, when instead "researchers should be trying to pinpoint and understand their heterogeneity" (p. 5). The question, therefore, is not "what is the effect of voucher receipt on housing outcomes?" rather, the proper question is "what is the effect of voucher receipt on housing outcomes given a specific context?"

The conventional approach to treating complex causality in variable-based studies is through the use of statistical interactions. Interactions are helpful in demonstrating how causal effects vary based different conditions. For example, a statistical interaction may demonstrate a different effect of education on earnings for men versus women. The challenge associated with complex social phenomena is that there is frequently a range of different conjunctions and interactions that produce a causal outcome. Therefore, to properly account for these combinations, a variable-based analysis would require a large of number of interaction terms that consume the statistical power of the analysis. As noted by Ragin (2014), "an exhaustive examination of different combinations of seven preconditions, for example, would require a statistical analysis of the effects of more than one hundred different interaction terms" (p. 15). Ragin notes the challenges associated with collinearity and limited degrees of freedom that undermine the effectiveness of conventional statistical approaches. A methodological response to causal complexity is a case-oriented social science in which researchers conduct a deep analysis of a single case in which all aspects of causal complexity can be considered. While this approach offers a deep understanding of a phenomenon, the generalizability of these findings is limited. Charles Ragin notes the shortcoming of focusing either on breadth (variable-oriented research) or depth (case-oriented research). Ragin enters this divide and suggests a diversity-oriented approach as a methodological middle ground that seeks to honor complex causality while also producing more generalizable results (Ragin, 2000). According to Ragin (2000), "the goal of diversity-oriented research is to find a middle path between treating analytic objects as members of fixed, homogeneous populations, on the one hand, and focusing exclusively on the specificity of individual cases, on the other" (p. 35). Ragin's (2000) diversity-oriented approach "emphasizes seeing cases as configurations of aspects" (p. 22) in which "there is no assumption that the same causal factors operate in the same way in all contexts" (p. 40). The Market Position Framework, proposed in this study, is a conceptual tool to facilitate an understanding of the causal complexity of market positions. The framework is the first step to understanding how multiple factors combine conjuncturally to produce a market position for individuals.

A fundamental premise of this study is that people have market positions, programs do not. Therefore, there is not a single market position for housing voucher recipients; instead, each recipient of a housing voucher has his or her own market position. An individual's market position is a function of personal attributes and the economic, political, and social context in which they operate. Given this complexity, I introduce the Market Position Framework to provide a systematic way to analyze the inevitable variation in market positions. Although market positions vary by the individual, one can certainly consider families of market positions based on the program in which recipients participate. Therefore, while there is not a monolithic market position for recipients of social programs, the similarities within programs provides the opportunity for comparison across programs.

Given the individual nature of a market position, several important methodological questions emerge, such as: (1) what is the unit of analysis in this study? and (2) how many cases do I analyze? In this study, I focus on five social programs—the HCV program (U.S.), SNAP (U.S.), Social Security (U.S.), Housing Benefit (U.K.) and Housing Assistance (the Netherlands). Unlike other qualitative studies of social policies, each program in my study does not constitute a case. The HCV program is not a case in this study because the unit of observation for a market position is, by definition, the individual. Therefore, each individual recipient of one of the five social programs in this study is a unique case. The specific policies provide an opportunity for categorization of cases due the similarities that exist between recipients of the same program. Therefore, I present the analysis of the HCV program, and the other policies in this study, at the policy level, not because all individual cases within that family of cases are homogeneous, but rather because the program framework provides a useful categorization of individual cases. This approach is useful because each program has its own institutional and political legacy which exert considerable influence on the market positions of participants in the program.

In this study, I employ comparative case analysis to investigate the nature, causes, and effects of market positions of welfare beneficiaries. In this study, I compare families of cases, or programs, to generate causal understandings of a phenomenon even in the absence of large datasets with hundreds or thousands of specific social policies. Consistent with the guidance of Small (2009), the selection of the families of cases in the study were not random, nor were they chosen for their representativeness. Random selection and representativeness help quantitative researchers achieve generalizability of findings, but these goals are not relevant for a logically-based qualitative analysis of a small number of cases (Small, 2009). These families of cases were selected intentionally based on prior knowledge about these instances of the use of demand-side subsidies. The case families in this study provide variation on several dimensions which provides analytical leverage to enhance the generation of causal understandings. While some readers may be concerned that this selection bias may undermine the validity of the findings of this case analysis, Starman (2013) suggests that selecting cases based on existing knowledge may produce a superior research plan because it may provide the variation necessary to produce a valid, causal, explanation.

The five programs, or families of cases, that I analyze in this study provide the empirical base from which I answer the five research questions that serve as the basis of this investigation. Importantly, these case families create opportunities for comparison across two dimensions. First, as shown in Table 2.1, I study three programs in the United States (HCV, Social Security, and SNAP) to analyze market positions across different policies within the same country. Second, as shown in Table 2.2, I use the category of demand-side housing assistance to compare market positions of housing beneficiaries across three countries: the United States, the United Kingdom, and the Netherlands. I use this comparison to evaluate the market position of recipients across different geographies within the same policy domain and to assess the effects of different market positions on the housing outcomes of recipients.

Table 2.1—First method of comparison: Within country comparison of market positions Across policies

United States	**United Kingdom**	**Netherlands**
Housing Choice Vouchers	Housing Benefit	Housing Allowance
Social Security		
SNAP		

Table 2.2—Second method of comparison: Across country comparison of market positions

United States	United Kingdom	Netherlands
Housing Choice Vouchers	Housing Benefit	Housing Allowance
Social Security		
SNAP		

Research Questions

Research Question 1: How are the market positions of HCV program participants constituted?

Using the HCV program, I provide a constitutive explanation for the market positions of voucher recipients. A constitutive explanation, according to Wendt (1998), is descriptive in nature, but it has an important explanatory purpose. In the social world, understanding the composition of important concepts is critically important, just as understanding the physical make-up of matter is a fundamental purpose of the natural sciences. Given that the cases analyzed in this study involve federal programs, I provide a constitutive analysis of the market position of a welfare beneficiary at the federal level and do not consider the relatively minor variation that may exist across states.

While I call the HCV program a case, in reality, programs do not have market positions. Individual people have market positions. Each recipient of a housing voucher has her own market position based on the unique setting and circumstances in which she transacts in the market. Therefore, the set of individual cases of voucher recipient constitute a family of cases. Within this family, there is similarity, but as shown later in this study, there is significant variation as well. In sum, the focus of the voucher "case" is not a single case, but rather a collection of individual cases within the same program family.

I use the Market Position Framework to systematically analyze the market positions of voucher recipients. I review and analyze a range of qualitative data sources to help construct the explanation of market positions. The primary sources that I use in this analysis include legislative acts, subsequent amendments to the legislation, and transcripts of legislative testimony. I supplement the information derived from primary sources with data from a range of secondary sources including government and third-party documents that describe the policy and its implementation, academic analyses of the policy, press accounts and ethnographic studies that describe the experiences of voucher recipients in the housing market.

Research Question 2: What is the effect of one's market position on the housing market outcomes of HCV program participants?

In the first research question, a market position is not the dependent variable in a qualitative study. Rather, a market position is a constitutive explanation of a phenomenon. In this question, I transition to an analysis of housing outcomes, which serve as the dependent variables in this question. I use the empirical results of this analysis to support the idea that there is a relationship between market positions and the outcomes achieved in market transactions. Put simply, all else being equal, a person with a more advantageous market position will achieve superior market outcomes compared to a peer with a disadvantaged market position.

The fundamental premise of the market position framework is that a constellation of factors combine to produce a market position for a market participant. This market position includes a complex array of interactions between personal, societal, political, and economic factors. The conjunction of these relationships constitutes the market position for an individual. Following the logic of Charles Ragin (1987 , 2000, 2014), this network of relationships produces complex causality in which the causal effect of a variable may be different in different contexts and circumstances. Therefore, conventional, variable-based statistical analysis may, in many circumstances, lack the analytical power to account for the complex interactions evident in this type of phenomenon. In response, I propose an approach in which I use statistical techniques to test predictions drawn from the constitutive analysis of market positions. The statistical analysis will not, and cannot, model the entire network of relationships that constitute a market position, but quantitative methods can be used to test specific relationships that I identified in the constitutive analysis of the market positions of recipients of housing vouchers.

In this question, I analyze the housing market outcomes of low-income households in the United States. The outcomes of interest in this quantitative study are measures of housing and neighborhood quality as well as variables that analyze the decisions made by households when they move. To analyze the effect of voucher status, I compare the housing outcomes of housing voucher recipients to the housing outcomes of non-recipient households in two groups: an Income Peer Group and a Rent Peer Group. The Income Peer Group includes all households that are eligible for the HCV program based on income levels, but only a fraction of the households receive a voucher (the treatment). The second source of comparison exists among households in the Rent Peer Group. The Rent Peer Group also includes households that receive vouchers (the treatment) as well as non-recipient households. All households in the Rent Peer group consume housing within the same market value range, but some households rent such housing with the benefit of housing support, while other households rely on their own financial resources.

To corroborate findings from the qualitative portion of this study, I test five predictions that emerged from the constitutive explanation of the market positions of housing voucher recipients. Those predictions are:

1. The increased purchasing power provided by a voucher enhances the housing market outcomes of housing voucher recipients.
2. Rental housing market conditions interact with voucher status to heavily influence housing market outcomes.
3. Program rules and regulations associated with the housing voucher program complicate the housing search process for recipients.
4. Program constraints serve as a strong disincentive for landlords to participate in the program.
5. The personal identity of renters affects the housing outcomes that they achieve.

Research Question 3: How do the market positions of HCV recipients compare to the market positions of recipients of Social Security and the SNAP?

In the third research question, I compare the market positions of welfare recipients across three programs in the U.S.—the HCV program, Social Security, and the SNAP. In the first level of analysis, I develop a constitutive explanation of market positions for each of the three programs. Next, I compare the similarities and differences in market positions across the three policies. I demonstrate that different program, social, and market contexts produce very different market positions for recipients of these programs.

Research Question 4: What explains the variation in market positions across different U.S. welfare programs?

In the fourth research question, I analyze the historical development of the U.S. welfare state to provide institutional and political explanations for the variation in market positions by program. To understand the development of market positions, I rely on existing literature that examines the development of social policies and programs in the United States. I use these studies to highlight the key factors and considerations that molded the welfare programs being studied. Examples of key themes include the distinction between universal and means-tested benefits, concerns about welfare dependency, stigma, paternalism, the role of corporate interests in social policy development, and use of market principles in the welfare state. These themes, and others, converge to create a specific institutional legacy for each program that helps to explain variation in the market positions of program recipients.

To answer this question, I rely on primary and secondary documents to help to describe the constitutive elements of market positions. I rely on sources that provide data to help explain both the political and social factors that contribute to market positions. Such sources may include Congressional testimony, analyses of the policy making process, ethnographic and press accounts of the experiences welfare recipients, and scholarly work that helps to explain key forces that influence market positions such as paternalism, freedom, discrimination, and stigma.

Research Question 5: How do the market positions of housing subsidy recipients in the U.S., the U.K., and the Netherlands compare and what is the effect of these different market positions on the housing outcomes of beneficiaries?

To further test the relationship between market positions and market outcomes, I analyze the housing outcomes of recipients of demand-side housing benefits in the U.S., the U.K., and the Netherlands. There is significant heterogeneity in the programmatic approach to housing subsidies in these three countries which produces meaningful variation in the respective market positions of recipients. This analysis highlights the importance of policy design on the outcomes of program recipients. By analyzing housing subsidy programs in three different jurisdictions, I highlight how different policy designs may produce varied market positions. Because housing supports are an entitlement in the U.K. and the Netherlands, the only comparison that makes logical sense is the comparison within the Rent Peer Group. Therefore, I test the housing outcomes of households that consume the same value of housing and compare the outcomes of those that do so with the benefit of a subsidy to the outcomes of those who rent without any support. This comparison allows me to test whether the program places recipients in a position similar to other non-recipient households or whether recipients achieve less positive housing market outcomes due to challenges associated with a disadvantaged market position.

By placing three cases in conversation with one another, I can test the validity of my findings. If a negative market position produces inferior market outcomes, that outcome should be evident in all cases with disadvantaged market positions. Where market positions deviate, one should expect that market outcomes should follow accordingly. This piece of the analysis allows me to begin to test the potential causal linkage between market positions and housing market outcomes.

Chapter 3: The Market Position of Housing Choice Voucher Recipients

In this chapter, I consider the first research question of my study, "How are the market positions of Housing Choice Voucher program participants constituted?" By systematically applying the Market Position Framework to the housing voucher program in the United States, I identify the key factors that drive the market position for recipients of this program. The result of this analysis is a constitutive explanation of the conjunctural factors that comprise a market position. The framework does not produce an objective measure of the relative advantage or disadvantage of a market position, but rather highlights the factors that are likely to exert the greatest influence on recipients' market positions.

Policy Context

The increasing use of demand-side subsidies in the welfare state is very evident in U.S. housing policy. Over the last forty years, the primary direction of U.S. housing policy has shifted from supply-side subsidies, in the form of public housing and publicly-assisted housing development programs, to demand-side interventions, most notably, housing vouchers. This shift has created a more meaningful role for the private market in the allocation of housing resources to low-income households. But given the complex nature of the housing voucher policy in the U.S., the market outcomes achieved by voucher holders are a function of a complex set of forces that exert influence on a recipient's ultimate housing outcome.

Federal housing support for low-income households in the United States began in the 1930s. The federal government established the public housing program in the Housing Act of 1937. For the next four decades, public housing was the primary form of housing assistance to lower income households in the U.S. While early housing policy was designed to support poor and working families, federal housing policy was, in part, used to stimulate economic activity in the form of construction (Falk, McCarty, & Aussenberg, 2014). Despite the stimulative effect of federal housing production, many voices from within the real estate industry opposed government-funded housing. Many landlords worried that the federal intervention into the private housing market would crowd out private players and decrease profitability due to the increased supply of housing (Bauman, Biles, & Szylvanian, 2000). In response, policymakers worked to ensure that public housing would be provided in circumstances in which it would not compete with private housing (Goetz, 2013; Vale, 2000).

Despite playing an important role in the U.S. housing system, by the 1960s the public discourse on public housing increasingly focused on the dysfunction of certain notorious high-rise public housing projects (Goetz, 2013). Partially in response to these problems and to the problems of supply side housing programs that relied on the private sector, President Nixon announced a moratorium on subsidy commitments for public production of housing in 1973 (Orlebeke, 2000). In lieu of public housing, policymakers placed a strong emphasis on housing vouchers in which a recipient could use a voucher to rent in the private real estate market. This shift also aligned federal housing policy with the interests of private real estate industry. Rather than crowding out private players, housing vouchers used public funds to support private landlords. The first national housing voucher program, the Section 8 Existing Housing Program, was established in the Housing and Community Development Act of 1974 (Schwartz, 2015). The Section 8 tenant-based programs evolved to include both vouchers and certificates in which recipients paid 30% of their income for a rental unit and the government paid the difference between the market rent and the tenant contribution. In 1998, the federal government consolidated the certificate and voucher programs into the HCV program. Vouchers were a popular alternative to public housing because advocates argued that they were less expensive, they provided greater choice to the recipient, and they used a market mechanism to allocate housing resources (Daniels & Trebilcock, 2005; Newman, 2007; Orlebeke, 2000; Schwartz, 2015).

In the early stages of the voucher program, there was an ongoing debate between the efficacy of the two major housing assistance approaches: housing production (including, and perhaps most notably, public housing) and vouchers. By the mid-1990s, many policymakers declared the debate over and that the logic of vouchers had prevailed (Turner & Reed, 1990; Winnick, 1995). Proponents noted that vouchers were the preferred response because “the core housing problem stemmed, predominantly, not from deficits in supply but from deficits in income” (Winnick, 1995, p. 97). While vouchers enjoyed strong support, the program was not without its failings. Some scholars noted the theoretical value of vouchers have been diminished due to the constraints imposed by the program (Pendall, 2000; Sard, 2001; Varady, 2010). These constraints include owners’ refusal to participate in the program, lack of housing at the right price, the administrative practices and rules imposed by the public housing authority, and discrimination against voucher holders. Beginning in the 1990s, there was a growing hope that vouchers could provide a mechanism for mobility in which recipients could use vouchers to exit situations of intense concentrations of poverty and segregation. The outcomes in studies that investigate residential mobility and neighborhood quality are mixed. There is evidence that vouchers enhance mobility, but many voucher holders remain housed in highly disadvantaged neighborhoods (McClure & Johnson, 2014; Pendall, 2000). Therefore, the research suggests that vouchers, given their design, may not provide the benefits that they theoretically could.

The HCV program is administered by local public housing agencies (PHAs). The U.S. Department of Housing and Urban Development (HUD) provides funds to PHAs to support the program. A recipient may use a voucher to rent a private housing unit so long as that unit complies with the health and safety regulations imposed by HUD. The voucher subsidy is then paid directly to the landlord from the PHA. The tenant is responsible for the portion of the rent that is not covered by the subsidy, typically 30% of the tenant's household income. PHAs determine eligibility for the HCV program, but households with gross incomes less than 50% of the median income in an area are generally eligible for the benefit. PHA's must allocate 75% of vouchers to very low-income households with incomes not to exceed 30% of local median income. Because HCVs are not an entitlement, the number of eligible households far exceeds the number of vouchers that are issued. As a result, long waitlists exist for the HCV program in many communities.

In this chapter, I use the Market Position Framework to analyze the market position of HCV recipients. This analysis is topical because scholars have begun to question whether this program allows participants to transact effectively in the private market (DeLuca et al., 2013; Graves, 2016). The mere receipt of a voucher does not guarantee that a recipient will be successful using that voucher to lease a unit in the private market. Research demonstrates that recipients face a rash of different challenges as they navigate the housing search process. Therefore, to understand the market outcomes of voucher recipients, one must also understand the search process used by voucher recipients. Galvez (2010) summarizes the search process for voucher recipients:

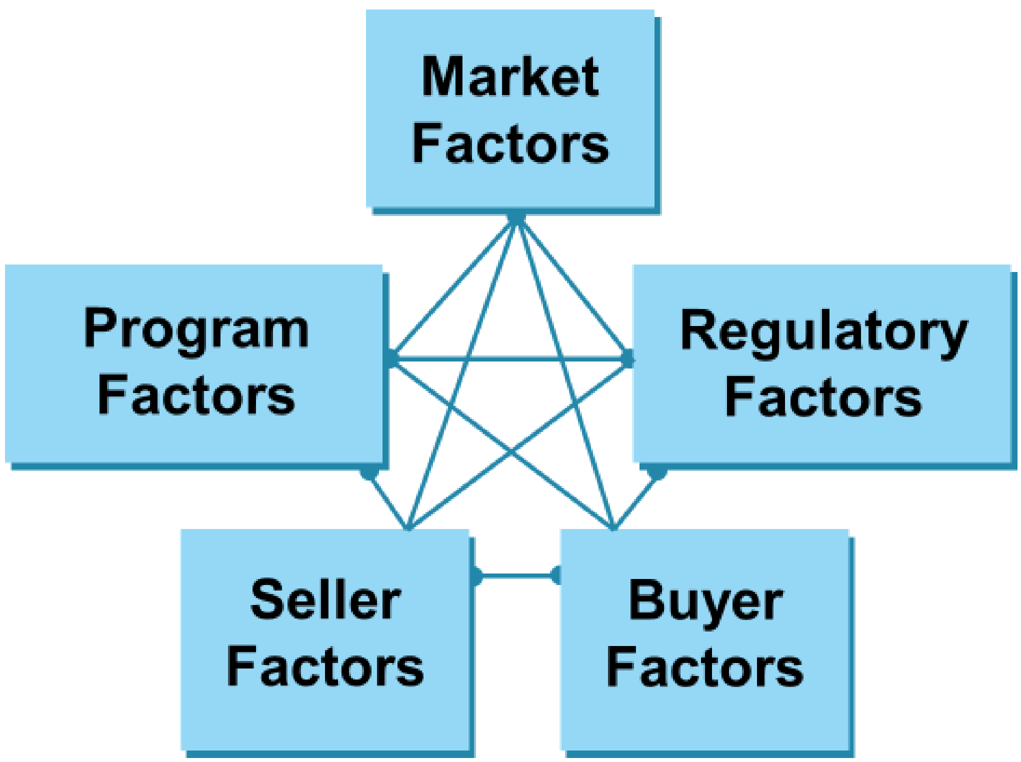
> Considered together, the research suggests that the search process can be organized into four stages. First, voucher participants must establish their move preferences and criteria, including the type of housing and neighborhood they would like to live in, and whether they prefer to move or lease in place if possible. Second, they must decide how and where to search, and what resources to devote to searching. Third, voucher recipients must navigate the actual search process, which can be discouraging, expensive, and require re-evaluating initial goals. Finally, voucher households must decide to move into a particular unit. These stages and decisions may overlap and involve trade-offs. Each stage may be influenced by subjective factors, such as social networks and place attachments, as well as objective factors, such as household, housing market, and HCV program requirements (p. 10).

The search process, summarized by Galvez, provides useful context as I investigate the experiences of voucher recipients in the private market. Challenges or obstacles that emerge during the search process will undoubtedly have an impact on the ultimate housing outcome achieved by a voucher recipient and this connection is evident when the Market Position Framework is applied to the HCV program.

The Market Position of Housing Choice Voucher Recipients

In this section, I apply the Market Position Framework to the HCV program. To arrive at a constitutive explanation of the market position, I consider each factor of the framework and how it applies to recipients of this program. Figure 3.1 below provides a review of the factors that comprise the Market Position Framework.

Figure 3.1—The Market Position Framework



Market Factors

The market positions of HCV recipients in the private housing market are heavily influenced by a range of market factors. First, transactions in the private housing market are consummated through a negotiated process in which landlords select their tenants. These transactions differ meaningfully from other retail transactions which occur without a negotiated agreement. Second, the stock of housing that meets the cost and quality requirements of the program has a significant influence on the market position of voucher participants. Third, the strength or weakness of the rental housing market affects the power and standing of households that use vouchers. Fourth, the level of transparency and availability of information can support or undermine the position of voucher households in the marketplace.

The negotiated nature of the rental housing market has a fundamental and profound influence on the market position of housing voucher participants. Instead of walking into a store and paying the posted price for a good, consumers of rental housing must engage in a search, fill out a rental application, and negotiate key contract points such as lease term, security deposit, and potentially the monthly rent. The nature of the rental housing market, and its complexities, creates an environment in which there may be vastly different market positions among the wide array of market participants. Unlike the market for food, in which the variation in market positions is limited, the nature of the rental housing market has the potential to produce significantly different market positions based on the relative strength or weakness of a participant's position.

The second market factor that affects HCV recipients is the eligible stock of housing that is available to program participants. There are a range of different factors that may, in some circumstances, constrain the supply of housing available to voucher households. First, HUD establishes Fair Market Rent thresholds in each metropolitan area which govern the price of rental housing that a voucher user can rent. Therefore, the accessible market of rental units for voucher households are those units at or below the relevant Fair Market Rent for that area. HUD imposes a second constraint through the housing adequacy requirements that apply to housing units that are rented with a voucher. If a unit cannot pass a unit quality inspection performed by HUD, that unit cannot be rented by a voucher holder. Therefore, the supply of housing eligible for voucher households is a subset of the overall stock of available rental housing and is disproportionately located in high poverty neighborhoods (Pendall, 2000; Sard, 2001).

An adequate supply of eligible rental housing was a fundamental assumption of the HCV program. Policymakers noted that the problem with housing was not a lack of housing, but rather a lack of income, but the evidence strongly suggests that this assumption was incorrect (Susin, 2002). Housing vouchers create additional demand for rental housing, so the key question is whether the market will respond by producing additional units to meet this demand. The key challenge is that if the supply of housing is inelastic, then the supply of eligible housing units will not grow to meet the enhanced demand that arises from the issuance of vouchers (Daniels & Trebilcock, 2005). Existing literature on supply elasticity of housing is mixed. Susin (2002) found that "the elasticity of supply [of low-income rental housing] is very close to zero, that vouchers do very little to increase the size or quality of the low-income housing stock" (p. 115). As a result, Susin found that voucher issuance raised rents given the inelastic supply response of the low-income housing market. Susin's findings were questioned by other scholars who expressed concern about his failure to consider unobserved variables that may be endogenous to the supply of vouchers (Eriksen & Ross, 2015). Eriksen and Ross (2015) sought to test the findings of Susin by using panel data to address potential endogeneity in the model. Eriksen and Ross did not find a "statistically or economically meaningful impact of the increase in the supply of housing vouchers on overall rents" (p. 156). This result contradicts the findings of Susin and may be more robust given their efforts to consider unobserved variables in their model. Importantly, Eriksen and Ross did find regional variation in price responses. Building on the regional supply elasticities generated by Saiz (2010), Eriksen and Ross found the greatest price increases in supply inelastic cities. This result is consistent with intuition—in markets with inelastic supply responses, the issuance of additional vouchers will increase the costs of rental housing more than in markets with elastic housing supply. Therefore, the assumption that housing vouchers will prompt a supply-side response is true in certain geographic settings. The inelastic housing supply responses in many markets will magnify the challenges of finding adequate and affordable housing for low-income households and be an important input into understanding the market factors that influence market positions.

Qualitative studies and press accounts of voucher recipients highlight the challenges voucher recipients face when attempting to use their vouchers. Dan Vitek, a housing attorney at the Neighborhood Legal Services Association in Pittsburgh, noted the challenges of people trying to use vouchers in the rental market, "I would say the biggest reason [people aren't able to use them] is that there isn't enough housing stock where they are willing to accept a voucher. In my experience over the last seven years, each year has been harder and harder for tenants to find places within the city" (Giammarise, 2016). Because of the complexities associated with the program, many voucher holders achieve rental success by leasing from landlords who have previously participated in the housing voucher program (Kennedy & Finkel, 1994). According to Galvez (2010), “The fact that so many voucher holders rent from landlords already familiar with the program supports assertions that voucher holders rely on a ‘Section 8 submarket’ that is highly unstable and only includes a portion of the total FMR [Fair Market Rent]-affordable housing stock” (p. 11). The limited supply of eligible housing weakens the market position of voucher holders when compared to non-voucher holding renter households who may access a greater percentage of the rental housing stock.

While the quantity of housing that meets the criteria for the HCV program is an important factor, a related issue is the relative strength or weakness of a rental market. When vacancy rates are high, voucher participants have a significantly easier time finding and securing housing that meets their needs and desires (Newman, 2007). On the other hand, tight rental markets further complicate the process of securing housing for households that use vouchers (Pashup et al., 2005). Galvez (2010) notes that the ‘Section 8 submarket’ (described above) may be even more limited in tight rental markets as landlords are able to fill vacancies without having to participate in the voucher program. Therefore, it is not only the stock of eligible housing, but also the associated rental market vacancy rates that influence the market position of voucher participants. The analysis of market factors shows an example of complex causality as changing market conditions can have a significantly different effect on the outcomes achieved by voucher recipients. When markets are tight (low vacancies), voucher recipients struggle to find housing. When markets are loose (abundant vacancies), landlords have a strong motivation to fill their vacant housing units with tenants who receive vouchers.

The final market factor that exerts influence on voucher participants is transparency and information. In classical economics, transparency about pricing and who is participating in a market is a necessary condition for markets to function efficiently. In the private rental market, and particularly the private rental market for households using vouchers, there is a lack of transparency about the number of units that are available and the associated rental prices. Voucher households frequently rely on a list of available units that is published by the local housing authority (Smith et al., 2002). In addition, the voucher program was designed to provide mobility for low-income households, but research has shown that voucher holders lack information about low-poverty neighborhoods and therefore do not consider these neighborhoods as part of their realistic "choice set" (DeLuca et al., 2013). The problem of inadequate information is evident in research that shows that voucher holders are not successfully accessing the limited supply of rental housing that meets the affordability standards of the voucher program (Devine, Gray, Rubin, & Taghavi, 2003). This lack of transparency and the limited information available to voucher households has the potential to materially weaken the market position for voucher participants.

Program Factors

An important input in the Market Position Framework are the ways in which policy and program features affect the position of voucher holders. In this study, I argue that market positions are institutionally constructed and one of the primary ways in which that is done is through policy design. There are five primary ways in which this program influences the market position of HCV participants. First, the HCV program is means-tested. To be eligible, households must have an income that does not exceed 50% of the median income for the area in which the household resides. In addition, HUD rules require that 75% of vouchers be issued to households with incomes below 30% of area median income. Therefore, the HCV program is a highly residualized benefit which sends a strong signal to other participants in the market. Housing scholarship notes the considerable stigma associated with the program (Freeman, 2012; Turner & Ross, 2005) which is consistent with stigma that is present in other means-tested welfare programs (Handler & Hasenfeld, 2007; Katz, 1996; Somers, 2008). According to Rosen (2014), "Historically there has been a great deal of stigma surrounding the program, and landlords have often avoided renting to voucher tenants. Many of the older, more experienced landlords cite familiar stereotypes of voucher holders as noisy, dirty, discourteous neighbors and troublesome tenants" (p. 317). The response of landlords to the recipients of this means-tested welfare program has the potential to meaningfully undermine the market position of voucher recipients.

The rental caps established by HUD are the second way that policy features influence the market position of voucher recipients. To limit the value of a housing voucher, HUD establishes a Fair Market Rent in each metropolitan area which determines the value of housing that a voucher household can rent. In most areas, the prevailing Fair Market Rent is equal to the 40th percentile of rents in that geography. Therefore, the value of the voucher is equal to the Fair Market Rent in a locality less the household contribution which is set at 30% of household income. Because average rents very so significantly across a metropolitan area, setting one Fair Market Rent for the entire region leads to voucher households generally procuring housing in less affluent neighborhoods (DeLuca et al., 2013). A 2016 proposal by HUD would create 'small area fair market rent' which would establish many different Fair Market Rents within a single metropolitan area. The result of this policy change would be to open more affluent neighborhoods to voucher households. Scholars suggest that localized increases in Fair Market Rents has the potential to help voucher households more than raising the rent ceiling everywhere which tends to help landlords (Collinson & Ganong, 2013).

Third, to ensure that vouchers are being used, HUD imposes a time limit on the use of a voucher. Households have 60 days to use a voucher or they must return the voucher to the local housing authority so that it can be issued to another household. The time limit may be extended at the sole discretion of the local housing authority. Both academic research and journalistic reports show that time constraints are a significant burden for HCV households (Galvez, 2010; Giammarise, 2016). Ebony Hobdy, a resident of Pittsburgh who was unable to find housing during the search window, is fighting the loss of her voucher. She notes, "A lot of people have the same problem. There's still people like me out there who are still looking." (Giammarise, 2016). Research demonstrates that the average search for housing by voucher participants is lengthy and concerns about time limits may cause many households to compromise on their stated housing and neighborhood preferences in order to secure housing within the time constraint (DeLuca et al., 2013; Finkel & Buron, 2001; Galvez, 2010; Smith et al., 2002).

The fourth way that program design alters market positions is through paternalism. The stated use of housing vouchers is an example of paternalism. Rather than providing cash benefits to recipients, the government provides a voucher that may only be used to consume housing. This constraint weakens the market position of voucher recipients because they do not have the freedom to use the benefits in the manner of their choosing. The negative impact on market positions is limited given that all households require housing and therefore certain financial resources would be allocated to housing whether the benefit is paid in cash or by voucher. There is a notable lack of discussion and debate about paternalism in the HCV program which suggests a general level of satisfaction with the stated use provisions of the program. A second form of paternalism is the HUD-imposed inspection that is required before a unit may be leased to a voucher tenant. The inspection is designed to guarantee a base level of quality and adequacy for all housing in which voucher recipients reside. While the inspection ensures that voucher households move into an adequate apartment, a failed inspection results in significant stress for households that now must find another unit within the HUD imposed time limits. Edin, DeLuca, and Owens (2012) found that voucher participants responded to a failed housing inspection by immediately agreeing to move to the next one or two units that they saw for fear of losing their voucher if they engaged in a more deliberate search process. Inspections also serve as a disincentive for some landlords to participate in the program and they perceive that the costs associated with improving the quality of a housing—in order to pass inspection—are greater than the benefits of program participation (Pashup et al., 2005). For units of a higher quality that rent at or near the Fair Market Rent, landlords may prefer to avoid the inspection and other burdens associated with HCV if they are confident that they can rent the unit in the private market to an unassisted household (DeLuca et al., 2013).

Last, HCV is not an entitlement and the number of households that qualify for vouchers is far greater than the number that receive a voucher. Only one in four eligible households actually receive federal housing assistance and the HCV wait lists have an average length of two years (Graves, 2016; Leopold, 2012). A consequence of the "lottery" aspect of the HCV is the fact that households are unable to prepare and plan for a move, which prevents program participants from moving at a time that best serves the needs of their family, i.e. during the summer to avoid disruption for children in school (Graves, 2016). The significant imbalance between the number of eligible households and the relative dearth of housing vouchers helps to explain the stress that voucher households experience when trying to secure housing. If a HCV household fails to rent a unit within the stated sixty-day window, the household must forfeit the voucher that, in some cases, households have waited years to receive. Within this context, the stress associated with voucher housing searches (DeLuca et al., 2013; Galvez, 2010; Pashup et al., 2005; Smith et al., 2002) appears to be a logical response to scarcity of vouchers and the complexities associated with the program.

The fact that a relatively low percentage of voucher participants can successfully lease a housing unit is evidence of how policy design has served to undermine the market position of HCV participants. Consistent with intuition, lease-up rates tend to be higher in markets with higher vacancies, but the overall lease-up rate is only 69% (Finkel & Buron, 2001). Voucher recipients fail to lease-up for a variety of reasons including unwillingness to live in an undesirable neighborhood or the inability to pay the security deposit associated with a new lease (Graves, 2016). Even though vouchers are in great demand and provide a significant financial benefit, the interaction between the program design and the market produces conditions in which it can be difficult for HCV households to successfully lease a unit within the allowable time limits. The fact that roughly 30% of households must return an unused voucher after, in many cases, a wait of over two years demonstrates that the HCV policy design has not constructed a market position that ensures private market success for voucher program participants.

Regulatory Factors

In the housing market, there are numerous regulations that govern the behavior of landlords and builders. Many of these regulations do not directly affect the market position of voucher recipients. Given the strong evidence of discrimination in the housing market, I focus on those regulations, or the lack of regulations, that address the issue of housing discrimination. Protection from discrimination helps to enhance the market position of renters, and of voucher recipients in particular. The 1968 Fair Housing Act prohibits housing discrimination based on race, ethnicity, gender, and religion. Given that many HCV recipients come from minority racial groups, non-white voucher holders face potential discrimination in the housing markets based on their race. While the Fair Housing Act outlawed race-based discrimination in the U.S., there is ample evidence to suggest that housing discrimination based on race still persists (Pashup et al., 2005; Popkin & Cunningham, 2000) Therefore, ongoing race-based housing discrimination in the U.S. is not due to inadequate legislation, but rather lax enforcement of existing regulations.

The second form of discrimination that can have a meaningful impact on the market position of voucher recipients is source of income discrimination (also referred to as SOI discrimination), because it is not protected under the Fair Housing Act (Flagg, 2011). There is strong evidence to suggest that source of income discrimination is rampant for housing voucher recipients (DeLuca et al., 2013; Galvez, 2011; Graves, 2016; Pashup et al., 2005). To address this form of discrimination, many cities such as New York City, Washington, D.C., Chicago, Philadelphia, Seattle, and San Francisco have established source of income discrimination laws to protect housing voucher and welfare recipients from discrimination based on their receipt of benefits (Badger, 2016; Freeman, 2012; Freiberg & Houk, 2008). Research suggests that source of income protections provide modest benefits to voucher holders who seek housing in the private market (Freeman, 2012; Freeman & Li, 2014). While source of income protection is an important first step, the efficacy of these protections is in question as numerous landlords continue their discriminatory behavior given the lax enforcement of these laws (Badger, 2016; Galvez, 2010; Pashup et al., 2005).

Seller Factors

Landlords play a significant role in establishing the market position of voucher participants by deciding whether to participate in the program and by exercising the power they have to select tenants (Pendall, 2000; Sard, 2001). The constraints imposed by the policy have been shown to alter the behavior of landlords, while research highlights the many ways in which the biases of landlords alter the marketplace for households that use vouchers to lease a housing unit.

The behavior of landlords demonstrates the conjunctural nature of the five factors of the Market Position Framework. Constraints imposed by the voucher program and prevailing market conditions combine to cause landlords to make important decisions about when and whether to offer housing units to voucher tenants. Therefore, it is difficult to isolate the singular effect of seller factors on the market position of voucher participants, but one can use the framework to demonstrate how these various forces converge to influence the behavior of landlords that has a material effect on the position of voucher participants in the marketplace.

Both quantitative and qualitative studies of the housing voucher program, as well as journalistic accounts of the experiences of voucher households, note the considerable role that landlord discrimination plays in the experiences of voucher households. Studies, articles, and reports repeatedly show that landlords discriminate against voucher holders based on the source of their income—the voucher (Badger, 2016; Collinson & Ganong, 2013; Freeman & Li, 2014; Galvez, 2010; Grabar, 2016; Graves, 2016; Lens, 2013; Pashup et al., 2005; Popkin & Cunningham, 2000). This form of discrimination is pervasive because it is legal in many areas, and, where it is prohibited, there is strong evidence of lax enforcement of these laws.

Landlords also discriminate against voucher recipients for reasons beyond their source of income. Given that non-white households disproportionately receive housing vouchers, voucher households face racial and ethnic discrimination as well. Research provides overwhelming evidence that non-white voucher recipients face racial discrimination from landlords (Galvez, 2010; Graves, 2016; Turner, Popkin, & Cunningham, 2000; Turner, Ross, Galster, & Yinger, 2002; Turner & Ross, 2005). Disentangling the effects of race and source of income on discriminatory behavior of landlords is extremely difficult, given that source of income discrimination is sometimes a proxy for discrimination based on race (Pashup et al., 2005; Rosen, 2014; Rotem, 2010). Rotem (2010) also notes that landlords may cite the administrative burden of the program as a reason for not accepting voucher tenants, but that excuse may, in some cases, be a front for latent racial discrimination. Although complex, the evidence strongly suggests that non-white voucher users may face multiple discriminatory barriers when the seek to use their voucher in the private rental market.

While discrimination plays an important role in the actions of landlords, the administrative burden associated with the HCV program is not immaterial. In order to accept housing vouchers, landlords must submit to a housing inspection by HUD and proceed through an administrative approval process that can, at times, be quite lengthy (Galvez, 2010; Pashup et al., 2005). Therefore, the administrative burden, plus the potential for discrimination, creates multiple reasons and motivations for landlords to refuse to participate in the program. These decisions have a material impact on voucher holders as they can meaningfully reduce the number of units available to voucher tenants.

This dynamic is most acute in rental housing markets with low vacancy rates. When vacancies are low, landlords have little motivation to accept voucher tenants. The low vacancy rate indicates that landlords can fill their units with unassisted tenants who pay with cash and do not come with the administrative burden associated with renting to households that use vouchers.

A notable recent study highlights the important role that landlords play in experiences of voucher recipients in the private market. In her study based in Baltimore, Eva Rosen (2014) found that landlords sort poor renters into specific neighborhoods. In her study, Rosen notes, “Landlord tactics result in a process of reverse selection, where rather than tenants selecting homes and neighborhoods, landlords are selecting tenants” (p. 332). Rosen finds that in a disadvantaged, and high vacancy market like Baltimore, landlords actively recruit voucher holders and they select lower-end voucher tenants and match them to hard-to-rent units. These landlords value voucher tenants because the government pays much of the rent. Rosen’s study flips the story of voucher discrimination on its head, but her findings are consistent with the Market Position Framework because the high vacancy rates in the setting of her study create an environment in which landlords value the steady income stream provided by vouchers. In tight housing markets, this reverse selection process is unlikely to occur, consistent with this framework.

Buyer Factors

There are a number factors unique to the renter that influence the market position of households that use vouchers to rent in the private housing market. First, buyers have a personal identity that interacts with the market and with sellers to produce either advantages or disadvantages based on those identity characteristics. Second, the voucher program endows participants with a certain level of purchasing power which plays a significant role in establishing a market position. Finally, buyers are in possession of information about the market and their choices and this factor relates directly to the overall transparency in the market. A lack of information may impair the market position of certain buyers/renters.

Voucher recipients have two unique identities in the marketplace. On one hand, their identity is a function of a wide range of demographic characteristics that are observable by other market participants. Only 35% of voucher households are white and female-headed households account for 83% of all voucher households (National Low Income Housing Coalition, 2012). These identities influence the market position of voucher recipients. On the other hand, the receipt of a voucher also has a meaningful contribution to the market identity for renters who use vouchers. In many cases, these identities converge to create an environment in which aspiring voucher tenants face discrimination based on racial and ethnic characteristics as well as their status as a voucher recipient. As noted in the previous section on seller factors, there is evidence to suggest that landlords discriminate against voucher households for reasons related to both race and source of income (Badger, 2016; Freeman, 2012; Freeman & Li, 2014; Galvez, 2010; Grabar, 2016; Pashup et al., 2005; Turner et al., 2000, 2002; Turner & Ross, 2005). These identities interact with the market to create an environment in which the market position of voucher recipients is undermined in the marketplace.

A fundamental contributor to a market position is the purchasing power of a consumer. Participants in the HCV program enjoy a relatively generous benefit that allows them to consume housing equal to the 40th percentile of rents in the metropolitan area in which the recipient lives. For many voucher recipients, this benefit provides a significant increase in the value of housing that the household can purchase in the rental market, while only having to apply 30% of household income to housing. The government imposed cap prevents voucher holders from consuming housing that exceeds the rental cap. This serves to limit the consumption of higher end housing by voucher recipients. Therefore, from a purchasing power standpoint, voucher holders enjoy a relatively strong position based on the size of the benefit and the stability of the rental stream given the government support.

In 2016, HUD proposed a change to the ways in which Fair Market Rents are established. Rather than establishing a Fair Market Rent for an entire metropolitan statistical area (MSA), the new proposal would create Fair Market Rents within smaller geographic areas that would represent the vastly different rental rates that exist within one MSA. Prior to this change, voucher households have only been able to access lower rent neighborhoods, while the new rule would increase Fair Market Rents in some lower poverty neighborhoods thus allowing voucher households to access those neighborhoods if they choose to do so (Grabar, 2016). This move would increase the purchasing power of vouchers in some neighborhoods and would allow households to access an increasing variety of neighborhoods within a metropolitan area.

A third buyer factor is the amount of information that a renter has about the market, its prices, and its participants. As noted in the section on market factors, a transparent market is more likely to produce efficient outcomes. Therefore, voucher households need information about other neighborhoods that may provide a better environment for their family. One of the goals of the HCV program is the importance of mobility and the ability for voucher recipients to choose the neighborhoods in which they want to live. Despite the stated goal, evidence suggests that voucher holders do not live in lower poverty or high opportunity neighborhoods at higher levels than other low-income households (Basolo & Nguyen, 2005; Galvez, 2010; Pendall, 2000). One potential constraint that contributes to this phenomenon is the lack of information. A lack of information about alternative neighborhoods may be a factor that helps to explain why voucher holders do not end up in different neighborhoods (Lens, 2013; Popkin & Cunningham, 2000). Studies suggest that one of the primary sources of information on which voucher households rely is the list of available housing units that is published by the local public housing authority. Strong reliance on this list is likely to result in voucher households ending up in units located in higher poverty neighborhoods whose landlords want to advertise their units to recipients via the housing authority. This may also contribute to the inability of voucher households to move to different neighborhoods (Galvez, 2010). Finally, the complexities of the program also contribute to a lack of information for voucher recipients. Uncertainty about program rules and benefit calculations (Popkin & Cunningham, 2000) accentuate the information deficit which serves to undermine the ability of households to make the best housing decision for their family.

Market Position Summary

In sum, the market position of voucher recipients is constituted by a variety of factors that converge in unique ways. Because everyone possesses a unique market position, it is impossible to construct one summary market position for a specific policy or program. Rather, I discuss the market position of program participants generally and note how different attributes and contexts may produce very different results. A fundamental finding from this analysis is the way in which the negotiated nature of this market influences a recipient's market position. Landlords have the power to decide whether to participate in the program, and if they choose to do so, have control over tenant selection. The negotiated nature of the market combines with different market conditions to produce very different landlord behavior, which, in turn, creates varying market positions for voucher recipients.

To summarize the market position of HCV recipients, I make five predictions about the experiences of housing voucher recipients in the market. These predictions are based on the application of the Market Position Framework to this program, and serve to highlight the way that different factors converge to influence the market positions of voucher recipients. In Chapter 4, I test these predictions empirically using quantitative data and methods. Based on the constitutive explanation of the market positions of HCV recipients, one would expect that:

1. The increased purchasing power provided by a voucher enhances the housing market outcomes of housing voucher recipients.
2. Rental housing market conditions interact with voucher status to exert considerable influence on housing market outcomes.
3. Program rules and regulations associated with the housing voucher program complicate the housing search process for recipients.
4. Program constraints serve as a disincentive for landlords to participate in the program.
5. The personal identity of voucher tenants affects the housing outcomes that they achieve.

Chapter 4: The Effects of Market Positions

In Chapter 3 of this study, I use the Market Position Framework to generate a constitutive explanation of the market positions of recipients for the HCV program. The framework identifies the following key factors that exert considerable influence on the market position of a voucher recipient. First, market conditions play an important role. When market conditions are tight, or vacancies are low, landlords have less incentive to participate in the program given some of the logistical and administrative burdens that are involved. Second, discrimination on behalf of landlords plays a significant role. That discrimination may be based on race, gender, or age, but may also be based on voucher receipt itself—also known as source of income discrimination. Finally, program attributes such as the 60-day window to use a voucher, and the administrative burdens associated with the program serve to undermine the market position by complicating the process for voucher recipients to find a new housing unit.

The purpose of this chapter is to use quantitative data to empirically analyze the housing market outcomes of HCV recipients. This analysis builds upon, and adds to, the existing body of literature that examines the behavior, decisions, and outcomes of voucher beneficiaries. In Chapter 3, I used the qualitative findings to make predictions about the likely effect of a market position on the housing outcomes of HCV recipients. In this chapter, I use quantitative data to empirically test whether housing outcomes are consistent with the predictions I developed in the previous chapter.

This study differs from prior studies of the HCV program in three primary ways. First, I rely on questions from the American Housing Survey (AHS) that have not been used in other studies of the HCV program. In the American Housing Survey, there is a sub-sample of households that have moved within the last 24 months. Within the recent mover sample, these households are asked a range of different questions about the motivations for their move and their perceptions of unit and neighborhood quality. Using these questions, I can analyze why households move, what factors influence their housing decisions, and the self-assessment of their housing outcomes. When I compare the responses of voucher households and non-voucher households, important trends become apparent which are relevant to the study of the HCV program.

While I rely on many variables from the American Housing Survey, there are two very simple, yet powerful, questions that get to the heart of the housing outcomes analysis that is the basis of this chapter. Unlike other studies that rely on external, third-party, assessments of housing quality and neighborhood quality, the survey asks recent movers whether their current housing unit is better than their prior unit, and whether their current neighborhood is better than their previous neighborhood. The simple elegance of these questions is that one does not need to construct an index to approximate housing and neighborhood quality, rather I rely on the perceptions of the people themselves. In responding to these simple questions, respondents create an immediate mental index of the factors that are important to them and the other members of their household. This personal "index" will vary by household and most certainly will deviate from an index created by a third party academic researcher. These measures are unique and exceedingly valuable because one can identify under what conditions households are able to achieve better housing and neighborhood outcomes based on the unique criteria that are important to a specific household.

The second unique aspect of this study is the way in which I incorporate market conditions into the analysis of housing outcomes. To address market conditions in this analysis, I include the prevailing rental market vacancy rate for each Metropolitan Statistical Area (MSA) over time. By including market conditions over time, I can identify the specific market conditions at the time that a household moved. Through this process, I can highlight the specific effect of market conditions on the housing outcomes of voucher recipients. Some previous studies have incorporated vacancy rates in their analysis (Lens, 2013; Pendall, 2000), but this approach has not been widely adopted.

Finally, I create two forms of comparison in this analysis. I compare housing and neighborhood outcomes within an Income Peer Group and a Rent Peer Group. As described more fully below, the Income Peer Group includes all households that are eligible for the HCV program based on household income. The Rent Peer Group includes all households that consume roughly the same value of rental housing, whether they pay for that housing with their own financial resources or whether they use a voucher.

In this chapter, I provide a summary of the existing literature on the housing outcomes of housing voucher recipients, I summarize the data and methods employed in this study, and I summarize the results of the quantitative analysis of the housing outcomes of voucher recipients. In summary, this chapter seeks to test the predicted housing market outcomes of voucher recipients that were identified in Chapter 3. The predicted housing market outcomes include:

1. The increased purchasing power provided by a voucher enhances the housing market outcomes of housing voucher recipients.
2. Rental housing market conditions interact with voucher status to exert considerable influence on housing market outcomes.
3. Program rules and regulations associated with the housing voucher program complicate the housing search process for recipients.
4. Program constraints serve as a disincentive for landlords to participate in the program.
5. The personal identity of voucher tenants affects the housing outcomes that they achieve.

Literature Review

Housing researchers have devoted significant scholarly energy on the housing outcomes of participants in the HCV program. The motivation for this research is to assess whether the housing outcomes of voucher recipients are consistent with the stated goals of the program: to improve housing affordability for eligible households, provide improved living conditions for low-income households, and to allow voucher recipients to move to neighborhoods with lower levels of race and poverty concentration (Graves, 2016; Teater, 2009). While the program certainly improves affordability for voucher recipients, whether the program allows recipients to move to better neighborhoods remains an open question. There is a fairly strong consensus within the scholarly community that voucher recipients continue to reside in neighborhoods that are highly segregated, have higher levels of poverty, and are less safe (DeLuca, Garboden, & Rosenblatt, 2013; Lens, 2013; Pendall, 2000).

Search process

To assess the housing outcomes of HCV recipients, one must first understand the housing search process and how it may affect the outcomes achieved by program participants. The search process for voucher recipients varies from a conventional housing search in multiple respects. First, voucher holders must find a housing unit with a landlord who will accept a voucher. This aspect of the housing search process is complicated by the strong evidence of landlord discrimination against tenants who use housing vouchers (Basolo & Nguyen, 2005; Rosenblatt & Deluca, 2012; Wang, 2016). In many cases this discrimination is based on source of income (Daniel, 2010; Galvez, 2010; Greenlee, 2011; Pashup et al., 2005; Teater, 2009) while race-based discrimination is also prevalent (Horn, Ellen, & Schwartz, 2013; McClure, 2008; Pendall, 2000; Popkin & Cunningham, 2000; Wang & Varady, 2005). Landlords suggest that they discriminate against voucher holders because of the administrative burdens associated with the program, such as the housing unit inspection that is required by HUD (Marr, 2005; Pashup et al., 2005). Second, voucher recipients must use their voucher within 60 days (or up to 120 days if granted an extension by a local housing authority) or they must return the unused voucher to the issuing agency. This time pressure causes voucher holders to modify their search process and compromise on their housing criteria in the hopes of securing a housing unit within the prescribed time window (Briggs & Turner, 2006; DeLuca et al., 2013; Greenlee, 2011). Many recipients report difficulty in finding a housing unit given the time constraints imposed by the program (Finkel & Buron, 2001; Teater, 2009; Wang, 2016). The challenge of the time constraint is evident in studies that show over 30% of voucher recipients return unused vouchers to the local housing authority because of their inability to find housing within the program time limit (Finkel & Buron, 2001). This time window also prevents many voucher recipients from making moves when it is most convenient or beneficial for their household. Rather, they decide to move when they are notified that they have received a voucher. Third, voucher households have limited access to market information. Studies show that voucher recipients rely on housing lists published by local housing authorities to find housing units that are available to voucher holders. Studies show these lists frequently exclude available housing options in lower poverty neighborhoods (DeLuca et al., 2013; Wang, 2016). The absence of housing units from low poverty neighborhoods is not because those units do not exist, in fact recent studies show that there are many eligible units in low poverty neighborhoods are not rented by voucher holders (DeLuca et al., 2013; Galvez, 2010; McClure, 2008). In sum, the search process for a voucher recipient varies in multiple ways from the housing searches conducted by non-voucher recipients. This variation in search approaches contributes to the suboptimal housing outcomes of voucher recipients.

Housing market outcomes

The decision to select a particular housing unit is based on a wide variety attributes and factors that a consumer must consider. As noted by Kleit, Kang, and Scally (2016), "Households choose a place as a whole package of attributes that includes housing quality, expected commuting cost, community characteristics, local services, and social networks. Thus, move decisions are the result of a reasoning process…to arrive at a well-balanced solution" (p. 190). When households search for new housing, they consider both unit characteristics and the type of neighborhood in which they would like to live. In some cases, a prospective tenant may not be able to satisfy all their preferences and must therefore prioritize either unit specifications or neighborhood attributes in their housing search. Existing research suggests that when faced with this tradeoff, many low-income households prioritize housing unit quality over neighborhood attributes (Chatman, Broaddus, Young, & Brill, 2013; DeLuca et al., 2013; Kathryn Edin et al., 2012; Pendall, 2000). Scholars have used behavioral economics to explain the decisions of households when faced with this tradeoff. Chatman et al. (2013) suggest that when facing tradeoffs, households place higher value on private goods (a high quality housing unit) and less value on public goods (neighborhood attributes). Holly Wood (2014) conducted a qualitative study in which she interviewed lower-income African American mothers in Baltimore about their housing decisions. Wood found that when faced with constraints, the respondents generally prioritized housing attributes over neighborhood characteristics, and would only seek to improve neighborhood conditions once basic housing needs have been met:

> Budget constraints force prospective tenants to make trade-offs between neighborhood and dwelling attributes, though these trade-offs may not be obvious. I explored this tension in several ways, asking respondents what attributes of the housing bundle they looked for in their most recent housing

> search and what they would prioritize if a hypothetical housing subsidy made a search in the near future possible. Again, a clear prioritization of meeting basic dwelling needs manifested under both these conditions (p. 279).

In further evidence suggesting that voucher households prioritize housing unit attributes, Smith et al. (2002) found that many voucher households did not incorporate neighborhood attributes in their housing search and usually pursued housing units that only met their size and cost parameters.

Compared to the expansive set of studies that analyze the neighborhood outcomes of voucher recipients, there is limited research that analyzes housing unit outcomes. One explanation for the dearth of unit quality research is the fact that HUD requires an inspection of any unit that will be leased to a household using a voucher. Therefore, housing units occupied by voucher recipients must meet minimum housing quality standards as defined by HUD. The high HUD inspection failure rate—25% to 50% according to Finkel and Buron (2001)—suggests that the inspections are rigorous and, therefore, are effective in ensuring a base level of housing adequacy in units occupied by HCV recipients. From 2000 to 2002, HUD conducted a survey of housing quality for HCV participants called the Consumer Satisfaction Survey (CSS). Results of the CSS suggest that self-reported assessments of housing quality did not differ meaningfully between the CSS, the sample of voucher recipients in the American Housing Survey, and the sample of non-voucher households in the American Housing Survey (Mast, 2009). The HUD inspection combined with surveys conducted by HUD provide solid evidence that voucher households secure housing that generally meets the minimum housing standards imposed by HUD.

While voucher households generally secure housing units of adequate quality, many voucher recipients do not reside in neighborhoods that researchers consider to be "better." To analyze the neighborhood outcomes of the HCV program, researchers have operationalized neighborhood quality in a variety of different ways (McClure & Johnson, 2014). First, some studies of the voucher program focus on the degree of racial segregation. These studies assess the degree to which voucher households reside in neighborhoods that are more racially integrated or less segregated (Metzger, 2014; Rosenbaum, 1995). In this operationalization, a better neighborhood would be one in which the level of non-white racial segregation is lower. Second, some studies have focused on poverty concentration and the ability of voucher households to relocate to neighborhoods with lower levels of concentrated poverty (Devine et al., 2003; Metzger, 2014). Finally, other studies consider neighborhood outcomes based on the quality of local schools (Horn et al., 2013), the level of crime (Lens, 2013; Lens, Ellen, & O'Regan, 2011), and access to transportation and employment (Lens, 2014; Wang, Larsen, & Ray, 2015).

The findings related to voucher usage and these definitions of neighborhood quality suggest that the locational outcomes of voucher recipients fall short, in many respects, of the stated goals of the program. While there is a consensus that voucher holders reside in disadvantaged neighborhoods, neighborhood outcomes are a nuanced story that requires a deeper investigation. The comparison group against which voucher outcomes are compared is important. Devine et al. (2003) found that voucher households live in neighborhoods with slightly lower rates of poverty than other poor, unassisted, households. While this modest advantage is encouraging, it is underwhelming given the substantial increase in purchasing power provided by the voucher. When compared to other unassisted renters of all income levels, voucher recipients tend to reside in neighborhoods with higher levels of poverty (Basolo & Nguyen, 2005; Pendall, 2000; Walter, Li, & Atherwood, 2015). Additional nuance is evident when one incorporates race into the analysis. Studies demonstrate that non-white voucher households are more likely to reside in higher poverty neighborhoods than comparable white households (Devine et al., 2003; Hartung & Henig, 1997; Pendall, 2000). In addition to clustering non-white households in more impoverished neighborhoods, the voucher program has also failed to produce positive results from an integration perspective. Studies demonstrate that voucher households live in non-white neighborhoods that are more highly segregated than the rest of the renter population (Basolo & Nguyen, 2005; Devine et al., 2003; Metzger, 2014; Pendall, 2000; Rosenblatt & Deluca, 2012). On other measures of neighborhood quality, voucher households rent in neighborhoods with lower performing schools than other poor households (Horn et al., 2013), with higher crime rates (Lens, 2013), and with less access to transportation, jobs, and other opportunities (Lens, 2014; Wang et al., 2015). In sum, the HCV program has not produced the neighborhood outcomes that many policymakers and scholars had hoped for.

While neighborhood outcomes of voucher recipients are an important topic of scholarly inquiry, it is vitally important to consider the neighborhood preferences of voucher recipients. One could argue that another measure of the voucher program's success is whether the receipt of a voucher allows a recipient to achieve the neighborhood characteristics that they desire for their household, as opposed to the neighborhood outcomes that scholars deem to be desirable. Scholars note that voucher recipients prefer neighborhoods that are safe and clean (Galvez, 2010), that are close to family and friends (Skobba & Goetz, 2015), and that have good schools (Teater, 2009). In his study based in Duval County, Florida, Ruoniu Wang (2016) found that voucher recipients place a high value on neighborhood characteristics such as school quality, safety and the condition of the neighborhood, but do not mention a desire to locate in neighborhoods with increased integration and reduced levels of poverty concentration.

One can analyze whether voucher households are able to secure housing in neighborhoods that match their preferences. Martha Galvez (2011), in her study of voucher households in Seattle, found that location outcomes were a function of pre-move neighborhood satisfaction and other housing preferences. When voucher households lived in poor neighborhood conditions prior to the receipt of a voucher, they were more likely to move to a better, or higher opportunity, neighborhood. Wang (2016) also examined the relationship between neighborhood preferences and neighborhood outcomes. Based on the neighborhood preferences that were collected through surveys with voucher recipients, Wang found that households generally did not live in neighborhoods that matched their preferences. The mismatch between preference and outcome, according to Wang, is due to the constraints associated with the search process which caused voucher households to focus more intently on their housing unit preferences. To address the different findings in Galvez and Wang's research on neighborhood preferences, Wang offers the following explanation, "Coupled with Galvez's (2011) finding, a more complete picture about preference-outcome relationship can be drawn: While dissatisfaction about pre-voucher location may trigger a move to a generally higher opportunity neighborhood (Galvez 2011), these moves may not meet HCV households' specific preferences" (p. 22-23). Wang's results suggest that not only do voucher holders not move to the low-poverty neighborhoods that are valued by policymakers and researchers, they also fail to move to neighborhoods that embody the attributes that the recipients themselves value. Wang concludes by stressing the importance of household choice when analyzing locational outcomes for voucher recipients, "To improve voucher location outcomes, should HCV households be guided to neighborhoods with traits predetermined by policy makers (as, for example, low poverty neighborhoods were prioritized in the MTO demonstration)? Or should the focus be on addressing housing search barriers to give voucher holders wider choices that meet their own priorities?" (p. 23).

The effect of market conditions

In addition to analyzing the process and outcomes of voucher recipients, it is also important to consider the role of market conditions on housing decisions. Numerous studies note how rental housing market conditions either help or hinder voucher recipients in their efforts to secure a unit that meets their housing and neighborhood preferences. One of the paradoxes of the voucher program is that so many recipients fail to use their voucher and must turn it back in to the local housing authority. Research suggests that tight rental housing market conditions make it difficult for voucher recipients to find an available housing unit (Pashup et al., 2005) and therefore, the result is a failed housing search and the loss of a voucher. One of the reasons why tight market conditions are so difficult for voucher holders is that landlords have little incentive to participation in the program (Katz & Turner, 2001). Tight markets also affect neighborhood outcomes as Lens (2013) found that low vacancy rates can undermine the ability of voucher recipients to move to lower-crime neighborhoods. While tight markets are difficult for voucher recipients, loose markets can produce conditions that are more favorable. Pendall (2000) found that when vacancy rates are high, voucher households are more likely to move to lower poverty neighborhoods and Galvez (2011) noted that there are lower concentrations of voucher households in poor neighborhoods when vacancies are high. While loose market conditions provide more generous conditions for voucher recipients, high vacancy rates are not a panacea as Rosen (2014) found in her Baltimore-based study. When market conditions are loose, landlords are incented to participate in the program. Given the abundant vacancies, Rosen found that landlords sort voucher recipients into the units that best serve the interests of the landlord. This process results in the most vulnerable households being sorted into the worst housing units. This literature demonstrates many sources of potential disadvantage for voucher recipients, but, in general, tight market conditions constrain voucher households most significantly.

Methods and Data

In this chapter, I rely on data from the 2011 and 2013 American Housing Survey Metropolitan Samples. These samples include households that live in 46 different MSAs throughout the United States (26 in the 2011 sample and 20 in the 2013 sample). I rely on the American Housing Survey because this dataset includes a rich set of questions that deal with housing and neighborhood outcomes. In particular, I rely on a subset of observations from the Metropolitan Sample that are provided for households that have moved with 24 months of their interview (recent movers). I rely on this sub-sample of recent movers because there are survey questions that address the reasons why those households decided to move, what factors influenced their decision to select their unit and their neighborhood, and their overall assessment of their housing outcomes. Given the desire to compare voucher households to non-voucher recipient households, the recent mover sub-sample allows one to analyze how the housing choices and housing outcomes differ between the two classes of households.

To supplement the data from the recent mover sub-sample of the 2013 American Housing Survey, I import three additional variables from other sources. First, I merge the 2011 and 2013 income eligibility thresholds for the HCV program. These income limits are established for households of different sizes for each MSA and are published by HUD. Second, I also import the 2011 and 2013 Fair Market Rent by MSA which are also published by HUD. HUD establishes a Fair Market Rent calculation for housing units with different numbers of bedrooms. The Fair Market Rent serves as a cap, such that voucher households may not rent a unit with a market rent above the applicable Fair Market Rent. Last, I merge rental housing vacancy rates by MSA into the dataset. The

U.S. Census Bureau publishes rental market vacancy rates on a quarterly basis. I import six years of quarterly data such that I can calculate a trailing twelve-month vacancy rate at the time of a move for the households that moved within 24 months of their American Housing Survey interview date. These three additional data sources provide significant analytical leverage for the analyses that I conduct.

In constructing a final dataset, I imposed several sampling conditions to arrive at a clean, final dataset. From the full Metropolitan sample for both years, I drop homeowners, because I am only interested in renter households. I also drop households that live in public housing or that benefit from rent controls because I am interested in the experiences of voucher recipients in the private rental market. Next, I limit the sample to only those households that are included in the recent mover sub-sample. To ensure data validity, I drop additional observations if their outcomes are inconsistent with program rules. For example, I eliminate voucher-recipient observations in which a household's stated income exceeds the relevant HUD-established income threshold for participation in the HCV program. After this process of sample selection and data cleaning, a sample of 25,332 households, of which 760 use a housing voucher, remains. I used Stata to import and merge data and to perform all statistical analyses. Depending on the specific question or variable that I am analyzing, I rely on one of two distinct logics of comparison—comparisons within the Income Peer Group or the Rent Peer Group. In each group, I compare the outcomes of a treatment group—voucher households—to a comparison group of unassisted households.

Within the two years of data from the 2011 and 2013 American Housing Survey, there are 46 MSAs included in the analysis. Figure 4.1 below is an image of the United States and it shows each MSA that is included in this study. As the map demonstrates, there is broad geographic representation in this sample. Table 4.1 lists all MSAs in the sample, identifies whether they came from the 2011 or 2013 American Housing Survey, indicates how many observations (voucher and non-voucher) come from each city, and, finally, provides the high and low vacancy rate during the years in which respondent households may have moved.

Figure 4.1 – Cities included in the data sample

Table 4.1 – Description of cities in the data sample

	AHS Year	Households: Non-Voucher	Households: Voucher	Households: Total	Low Vacancy Rate	High Vacancy Rate
Atlanta, GA	2011	538	14	552	11.7	16.6
Austin, TX	2013	783	13	796	6.2	11.9
Baltimore, MD	2013	421	16	437	8.2	11.7
Birmingham, AL	2011	348	10	358	8.8	14.1
Boston, MA	2013	444	24	468	5.5	7.4
Buffalo, NY	2011	361	15	376	5.9	12.4
Charlotte, NC	2011	523	11	534	8.4	13.1
Cincinnati, OH	2011	487	37	524	9.9	13.0
Cleveland, OH	2011	374	14	388	10.8	13.2
Columbus, OH	2011	602	19	621	6.4	9.2
Denver, CO	2011	633	17	650	6.8	10.3
Hartford, CT	2013	328	23	351	7.1	11.7
Houston, TX	2013	608	9	617	10.2	16.6
Indianapolis, IN	2011	577	5	582	12.7	15.1
Jacksonville, FL	2013	620	15	635	7.7	13.4
Kansas City, MO	2011	530	27	557	11.8	14.7
Las Vegas, NV	2013	741	11	752	11.8	14.6
Los Angeles, CA	2011	638	10	648	5.4	7.2
Louisville, KY	2013	408	15	423	7.0	10.3
Memphis, TN	2011	521	23	544	14.7	23.0
Miami, FL	2013	446	15	461	7.1	11.8
Milwaukee, WI	2011	712	13	725	7.4	9.0
Minneapolis, MN	2013	440	11	451	5.3	6.7
Nashville, TN	2013	549	19	568	4.4	11.0
New Orleans, LA	2011	481	60	541	13.1	18.0
Norfolk, VA	2011	573	17	590	6.2	9.4
Oakland, CA	2011	523	14	537	6.0	6.8
Oklahoma City, OK	2013	604	24	628	9.1	10.7
Orlando, FL	2013	710	9	719	14.8	20.1
Phoenix, AZ	2011	669	15	684	11.0	18.6
Pittsburgh, PA	2011	334	20	354	6.3	9.7
Portland, OR	2011	544	17	561	3.4	4.7
Providence, RI	2011	423	17	440	7.4	8.9
Richmond, VA	2013	531	8	539	12.5	17.9
Riverside, CA	2011	626	9	635	8.4	13.6
Rochester, NY	2013	382	19	401	2.9	6.6
Sacramento, CA	2011	651	14	665	7.1	10.6
St. Louis, MO	2011	388	20	408	10.8	12.6
San Antonio, TX	2013	674	31	705	7.3	12.4
San Diego, CA	2011	763	13	776	6.6	8.8
San Francisco, CA	2011	474	4	478	6.0	6.8
San Jose, CA	2011	624	13	637	4.8	8.5
Seattle, WA	2013	561	15	576	5.1	7.3
Tampa, FL	2013	404	16	420	9.5	14.1
Tucson, AZ	2013	561	13	574	13.2	16.8
Washington, DC	2013	440	6	446	6.2	8.7
		24,572	760	25,332		

Dependent Variables

In this analysis, I create three categories of dependent variables for the logit regression models described below: housing quality variables, neighborhood quality variables, and process variables. Table 4.2 below provides a description of these variables, the specific questions posed in the American Housing Survey, and the operationalization of the variable that I utilize for the purposes of this analysis. The first category of outcome variables includes those variables that address the quality of the housing unit being occupied by the respondent. The ability of voucher households to secure safe and adequate housing is a goal of the program, and therefore warrants attention in this analysis. The American Housing Survey includes a variety of variables that are designed to test the quality of a housing unit and it summarizes these variables with an imputed variable designed to test the overall adequacy of a unit. This measure creates an adequacy score based on responses from tenants for 15 different questions, including, whether there are cracks in the walls of their home, whether the water is safe to drink, whether there are infestations, whether there are water leaks, whether the heating equipment operates properly, whether the unit has exposed electrical wiring, and a series of other related questions. Based on the responses to these various questions, the imputed adequacy variable categorizes a housing unit as adequate, moderately inadequate, or severely inadequate.

Researchers are drawn to this variable because it provides an objective measure of housing adequacy across all households in the sample. This measure is used by some housing researchers as a proxy for the construct of housing quality. In a recent article, Newman and Garboden (2013) conducted an analysis of this variable to determine its reliability and validity as a tool to measure housing quality. They found significant shortcomings with this measure and call into question whether this tool should be used to measure the construct of housing quality. Newman and Garboden concluded that it "now may be time to revisit the conceptualization and measurement of the elusive concept of housing quality" (p. 304). Eggers and Moumen (2013) noted that fewer studies have focused on the adequacy of housing units. They argue that the dearth of studies on housing quality is because there has been a significant reduction in housing units that are deemed inadequate, especially among low-income households. In response, according to Eggers and Moumen, scholars have devoted less time and attention to this topic. Eggers and Moumen also note that very few housing units are categorized as inadequate and therefore there is limited variation in the American Housing Survey sample of housing units.

Given the limited efficacy of the American Housing Survey adequacy variable to measure housing quality, I rely on a second variable from the American Housing Survey to assess housing quality. In the recent mover subsample, respondents are asked whether their current housing unit is better, worse, or about the same as their last housing unit. This variable is intriguing because it does not rely on an objective measure of housing quality that is established by a third party, rather it relies on the self-assessment of the tenant of whether the new unit is better or worse than their prior unit. Some may be concerned that this measure is not objective and consistent across housing units, but I argue, that the self-assessment of the households is more important than the objective assessment of an independent third party. Tenants will seek to maximize their own utility in a move and this measure helps one to assess whether households do in fact achieve higher quality housing based on their own assessment of quality. Given that all households in this recent mover sub-sample moved within 24 months of the interview, the households are making a fresh assessment of the relative quality of their new housing unit.

The second category of dependent variables is neighborhood quality. Like the challenges highlighted in the discussion of housing quality, assessing neighborhood quality is a highly subjective exercise. Scholars have created indices of neighborhood quality based on variables such as crime, schools, levels of poverty, levels of segregation, and other environmental factors. The challenge with these objective measures of neighborhood quality is that they may not reflect the needs and preferences of the individual households themselves. Therefore, to measure the ability of households to secure housing in a "better" neighborhood, I rely on an American Housing Survey variable that asks recent movers whether their current neighborhood is better, worse, or about the same as their previous neighborhood. Once again, like in the case of housing quality, this variable allows the respondent to assess the factors that are most important to her and the other members of her family in determining whether their new neighborhood is better than their previous neighborhood. This measure of neighborhood quality allows one to assess whether recent movers can secure housing in a neighborhood that is consistent with their preferences.

The final category of dependent variables are process variables. These process variables help provide an explanation for why households make the decisions that they do. Questions include, “What is the main reasons you chose this housing unit?”, “What is the main reason you chose this neighborhood?”, and “What is the main reason you moved?” By analyzing these process variables, one can develop a deeper understanding of how one’s market position can affect the process that one pursues to secure housing and the effect that process has on housing outcomes.

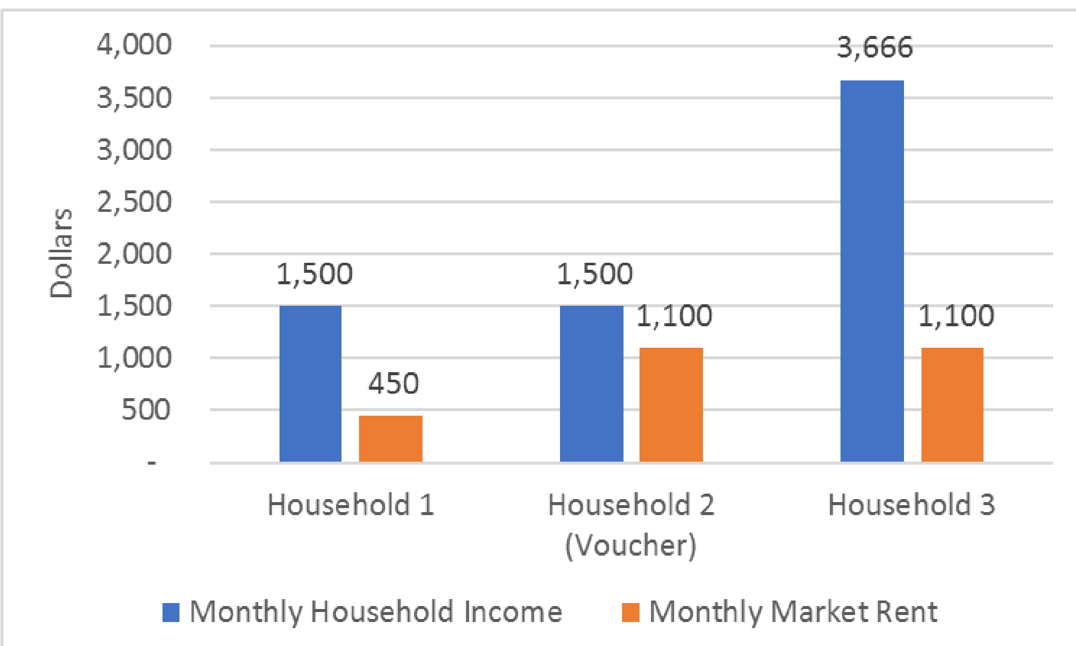
Table 4.2 – Description of dependent variables

Variable (AHS code)	Survey Question	Variable operationalization for this study
Housing Quality Variables		
Housing Adequacy	Imputed variable of housing quality	Housing adequacy =1 if unit is “adequate”, otherwise it is 0.
Better Housing Unit	“Is this housing unit better, worse, or about the same as your last home?”	Unit Better = 1if response is “better”, otherwise it is 0.
Neighborhood Quality Variable		
Better Neighborhood	“Is this neighborhood better, worse, or about the same as your last neighborhood?”	Neighborhood better = 1 if response is “better”, otherwise it is 0.
Process Variables		
Why Move?	“What is the main reason you moved?”	Answers include: - needed a larger unit - to obtain a higher quality unit - to be closer to work - new job - change in marital status - disaster loss
Why Unit?	“What was the main reason you chose this housing unit?”	Answers include: - size of unit - only unit available - design - financial reasons
Why Neighborhood?	“What is the main reason you chose this neighborhood?”	Answers include: - close to public transportation - close to work - good schools - close to family and friends - safety

Analytical Approach

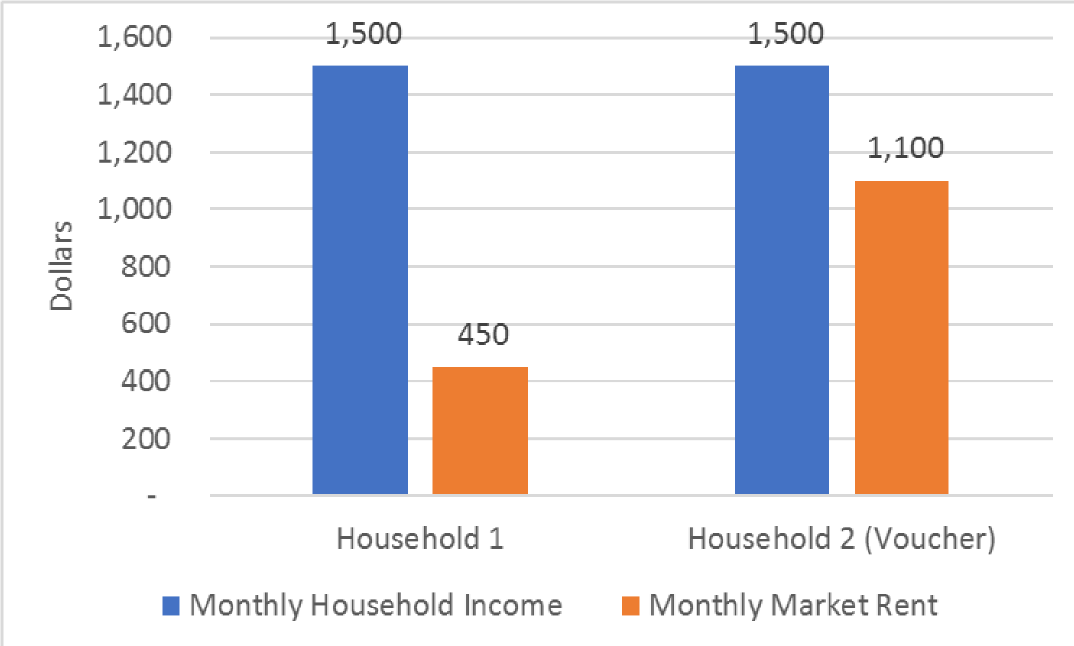
One of the keys to the analytical approach in this study is the comparison of outcomes within two peer groups—the Income Peer Group and the Rent Peer Group. To facilitate an understanding of these two groups, I create three hypothetical households. Figure 4.2 shows the monthly household income and household market rent for three hypothetical households. Household 1, uses 30% of its $1,500 monthly income to pay for a rental unit that costs $450/month. Household 2 is identical to Household 1, except that it has received a housing voucher. Household 2 also uses 30% of its monthly income to pay for rent, but it supplements that amount with the value of the voucher. Due to the value of the voucher, Household 2 can consume $1,100/month in rental housing. Household 3, also consumes $1,100/month in rental housing, but it does so by spending 30% of its $3,666 monthly household income on rent. Household 3 does not use a voucher to consume housing.

Figure 4.2 – Three hypothetical households



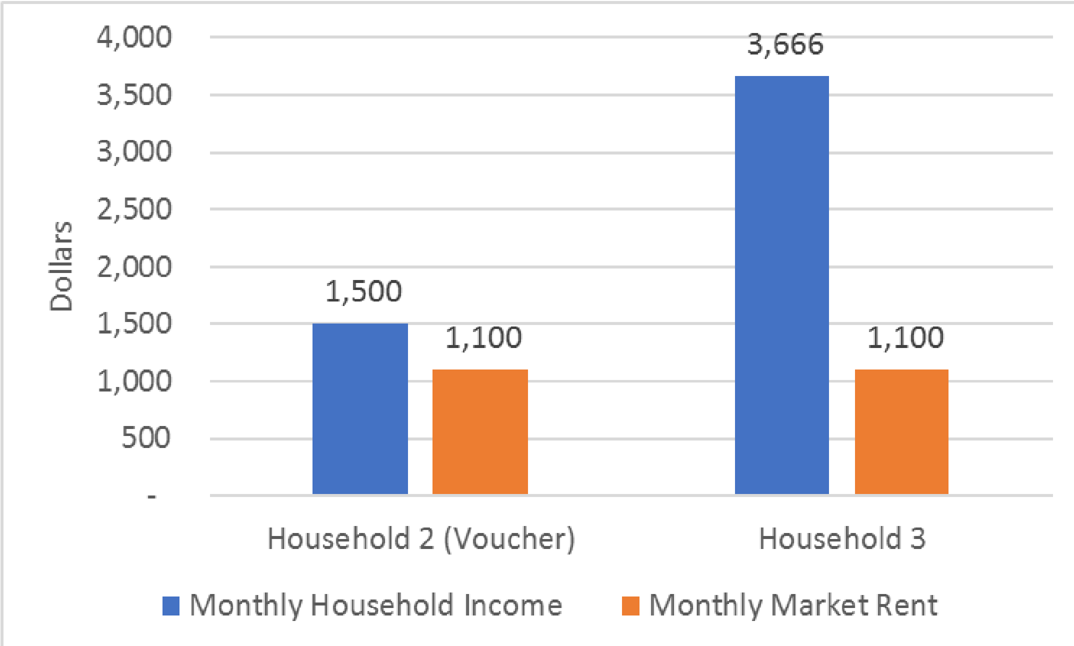
The first method of comparison in this analysis is among income peers. Within the Income Peer Group, all households are eligible to participate in the HCV based on their household income. Given that only 25% of eligible households receive federal housing assistance (Center on Budget and Policy Priorities, 2015), two distinct groups emerge within the Income Peer Group—those that “win” the housing voucher lottery and receive a voucher and those that do not. Figure 4.3 below provides a visual depiction of the two hypothetical households in the Income Peer Group: Household 1, with $1,500 monthly income and $450/month in monthly rent costs, and Household 2, which receives a voucher and consumes housing equal to $1,100/month. The two households have the same level of income, but they consume rental housing with very different market values. Given the increased purchasing power of the voucher households in the Income Peer Group, one would expect voucher households to outperform their income peers in terms of housing unit and neighborhood quality.

Figure 4.3 – Income Peer Group description



The second method of comparison is within the Rent Peer Group. This comparison also includes both voucher recipients and non-voucher recipients, but these households reside in housing units with similar market rental costs. Non-voucher recipient households use their own financial resources to pay the market rental cost of the unit, while voucher households use a combination of their own money plus the value of the voucher to consume a housing unit with similar rental market value. In Figure 4.4 below, Household 2 uses a voucher to consume the same value of housing as Household 3, which relies solely on its own income. Even though Household 2 and Household 3 consume the same "amount" of housing, it may not be appropriate to assume that Household 2 and Household 3 will have similar housing outcomes, given the many constraints associated with the voucher program.

Figure 4.4 – Rent Peer Group description



In this study, I use logit regression models to predict the outcome of interest based on my key independent variable, voucher status, and a variety of other covariates. There are two models that I use, one when comparing households within the Income Peer Group, and one when comparing the Rent Peer Group. When comparing households within the Income Peer Group, I restrict the sample to include only those households that are eligible for the HCV program based on the HUD income thresholds. I then compare the results of voucher households and non-voucher households using the following general model specification:

$$Logit(Outcome\ of\ Interest) = \beta_1 Voucher_i + \beta_2 Vacancy_{ct} + \beta_3 Voucher_i{*}Vacancy_{ct} + \beta_4 Household\ Income_i + \beta_5 Household\ Characteristics_{ic} + \beta_6 Demographic\ Variables_i + \eta_c + \varepsilon_{itc}$$

Where, Voucher represents the voucher status of a household (1=yes, 0=no); Vacancy represents the prevailing rental market vacancy rate (at the time of the move) for the MSA to which a household moved (I also include a squared vacancy term to account for the nonlinearity of that variable); Voucher*Vacancy is an interaction term between voucher status and vacancy rate (I interact Voucher with Vacancy and with Vacancy^2); Household Income is an important control variable because I compare households in the Income Peer Group and therefore want to control for differences in income within this voucher eligible population; Household Characteristics include marital status, presence of children, and number of adults in the household; Demographic Variables include age, gender, race/ethnicity, nativity, suburban status, and education; η represents city fixed effects which are used to control for within-city variation. Finally, I cluster standard errors by city to account for non-constant variance.

To analyze outcomes within the Rent Peer Group, I restrict the sample to those households with reported market rents between 30% and 120% of the relevant Fair Market Rent for a household of that size in that specific MSA. I select this range because 120% is the maximum amount of market rent that a voucher household can consume based on program terms. The 30% cut-off is based on an analysis of individual household responses in the American Housing Survey. There are some very low market rate responses which may be instances in which voucher households confuse market rent with the amount of rent they are contributing monthly. This is most obvious at very low reported rent levels. As a result, I have a concern that some of the very low market rent figures may not be accurate, and therefore I exclude 754 observations (of 25,332 total) with market rents less than 30% of Fair Market Rent. The regression model specification for the Rent Peer Group is similar to the model I use for the Income Peer Group:

$$Logit(Outcome\ of\ Interest) = \beta_1 Voucher_i + \beta_2 Vacancy_{ct} + \beta_3 Voucher_i{*}Vacancy_{ct} + \beta_4 Market\ Rent_i + \beta_5 Household\ Characteristics_{ic} + \beta_6 Demographic\ Variables_i + \eta_c + \varepsilon_{itc}$$

The primary difference between the model for Rent Peers and the Income Peer Group model is the key control variable. In the Income Peer Group model, I control for household income to account for different levels of income within the voucher-eligible population. In the Rent Peer Group model, I control for Market Rent, rather than income. Household income is not a variable in this model, because incomes may vary considerably within the Rent Peer Group depending on voucher status, and I want to preserve that variation. All other aspects of the model are the same as the Income Peer Group model.

To facilitate interpretation of the logit models for certain outcomes, I calculate predicted probabilities for specific outcome variables. To calculate predicted probabilities, I use the margins command in Stata to calculate the probability of a hypothetical household achieving a particular outcome. For all predicted probabilities in this study, I use the same hypothetical household which is based on demographic attributes that are most common in the HCV program. As such, the hypothetical household used in this study is a U.S. born African American woman who has never been married. She has a high school degree, has at least one child in the household, and lives in an urban setting. When a single vacancy rate is used for a predicted probability analysis, I assume a 10% vacancy rate which is the mean vacancy rate of all observations in the sample. While I only provide figures summarizing predicted probabilities in the text of the chapter, the full regression model results for HCV case are included in Appendices 1 – 5.

Results

Prior to conducting inferential statistical analysis of these data, I present descriptive statistics for the Income Peer Group and the Rent Peer Group. In this summary shown in Table 4.3 below, I provide descriptive statistics for the key independent and dependent variables in the regression models. This analysis of independent variables demonstrates that there are key differences between voucher and non-voucher households. The key differences include that voucher households have lower income, are more likely to be headed by a woman, are more likely to be born in the U.S., and are more likely to have children at home. Non-voucher households are far more likely to have a white head of household. Given the heterogeneity in the sample, I control for these observed differences in the logit regression models that I described earlier.

An analysis of the descriptive statistics for the key outcome variables yields an interesting picture. Between voucher and non-voucher households, there are very small differences in measures of housing adequacy which is consistent with existing literature. Among the other outcome variables, there are significant differences between voucher households and non-voucher households. Notably, voucher households are more likely to say that both their new housing unit and their new neighborhood are better than their prior home and neighborhood. This is not surprising given the significant boost in purchasing power provided by the voucher. As part of the recent mover sub-sample of the American Housing Survey, respondents were also asked why they moved. Once again, the responses for voucher holders and non-voucher holders differ meaningfully. Non-voucher holders indicated that they moved because they got a new job or to be close to a job/school. Voucher holders indicated that they moved to get a larger housing unit or to get a higher quality housing unit. To interpret these results, one must consider the mechanism by which voucher holders find a new housing unit. When households on the HCV waitlist are informed that they have received a voucher, the household has 60 days to find a new housing unit. This limited period precludes moves based on a new job, or a new marital status, rather the households have no control over the timing of the move. Therefore, it is not surprising that voucher holders indicate that the primary reason for their move was to find a larger or higher quality housing unit.

When asked why a household selected a specific unit, there were few statistically significant differences between voucher holders and non-voucher holders. Non-voucher holders were more likely to say that they moved for financial reasons, while voucher holders were more likely to say that they selected this unit because, “It was the only one available.” This response is interesting because it may speak to the role of landlord discrimination and how that may affect the ability of voucher holders to find a housing unit. When asked why a household selected a neighborhood, voucher holders and non-voucher holders responded in very different ways. Non-voucher holders were more likely to say that they picked a neighborhood to be close to their job. Voucher holders were far more likely to pick a neighborhood to be close to family and friends, because it was convenient to public transportation, and because of the specific housing unit itself.

Table 4.3 – Descriptive statistics (U.S.)

	Income Peer Group			Rent Peer Group		
	Voucher	Non-Voucher	Sig.	Voucher	Non-Voucher	Sig.
# of households	759	10,365		613	20,719	
Household income (mean)	10,725	16,311	***	11,150	41,614	***
Monthly market rent (mean)	700	797	***	806	845	
Demographics (Head of Household):						
Female	83.4%	59.2%	***	84.2%	51.5%	***
Born in the U.S.	42.6%	38.3%	***	41.9%	37.5%	***
Age (mean)	42.6	38.3	***	41.9	37.5	***
White	22.7%	43.2%	***	22.5%	49.3%	***
Household Characteristics:						
More than two adults in household	5.3%	9.4%	***	5.7%	11.6%	***
Households with children	50.9%	36.6%	***	53.8%	33.1%	***
Outcome Variables:						
Adequate	91.8%	89.9%	*	91.5%	91.9%	
Severely Inadequate	2.0%	2.8%		2.0%	2.2%	
Unit Better	60.2%	46.6%	***	60.0%	46.9%	***
Neighborhood Better	46.1%	39.4%	***	46.5%	39.6%	***
Why did you select this unit?						
Financial reasons	28.6%	35.7%	***	27.5%	33.4%	***
Design	9.5%	8.5%		10.7%	9.3%	
Unit size	10.6%	9.1%		10.8%	9.2%	
Only unit available	5.6%	4.2%	*	5.7%	3.6%	***
Why did you select this neighborhood?						
Convenient to job	6.5%	17.4%	***	6.3%	22.8%	***
Convenient to friends or relatives	18.7%	14.7%	***	19.8%	12.5%	***
Convenient to amenities	2.8%	2.2%		2.9%	2.5%	
Convenient to public transportation	4.8%	2.3%	***	5.3%	1.7%	***
Good schools	8.4%	10.0%		9.0%	8.1%	
Safety	5.2%	4.2%		4.9%	4.2%	
House	11.7%	7.8%	***	11.0%	8.2%	**
What is the main reason that you moved?						
Life circumstances	21.1%	39.2%	***	20.7%	41.6%	***
Housing reasons	25.0%	15.2%	***	25.9%	16.0%	***

Note: *** p<.01; ** p<.05, * p<.10

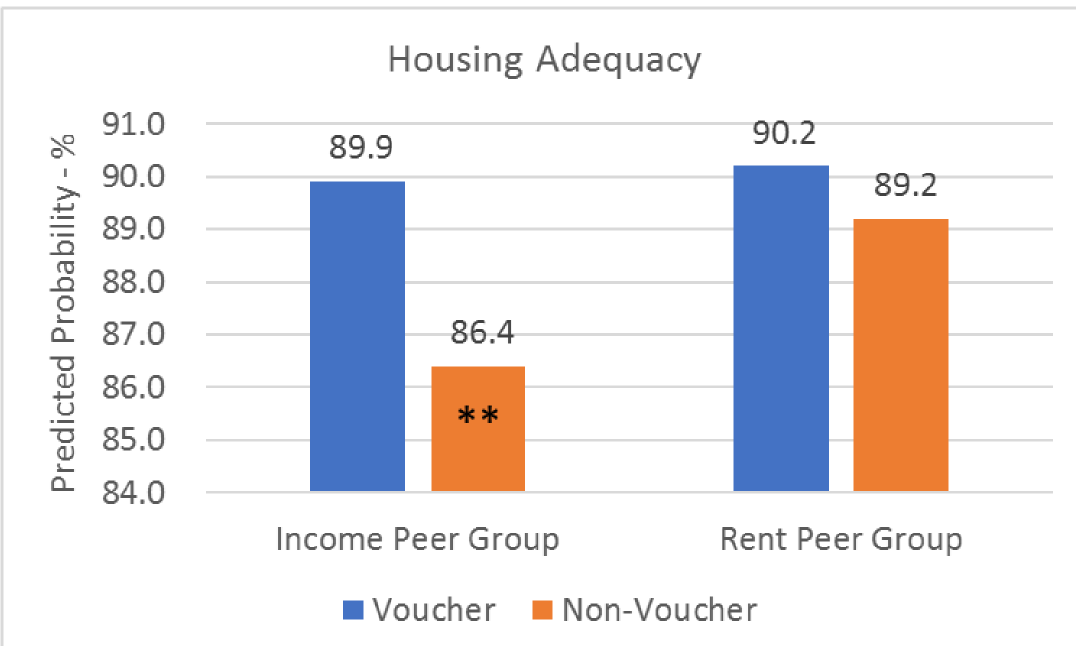
A review of descriptive statistics is helpful because it provides a general idea of themes that may emerge in the analysis. To generate stronger findings, I turn to inferential statistical analysis to identify differences between voucher and non-voucher households after controlling for a wide variety of covariates. In the analyses that follow, I conduct regression analyses with the Income Peer Group and the Rent Peer Group. The number of observations for all analyses in the Income Peer Group are 11,124 (of which 759 are voucher households). Within the Rent Peer Group, there are 21,332 observations including 613 voucher households. I use inferential statistics to test the five predictions from Chapter 3. In that chapter, I identified likely effects of market positions based on the qualitative analysis of the market position of HCV recipients.

Prediction 1: The increased purchasing power provided by a housing voucher enhances the housing market outcomes of housing voucher recipients.

To empirically test how the purchasing power boost provided by a HCV voucher affects housing outcomes, I compare the housing outcomes of voucher recipients to equivalent households that do not receive a voucher. The housing outcomes in this study include both measures of housing and neighborhood quality. Both elements are included in the bundle of housing attributes that tenants consider when selecting a housing unit. By comparing the outcomes of voucher and non-voucher households, I can determine whether the purchasing power of voucher recipients translates to better housing outcomes.

I begin the analysis using a measure of housing unit adequacy that is included in the American Housing Survey. As discussed earlier in this chapter, there is concern that this measure does not adequately represent the construct of housing quality. Given the lack of other objective measures of housing quality, I compare the likelihood of living in an adequate housing unit for voucher holders to their non-recipient peers. I perform this analysis for both the Income Peer Group and the Rent Peer Group. Based on the analysis presented in Chapter 3, one would expect that voucher holders in the Income Peer Group would outperform their non-recipient peers for two reasons. First, voucher holders receive a boost in purchasing power that allows them to consume more expensive, and presumably higher quality, housing. Second, before a unit may be leased to a voucher tenant, the unit must pass a HUD-imposed inspection which ensures a minimum level of adequacy. Within the Rent Peer Group, I expect little difference in adequacy given that this peer group is established by matching housing units based on rent levels. Therefore, this group includes rental housing of roughly equivalent value and quality. Figure 4.5 below summarizes the findings of this comparative analysis.

Figure 4.5 – Housing adequacy

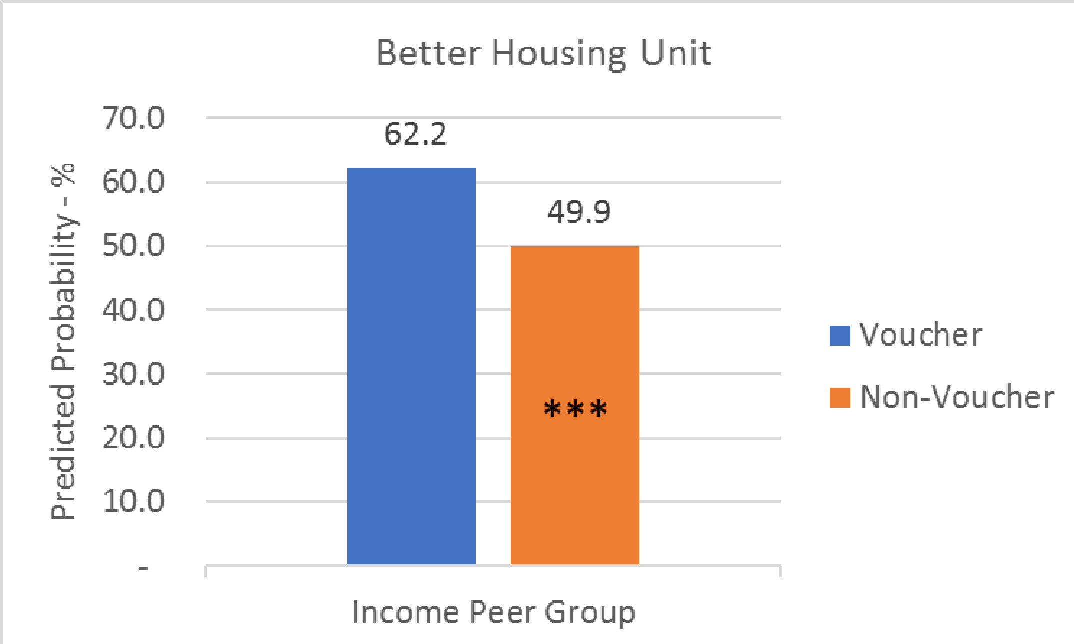


Note: *** p < .01, ** p < .05, * p < .10
Full regression model included in Column A and Column B of Appendix 1.

The results of the analysis are consistent with expectations. When comparing housing adequacy within the Income Peer Group, voucher holders are more likely to have an adequate dwelling than their peers without vouchers. This is consistent with the thesis that the purchasing power boost provided by the voucher enhances the market position, and market outcomes, of voucher recipients. Within the Rent Peer Group, there is no statistical difference between voucher and non-voucher households which is consistent with expectations given that households within this comparison group consume housing of roughly equivalent value.

To further investigate housing quality outcomes, I utilize a housing quality variable from the American Housing Survey that is derived from the survey question that asks, "Is this housing unit better, worse, or about the same as your previous home?" Given that all households in this sample are recent movers (within the last 24 months), these housing quality assessments are being made based on a relatively recent move. For purposes of presentation, I describe this variable as "Better Housing Unit." In Figure 4.6 below, I provide a summary of the predicted probabilities for the Better Housing Unit variable within the Income Peer Group.

Figure 4.6 – Better housing unit



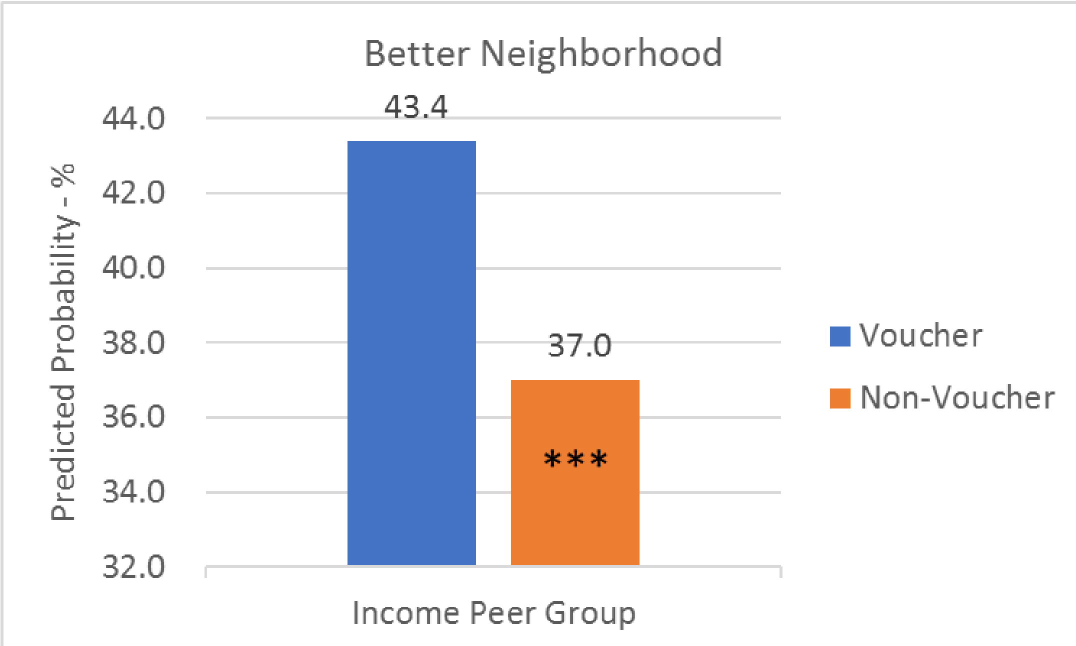
Note: *** p < .01, ** p < .05, * p < .10
Full regression model included in Column C of Appendix 2.

Consistent with the prior analysis, voucher holders are more likely to report that their new housing unit is better than their previous home, and the difference is statistically significant. Once again this demonstrates the purchasing power of a housing voucher.

It is important to note that all voucher recipients in the recent mover sample may not be moving for the first time. Therefore, among voucher recipients, the comparison of units does not, in all cases, imply a comparison between unsubsidized and subsidized housing. For some households, it may involve a comparison of two housing units, both of which were rented with the support of a voucher. Because some of the voucher moves involve lateral moves (from subsidized to subsidized) as opposed to upward moves (unsubsidized to subsidized), I would expect that the lateral moves would dampen the effect found in this analysis. In other words, voucher holders who move laterally may be less likely to say that their new unit is better than their previous unit because they do not experience the same purchasing power boost that is experienced by voucher holders who move for the first time. Due to data constraints, it is impossible to assess which voucher households are making lateral moves and which ones are making upward moves. Regardless, the fact that some voucher holders may have made lateral moves only strengthens the validity of this finding because lateral movers are likely the dampen the effect of voucher status on housing outcomes.

In the next stage of the analysis, I turn to neighborhood quality outcomes. I analyze the responses to the survey question that asks whether the respondent's current neighborhood is better than their previous neighborhood—I refer to this variable as Better Neighborhood. As discussed earlier in this chapter, the value of this question is that respondents determine for themselves the neighborhood attributes that are important to them. This analysis stands in contrast to other studies that rely on third-party generated indices of neighborhood quality. In this question, the head of household indicates whether their household moved to a "better" neighborhood. In Figure 4.7 below, I present predicted probabilities for the Better Neighborhood variable within the Income Peer Group.

Figure 4.7 – Better neighborhood



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column D of Appendix 2.

Like in the analysis of housing unit quality, voucher holders, within the Income Peer Group, report an improvement in neighborhood quality. Once again, this is likely due to the purchasing power provided by the voucher.

For both housing quality and neighborhood improvement analyses, I do not provide a comparison for this outcome variable within the Rent Peer Group. I do not provide this analysis because these variables are relative measures—is my current situation better than my previous situation. This relative measure is meaningful within the Income Peer Group, because most all respondents are starting at the same place (based on equivalent incomes). Within the Rent Peer Group, non-voucher movers may not report an improvement in housing quality or neighborhood, because they have made a lateral move from a high-quality situation to a new setting that is equally as positive.

Therefore, the relative findings within the Rent Peer Group are not informative and do not merit attention.

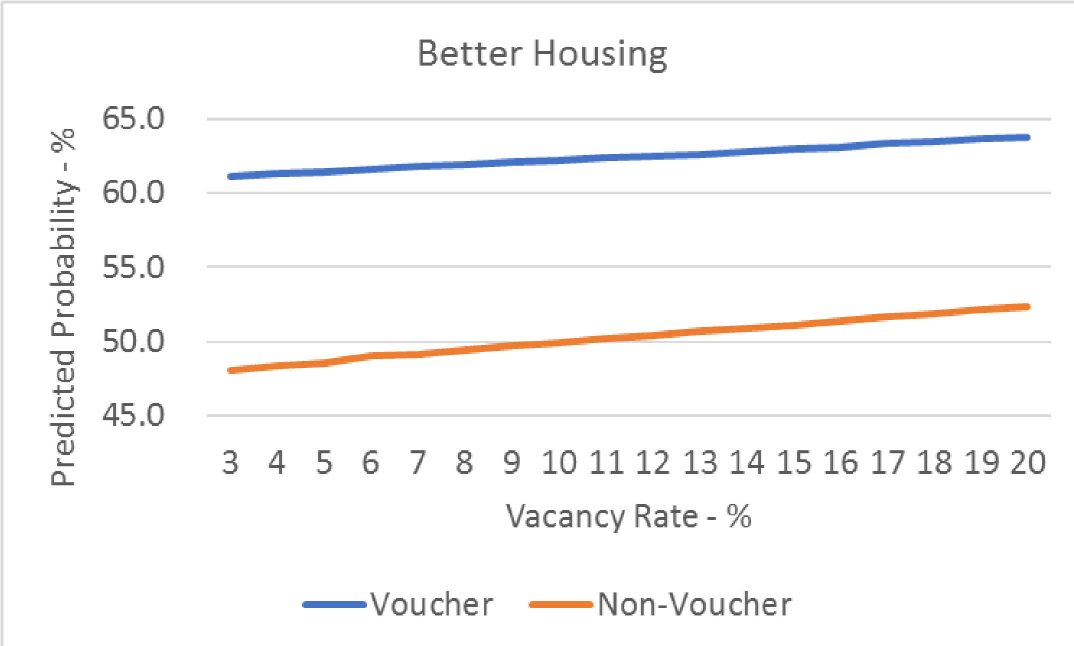
In sum, the first prediction is confirmed. On matters related to housing quality and neighborhood quality, voucher holders within the Income Peer Group outperform their non-voucher holding peer households. Within the Rent Peer Group, the only test is housing adequacy measure from the American Housing Survey and that analysis suggests that voucher holders are not any more or less likely to live in an adequate housing unit. This is consistent with expectations given the higher value housing in which voucher holders are residing, and the effectiveness of the HUD-imposed housing inspection that landlords must pass before leasing to a voucher tenant.

Prediction 2: Rental housing market conditions interact with voucher status to exert considerable influence on housing market outcomes.

To analyze the effect of market conditions on housing market outcomes, I utilize a logit regression model that includes interaction terms between voucher status and rental market vacancy rates (I interact both the vacancy rate and the vacancy rate squared based on the non-linearity of this measure). The interaction terms allow me to determine whether vacancy rates have a unique effect on voucher holders when compared to their non-voucher peer households. In this section, I find that rental market conditions do not play a role in housing quality outcomes, but they do have an impact on the ability of voucher households to move to a better neighborhood. This finding echoes the existing literature that suggests that households tend to prioritize unit quality first and then satisfy neighborhood desires once housing unit requirements are met. It appears that the voucher provides a purchasing power boost that allows voucher households to improve unit quality, but the ability to improve neighborhood quality is a function of market conditions.

The first step in this analysis is to analyze how market conditions affect the ability of households to improve housing quality. Figure 4.8 below summarizes the predicted probabilities of a household improving housing quality after a move for the Income Peer Group. As the figure demonstrates, voucher households are more likely to improve their housing quality than voucher eligible, but non-recipient, households. The visual demonstrates that it is easier to improve housing quality in weaker markets (those with higher vacancy rates) and voucher households maintain a significant advantage throughout the full range of vacancy rates. Therefore, it is safe to assume that this persistent advantage of voucher households is a function of the additional purchasing power of voucher households, not differences in market conditions.

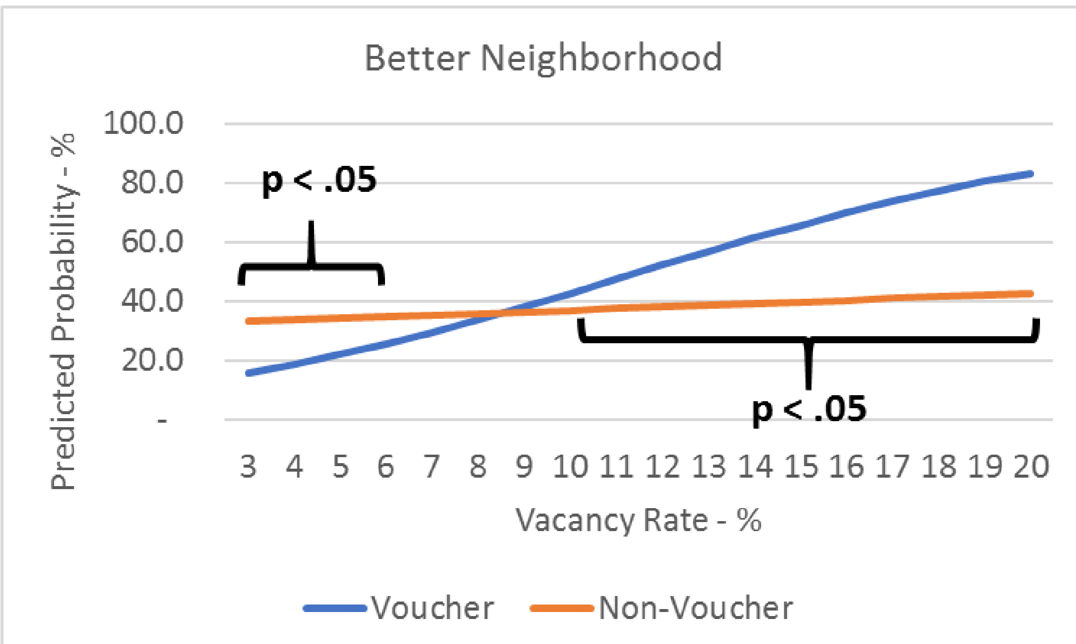
Figure 4.8 – Vacancy rates and housing outcomes



Full regression results included in Column E of Appendix 3.

Next, I consider the impact of market conditions on the ability of households to move to a better neighborhood. In Figure 4.9, I provide a graphical depiction of predicted probabilities for voucher and non-voucher households within the Income Peer Group. This figure provides visual evidence of the strong impact that vacancy rates have on the ability of voucher recipients to move to a better neighborhood. While it is intuitive that it is easier to move to a better neighborhood when rental markets are loose, the importance of this analysis is the different effect that vacancy rates have on voucher households compared to non-voucher households. For both classes of households, the probability of moving to a better neighborhood increases as market conditions soften. A difference arises given the different rates of change. In tight housing markets, with low rental market vacancy rates, voucher households are less likely to improve their neighborhood outcome when compared to non-voucher recipients. In contrast, voucher households are more likely to improve neighborhood outcomes in loose markets. One can easily draw a connection between this figure and the behavior of landlords as described in Chapter 3. In a tight market, landlords have little incentive to participate in the voucher program, while in loose markets, the steady, government supported, stream of rental payment is particularly attractive to landlords who may otherwise struggle to lease their rental units. These dynamics help to explain the different neighborhood outcomes of voucher recipients and non-voucher recipients within the Income Peer Group.

Figure 4.9 – Vacancy rates and neighborhood outcomes



Full regression results included in Column F of Appendix 3.

To conclude, the analysis in this section confirms Prediction 2—market conditions play an important role in the behavior and housing outcomes of voucher recipients. For voucher recipients, the importance of market conditions is relevant when analyzing neighborhood outcomes, but not housing outcomes. Voucher recipients have success improving housing unit quality regardless of market conditions. When it comes to neighborhood outcomes, market conditions interact with voucher status to produce a significant variation in results. Tight market conditions present a significant problem for voucher recipients, while in loose market conditions voucher holders have purchasing power that landlords desire. This dynamic helps voucher holders disproportionately improve their neighborhood outcomes in markets with high rental market vacancy rates. This finding provides an empirically-justified explanation for the disappointing neighborhood outcomes of voucher recipients that is repeatedly noted in the academic literature.

Prediction 3: Program rules and regulations associated with the HCV program complicate the housing search process for recipients.

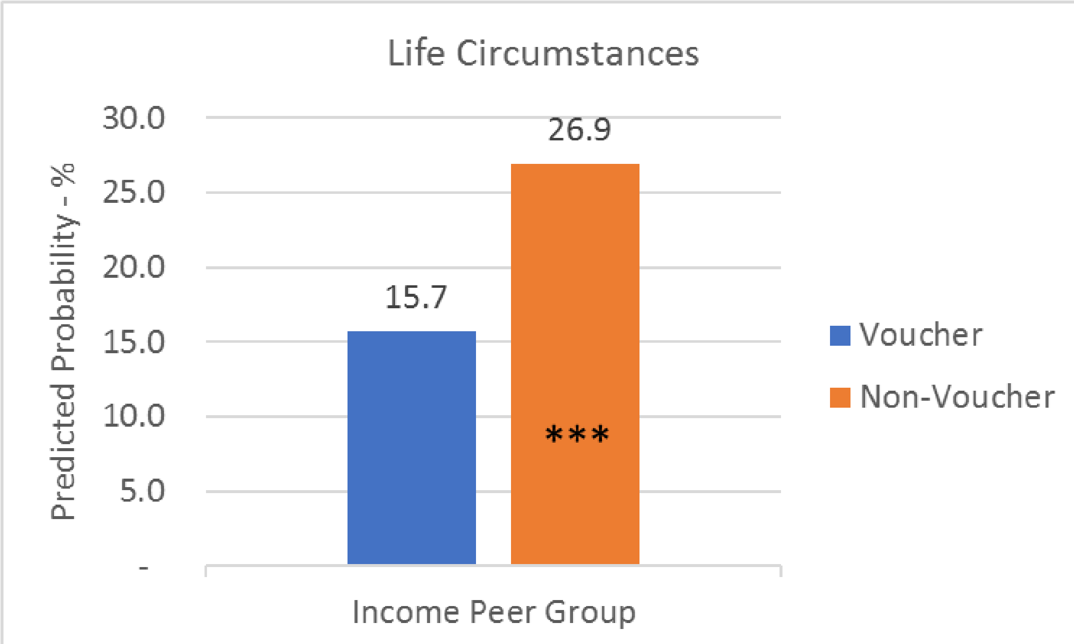
To test the third prediction, I rely on a question from the American Housing Survey in which respondents are asked, “What is the MAIN reason that you chose to move?” Analyzing the responses to this question provides information on the motivations of households that move. The responses to this question provide insight into how the decisions of voucher households differ from comparable households that do not receive a voucher. Understanding the decision-making process of movers may help to explain the outcomes achieved by both voucher and non-voucher holders alike.

Given the administrative process associated with the HCV program, voucher recipients face different circumstances when they search for a new rental unit. Rather than deciding to move based on an event or household needs, many voucher recipients decide to move when they receive notice from the local housing authority that they have been selected to receive a voucher. Given the long HCV wait lists in many jurisdictions, notification of receipt is a pleasant, but unexpected, surprise for many households. As noted by Graves (2016), “This level of indeterminacy does not allow voucher holders to plan for moves or choose a time frame best suited to their life circumstances” (p. 355). Upon notification by a local housing authority, voucher recipients begin a sixty-day race to secure an acceptable rental unit, as failure to secure housing within the HUD-imposed time limit may force the recipient to return the unused voucher back to the housing authority.

In response to the question, “What is the main reason that you chose to move?” the American Housing Survey offers seventeen different responses including, forced to leave by government, disaster loss, new job or job transfer, to be closer to work/school, other financial/employment related, to establish own household, needed a larger house or apartment, change in marital status, other family/personal reason, wanted better quality house, wanted cheaper housing costs, evicted, foreclosure, and other. To understand the behavioral responses of voucher households, I construct two dichotomous variables to analyze reasons for household moves. First, I construct a variable called, Life Circumstances, which is coded “1” if respondents indicated that their primary reason for moving was one of the following five responses: 1) to establish one’s own household, 2) due to a change in marital status, 3) to obtain cheaper housing, 4) because of a new job, or 5) to be close to work or school. Each of these responses represent motivations for moving in response to normal life circumstances and conditions. I then constructed a second variable called, Housing Reasons, which is coded “1” if respondents indicated that their primary reason for moving was either to find a larger housing unit or to find a higher quality housing unit. Both responses indicate that housing was the primary motivation for moving. As noted in the descriptive statistics in Table 4.3, voucher holders are far less likely to move in response to life circumstances and are more likely to move due to housing reasons.

In the first step in this analysis, I analyze the predicted probabilities of a household indicating that they moved in response to life circumstances. Figure 4.10 below summarizes the results from the regression models which indicates that voucher households, in the Income Peer Group, are less likely to move in response to life circumstances when compared to non-recipient peer households. This corroborates prior qualitative research and is consistent with expectations based on the Market Position Framework.

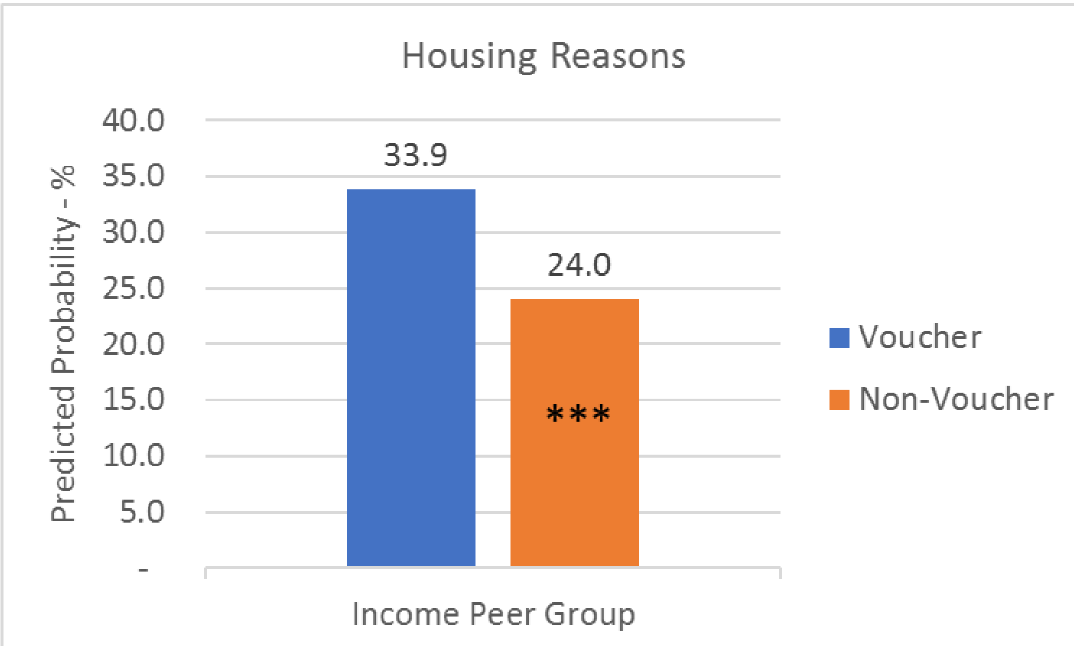
Figure 4.10 – Moving in response to life circumstances



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column G of Appendix 4.

Next, I explore the probability that housing unit considerations are the primary motivation for a household to move. Figure 4.11 below provides the predicted probabilities for Housing Reasons being the primary reason that a household moved for the Income Peer Group. The results demonstrate that voucher households are far more likely to move in order to improve housing conditions. This is consistent with the findings earlier in this chapter and with existing literature. Because of the constraints associated with the voucher program, households are unable to move in response to other life events and, therefore, use the voucher as a tool to enhance their housing unit outcomes. A similar finding emerged earlier in this chapter in which I demonstrated that voucher households can improve their housing outcomes regardless of rental market conditions. The finding on moving motivations suggests that given the random timing of voucher receipt and the housing search time limit, voucher households focus on housing quality and size when making their next move.

Figure 4.11 – Moving for housing reasons



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column H of Appendix 4.

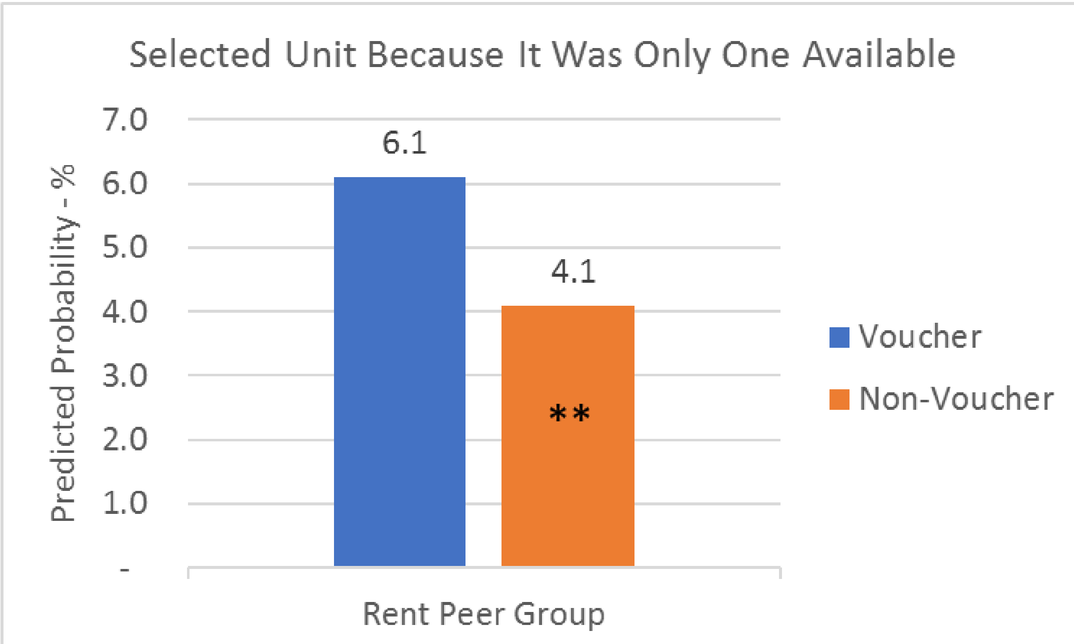
The analysis in this section confirms Prediction 3 that program constraints associated the HCV program alter the behavior of voucher recipients. Because of the uncertain timing of voucher receipt, voucher households do not move in response to life circumstances at the same rate that non-recipient households do. As a result, voucher households focus their efforts on improving their housing outcomes. This finding helps to explain an element of disadvantage in the market position of voucher recipients. Based on the uncertain timing of voucher receipt, voucher households are not able to make moves in a manner that is consistent with other non-recipient households.

Prediction 4: Program constraints serve as a disincentive for landlords to participate in the program.

To understand the effect of landlord behavior on voucher recipients, there is one American Housing Survey questions that is particularly enlightening. Respondents were asked, “What is the MAIN reason that you chose this housing unit?” For the purposes of this question, I focus on one specific response, “It was the only unit available.” This question provides interesting insights into the supply of eligible housing that is available to voucher recipients, and compares that to non-voucher households. In this comparison, I focus on the Rent Peer Group, because all households in this peer group are seeking housing with similar rents from the same set of landlords. As a result, the comparison of responses within the Rent Peer Group indicates whether landlords who rent units within 30% and 120% of the Fair Market Rent treat potential voucher tenants differently than potential tenants who do not use a voucher.

I use the “only unit available” response as a proxy for landlord discrimination. T begin this analysis, I test how likely it is that voucher recipients will indicate that they selected a housing unit because it was the only one available. As demonstrated in Figure 4.12, voucher households in the Rent Peer Group are more likely to indicate that they selected a unit because it was the only available, and this difference is statistically significant. I also tested whether there was an interaction effect between voucher status and vacancy rate in this model but the interaction term was not statistically significant. While market conditions or race-based discrimination could explain the limited housing options of some households, this model controls for market conditions and personal demographic traits. Therefore, this result provides compelling evidence of landlord discrimination against voucher recipients.

Figure 4.12 – Selecting a housing unit because it is the only one available

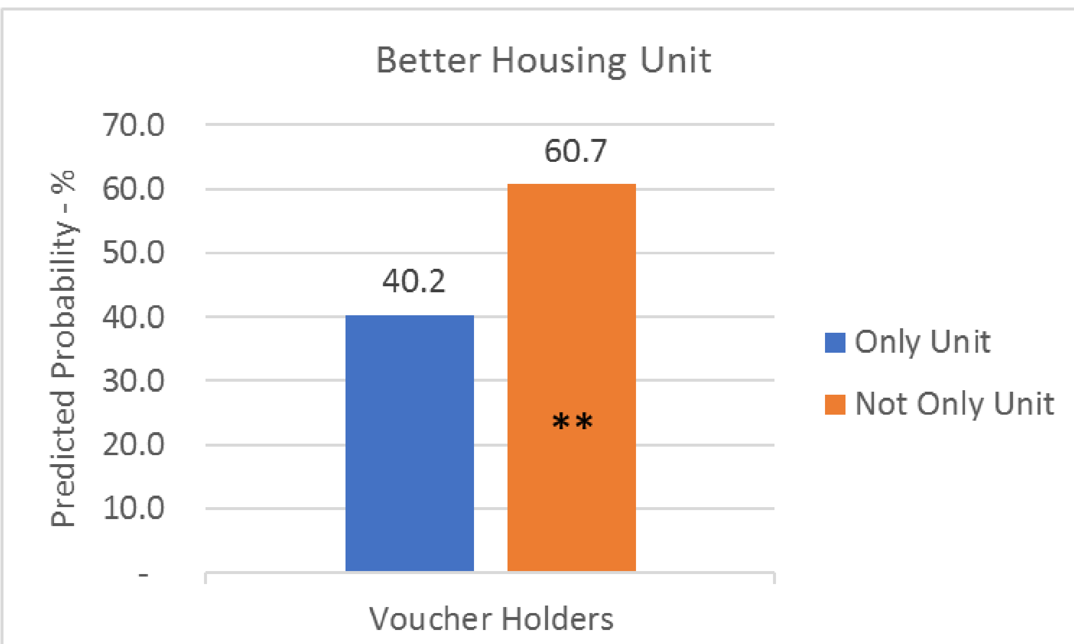


Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column I of Appendix 5**.**

In the full regression model for the "Only unit available" dependent variable (provided in Column K of Appendix 4) other demographic traits are associated with limited housing options. The model demonstrates how other personal attributes, in addition to voucher status, may contribute to potential landlord discrimination. Respondents who were African-American, who were not born in the U.S., and who had less than a high school degree were more likely to indicate that they selected a unit because it was the only one available. These findings are important because it speaks to personal identity and how identity interacts with the market to influence market outcomes.

While the results summarized in Figure 4.12 suggest that landlords may be more likely to discriminate against voucher holders, after controlling for demographics, the question is whether such action by landlords harms the housing outcomes of voucher recipients. To determine the importance of selecting a unit because it is the only one available, I use that response as an independent variable in two models to see how that response predicts housing quality and neighborhood quality outcomes. To isolate the effect, I restrict the sample only to voucher holders to see the effect of having only one unit available on housing and neighborhood outcomes. Figure 4.13 below shows that among voucher holders, those that indicate that they selected their housing unit because it was the only one available were less likely to report that their new housing unit was better.

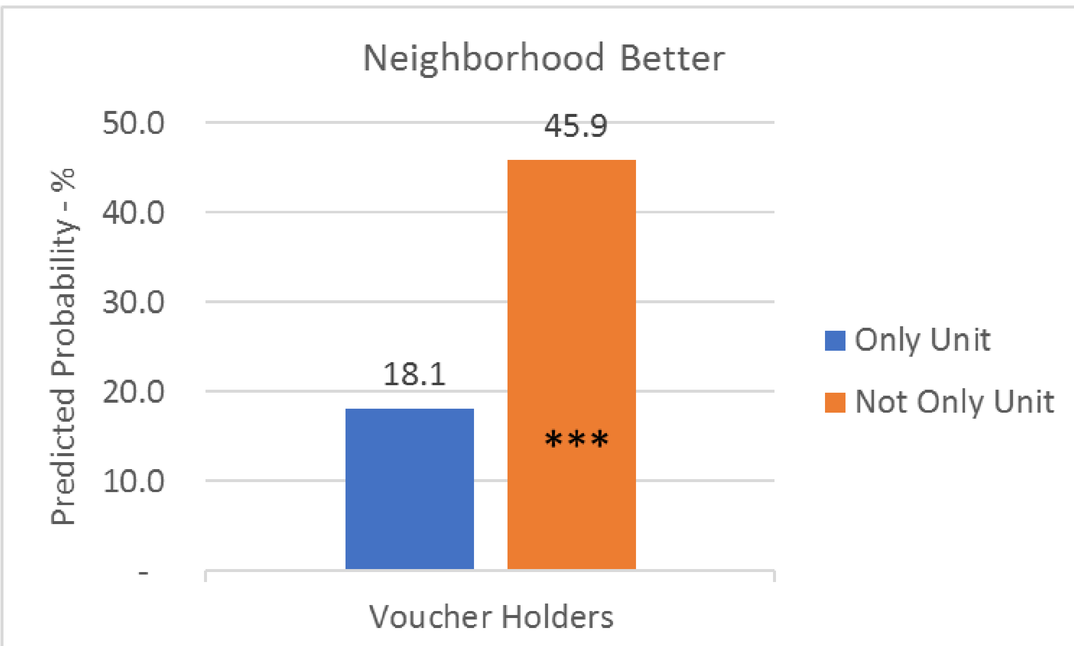
Figure 4.13 – Housing availability and housing outcomes (voucher holders)



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column J of Appendix 6.

In Figure 4.14 below, I run a similar analysis using the neighborhood outcomes as the dependent variable. The results from this analysis are even more stark. Voucher holders are far less likely to report that their new neighborhood is better than their previous neighborhood when they selected a unit because it was the only one available. These two figures demonstrate the importance of housing choice on housing market outcomes.

Figure 4.14 – Housing availability and neighborhood outcomes (voucher holders)



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column K of Appendix 6.

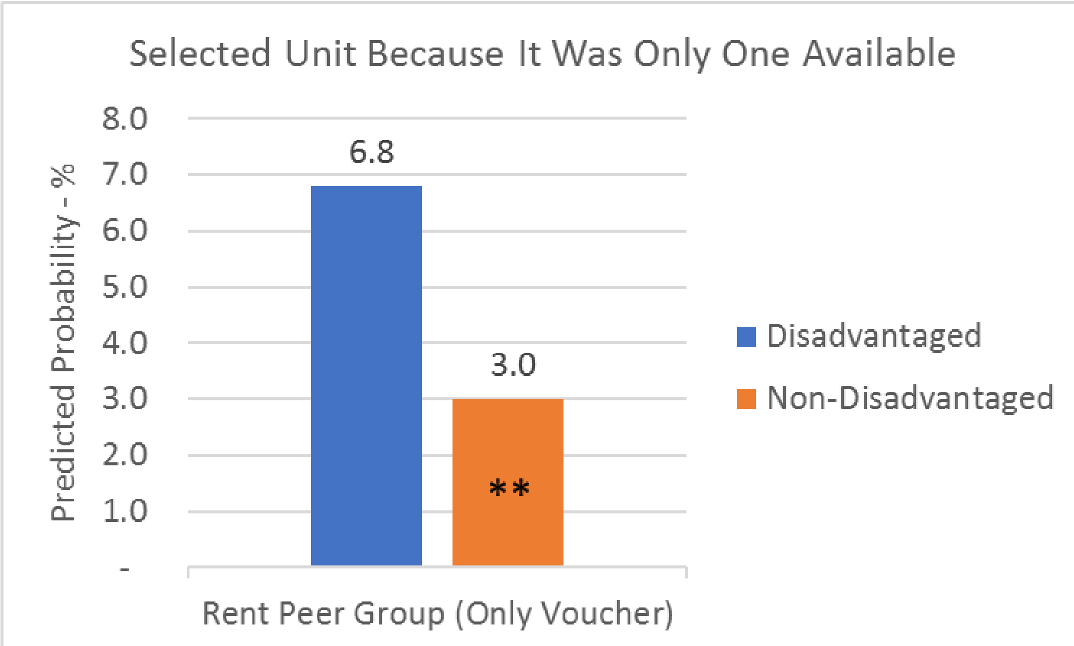
The analyses summarized in Figure 4.13 and 4.14 demonstrate that limited housing choices lead to substandard housing and neighborhood outcomes. To test the validity of this finding, I also ran the analysis for all non-voucher recipient households in the sample and found a similar result—if a renter selects a unit because it is the only one available, both housing quality and neighborhood outcomes suffer. Given this evidence, it is important to underscore the findings from the beginning of this section (summarized in Table 4.12) that voucher holders are more likely to select a unit because it is the only one available to them. These analyses strongly corroborate the fourth prediction that landlords are reluctant to participate in the HCV program and this lack of participation may limit the housing options of voucher recipients.

Prediction 5. The personal identity of renters affects the housing outcomes that they achieve.

To test the relationship between personal identity and housing outcomes, I construct a dummy variable that represents households with disadvantaged market positions. This variable includes households who are: (a) either African-American, Hispanic or mixed race, and (b) have a high school degree or less education. Data limitations limit the number of factors that I could include in this dummy variable, but this conjunction of personal attributes helps to demonstrate how personal identity may influence market outcomes. I tested other markers of disadvantage such as non-U.S. born and households with more than two adults in the household. Both attributes are rare so the inclusion of these variables in the disadvantaged dummy variable would produce very few households that meet that definition. Therefore, I proceed with the disadvantaged status based on race and educational attainment. When applied within the Rent Peer Group, 31.4% of all non-voucher households and 61.8% of all voucher households meet the disadvantaged definition.

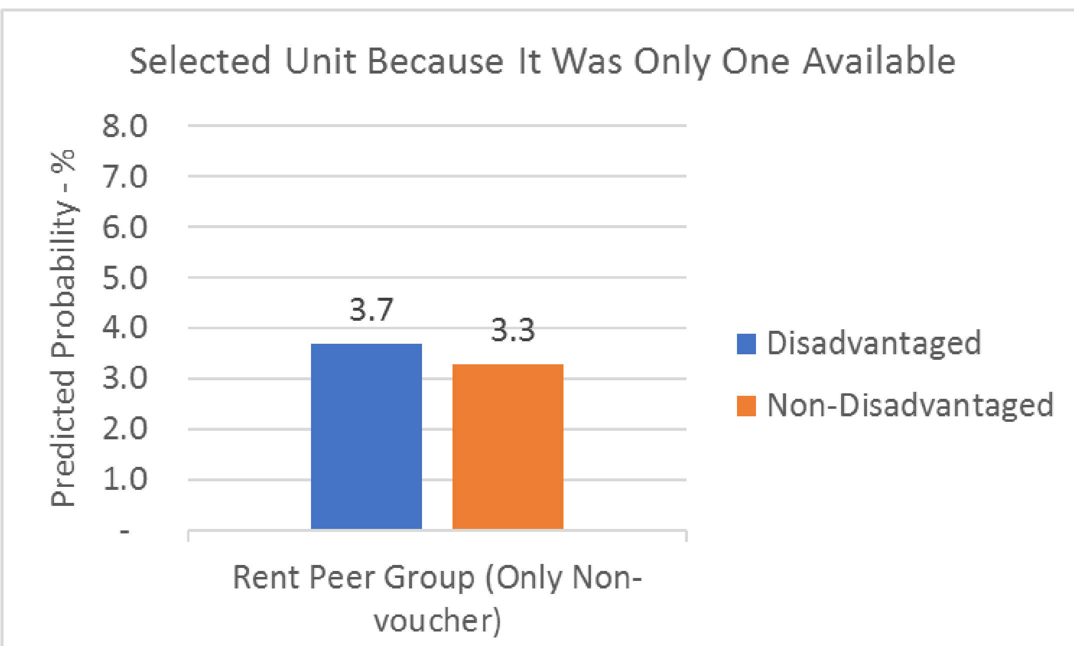
To test how a disadvantaged status affects market outcomes, I once again rely on the “only unit available” response to the question about why a household selected a particular housing unit. To test the impact of being disadvantaged in the market, I use the same base regression model used throughout this chapter, but I add the disadvantaged dummy variable. In addition, I add an interaction term that represents the interaction between voucher receipt and disadvantaged status, which is marginally significant ($p<.10$) in the logit regression model. The analysis highlighted in Figure 4.15 and Figure 4.16 demonstrates that disadvantaged status interacts with voucher receipt to limit the supply of housing available to renters. Figure 4.15 highlights the predicted probabilities for voucher households indicating that they selected a unit because it was the only one available. The figure highlights that disadvantaged voucher holders are more likely to indicate that they selected a unit because it was the only one available than were non-disadvantaged voucher holders. The effect of the interaction effect between voucher receipt and disadvantaged status is evident in Figure 4.16 which focuses on non-voucher recipients. In this comparison, there is no statistically significant difference between disadvantaged and non-disadvantaged households. These two figures highlight the additive effect of disadvantaged demographic status combined with voucher receipt.

Figure 4.15 – Disadvantaged status and housing availability (voucher households)



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column L of Appendix 7.

Figure 4.16 – Disadvantaged status and housing availability (non-voucher households)



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column L of Appendix 7.

Each of the five tests performed in this chapter corroborate the predictions made in Chapter 3. These findings underscore the utility of the Market Position Framework as an analytical and predictive tool. The empirical analyses in this chapter also demonstrate the conjunctural nature of market positions as market factors, program factors, seller factors, and buyer factors combine to produce unique market outcomes. The analysis also highlights the heterogeneity of market positions. All HCV recipients do not share the same market position, rather, market position is a function of personal identity and the context in which that voucher is used.

Limitations

It is important to highlight certain limitations in the preceding analysis. None of these challenges meaningfully undermine the findings of this study, but they warrant attention in this section. One such limitation is the dependence on survey questions that rely on the successful recall of survey respondents. The questions about whether a respondent's new home and neighborhood are better than their previous living situation is based on the accurate and successful recall of the respondents. While there is a risk of recall bias in the responses of American Housing Survey participants, two factors limit this risk. First, all respondents are being asked about moves that happened within the last two years, therefore these are all relatively recent events. Existing studies note an increasing risk of recall bias when events occur more than ten years prior to a survey (Yoshihama & Gillespie, 2002). Second, because the move window is relatively narrow, all respondents are subject to roughly the same recall window (less than two years). The risk of bias would be greater if some respondents were recalling moves from 15 years while some are reporting on very recent moves. This variation in recall windows does not exist in this study.

A second limitation in this study is the inability to identify which voucher households are moving for the first time with a voucher, and which voucher households have made multiple moves with the support of a voucher. It is likely that most moves within the voucher sample represent moves from an unsubsidized living arrangement to a subsidized voucher unit, given the relatively low rate of moves after initial lease-up for HCV program participants (Feins & Patterson, 2005). But there are, presumably, voucher households in the sample that used their vouchers to make lateral moves—from a voucher unit to a different voucher unit. The importance of this distinction is that when comparing pre-move to post-move housing and neighborhood conditions, the base of comparison matters. For first time voucher movers, one is likely to see the positive effect of the move from an unsubsidized housing situation to one in which they use their voucher. For lateral moves, the comparison of housing situations may be more neutral. The presence of lateral movers in the sample likely dampens the positive effects of voucher status and could overestimate neutral or negative findings. Most of the analyses in this study that demonstrate an improvement in housing conditions and, therefore, are even more valid given the dampening effect of lateral movers in the sample. As a result, I believe that this data shortcoming does not materially bias the results of this study.

The third limitation of this study is its failure to address unobservable differences in the comparison of voucher and non-voucher households in this study. As summarized in Table 4.3, there are substantial observed differences in the comparison groups and I control for those differences in the regression models. These controls do not, however, account for unobserved variation that may explain why some households receive a voucher while others do not. Other scholars have noted the challenge of unobserved differences in the reasons why some households participate in the program. In response, many researchers have used data from housing experiments to overcome this challenge (Eriksen & Ross, 2013). Other studies, that do not have the benefit of experimental data, simply acknowledge the potential bias that may arise from unobserved differences between assisted and unassisted households. In their study of the effects of housing assistance on earnings, Olsen, Tyler, King, and Carillo (2005) noted, "due to self- and administrative selection, there are likely to be some determinants of this sort and hence some bias in the estimates of the effects of different types of housing assistance on this account. Only studies based on random assignment completely avoid such biases" (p. 171). In this study, I follow the lead of Olsen et al. and acknowledge that bias may exist in my study. This is an ongoing challenge for researchers of the HCV program and in her meta-analysis of housing voucher research, Erin Graves (2016) notes a lack of consensus on how housing voucher participant motivation may affect program outcomes. Graves highlights this ongoing challenge and suggests that this is an important area for future research on housing vouchers.

Fourth, by definition, the sample in this study is not broadly representative. Because I rely on the Metropolitan Sample from the American Housing Survey, this study does not include any rural households. Therefore, the findings in this study may not represent the experiences of rural households. In addition, I include only voucher households that recently moved. Therefore, there are voucher households that lease-in-place and these households are excluded from the sample. Given that the focus of this study is the experiences of welfare recipients in the market, voucher recipients who do not enter the real estate market are not appropriate for investigation. Further, there is a set of households that may have received a voucher, but were unable to lease a unit and, as a result, had to return the unused voucher to the local housing authority. Due to data limitations, these households are not represented in this study, but those experiences are extremely relevant for this topic and represent a promising area for future research.

Next, studies demonstrate that landlords increase the rents for voucher tenants which may distort the rental market for voucher recipients (Desmond & Perkins, 2016). I do not adjust for this factor in this study, but I believe its impact on these analyses is limited. This effect has the potential to bias the results in the Rent Peer Group because market rent is an important control variable in those comparisons, but since the majority of housing outcome comparisons are based on the Income Peer Group, this factor does not bias those results. The primary use of the Rent Peer Group is to understand potential discriminatory behavior of landlords. Therefore, the potential bias from landlord overcharging should not heavily bias those results. As a result, I feel confident that this market dynamic does not undermine the results presented in this chapter.

Finally, a key element of the Market Position Framework is regulatory factors. I do not include variables that represent regulatory conditions in these analyses due to data limitations. Of greatest relevance to HCV recipients is the presence of laws that prohibit source of income discrimination. I attempted to include the presence of these laws as a variable in these models, but chose not to do so for two primary reasons. First, source of income laws are frequently passed at the city level. Because the MSAs used in this study incorporate both city and suburban locations, one MSA may include jurisdictions with, and without, source of income protection. Therefore, I am unable to ascribe the source of income protection status to the specific households that reside in the specific locations that provide such protection. Second, given the evidence of lax enforcement of source of income laws in certain areas, I have little confidence in the uniform effect of the variable throughout the many jurisdictions that have source of income laws. As a result, I exclude source of income provisions in these models to maintain a high level of validity.

Conclusion

The analysis in this chapter provides compelling evidence of the utility of the Market Position Framework. Market positions are constituted through the conjunction of a variety of different factors. Throughout the different analyses in this chapter, the conjunctural nature of market positions is highlighted. Importantly, this chapter also demonstrates that the market outcomes of voucher recipients are consistent with predictions based on the application of the Market Position Framework to the HCV program. These results, therefore, suggest that market positions do, in fact, matter and that they influence the outcomes that voucher recipients achieve in the private real estate market. The analyses in this chapter also highlight the importance of context in understanding market positions. There is not one ubiquitous market position for HCV recipients, but rather, market conditions, program rules, landlord behavior, and the personal identity of voucher recipients combine to create a unique market position for each voucher recipient. This chapter also underscores the importance of program design on the market outcomes of voucher recipients. The way in which the voucher program was structured and implemented has profound implications for the behavior of landlords and renters, which, in turn, affects market outcomes. This analysis will help policymakers, advocates, and researchers understand the conditions in which voucher holders are most likely to achieve positive market outcomes as well as the contexts in which voucher holders struggle to meet their housing needs and desires.

Chapter 5: Market Position Analysis – Cross-Policy Comparative Analysis

Having analyzed the HCV program in detail, I now turn to a comparative analysis of market positions to understand if and how market positions of welfare recipients differ. In this chapter, I apply the Market Position Framework to three social welfare programs in the United States: Social Security pension benefits, SNAP, and the HCV program. To facilitate a comparative analysis of positions, I analyze each of the elements of the Market Position Framework to understand the different impact of these factors on the market positions of recipients of these three programs. The purpose of this analysis is to understand how the constitutive elements of market positions differ across programs. This analysis highlights meaningful differences across programs that can be attributed to (i) program conditions, and (ii) context in which each program is delivered. To complement the detailed analysis of housing vouchers in the prior chapter, I begin this chapter with a brief summary of Social Security and SNAP.

Policy Context

Social Security

The Social Security Act of 1935 provided the foundation for the modern welfare state in the U.S. (Karger & Stoesz, 2010; Skocpol, 1995). This legislation called for a program of social insurance in which contributions are made during one's working life to insure against need during retirement or other hardship. The social legislation passed during this era marked a major deviation in U.S. policy as it created a formal role for the federal government in the social welfare of the citizenry (Katz, 1996; Trattner, 1999). The tumult of the Great Depression provided a political environment that was more conducive to the passage of federal social welfare legislation (Skocpol, 1995), and the

Roosevelt administration used the opportunity to propose a program of ‘economic security’ to support jobless workers and retirees (Downey, 2010, p. 232). Upon its passage, the Washington Post called the social security legislation the “New Deal’s Most Important Act” (Downey, 2010, p. 243). The current version of the Social Security Act is far broader than when it was first passed, and its social insurance provisions cover a significant percentage of the population.

The social insurance elements of the Social Security Act deviate from other public assistance programs in two primary ways. First, subject to an age requirement, social insurance provides universal coverage, while many other public assistance programs provided targeted benefits based on a means tests. A second key difference is the compulsory contributions that workers who are covered by Social Security must make during their working years; other public assistance programs have no such contribution requirement (Karger & Stoesz, 2010). These fundamental differences in program structure help to explain why the social insurance provisions of Social Security tend to be far less stigmatized than are the public assistance programs (Katz, 1996). Social Security has enjoyed broad support given that its beneficiaries ‘earn’ their old age benefits, while the public assistance programs are disparagingly referred to as ‘welfare’ (Skocpol, 1995). Although considered the respectable part of the welfare state, the costs associated with social insurance far exceed the costs of the smaller, but highly stigmatized, public assistance welfare programs (Karger & Stoesz, 2010).

While Social Security is commonly considered to be solely a program for retirees, the program is not monolithic. In fact, the Social Security Act includes a range of programs that provide old age insurance and disability insurance (OASDI), unemployment insurance (UI), Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), Medicare, and Medicaid. It is important to note that SSI, TANF, and Medicaid programs are not social insurance programs so the modern Social Security Act is not solely a social insurance program. In this study, I focus on the old age components of the OASDI program, and refer to this provision of the law as Social Security for the remainder of this study.

In 2016, nearly 60 million people received Social Security benefits and 42 million are retirees and their families. For retirees, Social Security benefits replace, on average, about 40% of pre-retirement earnings. To fund distributions in the Social Security program, workers pay taxes to Social Security on the first $118,500 of earnings (in 2016) and their employers pay an equivalent amount of tax. Most people need roughly 10 years of work to be eligible to receive Social Security benefits. Upon reaching the full retirement age (67 years old for anyone born after 1960), a retiree may receive the full benefit to which he or she is entitled. Benefits are a function of the contributions made into the system over a participant's working life and, in 2016, the average retired worker received $1,340 per month in benefits and the average retired couple received a monthly benefit of $2,210 (Social Security Administration, 2016). Social Security recipients receive a cash payment from the government and are free to use the cash in any way that they see fit.

Supplemental Nutrition Assistance Program

The SNAP, the successor to the U.S. food stamp program, is the largest of the 13 federal food and nutrition assistance programs offered by the U.S. Department of Agriculture. In 2015, SNAP supported over 45 million people in the U.S. and over 70% of the recipients were in families with children (Center on Budget and Policy Priorities, 2016). Although criticized as an insufficient response to the problem of hunger in the U.S., the households that receive SNAP benefits describe the program as a “lifesaver” (Edin et al., 2013). Despite the criticisms, research demonstrates the effectiveness of SNAP as an anti-poverty tool (Bartfeld, Gundersen, Smeeding, & Ziliak, 2016). As an entitlement, the program has an important counter-cyclical feature that allows its rolls to expand as societal needs grow. This feature was evident during the recent recession of 2007-2009 as the program expanded to meet increased needs and the level of participation in SNAP reached an all-time high (Barnhill, 2011; Ganong & Liebman, 2013).

Although SNAP is a pillar of the U.S. welfare state, the use of vouchers to deliver food benefits is unique to the U.S. (Daniels & Trebilcock, 2005). Other capitalist democracies provide food support as part of their cash assistance programs for low-income households. The decision to deliver benefits via voucher involves a clear tradeoff. By structuring benefits as a voucher, the government exerts greater control over the purchase decisions of recipients at the expense of a loss of freedom and flexibility for SNAP recipients (Moran, 2010). The costs to recipients are evident in research that shows that recipients value vouchers less than they would an equivalent amount of cash given the constraints imposed by a voucher system (Ranney & Kushman, 1987). This tension is at the heart of the decision to use vouchers to deliver welfare benefits.

Federal food assistance for low-income households began during the Great Depression. Concerns over falling food commodity prices caused legislators to develop a surplus food program that provided excess commodities to households in need. The purpose of the program was to reduce the supply of food to support flagging market prices. Dissatisfaction with the surplus commodity programs on the part of both recipients and food retailers caused the government to implement the nation's first food stamp program in 1939. As the economy strengthened during World War II, surplus farm commodities were dramatically reduced and the level of need fell. In response, the food stamp program was terminated in 1943. Food stamps reemerged in 1964 when Congress passed the Food Stamp Act. The goal of this legislation was to utilize the nation's food production and to provide for the nutritional well-being of low-income households (Macdonald, 1977). While the needs of poor citizens and the allocation of agricultural commodities play an important role in the history of the Food Stamp Program, Rachel Louise Moran (2010) noted that lawmakers constructed the policy to create a class of consumers for the food industry by forcing beneficiaries to redeem their vouchers at participating food retailers. Moran underscored this point by detailing the extensive lobbying involvement from grocers and other business interests to ensure that the program could be used to stimulate the economy and increase revenue for food retailers.

Historically, the food stamp program was plagued by low levels of participation among eligible households. In its initial form, there was a requirement that recipients purchase food stamps to receive the benefit. This feature was blamed for the very low levels of participation in the program in its early years (Landers, 2007; Macdonald, 1977; Ranney & Kushman, 1987). Low participation rates have also been attributed to the limited benefits for higher income, but eligible, households, the complex application process, and the stigma associated with food stamp usage (Landers, 2007; Ranney & Kushman, 1987).

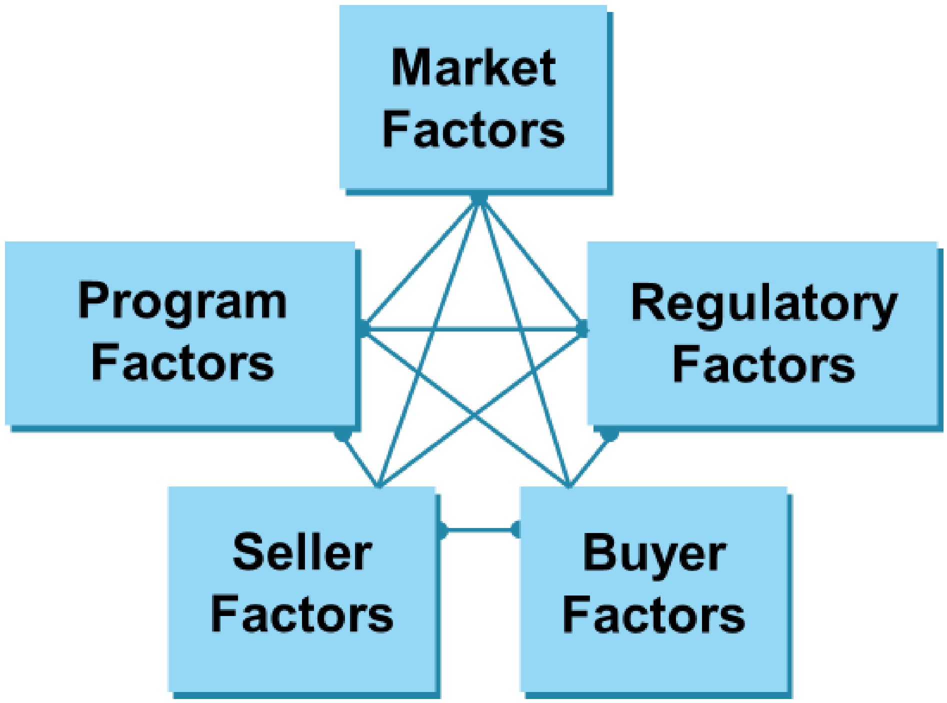
Numerous changes have been made to the federal food stamp program since its inception. Many of these changes have been made to address concerns about low program participation. Most significantly, the purchase requirement was removed in 1977 and food stamps became free for eligible households which improved the attractiveness of the program. Welfare reform in 1996 also produced significant changes for the food stamp program. Like the Temporary Assistance for Needy Families welfare program, food stamp receipt was, post-welfare reform, contingent upon work requirements. Welfare reform also mandated that states provide food stamps via Electronic Benefit Transfer (EBT) rather than in the form of paper coupons. This change in the form of the benefit reduced the level of stigma associated with the usage of food stamps (Wilde & Andrews, 2000). In 2008, to further reduce the stigma associated with food stamps, the program changed its name to the Supplemental Nutrition Assistance Program or SNAP.

SNAP is a federal entitlement program that is available to all eligible households. In fiscal 2016, a household was eligible for SNAP if it met each of the following three criteria. First, a household must have an income that was below 130% of the federal poverty line. Second, net monthly income (after the payment of expenses) must have been below the federal poverty line. Third, households must not have exceeded the asset threshold which is $2,250, or $3,250 for households with elderly or disabled members. Certain categories of people are ineligible for SNAP benefits including college students, certain legal immigrants, and undocumented immigrants. Adults without children are limited to three months of benefits unless they are working at least 20 hours per week or if they participate in job training programming. Eligible households receive an EBT card on which benefits are loaded monthly. SNAP benefits may be used for all food and beverages, but may not be used to purchase household items or alcoholic beverages. The average SNAP benefit in 2015 was $127 a month and an eligible family of four received an average benefit of $471 per month. The program is designed to require households to spend 30% of their income on food and the program provides the difference between the household contribution and the cost of the Thrifty Food Plan, a low-cost food plan established by the U.S. Department of Agriculture. A household with no income would receive the maximum SNAP benefit.

Comparative Analysis of Market Positions

To understand how market positions vary across policy domains, I use the Market Position Framework to highlight how the elements of the framework influence market positions in different ways for recipients of different programs. For each factor in the framework, I analyze how that factor influences the market positions of recipients in each of the three programs and consider the important similarities and differences. This approach highlights how both context and policy construction help to explain different market positions and the market outcomes achieved by welfare recipients of different programs.

Figure 5.1. The Market Position Framework



Market Factors

When analyzing the influence of market factors on the market position of recipients of Social Security, SNAP, and HCV, key themes emerge that deserve attention. First, the type of market in which a recipient transacts influences one's market position, and the markets in which recipients participate vary considerably by program. Second, because of the structure of the program, some recipients of welfare programs only have access to a fraction of the market, which may be due to the location of retail outlets, limited information, program constraints, or the decisions of sellers to participate in a program. Finally, the strength or weakness of a market can have a meaningful influence on the outcomes achieved by welfare recipients of certain programs.

Market Type. Market transactions that are consummated through a process of negotiation have significant implications for market positions. In negotiated markets, the presence of bargaining power can significantly alter the results of a market exchange. Therefore, the analysis of market positions requires one to be particularly sensitive to programs and contexts in which welfare recipients transact. In contrast to negotiated markets, when welfare recipients enter conventional retail markets in which consumers are price-takers, the effect on recipients' market positions is more muted. The market exchange is not the result of a negotiation, rather consumers simply decide which goods they want to purchase based on the prices posted by the retailers.

When analyzing Social Security, SNAP, and HCV, there are three categories of potential markets in which recipients may transact. In the case of SNAP, users only transact in retail food locations in which exchanges occur based on the posted prices of retailers—not a negotiated transaction. As a result, the significant imbalances of power that exist in negotiated markets are not present, and the nature of the market has limited impact of the market position of a SNAP recipient. Participants in the HCV program use their benefits to secure housing, which occurs through a process of negotiation. In negotiated markets, there may be an imbalance in power between buyers and sellers which can give rise to bargaining power (Harding, Knight, et al., 2003; Muthoo, 2000). This bargaining power can be the source of significant disadvantage for voucher recipients as landlords may be less inclined to rent to households that use vouchers. As noted in Chapter 3, this statement is not universally true because in markets with high vacancies, voucher recipients may hold the leverage in their negotiation with landlords. Therefore, in the case of housing vouchers, the negotiated nature of market exchanges, and the strength or weakness of that market, have a significant impact on a recipient's market position.

The use of benefits by Social Security beneficiaries represents a hybrid case. Many of the purchases that recipients make with the cash they receive from the program are made in conventional retail purchases such as food, household goods, and entertainment. In this case, these transactions occur in a posted-price regime without the presence of negotiations or bargaining power. Beneficiaries interact and transact in those markets in ways that are very similar to non-recipient market participants, and transactions are one-time events in which no ongoing relationship exists between buyer and seller. But, given the flexibility of the cash benefits provided by Social Security, recipients may also use their cash benefits for large-scale purchases such as housing and automobiles. In these markets, in which transactions are completed through a process of negotiation, potential imbalances in power between buyers and sellers could disadvantage Social Security recipients given that their source of income is a government benefit. In these cases, the implications for a recipient's market position may more closely align with the experiences of HCV recipients. Therefore, Social Security recipients may have a very different market position depending on the markets in which they transact.

Market Access. Full access to goods and services is necessary for a market participant to enjoy a strong market position. If access is limited, a participant is unable to enjoy the freedom, flexibility and power afforded to other consumers who can make purchase decisions with unconstrained access. For recipients of all three of the programs analyzed in this chapter, their market positions may be weakened in certain circumstances by limited access to the goods and services they need or desire. The importance of access can be demonstrated with a simple vignette:

> *If Donna can shop at all five stores in a community and William only has access to three of the stores, Donna enjoys a significant advantage over William. Donna can compare prices across more stores, and she may have access to a broader set of product offerings. Donna also enjoys an advantage of convenience as she can choose from five locations to determine the store that is most convenient for her.*

For recipients of SNAP, access to retail food stores that provide abundant, affordable, and quality food items is critical to enjoying a strong market position. For much of the 20th century, traditional grocers and supermarkets dominated the retail grocery industry. Since the 1990s, the entry of warehouse clubs and supercenters, such as Wal-Mart and Target, changed the way in which consumers purchase groceries. Warehouse clubs and supercenters now account for 16% of all grocery sales in the U.S., while traditional grocers and supermarkets are responsible for roughly 70% of sales (Elitzak, 2015). The remaining retail food sales are split between convenience stores, drug stores, other mass merchants, and non-store food sales. Despite the thousands of retail outlets that sell food in the U.S., the distribution of quality food outlets across the country is uneven. Certain communities lack access to fresh and healthy food options and these geographic areas are known as ‘food deserts.’ The presence of food deserts may undermine the societal goal of ensuring that all households have access to healthy and affordable food options. Therefore, the inequity in food access is an important factor in considering the market position of a SNAP recipient.

According the U.S. Department of Agriculture, Food and Nutrition Service website, in 2015, there were 258,632 retail food outlets that accepted SNAP benefits. Of the stores that accepted SNAP, only 14% were supermarkets, grocery stores, and supercenters (such as Wal-Mart), but they accounted for 82% of all SNAP benefit redemptions in 2015. Among SNAP-accepting retailers, convenience stores were far more prevalent—accounting for 41% of all SNAP approved retail outlets—but these stores only processed 5% of all SNAP redemptions. Finally, farmers’ markets provide access to fresh fruits and vegetables for many SNAP recipients. In 2015, over 6,000 farmers’ markets accepted SNAP benefits and over half of all U.S. counties have at least one SNAP authorized farmers’ market (United States Department of Agriculture; Food and Nutrition Service, 2015). These statistics speak to the diversity of options available to SNAP participants, but these data also underscore the important role that larger supermarkets and superstores play in food distribution in the U.S., and in the SNAP program in particular.

In addition to the inequitable access to grocery stores, SNAP households may face an additional constraint due to the regulatory process that is required for a store to participate in SNAP. To be eligible to accept SNAP benefits, food retailers must sell food that will be prepared at home, as opposed to food that is already prepared (such as a hot dog sold at a gas station). In addition, eligible retailers must either (i) sell food (some of which must be perishable) in the four staple food groups: meat, poultry, and fish; bread and cereal; vegetables and fruit; and dairy products, or (ii) derive more than half of all retail sales from the sale of food staples. Regulations that determine eligibility for stores that want to accept SNAP benefits present a challenge for policymakers, grocers, and consumers. On one hand, these rules ensure that stores that accept SNAP have an adequate, diverse, and healthy selection of food for sale, but on the other hand, these rules may limit the number of stores that either choose to or are able to participate in the SNAP program. This conflict is of concern in neighborhoods in which the number of retail food alternatives is limited. In their study of access to SNAP-accepting food retailers, Wood and Horner (2016) found that white households and households with higher incomes and easy access to vehicles had greater access to SNAP-accepting food retailers as compared to African American households and households with lower income and limited access to vehicles.

The lack of access to large supermarkets and superstores in some neighborhoods may force SNAP recipients to rely on local grocery stores that may be more costly and may provide lower quality food (Feather, 2003). This inequity is conspicuous in many urban areas, and is evident when one analyzes data on the grocery purchases of SNAP recipients. In suburban locations, supermarkets and superstores receive almost all of the SNAP redemptions while in cities, convenience stores and small to mid-sized grocers receive a larger share of SNAP purchases (Shannon, 2014). In response to the lack of large retailers in inner cities, Edin et al., (2013) found that many SNAP recipients travel longer distances to shop at a larger supermarket or superstore in order to avoid local grocers that charge higher prices. This narrative demonstrates how uneven access to retail food outlets can undermine the market position of SNAP recipients.

When compared to SNAP, recipients of Social Security enjoy far greater market access given that the benefit is provided in the form of cash. Retailers do not have the option to decide whether to participate in the program, and recipients simply exchange cash for the goods and services they desire. The cash nature of the benefit strongly enhances the market position of the Social Security recipients. The only purchases in which Social Security recipients face constrained market access is when the purchase involves a longer-term relationship between the buyer and seller. These circumstances arise frequently in the markets for cars, housing, and credit. In such transactions, the provider may assume the credit risk of the consumer, either in a formal lending arrangement or as a landlord who depends on a renter's ability to make ongoing lease payments in the future. Given the credit risk implied in this relationship, sellers are focused on the source of the income that secures the credit relationship—one of the inputs into assessing the credit-worthiness of the counterparty. In these negotiated transactions, potential biases against Social Security recipients (based on their source of income) have the potential to undermine the market position of these beneficiaries. An additional factor that constrains market access for Social Security recipients is the prohibition on garnishing Social Security income. As discussed further in the Program Factors section of this chapter, this prohibition causes some lenders to avoid transacting with Social Security recipients given garnishing wages is a primary remedy for lenders and landlords (Carter & Hobbs, 2013; Jacobson, 2014)

As discussed in Chapter 3, HCV recipients do not, in many cases, enjoy access to the full rental housing market. A series of constraints associated with the program, and prevailing market conditions, may cause landlords to avoid participating in the program. As a result, voucher households must rely on a sub-market of landlords who are willing and able to participate in the program (Galvez, 2010). This limited access, by definition, undermines the market position of voucher recipients. In certain circumstances, such as markets with high vacancies, landlords may have a greater incentive to participate in the program, and, therefore, voucher recipients may have greater access to rental housing than comparable voucher recipients in cities with lower levels of vacancies (Rosen, 2014).

These three programs demonstrate how market access can be constrained in certain settings and circumstances. Market access is an important input into the market position of a welfare participant and that access is a function of program rules, seller behavior, and market conditions. When analyzing the experiences of welfare recipients in the private market, analysts and scholars should be attentive to the extent to which access to the market is constrained for recipients of a particular program.

Market Conditions. Market conditions exert considerable influence on the market position of a welfare recipient in two specific situations. First, HCV recipients have very different experiences in weak versus strong market conditions. Second, when Social Security recipients participate in negotiated markets, such as housing, the strength of the market may influence the desire of the counterparty to transact with Social Security beneficiaries. In cash transactions made by recipients of Social Security, the strength or weakness of the market has little impact on that market experience and the same is true for food purchases made with SNAP benefits. Therefore, the focus on market conditions is most relevant for the HCV program and certain credit transactions involving Social Security recipients.

As demonstrated in Chapters 3 and 4, market conditions exert considerable influence on the market position of HCV recipients and the outcomes they achieve in the housing market. The ability of voucher recipients to move to a better neighborhood (as defined by the respondent) is a function of market conditions. In strong markets, voucher recipients struggle to improve their neighborhood outcomes, while in weaker markets, such improvement is more likely. These outcomes can be attributed to the different motivations of landlords whose desire to participate in the HCV program is a function of market conditions.

When Social Security recipients seek to purchase large-scale items, or enter into longer-term credit relationships, the strength of the market may influence the desire of a seller or landlord to enter into the contract. In strong markets, the market position of beneficiaries may be disadvantaged due to the decreased desire of landlords and sellers to transact with consumers who rely on government income to finance their purchases. In a 2014 article in the *Los Angeles Times*, a retired 70-year old Social Security recipient who lives in Silicon Valley spoke about the challenges of securing an apartment in a tight rental housing market as a retiree without earned income:

> I am 70 years old and retired. I recently applied for housing at an apartment complex and asked the leasing agent what my chances were of getting an apartment. He told me they received a lot of applications. When I asked whether it was worth it to apply at all, he shrugged and said I was "up against some Google people." I was outraged. Am I being discriminated against, since he implied I did not stand a chance of being chosen over a Google employee? I have [unearned] income that is three times the rent, so it's not a question of whether I can pay (van Deursen, 2014).

This story from Silicon Valley mirrors the experiences of many housing voucher recipients in tight markets. When demand for rental housing is high, many landlords prefer to rent to tenants with earned income.

Market Factors Summary. In sum, market factors influence market positions in three primary ways. First, the type of market in which a recipient transacts exerts considerable influence. The position of a welfare recipient may be very different in markets in which exchanges occur through a process of negotiation, rather than in a traditional retail price-taking environment. Second, in all three programs, there are circumstances in which market access for welfare recipients is constrained. When a market participant is not able to access all options in a market, their market position is compromised. Finally, in negotiated transactions, market conditions can play a significant role in the market position of a welfare recipient. These examples emerge for HCV recipients and when Social Security recipients transact in negotiated markets. Strong markets provide little incentive for landlords and sellers to transact with consumer who rely on government-funded sources of income. On the other hand, in weak market conditions, the steady income provided by government programs may enhance the standing of welfare recipients in the private market.

Program Factors

The programmatic rules created through the policymaking process are fundamental to understanding the market positions of welfare recipients. Program attributes can strengthen or weaken market positions depending on the context in which the program benefits are used. Policy characteristics and their effects on market positions may be the result of intentional efforts of policymakers or may simply be an unintended consequence of the specific policy construction.

To summarize the effect of program factors on the market positions of welfare recipients, I highlight three primary program factors that are relevant across Social Security, SNAP, and HCV. First, paternalistic tendencies in all three policies influence the market position of program recipients. Second, specific constraints imposed on program participants weakens the market position of welfare recipients. Finally, due to policy construction, recipients of SNAP and HCV have been stigmatized, which undermines the market position of those beneficiaries.

Paternalism. At their very core, the SNAP and HCV programs are paternalistic policies. Delivering a benefit in the form of a voucher is an example of paternalism because the state is controlling the use of that benefit. The stated use of SNAP and HCV stands in stark contrast to the flexibility provided by Social Security cash benefits. According to Steuerle (2000):

> By the very act of designating a voucher for a specific set of goods and services, policymakers formally restrict what can be bought. Thus vouchers are often intended to restrict the ability of recipients—especially those on public assistance—to spend their money on items thought less needed or desirable by the majority of voters, legislators, or taxpayers. For example, assistance to low-income individuals might be provided for food but not for recreation. This makes a voucher a two-edged sword (p. 8-9).

A fundamental assumption that has driven the structure of the SNAP program is that using a voucher to deliver the benefit will cause recipient households to spend more on food than they otherwise would if an equivalent benefit were provided as cash (Breunig & Dasgupta, 2003). The stated use of SNAP benefits is a primary driver of the market position of recipients of this program. Unlike consumers who use fungible cash resources to allocate towards purchases as they see fit, SNAP beneficiaries must use their benefits to purchase food items only at stores that participate in the program. Recent research suggests that SNAP may increase food purchases for households that desire low levels of food expenditures, but the majority of SNAP households consume food in excess of the value of the voucher and, therefore, treat their voucher as if it were cash (Hoynes, McGranahan, & Schanzenbach, 2016). This finding undermines the arguments in favor of the ongoing voucherization of SNAP.

Throughout the history of the Food Stamp Program and SNAP, the government has walked a paternalistic tightrope in its attempt to effectively administer this program. There is a concern among policymakers that recipients of food assistance might not purchase food items if the benefits were provided in cash. These paternalistic impulses are evident in the stated use nature of SNAP benefits. On the other hand, policymakers also want to ensure that recipients consume a sufficient and healthy diet. Therefore, in its structuring the program, the government has attempted to satisfy multiple goals at the same time: freedom for recipients, control by the government, high levels of participation from grocers, and a healthy diet for all participating households. At times, these goals have been in conflict. Barnhill (2011) notes this tension, “The goal of ensuring that SNAP recipients’ diets are nutritionally adequate exists in tension with the goal of maximizing participants’ consumer choice” (p. 2041).

Two proposed reforms to SNAP highlight the challenge of balancing paternalism with the other goals of the program. First, certain states and municipalities have sought to prevent recipients from using SNAP benefits to purchase unhealthy food items such as soft drinks and candy. This proposal would clearly limit the freedom and choice of recipients in the name of greater health and nutrition. The argument for such a reform, articulated by Barnhill (2011), suggests that given the limited resources of the program, there is a great need for efficiency. Allowing government dollars to be spent on empty calories is an inefficient use of the limited public dollars that have been set aside to provide for the nutrition of low-income households. By restricting purchases to healthy foods, the program becomes a more efficient tool to enhance the nutrition and health of recipient households. Minnesota and New York petitioned the USDA for a waiver to allow those states to restrict the ability of recipients to redeem SNAP benefits to purchase soft drinks and candy. In both cases, the USDA rejected the waivers over concerns about the rationale and perceived effectiveness of the proposals combined with the potential to further stigmatize program participants (United States Department of Agriculture; Food and Nutrition Service, 2007). Many other states have also passed laws requiring their states to petition the USDA for waivers to allow them to restrict the foods that are eligible for redemption under SNAP.

A second reform, announced in 2016 by the USDA, would require retailers to stock a wider variety of meats and produce and sell fewer hot meals like pizza to be eligible to participate in the SNAP program. The goal of this reform is to increase the access to healthy food for households that use SNAP (Gasparro & Haddon, 2016). This approach is driven by the belief that a lack of healthy alternatives is an impediment to healthier diets for program participants. The response to this proposal was uniformly negative as lawmakers and grocers noted that this reform could potentially exclude many smaller retailers from the program, thus restricting food access for program participants (Financial Market Regulatory Wire, 2016; Gasparro & Haddon, 2016). Smaller retailers such as Casey's General Store and 7-Eleven noted that this reform would prevent their stores from being SNAP eligible and thus reduce the supply of eligible retailers at which SNAP recipients can shop. This is another clear example of the conflict between freedom for consumers and the paternalistic desires of the government as it relates to the SNAP program.

In the HCV voucher program, paternalism is evident in two materials respects. First, as discussed above, is the stated use nature of the benefit. HCV benefits may only be used to consume housing. Second, to ensure that HCV recipients live in housing that is safe and adequate, HUD requires housing units to pass an inspection before a landlord may rent the unit to a voucher recipient. This policy attribute is like the healthy diet paternalism evident in SNAP—the provision may be well-intentioned, but it limits the freedom of recipients and may constrain market access. Just as healthy and fresh food requirements may limit the number of retail outlets that can accept SNAP benefits, the HUD inspection also serves as a deterrent for some landlords to participate in the program (Pashup et al., 2005).

On the issue of paternalism, Social Security deviates from SNAP and HCV in material respects. Generally, Social Security lacks the strong paternalism that is present in other programs. There is no stated use of the benefits and the government does not restrict the behavior of beneficiaries. The only evidence of paternalism is the program itself; some argue that Social Security is a paternalistic forced saving mechanism implemented by the government (Farrell, 1992; Hylton, 1998). But upon receipt of benefits, Social Security recipients enjoy the same freedoms as other consumers in the marketplace, an attribute not enjoyed by beneficiaries of SNAP and HCV.

For Social Security beneficiaries, there is one element of paternalism in this program that affects the way in which benefits are spent. The desire to protect Social Security recipients has the potential to harm them in the markets for housing and credit. Pursuant to Section 207 of the Social Security Act (42 U.S.C. 407), Social Security benefits may not be garnished by a landlord or lender, whereas earned income may be garnished in the event of a debt default. Wage garnishment is a key tool that lenders use to mitigate their credit risk and the inability to rely on that remedy makes renting to or providing credit to a Social Security beneficiary riskier than providing credit to a comparable person with the same amount of earned income. A riskier credit profile may lead to the denial of credit, or, if credit is provided, a higher interest rate to compensate the lender for the increased risk. For renters, the prohibition on wage garnishment may lead landlords to favor tenants with earned income (which can be garnished) over tenants who have Social Security income that is protected from garnishment.

In 2014, the city of Dubuque, Iowa considered a new statute that would provide protection against source of income discrimination in housing transactions. In an article in the *Telegraph-Herald*, the president of the Dubuque Landlord Association announced that landlords were united in their opposition to source of income protection:

> They [landlords] really don't want to see this happen because it limits our choice of who we rent to," Maro said at the meeting. "There's more taking away (choice) from us as far as the people (to whom) we rent. If a renter's income is primarily government aid, landlords have little ability to seek compensation for damages to a rental unit in which significant investments have been made, Maro said. Small claims judgments can be garnished from wages, but getting reimbursed from other income sources can be difficult, he said. "This really puts the burden on us," said Maro (Jacobson, 2014).

As this case from Iowa demonstrates, the inability to garnish wages makes beneficiaries of government programs less attractive tenants and borrowers, all else being equal. Therefore, this is a significant program factor that has the potential to undermine the market position of Social Security beneficiaries in certain types of transactions.

The anecdotal evidence described in the preceding paragraphs suggests that the restrictions on creditor remedies in the Social Security Act may contribute to source of income discrimination against Social Security recipients. A review of the literature on creditor remedies suggests that limitations do produce negative effects for the beneficiaries of those protections. Scholars have relied on the significant variation in state laws on creditor remedies (Lefgren & McIntyre, 2009) to study the effect of restrictions on creditor remedies, such as wage garnishment. In these studies, scholars have found that the presence of such restrictions increases interest rates for consumers and leads to more denials of credit (Posner & Hynes, 2001). While these negative effects are important, a proper evaluation of such policies must consider the benefits as well as the costs. The primary beneficiaries of restrictions on creditor remedies are those borrowers who are already in debt default or who may enter that state in the near future (Zywicki, 2015). Therefore, from a policy perspective, one must weigh the costs of limiting creditor remedies, that are borne by people seeking new credit against the benefits of the restrictions that help those facing potential debt default. Scholars who have analyzed this relationship have found mixed results. Barth, Cordes, and Yezer (1986) found that restrictions on wage garnishment created a net cost throughout the system, while Villegas (1990) found that the benefits of garnishment for those facing default exceeded the costs for new borrowers. Regardless of whether the program element produces a positive or negative net benefit, scholars are consistent that such restrictions on garnishment and other creditor remedies reduce total borrowings (Peterson & Frew, 1977; Zywicki, 2015) and increase the cost of credit (Ambrose & Sanders, 2005;

Gordon, 2015). Studies have also found that the costs of these restrictions have a disproportionately negative effect on low-asset borrowers (Posner & Hynes, 2001). In sum, paternalistic creditor protections provided in the Social Security Act may serve to undermine the market position of recipients.

This analysis of paternalism across all three programs highlights the different ways in which paternalistic policy attributes serve to undermine the market positions of welfare recipients. In many cases, paternalism may create tradeoffs for policymakers. On one hand, paternalism may benefits recipients who are able to rent an apartment, or secure a loan, but, on the other hand, the presence of paternalism may limit access for other market participants. It is the limited access associated with paternalism that, in many cases, undermines the market position of welfare recipients.

Program Constraints. Beyond paternalism, other programmatic provisions constrain the choices and behavior of welfare recipients. These constraints are evident only in the means-tested programs, SNAP and HCV, but not Social Security. The constraints serve to make transactions more difficult for either the buyer, the seller, or both parties. The result of these constraints is a weakened market position of program participants. In Chapter 3, I noted the many constraints associated with the HCV program, including the HUD-imposed inspection of properties, the time limits for voucher recipients to secure a housing unit, and the rent caps that limit which housing units a recipient may access. In addition, voucher recipients have no advanced warning of voucher receipt given the lottery nature of the program. Because demand far exceeds voucher supply, many eligible households remain on waitlists for years before receiving a voucher from the local housing authority. The impact of this constraint is that households are unable to plan for their moves and, therefore, must move when notified about voucher receipt rather than moving in response to life circumstances. These constraints weaken the market position of HCV recipients.

The program constraints associated with SNAP are fewer in number, but are still relevant to the discussion of market positions. First, the program rules regarding retailer participation limit the stores at which recipients may redeem their benefits. As noted in the market access section earlier in this chapter, only a subset of retailers can receive SNAP benefits and therefore, depending on the geographic distribution of food retail outlets, some SNAP beneficiaries may have limited or constrained access to retail food. These program constraints combine with the paternalistic rules described above to restrict market access.

Limited access is also compounded by the way SNAP benefits are distributed. In many states, benefits are loaded on to EBT cards on the same day of the month. The simultaneous release of purchasing power results in a surge in grocery shopping on those days. SNAP recipients spend 21% of their benefits on the first day that they are received and 59% within the first week (Patton, 2012). The result is a spike in demand at grocers that accept SNAP, which places demands on the stores and may limit the supply of groceries available to shoppers using SNAP. Stores such as Wal-Mart and Kroger have taken operational steps to respond to the surge in demand (Financial Market Regulatory Wire, 2016; Hopper, 2011; Patton, 2012). SNAP recipient, Jessica Postma, described shopping on the first day that SNAP benefits are released, “It’s like, put your battle gear on and go grocery shopping and it's just too crazy" (Hopper, 2011). To address the surge in demand, some states have staggered the distribution of SNAP benefits throughout the month which has lessened the severity of the demand surge at one point in the month. Kathy Hanna of The Kroger Company, noted the operational challenges of releasing SNAP benefits on one day, "We support states spreading out their distribution to throughout the month to ensure better services and full selection for all customers" (Financial Market Regulatory Wire, 2016). During Congressional testimony, Jimmy Wright, a small retailer in Opelika, Alabama noted that the state of Alabama now staggers SNAP benefits throughout the month which has been helpful. Mr. Wright noted that it was difficult to keep the store shelves stocked when benefits were released on the same day (Financial Market Regulatory Wire, 2016).

The second programmatic constraint in SNAP is the work requirements imposed upon recipients. For childless adults, SNAP has one of the toughest work requirement rules of any welfare program while families with children must comply with the less rigid TANF requirements to be eligible (D. Rosenbaum, 2013). Childless adults who do not work are only able to receive benefits for three months out of every three years. During the recent recession, the government temporarily suspended the three-month limit on benefits, but those limits were re-introduced when the provisions from the federal stimulus bill lapsed in 2016. Unlike TANF, there are no time limits on the receipt of benefits if recipients comply with work requirements. Recent deliberations in the House Budget Committee proposed stricter work requirements for SNAP which would have included stricter time limits. While tougher requirements were not passed, Congress did fund ten pilot programs to test other employment and training approaches (Falk et al., 2014). The stronger the work requirements, the weaker the market position of a recipient given the constraints on that individual's time and freedom.

Unlike SNAP and HCV, there are no obvious programmatic constraints that undermine the market position of Social Security recipients. Benefits are provided in the form of cash with no strings attached. Beneficiaries are not obligated to work and vendors that sell to recipients face no additional regulatory hurdles to clear. As a result, policymakers, whether intentionally or not, helped to construct a very strong market position for recipients of this bedrock social welfare program. It is important to note that receipt of Social Security benefits is dependent on labor force participation during one's adulthood. Therefore, while work requirements are not required while receiving benefits, previous work is required to qualify for benefits in retirement.

Stigma. As noted in the previous sections, both SNAP and HCV are means-tested welfare programs while Social Security provides universal coverage for retirees with a connection to the labor market. The dichotomy between means-tested and universal programs was evident in the discussion of program constraints and it is also apparent in the analysis of stigma and its impact on market positions. There is a notable lack of stigma associated with Social Security benefits. Scholars have noted that certain programs were purposefully stigmatized through the policymaking process, but Social Security was always considered a non-stigmatized, and legitimate form of social benefit (Campbell, 2002; Katz, 1996; Skocpol, 1995). As a result, the construction of the policy supported a strong position for Social Security recipients in the market.

SNAP has wrestled with a legacy of stigma associated with this policy. For years, participation in the food stamp program suffered, at least partially, due to the stigma experienced by recipients. Beneficiaries experienced stigma when they used food stamp vouchers at the grocery store to purchase eligible food items. To address this stigma, two reforms to the food stamp program were implemented. These reforms helped to diminish, but not eliminate, the stigma associated with the program. First, physical food stamps were replaced with EBT cards that operate like a credit or debit card. The 1996 welfare reform legislation required that all states implement EBT by 2002. This feature has reduced the stigma associated with the program (Dib, Dodson, & Schocken, 2000), but has not eliminated it entirely. A SNAP recipient, Becca Reeder, noted that using the SNAP EBT card is still embarrassing, "I actually have my little technique I use. I take my palm of my hand and I kind of cover the card with the palm of my hand so that you can't see the top of it when I'm swiping it, so the person behind me in line doesn't, they don't see food stamps" (Hopper, 2011). Second, the name of the program changed in 2009 from the Food Stamp Program to its current name, the Supplemental Nutrition Assistance Program. The primary goals of the name change were to communicate the nutritional assistance goal of the program and to reduce the level of stigma that was associated with the program previously referred to as food stamps. Stigma alters the market position of SNAP recipients by altering their relationship with the market. Stigma may cause some recipients to alter their behavior, or to avoid certain stores, which reduces the flexibility enjoyed by non-recipient consumers.

Similar to SNAP, the HCV program is a highly residualized benefit that is stigmatized (Freeman, 2012; Turner & Ross, 2005). The stigma associated with housing vouchers is evident in the behavior of landlords towards the recipients of the program. Scholarship highlights that, in many settings, landlords proactively avoid renting to tenants with vouchers due to pervasive and negative stereotypes of voucher recipients (Rosen, 2014). The stigma associated with SNAP and HCV serves to undermine the market position of voucher recipients, a fate not experienced by recipients of Social Security, a non-stigmatized, and "legitimate" welfare program.

Regulatory Factors

There are a wide variety of regulations that govern market transactions. In this analysis, I focus on those regulations that directly influence the market position of welfare recipients. For example, in the market for retail food, there are many regulations that govern food safety. These regulations are relevant to purchases of food items, but they do not specifically affect the market position of welfare recipients, because all consumers are the beneficiaries of those regulations. Using the same logic, the myriad housing regulations related to zoning and building codes do not directly affect HCV recipients. Rather, these regulations apply equally to all market participants. As such, I ignore these forms of regulations in this analysis.

The type of regulations that are most relevant to welfare recipients are those that govern discrimination in market transactions. Discrimination has the potential to undermine the market position of certain classes of consumers and therefore deserves attention in this chapter. There is little discussion in the literature about discrimination at the point-of-sale for SNAP recipients. There certainly is stigma as discussed in the previous section and discrimination may play into the siting decisions of retailers, but outright discrimination at the time of purchase is not prevalent in the scholarship and press accounts of experiences of SNAP recipients. This likely is a result of the type of market in which SNAP recipients transact. Since food purchases are one-time transactions based on a posted-price, there is no ongoing relationship between buyer and seller, and, as a result, less opportunity for discrimination. Examples of discrimination are far more prevalent in the Social Security and HCV programs when recipients seek to enter longer-term contracts with sellers, landlords, or lenders. It is in these negotiated market transactions in which discriminatory behavior is more likely.

Given the scope of negotiated transactions in which HCV and Social Security recipients participate, there are two primary federal laws that govern discrimination in these transactions. First, the 1968 Fair Housing Act prohibits discrimination based on race, ethnicity, gender, religion, disability, and family status. This landmark piece of legislation addresses discrimination in a wide range of housing transactions, including rental transactions with housing voucher recipients. The second law that is relevant to this analysis is the 1974 Equal Credit Opportunity Act (ECOA) which prohibits discrimination in lending transactions. The ECOA covers most of the same categories that are covered in the Fair Housing Act, but it prohibits an additional form of discrimination—source of income discrimination. By prohibiting lenders from denying credit to borrowers with government-based income, the ECOA helps improve the market position of Social Security recipients when they seek to enter credit arrangements. The absence of source of income discrimination protection in the Fair Housing Act is notable, and there is ample evidence that HCV recipients face source of income discrimination when searching for rental housing (DeLuca et al., 2013; Graves, 2016). In response, many state and local jurisdictions have passed laws prohibiting source of income discrimination in the housing market, but enforcement of these provisions in many locations is lax (Badger, 2016; Pashup et al., 2005).

Therefore, in housing markets, both HCV and Social Security recipients face a mixed regulatory landscape regarding source of income discrimination. Local statutory protections against source of income discrimination do not guarantee the elimination of such discrimination. In a 2011 question and answer article in the *Los Angeles Times,* an individual asked about housing discrimination that was based on the lack of a job:

> I have been looking for a new apartment to rent. I found a studio apartment listed on Craigslist that sounded great, although the ad said applicants must "be employed." I am unemployed, but I receive Social Security and pension retirement payments. I told the owner that I did not have a job, but that my retirement benefits amounted to more than three times the $900 rent. He said he would rent only to a tenant that was employed. He then explained that he was having financial troubles and could not afford to lose money on this property. He told me he knew my Social Security and pension benefits could not be garnished if I failed to pay rent. I thought landlords must accept non- employment income (Eichner, 2011).

In the newspaper response, the author made clear that the landlord had violated the California Fair Employment and Housing Act—a California law that outlaws source of income discrimination—given the discriminatory behavior that was based on the applicant's source of income. It is notable that such conduct would not be illegal pursuant to the federal Fair Housing Act in which source of income is not protected. This conduct which is prevalent in rental housing markets is the reason that many states have chosen to adopt stricter housing laws that prohibit discrimination based on source of income.

Outside of the housing domain, source of income discrimination in lending transactions is outlawed in the Equal Credit Opportunity Act. Despite the presence of this protection, Social Security recipients occasionally face challenges when trying to secure a home mortgage, obtain credit to facilitate a car purchase or lease, or access general credit from a bank or credit card company. While reduced access to large scale purchases in retirement may partially be explained by lower incomes in retirement, there are policy specific features of Social Security that can undermine the ability of retired beneficiaries to access housing and credit. The prohibition on garnishment of Social Security income, as described in the Policy Factors section above helps to explain why some lenders may avoid lending to Social Security recipients even in the face of the ECOA which prohibits such conduct.

In sum, the regulatory framework in which transactions occur has the potential to alter one's market position. If discrimination on the part of sellers is not prohibited, or if existing prohibitions are not strictly enforced, the market position of certain welfare recipients can be undermined. These regulatory factors interact with the Buyer Factors element of the Market Position Framework. The personal identity of a recipient and the regulatory environment interact to form a market position. As discussed below, the market position of an African-American welfare recipient may be very different than an otherwise similarly situated white recipient depending on the strength of discrimination laws and the intensity of their enforcement.

Seller Factors

The complex interactions implied by the Market Position Framework are abundantly clear when analyzing the behavior of sellers in market transactions. Sellers respond in rational ways to market conditions, policy characteristics, and the regulatory environment, and these responses have profound implications for the market positions of welfare recipients. Before understanding how Seller Factors contribute to a market position, one must understand the specific context of a transaction and determine who is the seller and what impact does that seller have on the outcome of the beneficiaries. Given the stated use of HCV and SNAP, the sellers in these transactions are mandated by the policy—landlords for HCV and retail food stores for SNAP. In the case of Social Security, determining who is the seller is a more complicated exercise. Because Social Security recipients access a wide variety of goods and services, a given beneficiary may interact with many different sellers depending on type of purchase being made. Given that Social Security benefits are provided in the form of cash, providers of goods and services typically do not elect whether to "accept" Social Security benefits. Rather, vendors accept cash for their goods and are likely unaware of whether that payment was the result of Social Security benefits or from another source of income. Therefore, for most small-scale purchases such as groceries, entertainment, and furnishings, seller factors have limited impact on the market position of Social Security recipients.

Seller factors do affect the market role of Social Security beneficiaries when the consumer's source of income is disclosed in connection with a transaction. This disclosure is evident in transactions for housing, automobiles, and more generally when seeking to access financing in the credit markets. When the credit of the purchaser is an important input into the decision of a seller to enter a transaction, the receipt of Social Security benefits has the potential to alter a recipient's market position. Such discrimination based on source of income was addressed in the Regulatory Factors section and is one of the primary ways in which sellers may undermine the market position of Social Security recipients.

When analyzing the effect of sellers on the market position of Social Security recipients, one must also consider other forms of discrimination by sellers. Given the age of Social Security beneficiaries, age discrimination is a clear risk. In addition, recipients from underrepresented groups may also face discrimination based on race, ethnicity, gender, or religion. Like age discrimination, these biases are not a function of benefit receipt, but rather based on the identity of the recipient. Therefore, certain Social Security recipients may have a more disadvantaged market position based on discriminatory tendencies of sellers in the marketplace.

The primary way in which Seller Factors alter the market position of SNAP recipients is through the decisions of retailers to participate in the program. Unlike retail vendors that accept Social Security payments daily without knowing where the money used to finance the purchase initially came from, retailers who accept SNAP benefits make a conscious decision to participate in the program. As noted earlier in this chapter, retailers who choose to participate in the program must meet specific standards established by the government. For traditional grocers, the eligibility requirements are easy to meet. For non-traditional providers of groceries, such as convenience stores, the regulations may be more challenging. Despite the regulations associated with SNAP program participation, the number of stores participating in the program continues to rise. In 2015, there were 258,632 retail food outlets that participated in the program and from 2011 to 2015, the number of SNAP-eligible retailers increased by 12%. These strong numbers suggest that the profit potential of participating in this large program continues to attract a wide array of retailers.

There are both benefits and costs for a retailer to consider when it decides whether to participate in the SNAP program (Rigby et al., 2012). The most obvious and significant benefit is the revenue potential associated with grocery purchases from SNAP participants. SNAP beneficiaries redeemed nearly $70 billion in benefits in 2015 which represented an average of 5.8% of revenue at participating stores (Gasparro & Haddon, 2016). Therefore, the decision to participate in the program can have a meaningful impact on the revenue and profit of a specific store. The costs associated with the program include the costs of new technology, training of employees, dealing with the risk of fraud, and the regulatory requirements to carry specified amounts of certain types of food. The strong level of participation among grocers suggests that the benefits associated with becoming a SNAP-accepting retailer outweigh the costs of program participation.

The opportunity to select customers may be another motivator for retailers not to participate in SNAP. Unlike a landlord, grocery stores do not formally “select” their customers, but the option to participate in SNAP does provide retailers with the opportunity to exclude certain consumers from their stores. According to USDA Under Secretary, Kevin Concannon, grocery stores used to be reluctant to publicize that they accepted EBT cards, but given the size of the program, now grocery stores welcome SNAP beneficiaries as customers. Concannon noted that it was not benevolence that changed the behavior of retailers, it was the drive for greater revenue (Mack, 2009). A notable example of a retailer that was reluctant to accept SNAP benefits was Costco. When pressed in 2008 why it declined to accept SNAP benefits, Costco offered a variety of explanations that were easily refuted. Observers suggested that Costco had decided not to accept SNAP benefits because SNAP recipients did not meet the target demographic of their preferred customers (Lee, 2008). In October 2009, Costco began accepting SNAP benefits at all its stores, which coincided with the recent recession, a time when the growth of program increased meaningfully. It is unclear whether Costco’s decision to participate was due to pressure from advocacy groups or due to the profit potential of the program as it increased in size and influence during the recent recession. In deciding to participate in the program, Costco joined most major grocery retailers as participants in SNAP, including Wal-Mart, Target, Trader Joes, Albertson’s, ALDI, Kroger, Piggly Wiggly, Publix, Safeway, and Whole Foods.

Program reforms have the potential to weaken the market position of SNAP recipients if they alter the decision of retailers to participate in the program. In its 2014 reauthorization of SNAP, Congress eliminated the provision that required the government to pay for the EBT equipment that retailers use to process SNAP redemptions. Under the new rule, stores will be charged $1,000 or more per year to use the EBT equipment, a cost previously assumed by the government. For smaller operators, the additional cost may outweigh the modest benefit of participating in the program. According to Gino DiMario, owner of the Roman Pantry in Carney's Point, Salem County, New Jersey, "If they charge me that much, I don't think it's worth it for us to accept food stamps anymore" (Lubrano, 2014). A recent reform, that has not been implemented at the time of this writing, would require participating stores to stock healthier food items to improve access to healthy food for low-income households. The goal of improved nutrition is noble, but the proposal could serve to drive smaller operators out of the program. In 2016, Congress conducted hearings to assess the response of retailers to this new USDA proposal and the reform was roundly criticized by both retailers and policymakers from both political parties (Financial Market Regulatory Wire, 2016). The primary concerns noted by witnesses at the hearing were that this paternalistic provision would have little effect on large retailers given the diversity of their food offerings, but it could drive smaller stores out of the program. Retailer 7-Eleven announced that if the new rule were to be implemented, most of its 8,000 stores would no longer be able to participate in the program (Gasparro & Haddon, 2016); Casey's General Store also suggested that they, too, might have to exit the program if the USDA reform were implemented (Financial Market Regulatory Wire, 2016).

Like grocers with SNAP, landlords must decide whether to participate in the HCV program and to accept voucher tenants. Unlike a retail grocery store, the negotiated market for rental housing allows landlords to select tenants which endows landlords with considerable power in this relationship (Pendall, 2000; Sard, 2001). To participate in the HCV program, landlords must comply with the rules and regulations associated with the program, and in return, gain access to the demand and purchasing power of voucher households. As described in Chapter 3, the decisions of landlords demonstrate the conjunctural nature of factors in the Market Position Framework. In strong market conditions, the programmatic and regulatory constraints associated with HCV prove to be a significant disincentive for landlords to participate. But, when market conditions weaken, landlords are motivated to accept voucher tenants given their desire to lease their housing units. Therefore, the effect of Seller Factors on the market position of HCV recipients is a function of the interaction of multiple factors and their influence on the behavior of landlords.

Buyer Factors

Attributes specific to the consumer have the potential to alter one's market position. First, the purchasing power of a buyer is a major driver of market position. A person with greater purchasing power enjoys a stronger position in the market. The second way in which buyer factors may influence market position is through the identity of the buyer. This personal identity of the buyer may enhance or weaken one's position in the market based on positive or negative perceptions of other market actors. It is buyer identity that may interact with the discriminatory impulses of buyers to weaken the market position of individuals with certain demographic attributes.

Purchasing Power. The bump in purchasing power provided by benefits of all three programs discussed in this chapter, Social Security, SNAP, and HCV, is a significant enhancement to the market position of recipients. The ability of SNAP and HCV beneficiaries to consume the necessities of food and housing is a critical asset of these programs. Whether the benefits are sufficient is an important, but separate, question, but there is little doubt that market positions are enhanced with these benefits. It is clear that welfare benefits enhance market positions, especially on a relative basis when compared to comparable households that do not receive a benefit. This is particularly true for the HCV program in which only a small fraction of eligible households receive a voucher.

Social Security is known as a relatively generous social welfare program (Meyer, 1996; Skocpol, 1995), and this program has been credited with reducing the prevalence of poverty among older Americans (Hylton, 1998; Katz, 2008). The universal nature of Social Security is evident in the high percentage of people who receive benefits: 85% of married couples and 84% of non-married persons over the age of 65 receive Social Security payments (*Annual Statistical Supplement to the Social Security Bulletin, 2015*, 2016). Despite its successes in alleviating poverty among older Americans, Social Security still provides modest benefits to its recipients. The average monthly benefit for retired workers in December 2014 was $1,329 (*Annual Statistical Supplement to the*

Social Security Bulletin, 2015, 2016). Recipients may also rely on co-production from other financial sources to supplement their income in retirement. Social Security payments represent at least half of total income for 51% of married couples and 74% of non-married people (*Annual Statistical Supplement to the Social Security Bulletin, 2015*, 2016). For low-income households, Social Security represents an important safety net. Payments from Social Security represent 90% or more of income for 21% of married couples and 46% of non-married people over the age of 65 (*Annual Statistical Supplement to the Social Security Bulletin, 2015*, 2016). In sum, Social Security provides benefits that are adequate to lift most beneficiaries above the poverty line, but the program does not provide a lavish lifestyle. From the perspective of purchasing power, most Social Security recipients have sufficient purchasing power to fund a modest lifestyle, but the benefits alone are not sufficient to support the market position and purchasing power of most middle-class households.

The average income of households that receive SNAP benefits is $759 per month and the average SNAP benefit is $253. SNAP-receiving households have very low incomes (84% of households that receive SNAP have incomes below the federal poverty line), and many of these households also receive welfare benefits from at least one other welfare program (Moffitt, 2016). Therefore, SNAP households must rely on modest incomes, SNAP benefits, and, for many, other government benefits to fund their food purchases. The benefits provided under SNAP are designed to provide sufficient resources to enable low-income households to purchase a monthly diet under the Thrifty Food Plan (TFP). The TFP is a food plan designed by the USDA which outlines a low-cost diet that provides adequate nutrition. The cost of the TFP serves as the basis of the benefits provided by SNAP. The program assumes a household contribution of 30% of household income toward food and the SNAP benefit equals the difference between the cost of the TFP and the household contribution.

Although the FDA certifies that the households can live on a healthy diet if they strictly follow the TFP, numerous studies suggest that households that receive SNAP benefits are food insecure and may attempt to stretch their food dollars which may lead to adverse health outcomes (Dinour, Bergen, & Yeh, 2007; Drewnowski, 2004; Gregory, Rabbitt, & Ribar, 2016; Nord & Prell, 2011). In a qualitative study of SNAP program participants, Kathryn Edin and colleagues found that one half of parents receiving SNAP restrict their own food intake to ensure that their children receive a sufficient amount of food throughout the month (Edin et al., 2013). In their review of scholarship on this topic, Dinour et al. (2007) summarized the negative effects of the ‘food stamp cycle’ in which households that receive food stamps overeat for three weeks when food and money is ample followed by a week of limited food consumption when resources are no longer available. Constrained food budgets may also drive SNAP-receiving households to purchase cheaper food that may, at times, be less nutritious than higher priced, and more nutritious, food (Drewnowski, 2004). The important, but limited, increase in purchasing power provided by SNAP has not eliminated food insecurity among recipients. The academic literature has produced mixed results on the effect of SNAP on the problem of food insecurity (Gregory et al., 2016). Since purchasing power is a key element of one’s market position, the constrained purchasing power provided by SNAP may place recipients at a relative disadvantage compared to other households that spend greater amounts on food each month.

The purchasing power provided by the HCV program is significant. The program establishes a Fair Market Rent in each city that allows recipients to consume housing equal to the 40^{th} percentile of rents in a metropolitan area, all while only contributing 30% of household income toward rent. Because the benefit has a cap equal to the Fair Market Rent, voucher households do not have access to neighborhoods with housing more expensive than the 40^{th} percentile of rents. Therefore, the program and its purchasing power has limitations, but the fact that it allows households to consume housing up to the Fair Market Rent is a significant boost in purchasing power. The value of this benefit is evident in the long wait lists of eligible households that hope to secure a voucher at some point in the future.

Buyer Identity. For welfare recipients, buyer identity is formed through personal characteristics as well as their status as a recipient of government benefits. In some cases, these identity traits interact to compound disadvantage in the market. Because Social Security is a cash benefit, in most regular market transactions, there is no identity associated with a purchase. The primary identity factor for Social Security recipients is age—recipients have reached retirement age. Therefore, age is a key identity factor that shapes the market position of Social Security recipients. As described in the discussion of seller factors, age is a source of discrimination throughout American society. This identity factor may, therefore, undermine the market position of recipients of Social Security in certain circumstances and settings. As noted in earlier sections, negotiated transactions may produce an environment in which discriminatory behavior is more likely to occur, and thus when entering negotiated markets, the age of Social Security recipients may prove to be a more significant issue.

Because SNAP benefits are used in retail stores, buyer identity does little to alter the market position of recipients. The primary way in which identity affects the experience is the stigma that is associated with the use of SNAP benefits. This identity factor may cause beneficiaries to avoid certain stores or locations, may alter the foods that they choose to purchase with benefits, or contribute to a negative shopping experience, all of which diminish the market position of SNAP recipients.

Finally, buyer identity plays an important role in the market position of HCV recipients. Given that benefits are provided with a voucher, the buyer identity of voucher recipients is closely tied to their status as a beneficiary. In addition, the demographic attributes of voucher recipients is also important given that only 35% of voucher households are white and the vast majority of recipients are female (National Low Income Housing Coalition, 2012). Because these personal characteristics are associated with increased levels of discrimination in the housing market, non-white, female, voucher holders possess a buyer identity that is uniquely disadvantaged. Existing scholarship notes that landlords discriminate based on both source of income and race (Badger, 2016; Freeman & Li, 2014; Pashup et al., 2005).

Summary of Market Positions

After applying the Market Position Framework to Social Security, SNAP, and HCV, significant variation in market positions emerge across programs. In addition, variation in market positions exist *within* each program based on the context in which benefits are used. To summarize the findings of this chapter, I highlight different configurations of attributes for each program to highlight how market positions are constituted and the many ways in which they may vary.

Using the findings from the comparative analysis of market positions, I highlight—in Table 5.1—different variables and factors that the qualitative analysis suggest may influence the market position of welfare recipients. Each individual variable should not be viewed as having an independent causal effect, but rather the entire conjunction of factors and conditions present in a specific situation constitute the market position. As a result, one can construct hypothetical households within each welfare program that are likely to have stronger and weaker market positions. Table 5.1 below provides a summary of factors and variables, and this general structure will be used to highlight how specific market positions are constituted for a range of hypothetical households. Because some factors clearly interact with other factors, such as the strength of market conditions, combinations of certain factors are included. For example, the strength of market conditions has little impact on the market position when a welfare recipient transacts in a retail, price-taking, environment. On the other hand, when a welfare recipient enters a negotiated market, like housing or credit, the strength of the market has a significant impact on a market position. Therefore, separate conditions are created for negotiated markets with strong market conditions and those with weak market conditions.

Table 5.1 – Constructing market positions

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	
Market Type: Negotiated (Weak Conditions)	Yes	No	
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	

Social Security – Summary

The major driver of the market position of Social Security beneficiaries is the relatively generous benefits that are provided in the form of cash. In addition, the structure of the program and its universal coverage provides a non-stigmatized benefit for recipients. Recipients have the freedom to use the benefits as they see fit, and transact in most markets without any indication that they are the recipient of government benefits.

The primary source of disadvantage for Social Security beneficiaries occurs in the markets for larger scale purchases in which credit is a key input in the seller's decision to transact. Such situations may give rise to discriminatory behavior that may undermine the ability of recipients to effectively participate and compete in the marketplace. Therefore, in summary, Social Security recipients enjoy an advantaged market position, that is only undermined when they attempt to transact in the housing or credit markets where a long-term relationship exists between buyer and seller.

To demonstrate how the market position of Social Security recipients may vary, consider the following two hypothetical households. Household 1 is a retired, married couple. They own their home outright and, therefore, use their Social Security benefits to fund current consumption—food, household items, entertainment, and travel. Both members of the couple had productive careers and therefore earn the maximum Social Security benefit. Table 5.2 below highlights the market position of Household 1 based on its unique facts and circumstances.

Table 5.2 – Constructing market positions (Social Security) Household 1

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	N/A
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	N/A
Enforcement of Discrimination Laws	Strong	Weak	N/A
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	Uncertain

As Table 5.2 demonstrates, Household 1 enjoys a strong market position given the markets in which they participate. While many Social Security recipients resemble Household 1, there are other households that are do not enjoy the same advantages in the marketplace. Consider Household 2, an African-American married couple that rents housing. This couple receives modest Social Security benefits and lives in Minneapolis, a relatively expensive housing market with a very low vacancy rate. Minneapolis does not have source of income discrimination protection for housing transactions. Given the cost of housing, Household 2 devotes a considerable percentage of their Social Security income to pay for their rental housing. Because of the strong market conditions, securing rental housing with government-provided income is a challenge. Household 2 has also experienced racial discrimination from landlords in previous housing searches. Table 5.3 below provides a summary of the market position factors for Household 2.

Table 5.3 – Constructing market positions (Social Security) – Household 2

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	N/A
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	Uncertain
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	

When compared to Household 1, Household 2 demonstrates how recipients in the same program can have very different market positions depending on conjunction of factors that constitute a market position for that specific household and context. In summary, Social Security recipients generally enjoy strong market positions, but that strength may disappear when recipients enter negotiated markets for housing, automobiles, or credit.

SNAP – Summary

Understanding the market position of SNAP recipients is more complex. The voucher benefit provided by SNAP limits access to participating retailers, exposes recipients to stigma associated with the benefit, and limits the freedom of choice for recipients given that SNAP may only be used for food items and not other household goods. On the positive side, SNAP provides a significant boost in purchasing power for recipients, although many SNAP recipients remain food insecure. Because retail food transactions occur in a non-negotiated market, the opportunity for discrimination at the point of sale is reduced, which improves the market position of beneficiaries. To highlight the market position of SNAP recipients, consider Household 3 which is comprised of a single, white mother, with two children. Based on household characteristics and income, Household 3 receives a modest SNAP benefit that an essential contribution to the monthly budget for this household. Although the SNAP benefits provide a lifeline to Household 3, the benefits do not cover the entire monthly food budget for the family. Table 5.4 below highlights the factors that influence the market position for Household 3.

Table 5.4 – Constructing market positions (SNAP) – Household 3

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	N/A
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	N/A
Enforcement of Discrimination Laws	Strong	Weak	N/A
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	Moderate
Personal Identity – Likely Subject to Discrimination	No	Yes	

Summary – HCV

Finally, I summarize the market position of HCV program participants. As noted in Chapters 3 and 4, HCV program participants have very different market positions and market outcomes depending on the context in which they use their voucher. The factor that is most relevant in the analysis is the prevailing rental market conditions in the city in which a recipient uses a voucher. When vacancies are low, voucher recipients struggle to find a housing unit, and therefore, may not be able to secure a unit that meets their quality and neighborhood preferences. Because housing is a negotiated market, landlords have great control over tenant selection and there is ample of evidence of both race-based and source of income-based discrimination in housing transactions that involve voucher recipients (Basolo & Nguyen, 2005; Greenlee, 2011; Pashup et al., 2005). To highlight the variation in market positions, depending on context, I construct two hypothetical voucher households, one that enjoys a relative strong market position and once that has a highly disadvantaged market position. In Table 5.5 I summarize the factors that influence the market position of Household 4, which is a white, married couple with two small children. Household 4 resides in Houston, Texas, a weak market with a high rental market vacancy rate.

Table 5.5 – Constructing market positions (HCV program) – Household 4

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	N/A
Market Type: Negotiated (Weak Conditions)	Yes	No	
Market Type: Negotiated (Strong Conditions)	No	Yes	N/A
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	Uncertain
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	Moderate
Personal Identity – Likely Subject to Discrimination	No	Yes	

As Table 5.5 demonstrates, even a household with a relatively advantaged market position faces many challenges given programmatic attributes of the HCV program. In comparison, Household 5, includes a single, Hispanic woman with four children. Because of the large size of the family, Household five needs at least three bedrooms which constrains their choices in the rental market. Household 5 resides in San Francisco, one of the most challenging housing markets in the nation. Despite source of income discrimination protection, Household 5 struggles to find a landlord that will accept their voucher. As demonstrated in Table 5.6, Household 5 has a very negative market position given program constraints and the setting in which it seeks to use a voucher.

Table 5.6 – Constructing market positions (HCV program) – Household 5

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type – Price Taking	Yes	No	N/A
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	
Program Factors			
Paternalism	Absent	Present	
Program Constraints	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	Uncertain
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	Moderate
Personal Identity – Likely Subject to Discrimination	No	Yes	

Market Position Summary – Conclusion

The summary of market positions by program highlights how positions vary across programs, but also vary among different recipients of the same welfare program. It is important to note, that each factor does not contribute equal weight to the construction of a market position. As a result, one must qualitatively consider the package of factors when assessing the relative strength or weakness of an individual's market position. While context matters for welfare recipients, it is also evident that there are institutionally-constructed features of welfare programs that heavily influence the market positions of welfare recipients. In the next chapter, I explore the institutional and political reasons why market positions vary across programs.

Chapter 6: Historical Explanations of Market Positions

As demonstrated in the previous chapter, market positions vary meaningfully across programs. This variation invites an obvious question—why do the market positions of welfare recipients vary by program? To provide an institutional explanation for market position variation, I rely on major themes from the development of the U.S. welfare state. Scholars have highlighted key themes and drivers that help to explain how and why the U.S. welfare state developed as it did. In this section, I briefly summarize these key themes, and, more importantly, explain how these themes have helped to shape the market positions of welfare recipients.

Scholars have noted the importance of politics and culture in the development of welfare states and programs (Danielson & Stryker, 2015; Esping-Andersen, 1990; Skocpol, 1995). Throughout history, there have been key themes that have shaped social policy in the U.S., including: (a) universal versus means-tested benefits (Katz, 1996; Lynch, 2015); (b) the principle of less eligibility and concerns about dependence (Block & Somers, 2005; Katz, 1996, 2008; Soss, Fording, & Schram, 2011); (c) stigma (Esping-Andersen, 1990; Handler & Hasenfeld, 2007; Morris, 2015) (d) paternalism (Mead & Beem, 2007; Soss et al., 2011); (e) the important role of business in the development of social policies (Beland, Howard, & Morgan, 2015; Katz, 1996; Katz, 2008; Piven & Cloward, 1993; Soss et al., 2011); and (f) a heavy reliance on private markets (Block & Somers, 2014; Harvey, 2005; Katz, 2008; Lynch, 2015). These themes, or ideas, have had a significant effect on the development and trajectory of welfare policy in the U.S. By extension, I argue that these same themes have had a profound impact on the market position of welfare recipients.

Universal vs. Means-Tested Benefits

One of the major structural divisions in the U.S. welfare state is the difference between public assistance (or relief) and social insurance. This division has a significant historic legacy and is marked by signification variation between public assistance benefits—which are means tested—and social insurance benefits that are an entitlement (Katz, 1996). Jerry Cates, in his book, *Insuring Inequality: Administrative Leadership in Social Security, 1935-54*, provides an explanation of the relationship between social insurance and means-tested public assistance in the U.S. According to Cates (1983):

> Social insurance…can be understood as a reaction to the perceived inequalities of the Elizabethan Poor Laws which were based on the principle that economic support should be provided only after individual means tests had been administered. The Elizabethan Poor Laws were hated by reformers for the economic segregation they promoted: poor people were isolated and programs designed exclusively for them were then administered. The means test was the instrument of segregation. An impulse of the social insurance reform movement was to avoid, as much as possible, the isolation of the poor, to include them in a program that encompassed the middle and upper classes as well. Eliminating the isolation of the poor, it is believed, will greatly reduce their stigmatization. Unfortunately, it is argued, not all the poor can be saved since social insurance cannot take care of the poorest of the poor, those with marginal or nonexistent attachment to the work force who have been unable to earn social insurance coverage. So it is necessary to tolerate the means test for these residual

> poor, but it is hoped these programs will be small. Thus, the social insurance movement has not eliminated the economic segregation of the Elizabethan Poor Laws and admits the impossibility of completely doing so" (p. 13-14).

In the U.S., the ideology of social insurance is embedded in the Social Security pension benefits analyzed in this chapter. Social Security benefits are an entitlement provided to all persons who qualify based on participation in the labor market. In exchange for the labor force participation, and contributions into the Social Security system, recipients receive a relatively generous cash benefit that can be used in a manner of the recipient's choosing. Given that Social Security pension benefits are "earned" based on mandated contributions during one's working career, there is little stigma associated with the program and the benefits are provided without the constraints that are evident in other welfare programs.

In contrast to Social Security, both SNAP and HCV are means-tested benefits. To receive SNAP and HCV benefits, a recipient must qualify for the program based on their household composition and income. All eligible households receive SNAP benefits, while only a fraction of HCV-eligible households receive a housing voucher given the limited supply of vouchers in circulation. Both SNAP and HCV deliver benefits in the form of a voucher, which prescribes a stated use. While Social Security recipients enjoy unfettered use of their benefits, recipients of means-tested program face a variety of program constraints that complicate the use of benefits, and, in turn, weakens their market position. The historical split between means-tested and social insurance welfare programs is evident in the way that programs were structured and the effect those programmatic elements have on the market positions of recipients.

Concerns About Welfare Dependence

Concerns about dependence in the U.S. welfare system have been evident from colonial times. To address dependency, welfare programs have adopted the principle of *less eligibility,* which combats welfare dependence by ensuring that the generosity of welfare programs does not exceed the remuneration provided by participation in the labor market. By adapting the principle of less eligibility from the Elizabethan Poor Laws to means-tested welfare programs, liberal welfare regimes (such as the U.S.) have ensured that citizens will not choose welfare over work (Esping-Andersen, 1990).

The foundation of the U.S. welfare state was established during the New Deal policies of the 1930s. Under the leadership of President Franklin D. Roosevelt, the Social Security Act of 1935 created a role for the federal government in securing the welfare of the citizenry. While the Roosevelt administration fought hard for a federal role in addressing the hardships associated with old age, disability, and the Great Depression, the principle of less eligibility was conspicuous in the development of these policies. President Roosevelt repeatedly expressed concerns about people living on the "dole" and sought to ensure that work relief and other forms of welfare benefits would not become a way of life for recipients (Morris, 2015).

In the decades after the New Deal, there was a general expansion of social programs and the benefits they provided. In the 1960s, a renewed focus on poverty and the problems associated with this condition were highlighted in the War on Poverty. In this era, landmark social programs including Food Stamps, Medicare, and Medicaid were established. The four-decade expansion of the U.S. welfare state, from the New Deal to the War on Poverty, began to erode by the late 1970s as inflation spiked. The increase in inflation reduced real wages, which put pressure on the generosity of welfare programs which sought to maintain the discipline of less eligibility (Soss et al., 2011). The election of Ronald Reagan in 1980 ignited a new war in social policy—the war on dependence (Katz, 2008; Wadden, 2015). In the decades of the 1980s and 1990s, politicians of all political persuasions attacked welfare dependency and restructured programs in ways to reduce benefits and promote work participation. These reforms served to enforce the principle of less eligibility.

A review of the benefits provided by Social Security, SNAP, and HCV all demonstrate the principle of less eligibility and the desire to avoid welfare dependency. Social Security benefits were structured to ensure that pension benefits would not exceed the benefits provided by active involvement in the labor force (Cates, 1983). By structuring benefits in this manner, Social Security enforces the principle that citizens will be better off in the labor market than they will be when receiving benefits from the government. The limited benefits provided by SNAP and HCV also address concerns about welfare dependency. SNAP benefits are supposedly structured to meet the food needs of eligible families, but extensive research shows that many recipient households remain food insecure (Dinour et al., 2007; Drewnowski, 2004; Gregory et al., 2016; Nord & Prell, 2011). Finally, HCV recipients can consume housing equal to the Fair Market Rent in a community which is equal to the 40th percentile of rents. This cap serves to limit the generosity of the program and ensures that voucher recipients do not live in housing that is more expensive than the housing in which most unassisted renter households reside.

Stigma

As noted previously in this study, both SNAP and HCV provide stigmatized benefits to eligible recipients (Blondin, 2014; DeLuca et al., 2013; Freeman, 2012; Graves, 2016). In an important distinction, stigma is not associated with the receipt of Social Security pension benefits (Campbell, 2002; Cates, 1983). The presence of stigma materially alters the market position of welfare recipients because it may deter program take-up (Barnhill, 2011; Blondin, 2014; Moffitt, 1983; Ranney & Kushman, 1987), may result in negative experiences for recipients when they go to use benefits (Barnhill, 2011; Blondin, 2014; Desmond & Perkins, 2016; Freeman, 2012; Lens, 2013), or may simply alter the behavior of welfare recipients (Handler & Hollingsworth, 1969; Moffitt, 1983; Rogers-Dillon, 1995). Given the dichotomy between social insurance (Social Security) and means-tested benefits (SNAP and HCV), it is important to understand why some welfare programs are stigmatized while others are not. In their study of stigma, Crocker and Major (1989) provide a useful definition and description of social stigma that has utility for our understanding of stigma in the context of welfare recipients. When describing a stigmatized or oppressed group, Crocker and Major explain:

> …we mean social categories about which others hold negative attitudes, stereotypes, and beliefs, or which, on average, receive disproportionately poor interpersonal or economic outcomes relative to members of the society at large

> because of discrimination against members of the social category. Thus, our analysis applies to individuals who by virtue of their membership in a social category are vulnerable to being labeled as deviant, are targets of prejudice or victims of discrimination, or have negative economic or interpersonal outcomes. It is useful to distinguish between a stigmatized group and an outgroup. A stigmatized group is an outgroup relative to the dominant group in a culture or society, whereas an outgroup is defined by reference to any particular ingroup, regardless of which group holds the dominant position in the social hierarchy. Although some of the dynamics of interaction between stigmatized and nonstigmatized individuals are generally characteristic of ingroup-outgroup relations, stigmatized groups are devalued not only by specific ingroups but by the broader society or culture (p. 609).

This definition helps to explain why some welfare benefits are stigmatized while others are not. Social Security is an entitlement that a large percentage of the retired population receives. As a result, there is no deviance, or deviation from the norm, for Social Security recipients. Receiving a Social Security check in retirement is the norm for members of all social strata, and this universality is a powerful tool against stigmatization. Cates (1983) notes that the stigmatization of public assistance was not an accident. Board members of the Social Security Board purposefully drew a hard distinction between recipients of social insurance and public assistance. The Board used phrases such as self-support, self-respect, and self-confidence to describe social insurance recipients to distinguish them from recipients of public insurance programs. Therefore, the presence, or absence, of stigmatized benefits is not an accident, but rather a historical artifact of intentional decisions made by policymakers.

Paternalism

One of the enduring conflicts in the U.S. welfare state is the application of paternalistic policies while extolling the virtues of freedom and free markets (Soss et al., 2011). Unlike many political conflicts that pit policymakers of different political persuasions against one another, in this conflict, it is frequently the same individuals advocating for the conflicting values of freedom and paternalism. Michael B. Katz, in his book, *The Price of Citizenship*, highlights this conflict when describing the behavior of state governors during the 1980s and 1990s, "There is of course an irony, if not a contradiction, in the use of paternalist big government—with its heavy-handed intrusion into the lives of individuals and families—by governors who champion the free market and rail at Washington" (Katz, 2008, p. 96). Not all politicians and policymakers have assumed this conflicted position. Libertarians, on one hand, decry the use of paternalism in social policy. Libertarian think tank, The Cato Institute, argued for the privatization of Social Security in order to end government paternalism, "The government paternalism inherent in any forced savings plan violates the foundational principle that your life belongs to you…Once paternalism is accepted as a valid function of government, there is no limit to the actions that it may take in controlling our lives and restricting liberty" (as cited in Katz, 2008, p. 246). On the other hand, there are strong advocates for paternalism. Lawrence Mead is a notable advocate for paternalism in social policy. In the volume, *Welfare Reform and Political Theory*, Mead (2005) argues in favor of welfare reform by addressing the paternalistic concerns of opponents of the policy:

> One such objection is that work enforcement is paternalist. Most often, work enforcement is justified as serving a social interest, but advocates sometimes claim that it serves the interest of the poor as well. It makes them do what they ought to do for their own sake. However, they are unable to do this on their own; they need guidance and constraint, not just opportunity (p. 190).

While there are certainly conflicting views on the utility and ethics of paternalism, there is little question about the presence and influence of paternalist policies in the development of the U.S. welfare state. All three programs analyzed in this chapter demonstrate some level of paternalism, but the negative impact of paternalistic provisions on market positions is far greater for the means tested programs of SNAP and HCV. While some argue that Social Security is a paternalistic forced savings program mandated by the government (Farrell, 1992; Hylton, 1998), Social Security recipients enjoy generally free and unfettered use of their benefits. In contrast, SNAP and HCV are, by their very nature, paternalistic. A voucher is a form of paternalism because it mandates a stated use of the benefit (Priemus, Kemp, & Varady, 2005; Steuerle, 2000). Both SNAP and HCV recipients may not use their benefits to consume goods and services other than the stated use of the programs, food and housing, respectively.

Beyond the obvious paternalism associated with stated use, SNAP and HCV demonstrate other examples of paternalism which also undermine their market position. In SNAP, the government continues to walk a paternalistic tightrope as it attempts to ensure that beneficiaries consume a healthy diet, while at the same time providing freedom of use to its recipients. This tension is evident in new proposals that seek to prohibit using SNAP benefits to purchase less healthy foods, such as sweets and sugary sodas (Financial Market Regulatory Wire, 2016; Gasparro & Haddon, 2016). Advocates for greater paternalism argue that the program is designed to support the nutrition of low-income households, and given constrained program budgets, any program funds that are spent on unhealthy foods are inefficient uses of scarce resources (Barnhill, 2011). To date, such proposals have been defeated due to concerns over limited freedom and greater stigma, but these paternalistic tendencies remain common in policy dialogues on SNAP. In the HCV program, paternalism is evident in the provision that requires housing units to pass a physical inspection prior to those units being leased to voucher recipients. The intent of the inspection is noble—ensuring that voucher recipients live in adequate and safe housing—but the effect of provision deters some landlords from participating in the program (Pashup et al., 2005). Therefore, for both SNAP and HCV recipients, the historical legacy of paternalism has a clear, and negative, effect on the market positions of welfare recipients.

The Role of Business Interests

The role of influence of business leaders in the formation of the U.S. welfare state is a heavily contested topic among scholars of social policy. One camp argues that business interests had a significant role in the development and structure of welfare policy in the U.S. (Ferguson, 1984, 1989; Gordon, 1994), while the other camp downplays the importance of industrial interests in the U.S. social policy (Skocpol, 1992, 1995). A deeper investigation demonstrates that business interests were not monolithic and that industrial support varied depending on the type of policy, and the effect of that policy on a particular business or industry (Ferguson, 1984; Gordon, 1994). While the impact of business interests remains an open question, there is clear evidence of policies being implemented to benefit corporate interests. According to Katz (1996), more expansive social policies in the 1930s were also used to stave off an uprising or revolution that could have undermined the entire economic system that benefitted business elites.

A common theme in welfare state scholarship is the important role that welfare policies play in supporting and enforcing the connection to the private labor market (Katz, 1996; Piven & Cloward, 1993; Soss et al., 2011). In the 1930s, work relief policies were carefully structured so as to avoid competing with, or disrupting, the private labor market (Katz, 2008). In their review of 20th century welfare policy, Piven and Cloward demonstrate how welfare generosity expands and contracts based on social conditions. When economic and social conditions are strong, welfare benefits shrink to force individuals into the labor market. In times of social or economic turmoil, relief is expanded to quell potential social unrest or revolution. In this analysis, Piven and Cloward demonstrate how the welfare system preserves the economic system that benefits business elites, while ensuring that industry has the labor force that it needs to continue to grow and prosper.

Turning to the issue of market positions of welfare recipients, the role of business interests in constructing market positions is most evident in the case of SNAP and HCV.

The interests of the business community played a strong role in the development and structure of the food stamp and housing voucher programs. In both cases, the voucher benefit provides a stated use of benefits which is a boon to grocers and landlords. Rather than competing for benefit dollars with other goods and services, sellers of food and housing enjoy a significant boost in demand from program recipients.

In the case of housing, there is well-documented evidence of the opposition of landlords to public housing. In the face of significant opposition from the private real estate industry, the U.S. public housing program was established in the 1937 Wagner Housing Act. While the Housing Act created a federal role in low-income housing production, other, more expensive, federal programs promoted the interests of homeownership and private real estate interests (Vale, 2000). The passage of the public housing bill marked a victory for housing advocates over the private real estate interests who vigorously opposed the measure, but the gutting of the bill prior to completion demonstrates the strong role of business interests in this program. To protect private interests, policymakers included an equivalent elimination clause which formally linked public housing to slum clearance. According to Bauman, Biles, and Szylvanian (2000):

> This proviso meant that private developers would not face significant competition for land on the desirable suburban fringes of American cities. At the same time, commercial landlords would be protected from publicly supported increases in the supply of available apartment units (which might force down rent levels at the bottom end of the market). Focusing on slum clearance also meant that the

> increased land costs required to purchase already-developed property would consume more of the limited resources allocated to public housing (p. 111).

The housing policy alternative favored by private real estate interests was housing vouchers. Early advocates for housing vouchers (the National Association of Real Estate Boards) proposed vouchers as an alternative to public housing. The efforts to persuade policymakers in the 1930s, 1940s and 1950s failed and public housing remained the primary housing policy tool to support low-income households. The motive behind the intense lobbying of the real estate industry in favor of vouchers was not lost on observers. According to Charles Orlebeke (2000), “The realtors’ persistent lobbying for rent certificates [vouchers] also suggested, of course, that their real motive was to take advantage of public funds to jack up rents in their least desirable properties” (p. 502). Support for housing vouchers gained traction in the 1960s as the political will in favor of public housing began to wane. Following President Nixon’s moratorium on public housing construction, vouchers began to assume a primary role in supporting low-income households. After intense policy and academic debates about the wisdom and efficacy of vouchers and government housing production, by the 1980s, policymakers, and some scholars noted the “triumph” of voucher programs over its predecessor: public housing (Orlebeke, 2000). The strong interests of the private real estate sector played an important role in advancing a housing voucher policy. These private interests, therefore, have a direct link to the market position of housing voucher recipients today. Had the benefit been structured as a cash payment, housing subsidy recipients would have a very different market position than the one provided by the current voucher program. But the benefits provided to private industry from the stated use of a voucher were so compelling that the real estate industry fought to support a housing voucher program in the U.S.

In the case of food stamps, and its successor program, SNAP, the interests of private industry are also evident in the structure of that program. SNAP, like HCV, is structured as a voucher which requires the benefits to be used to consume retail food items. Because of the stated use nature of a food stamp, grocers and farmers have been, and continue to be, loyal supporters of the food stamp program (Loomis, 2000; Moffitt, 2000). The first iteration of a food stamp program was launched in the 1930s. This pilot program was designed by business people as a means to move recipients into the market for retail food and to stimulate economic activity (Gritter, 2015). The ongoing support of grocers and farmers have helped to maintain ongoing political support for the program, even in the face of the challenges during negotiations related to the 1996 welfare reform (Gritter, 2015; Loomis, 2000). As described by Gritter, "While advocates against poverty and food insecurity have sought to support Food Stamps and SNAP, food stamps and SNAP owes its resilience in great part to other factors, including many corporate interests and conservative elected officials" (p. 2).

In sum, for the SNAP and HCV programs, business interests help to explain the very existence of the program and its structure. Voucher programs, by definition, exert considerable influence on the market position of recipients given its stated use and other program characteristics. Therefore, there is a clear connection between the interests of landlords, grocers, and farmers, and the type of benefit received by SNAP and HCV recipients. The stated use constraints of vouchers can be directly linked to the industrial interests that advocated for a voucher benefit rather than additional cash benefits for eligible households.

The Importance of Markets

To conclude the analysis of historical drivers of market positions, I focus on a major trend that motivated this entire dissertation—the increasing use of markets in the delivery of welfare benefits (Block & Somers, 2014; Katz, 1996; Katz, 2008). All three U.S. programs analyzed in his chapter are examples of demand-side benefits, in which a recipient enters the private market to use a benefit. Beginning in the 1970s, there was an increased focus on the importance of markets in U.S society (Block & Somers, 2014; Harvey, 2005). In the ensuing decades, market ideology permeated all aspects of society including, education, healthcare, security, and the welfare state. This emphasis on market ideology was very evident in the change in U.S housing policy when public housing production ceased in the early 1970's and vouchers emerged as the dominant form of housing support for low-income households. This shift from a supply-side benefit (public housing) to a demand-side benefit (vouchers) is an obvious example of market ideology at work in social policy construction. According to Katz (2002), by replacing public housing with a voucher system, policymakers infused free market ideology into U.S. housing policy.

While the application of market principles is clearly evident in the voucher programs of SNAP and HCV, policymakers did not construct those programs in way that would allow recipients to enjoy the freedom and flexibility offered by free markets. Instead, these programs include myriad constraints that undermine the market position of welfare recipients. This contradiction is at the heart of this dissertation—the U.S. welfare system is heavily reliant on private markets, yet the program construction constrains the ability of welfare recipients to participate in markets as equal participants. The persistent ideas regarding the deservingness of recipients, concerns about welfare dependency, the stigma of certain programs, the paternalistic tendencies of policymakers, and the role of business interests in the construction of social policy all help to explain this conspicuous, and problematic, contradiction.

Chapter 7: Market Position Analysis – Cross-National Analysis of Housing Policy

In this chapter, I conduct a comparative analysis of market positions on a cross-national basis. The U.S., the U.K., and the Netherlands all have demand-side housing subsidy programs which provides an ideal opportunity to compare market positions across countries, while remaining focused on the same policy domain. The purpose of this chapter is to understand how different social, cultural, and political contexts help to shape market positions, and to investigate the effect of different market positions on the housing outcomes of welfare recipients. In the first part of the chapter, I conduct a comparative analysis of market positions across these three countries, and I conclude the chapter by using quantitative methods to analyze the relationship between market positions and housing market outcomes. As the analysis in this chapter demonstrates, different contexts produce very different market positions for recipients of similar benefits. In addition, this chapter also provides compelling evidence of the importance of market positions—different market positions are associated with different market outcomes. Therefore, this logic suggests that if policymakers or advocates want to improve the housing market outcomes of welfare recipients, an increased focus on the market position of recipients is warranted. I begin this chapter by summarizing the U.K.'s Housing Benefit program and Housing Allowance in the Netherlands. Next, I use the Market Position Framework to analyze the market positions of recipients of these programs. Finally, I empirically analyze the housing market outcomes of recipients of these programs to understand the relationship between market positions and market outcomes.

Policy Context

U.K. Housing Benefit

In the aftermath of World War II, the U.K. faced a significant housing shortage and the primary government response was an aggressive program of publicly-funded housing—a supply-side housing solution (Jones & Lowe, 2002; Kemp, 2007b; Priemus, Kemp, & Varady, 2005). The extensive use of supply-side subsidies placed a significant burden on state finances and politicians grew increasingly concerned with this form of housing support (Priemus et al., 2005). The election of Margaret Thatcher and her Conservative government in 1979 ushered in a new era in housing policy in the U.K. According to Harloe (1981), the Conservative government pushed policies that increased the role of the market in housing policy, which included a strong emphasis on owner occupation (Ungerson, 1994). An additional element of the Conservative housing policy was the creation of a demand-side housing benefit in 1982 (Priemus & Kemp, 2004). This program, called Housing Benefit, was designed to make quality housing affordable for low-income households and to increase the efficiency of housing policy (Priemus et al., 2005). Housing Benefit is a devolved program in which a national policy is administered locally, and the benefit is an entitlement that provides assistance to all eligible households (Priemus & Kemp, 2004). The program provides demand-side subsidies—in the form of a cash payment—to renters of social housing as well as to renters in the private market.

From the launch of Housing Benefit in 1982, the benefit covered the entire rental housing cost for recipients, and, in most cases, the benefit was paid directly to landlords (Priemus et al., 2005). The rebate was means-tested and was designed to provide households with an after-housing income that was no less than the income provided by social assistance benefits (Priemus et al., 2005). Over time, Housing Benefit has become the primary program for providing housing assistance to low-income households (Kemp, 2007). By the turn of the century, Housing Benefit supported approximately 25% of all renters in the private rental market.

Under the New Labour government (1997-2010), a comprehensive reform was introduced in 2002 that targeted how tenants used Housing Benefit in the private market. A key change was the establishment of a Local Housing Allowance which was based on an average of local rents, not actual rent paid by a recipient (Hamnett, 2009). The Local Housing Allowance was formally established in the Welfare Reform Act of 2007 (Wilson, 2013b). By tying benefits to the Local Housing Allowance, and not the actual rent paid, the reform provided an incentive for households to limit their housing expenses, while radically reducing the administrative complexity. The incentive was tangible given that tenants were initially allowed to keep the difference between their actual rent and the Local Housing Allowance if their actual rent was less than the Local Housing Allowance. A second structural change implemented by New Labour required benefits, in most circumstances, to be paid directly to the tenant rather than to the landlord. The premise of the Local Housing Allowance was to create a new system the promoted choice and responsibility. According to Kemp (2007b), “Tenants on Housing Benefit are expected to become active and responsible consumers in the marketplace, armed with their Local Housing Allowance rather than being passive recipients of Housing Benefit that is paid on their behalf directly to the landlord” (p. 125). Landlords voiced concerns with the Local Housing Allowance, because of their concern that a greater number of renters would fail to make their rent payments given that Housing Benefit payments would no longer be made directly to landlords.

In the aftermath of the global economic recession, the Conservative-Liberal Democratic Coalition government was elected in 2010. To respond to the budget deficits associated with the economic crisis, the new government implemented a program of austerity in which welfare benefits, including Housing Benefit, were cut (Hamnett, 2010; Hodkinson & Robbins, 2013). The Coalition government pursued a strategy of welfare reform that stressed cuts in benefits and eligibility in order to reduce welfare dependency, and promote work among welfare recipients (Hamnett, 2010). The primary tool that the coalition government used to reduce housing welfare costs was to reduce the basis for Local Housing Allowance amounts from the median rent in an area to the 30th percentile. In addition, the Coalition government introduced caps on Local Housing Allowance rates of 250 pounds per week for a one bedroom unit up to 400 pounds per week for units with four or more bedrooms. These features meaningfully reduced the generosity of the benefit (Hamnett, 2010). According to Kemp (2011), “The government has implicitly acknowledged that the cuts are likely to produce financial hardship and explicitly accepted that they may result in increased overcrowding and homelessness” (p. 1031).

In the Welfare Act of 2012, the Coalition government consolidated all welfare benefits into a single payment called the Universal Credit. Former British Prime Minister, David Cameron, described the Universal Credit as the most significant restructuring of the U.K. welfare system in the last 60 years (Dwyer & Wright, 2014).

While the Universal Credit was designed to simplify and improve the efficiency of the U.K. welfare system, the program has a stated intention to "reintroduce the culture of working to households where it may have been absent for generations" (as cited in Jacobs & Manzi, 2012). The Universal Credit imposes conditionality on welfare receipt in the U.K., which stands in contrast to the Marshallian social rights of citizenship that existed in prior iterations of the British welfare state (Dwyer & Wright, 2014). Once implemented, housing support will be added to the single payment that recipients receive under the Universal Credit. Housing payments in the Universal Credit are subject to rules that are largely similar to those that existed under the Local Housing Allowance (Wilson, 2013b). While Housing Benefit eligibility rules are similar to those applied during the New Labour government, the generosity of Housing Benefit continues to erode. The new Conservative Government, elected in 2015, imposed additional cuts to Housing Benefit to limit the increase in costs. The cuts include a freeze on the maximum benefits under Housing Credit for four years (previously maximum benefits were increased at the rate of inflation), family premiums will be eliminated, eligibility became more restrictive, and an overall welfare benefits cap has been reduced (Stephens & Stephenson, 2016). The rollout of Universal Credit will be slow with some estimates suggesting that complete system conversion will not be complete until 2021.

The Netherlands – Housing Allowance

Within the set of countries that I compare in this study, the Netherlands is unique given that the Dutch constitution requires the government to provide housing to its citizens (Priemus & Elsinga, 2007). The more favorable regulatory environment is also apparent in the strong tenant's rights that exist for Dutch renters (Huisman, 2016). These rights include a comprehensive rental control system and a societal emphasis on permanent, as opposed to, temporary rental contracts. These regulations, combined with the constitutional commitment to provide housing, create a very favorable environment assisted renters in the Netherlands.

The legacy of assisted housing in the Netherlands is like the trajectory of many other European nations. Following World War II, the Netherlands faced a significant housing shortage and, in response, the Dutch government introduced a system of rent controls and bricks-and-mortar production subsidies (Elsinga & Lind, 2013; Priemus & Elsinga, 2007). In the 1970s, as the costs of housing programs grew and concerns about government expenditures mounted, the Dutch government took steps to liberalize rental regulations and to introduce housing allowances to provide greater affordability for lower income households (Priemus & Elsinga, 2007). The Housing Allowance program provides a cash payment to a household for use toward its housing expenses. Housing Allowance became an entitlement in 1975 and the program was formally established in the Housing Allowance Act in 1984 (Priemus et al., 2005). This reform marked a significant change in Dutch housing policy as rental subsidies replaced bricks-and-mortar subsidies to become the primary means of housing assistance (Priemus & Elsinga, 2007). Further refinements to the Housing Allowance program have been made over the years. In 2006, the Housing Allowance program was changed into a rent rebate program in which subsidies are paid to households to cover actual housing costs. The rebate mechanism ensures that all payments made to households will be used to consume housing, given that the payment is technically a rebate of prior housing payments.

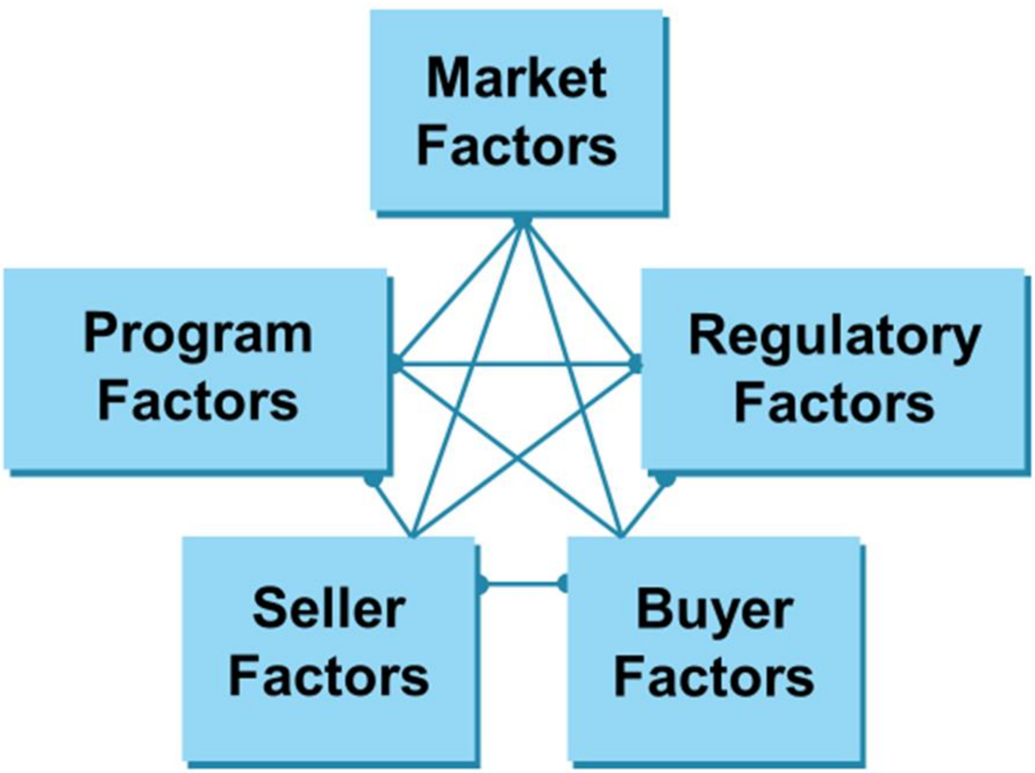
The rental housing market in the Netherlands is split into two sub-markets: social rented and commercially rented housing. Social housing dominates the Dutch housing market, but since their introduction in 1975, Housing Allowance has been applied to both social housing and commercially rented housing (Priemus & Elsinga, 2007). Over 40% of all renters, in both sub-markets, receive Housing Allowance (Priemus & Haffner, 2017). The system for rental allowances in the Netherlands is somewhat unique because it provides an incentive for recipients to live in more expensive lodging (Boelhouwer & Hoekstra, 2009); this attribute is neither an accident nor a function of poor policymaking, but rather a stated objective of the policy (Priemus & Elsinga, 2007).

Dutch rental allowances provide significant flexibility for beneficiaries. Given the entitlement status of the program, housing allowance recipients have no waiting list for the benefit and face no restrictions on the search time to find a housing unit (Priemus, 2000). Rental tenants apply for a housing allowance through either their landlord or the municipality. Renters of commercial properties tend to apply for benefits via their municipality in order to prevent their status as a Housing Allowance beneficiary from being known by their landlord (Priemus & Elsinga, 2007). When combined with the strong regulatory protections provided to renters in the Netherlands, recipient of Housing Allowance face few of the challenges that assisted households in other countries face.

Comparative Analysis of Market Positions

As in Chapter 5, I use the Market Position Framework as a tool to compare the market positions of recipients across multiple policies. In this chapter, the focus of that analysis is demand-side housing policies in the U.S, the U.K., and the Netherlands. By comparing how the various elements of the framework fit together for each program, a unique market position emerges for recipients of each program. As noted before, the specific context in which a benefit is used helps to determine the market position for an individual, therefore, the summaries in this chapter are tools for comparison, not predictions that apply for all recipients of the respective programs.

Figure 7.1 – The Market Position Framework



Market Factors

The market context in which these three programs are delivered vary considerably. Table 7.1 below summarizes the housing market in the U.K., the Netherlands, and the U.S. As this table demonstrates, the most common form of housing tenure in all three countries is home ownership. While the rate of U.S. home ownership has fallen over the last decade (Fernald, 2017), rates of owner occupancy have increased substantially in the U.K. and the Netherlands over the last three decades (Haffner, 2011; Mulliner & Maliene, 2013; Stephens & Stephenson, 2016). While the number of renters in all three countries is similar, the make-up of each rental market varies considerably. In the U.S., virtually all renters participate in the private rental market as public housing only serves a negligible number of U.S. renters. At the other end of the spectrum is the Netherlands, where public and non-profit associations house roughly 75% of all renter households. The U.K. is a middle case where renter households are fairly evenly split between public and private provision.

Table 7.1 – Housing tenure by country

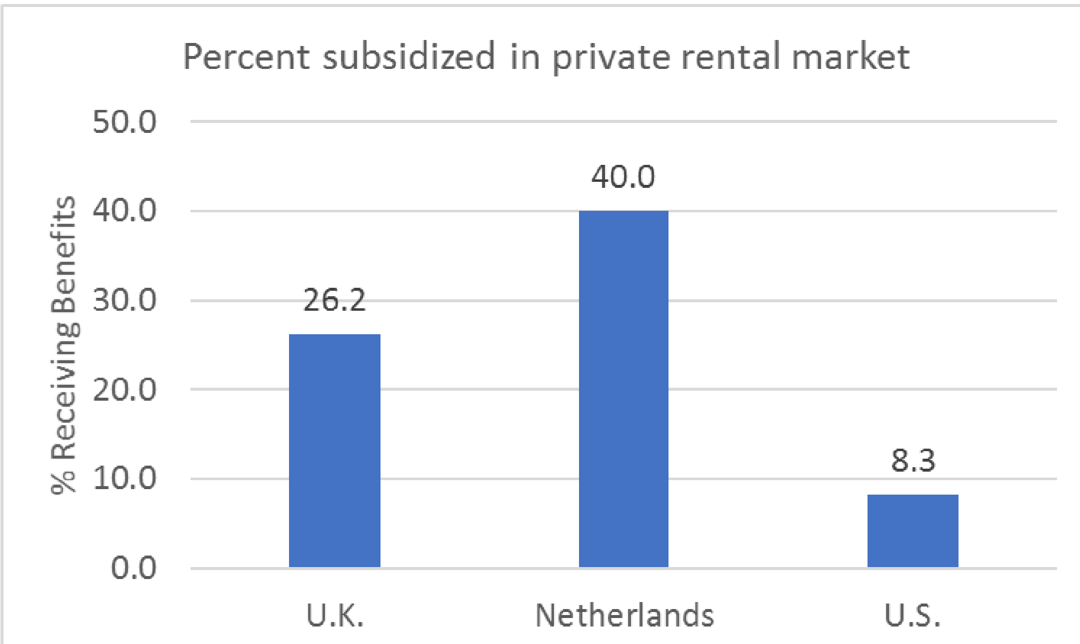
	Owner-Occupied	Private Rental	Public Housing / Social Housing	Total Households
U.K. (2016)	17,712,000 *63.2%*	5,343,000 *19.1%*	4,954,000 *17.7%*	28,009,000 *100.0%*
Netherlands (2015)	4,300,000 *56.7%*	890,000 *11.7%*	2,400,000 *31.6%*	7,590,000 *100.0%*
U.S. (2016)	75,000,000 *63.4%*	42,300,000 *35.8%*	1,000,000 *0.8%*	118,300,000 *100.0%*

Sources: (Capital Value, 2016; Fernald, 2017; ONS Digital, 2016).

In this study, I focus exclusively on households that participate in the private rental housing market. In particular, I am interested in those households who secure rental housing from private sources with the benefit of demand-side housing subsidies.

Figure 7.2 summarizes the percentage of households in the private rental market that receive demand-side housing assistance from the government. As the table demonstrates, the U.S. is once again an outlier. A far greater percentage of private renters receive housing support in the U.K and the Netherlands. In addition, in the U.K. and the Netherlands, tenants in social housing also receive Housing Benefit (U.K.) and Housing Allowance (Netherlands). Therefore, a significant percentage of the population receives housing subsidies which differs meaningfully from the highly residualized nature of the U.S. HCV program.

Figure 7.2 – Private renter households receiving housing support



Note: U.S. figure includes 1.2 million project-based vouchers that are tied to a specific housing unit.
Sources: (Department for Work and Pensions, 2017; Fernald, 2017; Haffner, 2011; ONS Digital, 2016)

The different market structures have very different consequences for housing subsidy recipients in these three countries. The highly residualized nature of housing support in the U.S., contributes to the significant stigma that is associated with this program (Freeman, 2012; Graves, 2016; Turner et al., 2000). The stigmatized housing support programs in the U.S. represent a meaningful deviation from broader social norms of housing consumption in the U.S. The stigma and residualization of the HCV program serves to undermine the market position of voucher recipients. In the U.K. and the Netherlands, housing support is far more prevalent which serves to minimize the stigma associated with these methods of housing support. Both programs reach members of the Dutch and British middle classes so these programs, unlike the U.S., do not represent such a deviation from societal norms. Therefore, the different market structure, which is driven by policy differences, has a material effect on the market position of housing subsidy recipients in these three countries.

Despite the very different market structures across the three countries, the specific market conditions in which a voucher is used remains an important driver of a recipient's market position. In the U.S., the relative power of landlords and tenants is a function of market conditions. Where market conditions are strong, landlords possess substantial leverage which creates a challenging environment for voucher tenants. As market conditions loosen, landlords become more reliant on voucher tenants to occupy their units which shifts the balance of power. Given the vastly different vacancy rates that exist throughout the U.S., the effect of market conditions on market positions varies in material respects.

In the U.K., the government does not maintain rental market vacancy rates by city. Anecdotal evidence from the literature suggests that vacancy rates are very low throughout the country, but especially in London. The very low vacancy rates have been cited as a major driver for significant increase in private rental costs throughout the U.K. (Cecil, 2013; Local World Ltd., 2012). Given the strong market conditions, landlords possess significant power and recent changes to the Housing Benefit program have provoked a negative response by many U.K. landlords. As the generosity of Housing Benefit has declined, and payment mechanisms have shifted control to tenants, many landlords have responded by refusing, or threatening to refuse, to rent to Housing Benefit recipients (Oxlade, 2013).

Tight market conditions also exist in the Netherlands, where the overall rental market (residential) vacancy rate is roughly 2% (Capital Value, 2016). The difference between the Netherlands, and the other countries in this study is the different regulatory framework that governs market transactions. In the Netherlands, landlords have limited power to alter the terms of rental housing contracts. First, most rental contracts are permanent, in which tenants may continue to reside in a residence in perpetuity unless certain conditions are met. In addition, because all rental housing units below a certain value are subject to rent control, landlords do not possess the pricing power that they enjoy in the U.K. and the U.S. Therefore, landlords in the Netherlands have little control over the pricing and term of rental contracts which materially alters the power relationship between landlords and tenants. The strong tenant rights that are a hallmark of the Dutch housing market meaningfully weaken the power of landlords despite the extremely low vacancy rates that exist throughout the country.

Program Factors

There is one fundamental difference across these three programs that materially alters the market position of housing subsidy recipients. In Europe, eligible households are entitled to the Housing Benefit (U.K.) and Housing Assistance (Netherlands) benefits, while in the U.S., eligible households are not guaranteed a housing voucher. The consequence of this difference is that in the U.K. and the Netherlands, a far greater percentage of households receive a benefit which helps to minimize stigma associated with these programs. The entitlement status also allows eligible households to determine eligibility and seek housing with the confidence and knowledge that they will have a government subsidy to support their rent payment. This stands in contrast to the lottery system in the U.S. in which a household is notified, without any warning, that they have been awarded a voucher and then they have two months to use it. The entitlement nature of the benefit has a very positive effect on the market position of Housing Benefit and Housing Allowance recipients in the U.K. and the Netherlands, respectively.

The manner and method of payment is another source of variation across these three programs. In the U.S. and the Netherlands, there is a stated use element to housing subsidies. In the HCV program in the U.S., recipients receive a voucher that may be used to consume housing in the private rental market. In the Netherlands, Housing Allowances provides a rent rebate based on actual rental payments (Priemus & Haffner, 2017). While the Dutch system does not use a voucher system, the rent rebate mechanism ensures that participating households only receive benefits to cover actual housing rental payments. As such, the Dutch system provides cash transfers that are restricted in use. The most liberal approach is found in the Housing Benefit program in the U.K. Following the Local Housing Allowance reform to the Housing Benefit program in the U.K., benefit payments were no longer paid directly to landlords. Instead, unrestricted cash payments are made directly to households. One of the motivations for this change was a heavy emphasis on personal responsibility in the British welfare state (Kemp, 2007). By providing unrestricted cash to beneficiaries, recipient households must manage a household budget and make timely rent payments monthly. This change prompted significant backlash from landlords who raised concerns about potential nonpayment of rent given that the government no longer made rent payments directly to landlords (Wilson, 2013a).

As noted in Chapter 3, numerous program constraints undermine the market position of HCV recipients in the U.S. Uncertain timing of benefit receipt, mandatory housing inspections and time limited housing searches create challenges for tenants and disincentives for landlords to participate in the program. In the U.K. and the Netherlands, given the entitlement status and cash payments made directly to tenants, the same constraints to do not exist, thus enhancing the market position of recipients. Housing Benefit in the U.K. does have its own program constraints that weaken the position of voucher recipients in the marketplace. First, since the beginning of the Housing Benefit program, program payments have been made one month in arrears (Wilson, 2013b). This feature is a source of tension between tenants and landlords and it is a particular challenge for tenants who have very limited financial resources (Kemp, 2007b; Walker, 2015). A second constraint is the way payments are made. Before the Local Housing Allowance reform, payments were made directly to landlords which made it easier to manage the arrearage. Now that payments are made directly to tenants, landlords have expressed concerns about timely rent payments given that tenants no longer receive payments directly from the government (Wilson, 2013a). Changes to the Housing Benefit program have increased landlord opposition to the program and weakened the market position of program participants. Last, changes imposed by the Coalition government have introduced conditionality for those that receive Housing Benefit. Recipients now must work, or participate in work-related activities, in order the continue to receive the benefit. This feature is designed to force welfare recipients back to work, which was one of the objectives of the Coalition government's welfare reform program (Hamnett, 2010). According to public statements from government leaders, the work requirements serve two purposes. First, the conditional obligations will impose a culture of work on the people of the U.K. According to an article jointly written by Iain Duncan Smith, Work and Pensions Secretary, and Theresa May, Home Secretary, "Already, we are seeing success in reforming welfare and restoring the incentive for British people to get back to work" (Engineer, 2014). The second purpose of the work requirements was to deter immigration from elsewhere in the European Union and to make clear that immigrants will not receive the benefits of a generous welfare state.

In the Netherlands, Housing Allowance is generally free from burdensome constraints. The program has faced low take-up rates in the past due to program complexity and limited benefits for higher earning households, but government efforts to enhance take-up increased the number of eligible households that receive the benefit (Priemus & Elsinga, 2007). In sum, there are meaningful programmatic constraints that undermine the market position of housing subsidy recipients in the U.S. and the U.K., while rental assistance in the Netherlands supports the market position of program beneficiaries by limiting constraints associated with benefit receipt.

A final programmatic element that alters market positions are rent caps that limit the value of housing that a recipient can lease. In the U.S., the HCV program is designed to provide access to rental housing equal to or less than the 40th percentile of rents in a metropolitan area. In the U.K., subsidy amounts were capped at a value equal to 30% of the area median rents. This change was made under the 2010 Coalition government and it meaningfully reduced the generosity of the program. A clear consequence of this change in the U.K. is that many neighborhoods with higher rents are no longer accessible for Housing Benefit recipients (Cecil, 2013; Dyson, 2014; Hamnett, 2010). According to Hamnet (2010):

> Low-income households on HB [Housing Benefit] will be effectively excluded from the private-rented sector in much of central London, reinforcing the impact of changes in social class and high house prices on the social and tenure structure of London. The result is likely to be a higher degree of social class and income segregation in the capital between a rich (and increasingly gentrified) central and inner area, and lower cost areas (p. 2818).

The same challenges exist in the U.S. where certain neighborhoods with rents greater than 40th percentile in a local area are inaccessible to tenants with housing vouchers.

In the Netherlands, Housing Allowance provides a relatively generous benefit that, some argue, encourages overconsumption of housing by subsidy recipients because of the lack of a rent cap (Priemus & Haffner, 2017). Priemus and Haffner proposed basing benefit levels on a reference rent with a maximum rent level (like in the U.S. and U.K.) which would limit overconsumption of housing and reduce the overall cost of the program. As currently configured, the generosity of the Dutch system stands in contrast to the U.S. HCV program and the increasingly stingy U.K. Housing Benefit.

Regulatory Factors

Analyzing the impact of regulatory factors on the market positions of housing subsidy recipients reveals a stark contrast between the Netherlands and Anglo-Saxon countries. The Dutch constitution guarantees housing to all citizens (Priemus & Elsinga, 2007) and this obligation is clearly evident in the more expansive housing policies in the Netherlands. The favorable regulatory environment for renters in the Netherlands also extends to issues related to tenant's rights. The Netherlands has an expansive program of rent control which benefits large percentages of the country. In addition, standard lease terms in the Netherlands are permanent which means that renters enjoy the tenure stability that is frequently only afforded to owner occupants. As a result, the Netherlands is known as having some of the strongest rights for tenants in the world (Huisman, 2016). The Dutch regulations that support renters meaningfully enhances the market position of low-income renters in the Netherlands. As a result, renters in the Netherlands are not as vulnerable as tenants in the U.K. and the U.S. who do not benefit from rent control and permanent leases.

In the U.S. and the U.K., where renter's rights are less robust, there is ample evidence of landlord discrimination. Therefore, it is important to understand when, and under what circumstances, landlord discrimination against housing subsidy recipients is permitted. Prior to 2010, in the U.K. there were three distinct laws that addressed discrimination: the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disability Discrimination Act 1995. In 2010, a new law, the Equality Act 2010, replaced the three existing laws and provides comprehensive protection against discrimination on the basis of disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation (Citizens Advice, 2017; Government Equalities Office, 2013). The Equality Act 2010 covers discrimination in all domains of society, including housing. Therefore, no separate fair housing law exists in the U.K. as there is in the U.S. Source of income discrimination, meaning discrimination against people who pay for their housing with government subsidies, is not covered by anti-discrimination law in the U.K. and is a rampant form of discrimination. The lack of protection for source of income discrimination has a materially negative impact on Housing Benefit recipients as landlords have expressed their frustration with the Local Housing Allowance publicly and, in turn, many decided to no longer rent to households receiving the Local Housing Allowance (Kemp, 2007; Wilson, 2013a). This action is clear evidence of source of income discrimination, but given the lack of regulatory protections, landlords are free to discriminate and to discuss that discrimination publicly.

The only significant difference in regulations between the U.S and the U.K. is the presence of source of income discrimination protection in certain state and local jurisdictions in the U.S. The efficacy of these regulations is an open question (Badger, 2016; Finkel & Buron, 2001; Freeman, 2012; Popkin & Cunningham, 2000), but their presence certainly has the potential to change the conduct of landlords who may, left to their own devices, choose to discriminate against housing voucher recipients. As overt examples of landlord discrimination against Housing Benefit recipients increase (Allen, 2014; Jones, 2010; Suart, 2009), the U.K. may need to consider policy or regulatory changes to this landlord behavior. In sum, the regulatory framework in the Netherlands places housing subsidy recipients in a far stronger position than peers in either the U.S. or the U.K.

Seller Factors

As noted Chapter 3 and earlier in this chapter, there is strong evidence of landlord discrimination against housing subsidy recipients in the U.S. and the U.K. While the current situation is similar in the two countries, the U.S. and U.K. took very different paths to arrive at this outcome. In the U.S., landlords have, for years, been reluctant to participate in the HCV program. Program constraints and strong market conditions deter some landlords from participating in the program. As a result, there is ample evidence of landlord discrimination against housing voucher recipients in the U.S. as described fully in Chapter 3.

In the U.K., there is not a long history of landlord discrimination against Housing Benefit recipients. For many years, landlords and Housing Benefit recipients enjoyed a mutually beneficial relationship in which landlords received attractive rents paid directly by the government and tenants received the adequate housing that they needed and desired. In the last decade, as the government reduced the generosity of the program and altered the mechanism by which Housing Benefit was paid, landlords, landlord groups, and mortgage lenders expressed significant reservations about the new direction in the program (Kemp, 2007). In response, landlords have repeatedly threatened to stop leasing to households that receive Housing Benefit (Local World Ltd., 2012).

Since the passage of the Local Housing Allowance, there is strong anecdotal evidence of landlords openly discriminating against Housing Benefit recipients due to concerns over nonpayment. Payment was never a concern when Housing Benefit was paid directly to landlords by the government. Therefore, as the government worked to increase power and choice afforded to recipients under the Local Housing Allowance, landlords protested as the changes undermined their previously privileged position in Housing Benefit payment system. The concerns over nonpayment, reveals a concern that recipient households, left to their own devices, will fail to honor the terms of the lease. These concerns have been voiced repeatedly in the media (Allen, 2014; Dyson, 2014; Jones, 2010; Local World Ltd., 2010a, 2010b, 2010c; Oxlade, 2013; Suart, 2009), but empirical evidence from the Local Housing Allowance Pathfinder studies revealed no increase in rental arrears after Housing Benefit payments were provided directly to tenants (Kemp, 2007; Wilson, 2013a). Interestingly, in the Pathfinder studies, those landlords in the Local Housing Allowance treatment group saw levels of rent arrears that was no different than the control group, "However, it was more common for Pathfinder landlords/letting agents to *think* [emphasis added] that Local Housing Allowance recipients were more likely than HB [Housing Benefit] tenants under the previous arrangements to fall into arrears" (Wilson, 2013a, p. 8). Press accounts clearly represent the discontent of landlords—a Birmingham-based landlord expressed his frustration with the Local Housing Allowance and the negative consequences for landlords:

> Prior to October last year the money was paid directly into my account by the council. Everything was fine but they (the Government) changed the law. The scheme was introduced so people could manage their own lives but all they are doing is feeding people's habits. It's a major issue for the council to look at. A lot of landlords will not deal with council tenants now. We are doing people a service by finding them a home and we are getting kicked in the teeth (Suart, 2009).

Given that source of income discrimination is not prohibited in U.K. housing laws, landlords are very open about their intention to discriminate against Housing Benefit recipients. Because eviction proceedings are time consuming and collecting unpaid rent requires court proceedings, some landlords have grown wary of renting to households that receive a subsidy. This rampant discrimination has caused some housing charities to warn about 'benefit blackspots' where benefit recipients are being forced to move out of desirable areas and communities (Allen, 2014).

The actions of mortgage lenders are an additional factor that contributes to the reluctance of landlords to rent to recipients of Housing Benefit. In response to the changes imposed by the Local Housing Allowance, some mortgage lenders—citing fears over increased rent arrears—have refused to extend credit to landlords that rent to tenants who receive Housing Benefit (Dyson, 2014; Local World Ltd., 2012). In February 2013, the nation's second largest mortgage lender, The Mortgage Works, announced that they would no longer provide mortgages to landlords who rent to Housing Benefit tenants. After heavy criticism in the press, The Mortgage Works reversed course. For lenders concerned about the potential for rent arrears, additional upstream pressure from mortgage lenders creates an added incentive to no longer lease to tenants who receive Housing Benefit.

In sum, British landlords and lenders have not responded favorably to changes in the policy that provided greater autonomy and responsibility to tenants. While a direct cash payment to tenants would typically be consistent with a stronger market position due to increased control and freedom, the response of landlords has created an environment in which Housing Benefit recipients face increased discrimination by landlords, especially in the face of very low vacancy rates. Landlord behavior changed dramatically in response to the changes imposed by the Local Housing Allowance. According to the National Landlords' Association, the percentage of landlords willing to rent to Housing Benefit recipients fell from 46% in 2010 to 22% in 2014 (Dyson, 2014). The creation of the Universal Credit may not alter the effects of landlords on the market position of recipients given that many of the attributes of the Local Housing Allowance will continue under Universal Credit (Wilson, 2013a). Given the strength of the private rental housing market in the U.K., some landlords may continue to avoid renting to Housing Benefit recipients unless more landlord favorable policies are enacted.

Unlike in the U.S. and the U.K., there is scant evidence of landlord discrimination in the Netherlands. The highly regulated Dutch housing market minimizes the power of landlords and the generous benefits provided by Housing Allowance makes subsidy recipients attractive tenants for landlords. The market position of Dutch housing subsidy remains strong partly because landlords have little incentive to discriminate against recipients of the rental allowance. In addition, most recipients apply for benefits through the local government so landlords may not even be aware that a tenant is a Housing Allowance beneficiary (Priemus & Elsinga, 2007). The Dutch case clearly stands in contrast to the behavior of landlords in the U.S. and U.K. which helps to explain the relatively strong market position of Dutch recipients when compared to their American and British peers.

Buyer Factors

Two major buyer factors exert considerable influence on the market positions of recipients of housing assistance. First, individual buyer identity may further exacerbate discrimination in the housing marketplace. Second, the purchasing power of recipients is a major input into the market position of recipients. As it was with many of the other factors in the Market Position Framework, the effect of buyer factors in the Dutch case are very different than in the U.S. and the U.K.

Buyer identity plays an important role in constructing a welfare recipient's market position. In Chapter 3, I highlight how voucher status is an important attribute in a tenant's identity and that status may enhance or harm the market position of that recipient depending on the context and situation. In addition, other demographic attributes may combine, or interact, with voucher status to create a unique identity for an individual. In the U.S., there is ample evidence of discrimination against voucher holders (Basolo & Nguyen, 2005; Katz & Turner, 2001), but additional discrimination against voucher holders of color (Horn et al., 2013). Understanding how these identities interact is important to understanding market positions.

In the U.K., there has been a substantial change in the identity of Housing Benefit recipients. As the program has become less generous, and payment mechanisms have been changed, the identity associated with housing assistance has become far more negative in the marketplace. In fact, the identity of Housing Benefit receipt, according to some landlords, has become more negative than the identity associated with certain ethnic minorities. Fergus and Judith Wilson, one of the most famous and significant landlords in Britain, expressed their frustration with the changes to Housing Benefit by providing eviction notices to 200 of their tenants who receive Housing Benefit and they declared that he would no longer rent to Housing Benefit recipients (Allen, 2014; Dyson, 2014). According to one press account, Mr. Wilson stated that:

> his decision was based on experience as he had found Eastern Europeans were less likely to default on rent payments than Britons on housing benefit. He said many other private landlords had taken the same decision (Allen, 2014).

There is little evidence in the Dutch literature of a unique identity being ascribed to recipients of Housing Benefit. Because a large percentage of the population receives Housing Allowance—both renters in social and commercial housing—the stigma and negative associations of the program and its participants are notably absent. The buyer identity of assisted renters in the Netherlands is presumably enhanced by the strong regulatory framework that supports the rights of Dutch renters. Once again, this factor contributes to a strong market position for Housing Allowance recipients.

The purchasing power of housing subsidy recipients is another important input into a renter's personal identity. As noted in Chapter 3, the HCV program in the U.S. provides a fairly generous benefit, but only a small fraction of eligible households receives a voucher. In the U.K., the generosity of Housing Benefit has been reduced considerably. After the latest reform, the benefit provided to program participants is capped at a value equal to the 30th percentile of local area rents (Bone, 2014). This reform makes Housing Benefit even less generous than the vouchers provided in the U.S. which are capped at the 40th percentile rents. The reduction in benefits has closed off many neighborhoods with higher rents to Housing Benefit recipients and, in general, the reduced purchasing power has weakened the market position of U.K. beneficiaries. In the Netherlands, the benefits provided by Housing Allowance are relatively generous. Housing subsidies in the private rental market provide coverage up to the rent cap for social housing, which applies to over 30% of all Dutch households. As a result, this value of rental housing is consistent with the housing in which most Dutch renters reside. The residualization of the U.S. and U.K. housing subsidy programs is not evident in the Netherlands.

Summary of Market Positions

The three housing assistance programs analyzed in this chapter produce very different market positions for their recipients. Recipients of the U.S. HCV program generally have fairly disadvantaged market positions (as summarized in Chapter 3 and Chapter 5). Program constraints and landlord discrimination serve to undermine the standing of voucher recipients in the marketplace. A significant source of variation for

U.S. voucher recipients is the market conditions in which a benefit is used. In tight rental housing markets with low vacancy rates, voucher recipients really struggle as landlords have little motivation to participate in the program. On the other hand, where vacancy rates are high, voucher recipients enjoy a more advantaged position because landlords value the government-backed rental payments provided by voucher recipients. Therefore, the market position of U.S. HCV recipients varies based on context, but there are many markers of disadvantage for recipients of this program. The position of voucher recipients has not changed much over time as many of the key program elements have remained relatively constant.

To summarize the market positions of Dutch and British housing subsidy recipients, I apply Table 7.2 to each program to highlight the key elements that constitute market positions. Table 7.2 is a generic summary of the factors that combine to create market positions and in subsequent sections I apply this structure to both the Dutch and British programs. To conclude, I compare the market positions of housing subsidy recipients in the U.S., the U.K., and the Netherlands.

Table 7.2 – Constructing market positions

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type: Negotiated (Weak Conditions)	Yes	No	
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	
Program Factors			
Entitlement	Yes	No	
Program Constraints	Absent	Present	
Paternalism	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
Constitutional Right to Housing	Present	Absent	
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	
Rent Control	Present	Absent	
Permanent Rental Contracts	Present	Absent	
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	

Summary – Housing Benefit (U.K.)

Given the significant policy changes in the U.K. over the years, it is complicated to track the market position of Housing Benefit recipients. In analyzing these changes over time, a few key themes emerge that help to identify the primary constitutive elements for this market position. First, the generosity of the program has decreased over time. The cap in benefits has reduced the purchasing power of Housing Benefit recipients and has limited the stock of housing units that recipients are able to access. This trend clearly undermines that market position of recipients. Second, direct payments to tenants under the Local Housing Allowance (which will continue with the Universal Credit) have had a significant impact. On one hand, this feature provides greater control and freedom for the beneficiary, but the negative response from landlords has served to impair the market position of Housing Benefit recipients. Instances of source of income discrimination increased dramatically after the passage of the Local Housing Allowance, and beneficiaries continue to face this challenge in the market for rental housing (Kemp, 2007; Wilson, 2013a). Third, market conditions in the U.K. are generally quite tight. The low levels of vacancies across nation (Hilber & Schoni, 2015), and particularly in Greater London, place tremendous pressures on Housing Benefit recipients. Low vacancies, rigid caps imposed by the Local Housing Allowance, and source of income discrimination radically reduce the number of units available to households receiving benefits. The Market Position Framework paints an increasingly bleak picture for Housing Benefit recipients as the British welfare state transitions to the Universal Credit, a program with a single payment. Unless major policy, regulatory, or market changes are made, housing subsidy claimants face a difficult environment as they seek to find adequate and affordable housing in the U.K.

In Table 7.3 below, the negative market position of Housing Benefit recipients is evident. Many of the factors that help define market positions create disadvantage for program recipients. Much of this disadvantage can be directly attributed to recent policy changes that have undermined the market position of Housing Benefit recipients in material ways.

Table 7.3 – Constructing market positions (U.K. Housing Benefit)

	Advantaged	Disadvantaged	Other
Market Factors			
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	
Program Factors			
Entitlement	Yes	No	
Program Constraints	Absent	Present	
Paternalism	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
Constitutional Right to Housing	Present	Absent	
SOI Discrimination Protection	Present	Absent	
Enforcement of Discrimination Laws	Strong	Weak	Uncertain
Broad Rent Control	Present	Absent	
Permanent Rental Contracts	Present	Absent	
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	

Summary – Housing Allowance (Netherlands)

In stark contrast to the market position of Housing Benefit recipients, Dutch citizens who participate in the Housing Allowance enjoy an advantaged market position that is supported by a strong regulatory environment, a generous benefit, an absence of program constraints, and a lack of stigma. The strong market position of Dutch recipients of housing assistance is a material deviation from the positions of U.S. and British recipients. There are cultural, political, and legal reasons for this variation, but the effect on the market position of housing assistance recipients in the Netherlands is unquestioned.

Table 7.4 – Constructing market positions (Netherlands Housing Allowance)

	Contribution to Market Position		
	Advantaged	**Disadvantaged**	**Other**
Market Factors			
Market Type: Negotiated (Weak Conditions)	Yes	No	N/A
Market Type: Negotiated (Strong Conditions)	No	Yes	
Market Access	Full	Limited	Partial
Program Factors			
Constitutional Right to Housing	Present		
Entitlement	Yes	No	
Program Constraints	Absent	Present	
Paternalism	Absent	Present	
Stigma	Absent	Present	
Regulatory Factors			
SOI Discrimination Protection	Present	Absent	N/A
Enforcement of Discrimination Laws	Strong	Weak	N/A
Rent Control	Present	Absent	
Permanent Rental Contracts	Present	Absent	
Seller Factors			
Sellers select customers	No	Yes	
Sellers choose to participate in program	No	Yes	
Buyer Factors			
Purchasing Power	Strong	Weak	
Personal Identity – Likely Subject to Discrimination	No	Yes	

To conclude, the cross-national variation in market positions is significant. Housing subsidy recipients in the U.S. and the U.K. face significant disadvantages in the private housing market. In the U.K., these disadvantages are a relatively recent phenomenon as recent policy changes have meaningfully undermined the market position of Housing Benefit recipients. In the U.S., the disadvantage is mediated by market conditions in certain circumstances. The interaction between market conditions and housing assistance receipt is most prevalent in the U.S. where there are vastly different rental market conditions throughout the country. Given the relatively tight market conditions throughout the entire country in the U.K. and the Netherlands, these interactions are less evident. While the constituted market positions of housing subsidy recipients are complex, the stark difference between the Netherlands and the other countries is notable. Dutch recipients benefit from cultural, legal, and political efforts that meaningfully enhance their market positions.

The Effect of Market Positions on Housing Market Outcomes

To analyze the effect of market positions on the private market housing outcomes of housing subsidy recipients, I use housing datasets in the U.K and the Netherlands to compare the results of housing assistance recipients and comparable households that do not receive a benefit. Based on the analysis in this chapter, one would expect that Housing Allowance recipients in the Netherlands would achieve better housing market outcomes than Housing Benefit recipients in the U.K. The following analysis will test whether that prediction is confirmed.

Housing Benefit (U.K.)

As noted in this chapter, the Housing Benefit program has undergone significant changes over the last two decades. For the purposes of this study, I focus on the housing outcomes for Housing Benefit recipients during the period from 2012-2014. During this window, the Local Housing Allowance program was operating and the austerity measures that limited the generosity of the program had begun to be implemented. Given the lack of literature on the housing outcomes of Housing Benefit recipients, this study provides a novel empirical contribution to the literature as it seeks to analyze the outcomes of assisted households compared to unassisted households that occupy housing of a similar market value.

Methods and Data. To assess the housing outcomes of recipients of Housing Benefit, I rely on data from the English Housing Survey (EHS). The U.K. Department for Communities and Local Government commissions the EHS and it is conducted annually in two stages. In the first stage, 13,300 households are interviewed (the Full Interview Sample), and in the second stage, a follow-up housing inspection is conducted on a sub-sample of 6,200 of the dwellings that were interviewed in the first stage (the Dwelling Sample). The EHS publishes two unique datasets for use by the public. The first dataset is called the EHS Household Dataset. This dataset includes the results from the household interviews that are conducted on an annual basis. The second dataset, the EHS Housing Stock Dataset, covers all households in which a housing inspection has been performed and is released annually for a rolling two-year period. Therefore, the Housing Stock Dataset covers all households in the Dwelling Sample for two consecutive years. The Housing Stock Dataset includes variables derived from the results of the dwelling inspection plus the household responses to the household interviews. In this study, I rely on variables from the Housing Stock Dataset which consists of 12,498 households over the period from April 2012 – March 2014.

After merging the files with the derived variables for the Housing Stock Dataset, I imposed a series of sampling conditions. First, I restricted the sample to include only those housing units that are privately rented. After imposing this criterion, the sample fell to 2,405 observations. To create a clean dataset of privately rented units, I also restricted the sample to drop all households that are living rent free, and to drop all households that reside in any other type of housing unit other than houses and apartments. To correspond with the recent mover sub-sample that I use in the U.S. housing voucher case, I restrict the sample to only those households that have resided in their current housing unit for two years or less. Finally, I restricted the sample to isolate households that belong in the Rent Peer Group. Unlike the U.S. housing voucher case, there is not an Income Peer Group in the U.K. case. Because Housing Benefit is an entitlement, there is not a comparison group of eligible, but non-recipient, households. Therefore, for the U.K. case, I restrict my analysis to a comparison within a Rent Peer Group. Rent peers, as defined in this chapter, include those households that pay a market rent equal to or less than the £400 per week cap imposed by the Local Housing Allowance. These sampling conditions produce a final sample of recent movers within the Rent Peer Group of 1,281 households of which 410 receive Housing Benefit. This is the number of observations in each of the regression analyses that follow.

Given the importance of vacancy rates in the U.S. case, I attempted to include vacancy rates in this analysis as well. To supplement the data from the EHS, I estimate housing vacancies for the nine Government Office Regions (GOR) in England. Those regions include: North East, Yorkshire and the Humber, North West, East Midlands, West Midlands, South West, East England, South East, and London. Unlike the U.S., the U.K. does not publish rental housing market vacancy rates by region or city, which makes this task difficult (Andrew & Meen, 2003). Given this lack of data, there is a dearth of British housing research that uses vacancy rates as an independent or dependent variable. In an effort to include vacancy rates in my analysis, I constructed a measure of housing vacancies by using multiple tables published by the U.K. Department of Communities and Local Government. To create a housing unit vacancy rate by region, I used the Department of Communities and Local Government Table 100 – "Number of Dwellings by Tenure and District, England" as the denominator in the fraction. In Table 100, the government provides a total number of housing units for each local authority district and then I summed all the local authority districts in each GOR to create a calculation of the total housing stock for each region. In Table 615 – "Vacant Dwellings by Local Authority District" the government lists the number of vacant dwellings in each local authority district. Once again, I sum the vacant units in each district within a GOR to create the numerator in the vacancy rate fraction. Given that all observations in my sample include households that moved within the last two years, I use the imputed vacancy rate from 2011 for the purposes of this analysis. Unlike in the U.S., where rental market vacancy rates varied considerably (3% to 20%), the imputed vacancy rates in England demonstrate far less variation. The highest vacancy rate occurs in the North East region, 5.1%, and the lowest vacancy rate, not surprisingly, is in London where vacancy rate is only 2.2%. It is important to note that this vacancy rate covers all forms of housing tenure and, therefore, may not accurately reflect the housing market conditions faced by private renters in the U.K. Ultimately, given the lack of variation in vacancy rates across the country, this variable held little predictive power in the analysis that follows. As a result, I exclude the vacancy rate variable from the analyses presented in this chapter.

As noted above, the logic of comparison in this case is limited to a sample of rent peers. Within the Rent Peer Group, I compare the housing market outcomes of recipients of Housing Benefit to the outcomes of non-recipient households. All households in the sample consume a similar amount of housing (in terms of monthly rental rates), but they finance that housing consumption differently. Non-recipient households rely on their personal financial resources to make monthly rent payments, while recipients of Housing Benefit receive a maximum payment under the Local Housing Allowance and are responsible for any additional costs. If Housing Benefit recipients had a strong market position, one would expect their housing outcomes to be similar to the outcomes of non-recipients. In reality, given the extensive landlord discrimination evident in this program, one should expect that Housing Benefit recipients will achieve less positive housing outcomes than their non-recipient rent peers.

Consistent with the U.S. housing voucher case, I construct three categories of dependent variables for use in this analysis: housing quality variables, neighborhood quality variables, and process variables. In Table 7.5 below, I summarize the dependent variables that I will use in this analysis. In this table, I list the variables that I drew from in the English Housing Survey and how I operationalized the variable for use in this study. Within the unit quality category, I analyze two variables—one that is subjective and the other that is objective. The subjective variable is based on the responses to a question in which respondents are asked how satisfied they are with their accommodation. Given that each household may have different criteria to assess their satisfaction with a unit, the lack of objectivity weakens that validity of this outcome. The second variable is an objective measure of housing decency and is established based on the inspection of the housing unit by a government-paid surveyor. This variable provides an objective measure of housing unit quality that is based on a standard inspection of all units in the Housing Stock Dataset.

The second category of dependent variables considers measures of neighborhood quality. The first variable is a self-assessment of the respondents' satisfaction with the area in which they live. This subjective measure is the neighborhood equivalent to the self-assessment of housing quality described above. The second neighborhood measure is based on a material deprivation index of areas in the U.K. The EHS variable, Imd1010, provides the deprivation decile of the neighborhood in which the respondent lives. For use in this study, I assign a value of 1 to those areas that are in one of the three most highly deprived deciles as measured by the deprivation index. The final measure of neighborhood quality is based on an assessment of the surveyor who conducted the inspection. This variable captures the surveyor's assessment of the appearance of the local area.

Finally, I analyze the decision-making process of respondents by analyzing the responses to the question, "Why did you move?" The survey offers seventeen different responses to this question, and I analyze sixteen of these responses. One reason for moving is the desire to own one's home so I eliminate this response since the sample for this study excludes home owners. Many of the reasons for moving in the EHS are like those used in the American Housing Survey described in the U.S. voucher case. Unlike the variables used in the U.S. case, these responses are not mutually exclusive therefore a household could select more than one reason for their move. The process variable allows me to investigate how program attributes alter the decision-making process of Housing Benefit recipients.

Table 7.5 – Description of dependent variables

Variable	Survey Question	Variable operationalization for this study
Housing Quality Variables		
Unit Satisfaction	How satisfied are you with your accommodation?	Unit satisfaction = 1 if response is "Very Satisfied" or "Fairly Satisfied", otherwise it is 0.
Decent	Derived variable: Whether dwelling fails the decent homes standard based on the 26 hazard HHSRS model. Based on assessment of independent surveyor.	Decent = 1 if variable is "decent"; it is 0 for any unit that is non-decent.
Neighborhood Quality Variables		
Neighborhood Satisfaction	How satisfied are you with this area as a place to live?	Neighborhood better = 1 if response is "better", otherwise it is 0.
Most Deprived	Decile ranking of area based on 2010 Index of Multiple Deprivation (IMD).	Most deprived = 1 if household resides in an area that is in the top three most deprived deciles of the IMD.
Satisfactory Appearance	Overall visual quality of local area as assessed by the surveyor using a scale.	Satisfactory appearance = 1 if variable is "Satisfactory". 0 if variable is "Some Problems" or "Poor".
Process Variables		
Why move?	Here are some reasons why people move. Can you tell me why you moved last time?	Answers include: Better area Job related Larger unit Smaller unit Cheaper unit Couldn't afford Divorce/Separation Marriage/Live together Other family reasons Live independently Asked to leave by landlord Poor condition of prior unit Better schools Prior unit unsuitable Didn't get along with landlord Other reasons

To analyze the housing outcomes and decision-making process of Housing Benefit recipients, I rely on an analytical approach that is consistent with the methods employed in the U.S. housing voucher case. Because there is no Income Peer Group in the U.K., I only analyze outcomes within the Rent Peer Group. To analyze the outcomes of rent peers, I rely on logit regression models with the following specification:

$$Logit(Outcome\ of\ Interest) = \beta_1 Housing\ Benefit_i + \beta_2 Market\ Rent_i + \beta_3 Household\ Characteristics_{ic} + \beta_4 Demographic\ Variables_i + \eta_c + \varepsilon_{ic}$$

Where, Housing Benefit is a dummy variable indicating participation in the program; the market rent variable controls for differences in market rent within the Rent Peer Group; household characteristics include marital status, presence of children, and number of adults in the household; demographic variables include age, gender, ethnicity, nativity, geography, education, and employment status. I use regional fixed effects to account for within region variation and I cluster standard errors by region to account for non-constant variance.

Like in the analysis of the U.S. housing voucher program, I use predicted probabilities to compare the likelihood that a Housing Benefit recipient will achieve a particular outcome and compare that result to a comparable household that does not receive the benefit. For the purposes of the analysis, I create a hypothetical household that is a single, white, U.K. born female, with at least one child living in an urban area who has at least one educational certificate or degree. This hypothetical household is the household on which all the predicted probabilities I this chapter are based.

Results. To introduce the variables used in this study, I provide descriptive statistics for the key independent and dependent variables in Table 7.6 below. The results demonstrate that there are significant differences between recipients of Housing Benefit and non-recipients within this Rent Peer Group. As expected, mean household income is much higher for the unassisted households. Consistent with the logic of the Rent Peer Group comparison, both assisted and unassisted households live in housing with market rents that are roughly the same. Housing Benefit households are more likely to be female-headed and are more likely to be born in the U.K. than unassisted households, but are also less likely to be married. Housing Benefit recipients are far more likely to have children, and are far less likely to be employed then their unassisted rent peers.

The summary of outcome variables highlights a pattern of disadvantage among Housing Benefit recipients. On both objective and subjective measures, Housing Benefit recipients tend to reside in lower quality housing units and live in neighborhoods that are less desirable on multiple measures. From a process standpoint, there are a variety of differences that should be noted. First, unassisted households are far more likely to indicate that job-related reasons were a motivation for their recent move. This is not surprising given that, in 92.3% of unassisted households, at least one person is employed. That figure is only 46.0% for Housing Benefit recipients. Therefore, it makes sense that more unassisted households would move for reasons related to their employment. Unassisted households are also more likely to move because of marriage, but once again those households are far more likely to be married than the comparison group. Housing Benefit recipients are far more likely to indicate that problems with their prior landlord and the low quality of their prior accommodations were motivations for their recent move.

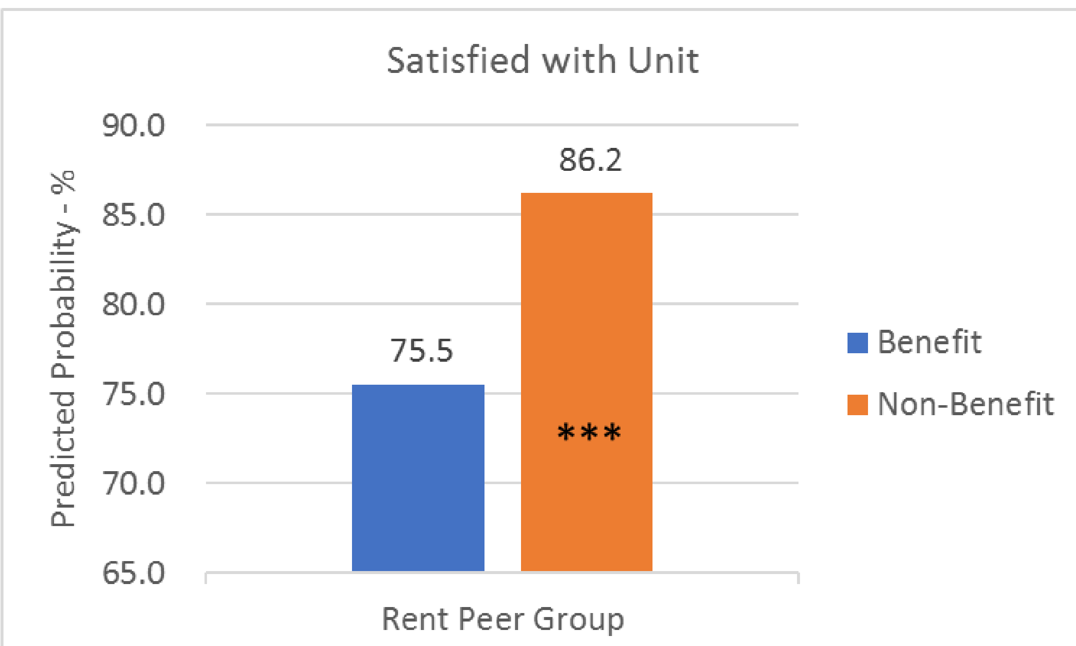
Table 7.6 – Descriptive statistics (U.K.)

	Housing Benefit	Non-Housing Benefit	Significance
# of households	410	871	
Household income (mean)	15,522	36,310	***
Weekly market rent (mean)	158	164	
Demographics (Head of Household):			
Female	67.1%	34.9%	***
Born in the U.K.	82.7%	71.5%	***
Age (mean)	37.8	35.2	***
White	81.7%	83.1%	
Household Characteristics:			
Married	17.8%	31.1%	***
More than two adults in household	5.9%	14.5%	***
Households with children	66.6%	33.8%	***
At least one member of household is employed	46.0%	92.3%	***
Outcome Variables:			
Satisfied with unit	75.6%	85.3%	***
Decent home	70.5%	73.8%	
Satisfied with area	81.5%	89.1%	***
Deprived (Scale 1-10, 1 most deprived)	3.9	5.3	***
Appearance of area is satisfactory	70.0%	83.5%	***
Why did you move?			
Better neighborhood	16.1%	17.0%	
Job reasons	4.4%	22.1%	***
Larger unit	23.7%	20.8%	
Smaller unit	3.4%	4.4%	
Cheaper unit	5.1%	7.1%	
Couldn't afford previous unit	3.4%	2.8%	
Divorce / Separated	12.0%	8.9%	*
Getting married	3.2%	9.1%	***
Other family reasons	18.8%	10.7%	***
Want to live independently	10.0%	9.7%	
Asked to leave by landlord	10.5%	5.4%	***
Previous unit was in poor condition	12.9%	7.4%	***
Better schools	3.9%	3.7%	
Previous accommodation was unsuitable	13.7%	8.1%	***
Didn't get along with landlord	4.6%	1.5%	***
Other reasons	12.0%	12.2%	

Note: *** p<.01; ** p<.05, * p<.10

Next, I turn to a statistical analysis of housing outcomes using the logit regression models described above. In the first stage of this analysis, I focus on variables that measure housing quality. First, I use a subjective measure of housing quality based on a survey question that asks tenants how satisfied they are with their housing unit. The responses to this question range from very dissatisfied to very satisfied. I created a dichotomous variable called "Satisfied with Unit" that equals one if the respondent answers "very satisfied" or "fairly satisfied", otherwise the dichotomous variable equals zero. Figure 7.3 below highlights the results of the logit regression models for the satisfied with housing unit dependent variable. As this figure demonstrates, recipients of Housing Benefit are less likely to indicate that they are satisfied with their housing unit and this difference is statistically significant.

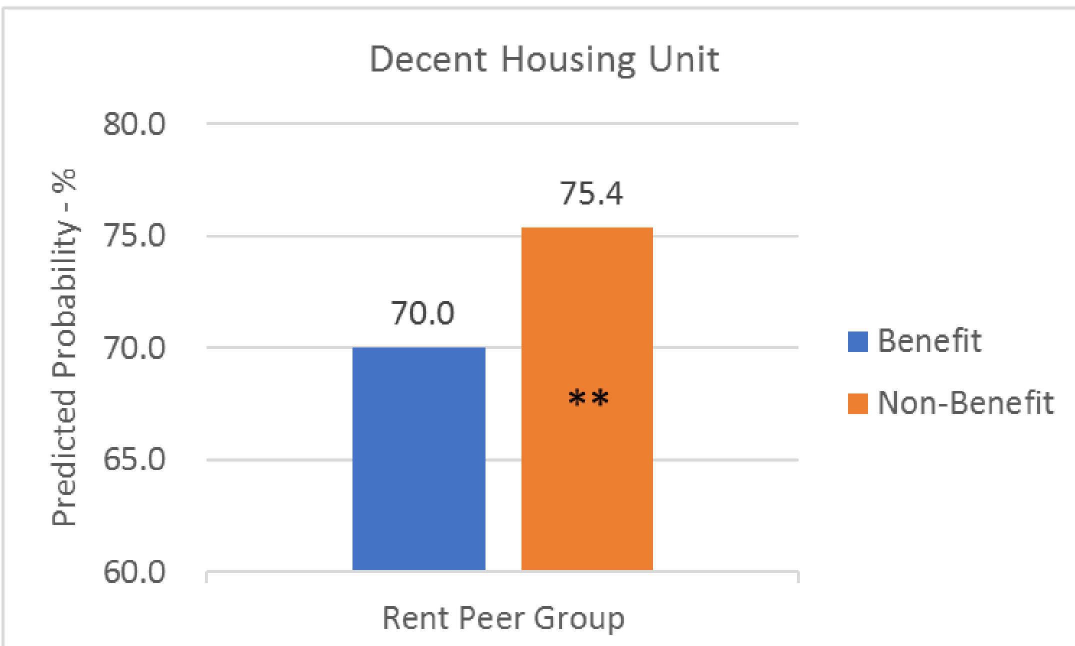
Figure 7.3 – Satisfied with housing unit



Note: *** $p < .01$, ** $p < .05$, * $p < .10$
Full regression results included in Column M of Appendix 8.

The second housing outcome variable is the assessment of decency made by the surveyor who conducted the inspection of the unit in connection with the EHS. The results of the model testing the objective decency of a housing unit are very similar to the results from the self-assessment of the tenant and are also presented in Figure 7.4. Receipt of Housing Benefit is associated with a decreased likelihood of a housing unit being deemed to be decent by an inspector. In sum, both housing quality models suggest a clear disadvantage (in terms of housing quality) for recipients of Housing Benefit.

Figure 7.4 – Decent housing unit

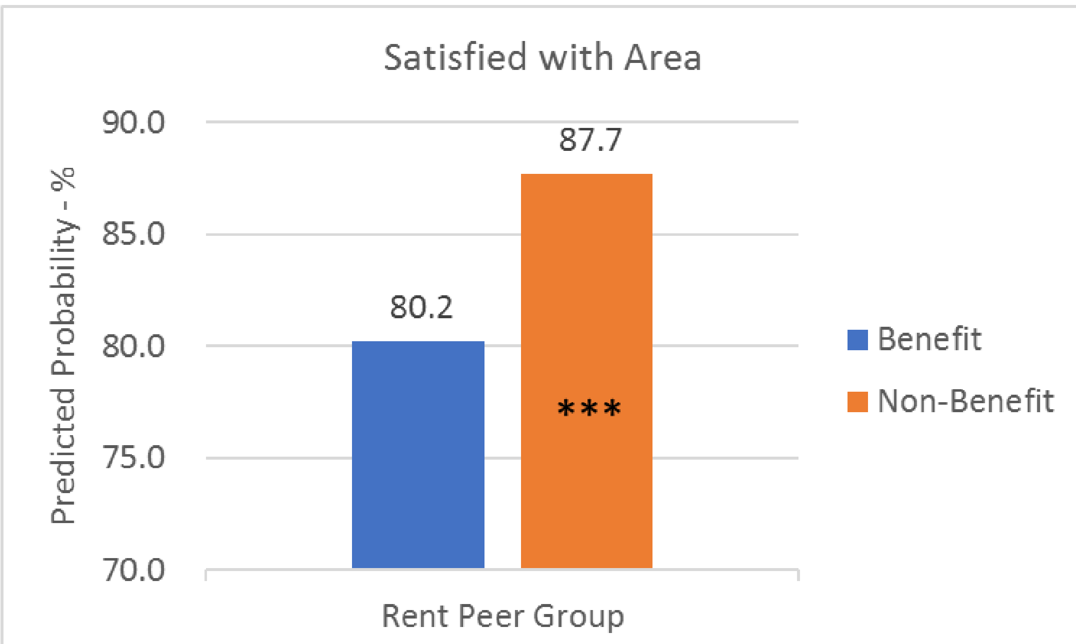


Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column N of Appendix 8.

Next, I investigate the neighborhood outcomes of Housing Benefit recipients. Within this category of variables, I analyze three separate variables: a) self-reported neighborhood satisfaction, b) material deprivation index for the neighborhood in which a household resides, and c) neighborhood appearance as assessed by an inspector. In

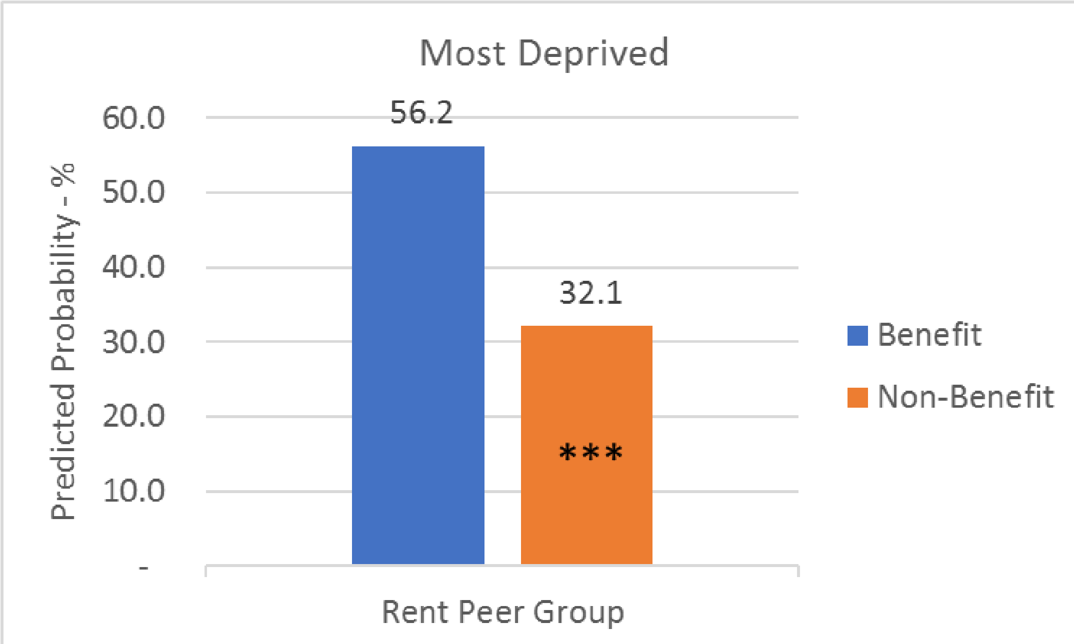
Figures 7.5, 7.6, and 7.7, I summarize the results of these regression models that analyze neighborhood quality. Consistent with the analysis of housing quality outcomes, the models on neighborhood quality suggest that Housing Benefit recipients achieve less positive outcomes than do unassisted households in the Rent Peer Group. It is important to note that all three results are statistically significant and the significance exists for results that are based on subjective measures of neighborhood quality (satisfied with area) as well as objective measures from a third-party inspector (satisfactory appearance).

Figure 7.5 – Satisfied with area



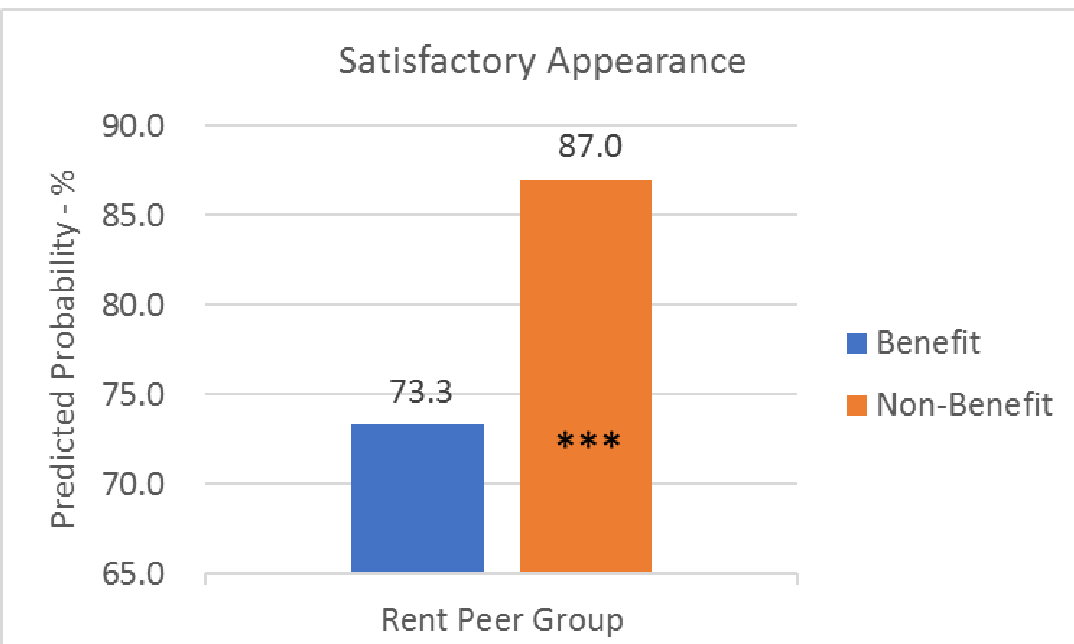
Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column O of Appendix 9.

Figure 7.6 – Reside in most deprived area



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column P of Appendix 9.

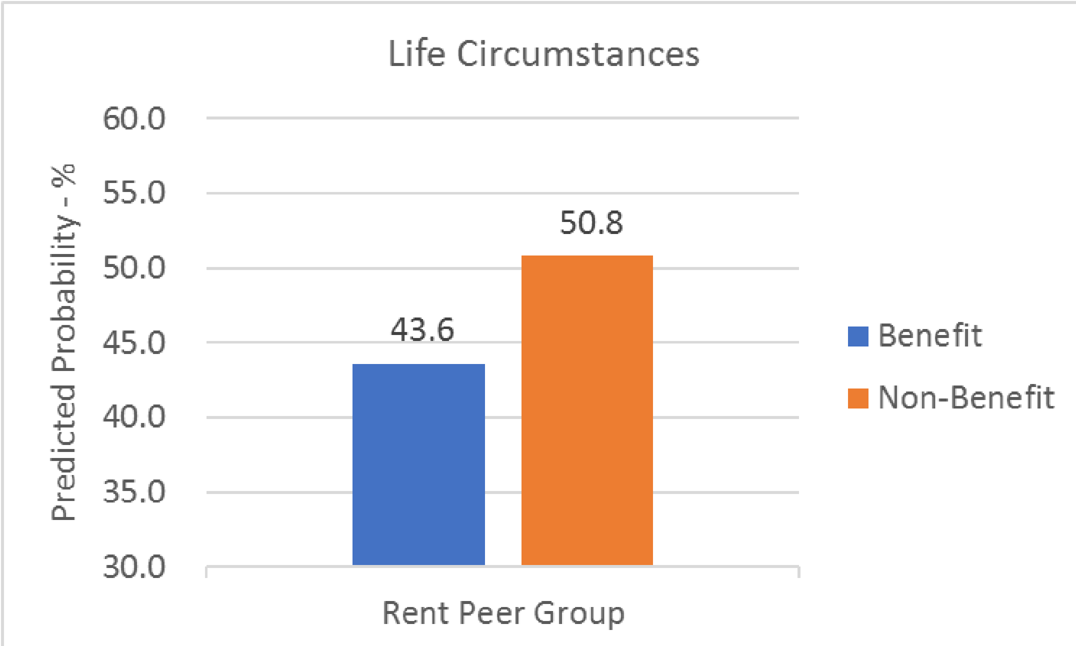
Figure 7.7 – Satisfactory neighborhood appearance



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column Q of Appendix 10.

The final category includes the variables that address the reasons why households might move. The responses to this question provide information on motivations for moving and may provide insight into differences between Housing Benefit recipients and unassisted households within the Rent Peer Group. As noted in Chapter 4 of this study, the housing voucher recipients in the U.S. move for very different reasons than non-voucher recipients given the program constraints that alter decision making. Given the entitlement status of the Housing Benefit program, eligible recipients can search for housing with the knowledge and confidence that they will receive a housing subsidy. Since all eligible recipients receive a benefit, there is no wait list and the timing of receipt is not a source of uncertainty as it is in the U.S. Therefore, one would expect that the motivations for moving would not be meaningfully different between recipients of Housing Benefit and comparable unassisted households. To analyze the behavioral responses of households, I construct three variables to assess motivations for moving. The first variable is called Life Circumstances and is coded "1" if the household indicates that it chose to move for any of the following reasons: job-related, cheaper unit, couldn't afford unit, divorce, marriage, family or personal reasons, or desire to live independently. Using this variable construction, 46.3% of Housing Benefit recipients move in response to life circumstances while 58.0% of non-recipient households move for that reason. Based on a logit regression model, Figure 7.8 below highlights that there is no statistically significant difference in the probability that a household will move in response to life circumstances. This result stands in contrast to the behavior of housing voucher recipients in the U.S.

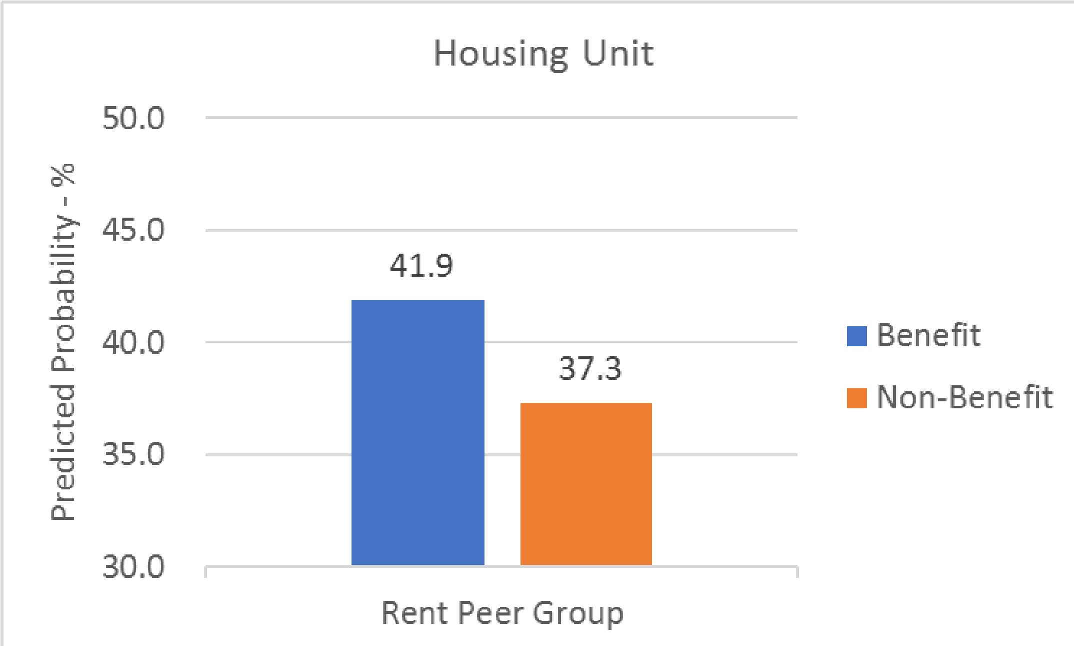
Figure 7.8 – Move in response to life circumstances



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column R of Appendix 11.

To continue the analysis on motivations for moving, I created a dummy variable called "Housing Unit" which is coded 1 if a household indicates that it moved to find a larger unit, a smaller unit, or because the previous unit was in poor condition. 36.3% of Housing Benefit recipients indicate that they moved due to housing unit considerations, while 29.6% of non-benefit recipients moved for the same reason. Based on regression analysis, as summarized in Figure 7.9 below, there is no statistically significant difference in the predicted probability that a household moved for housing specific reasons. Once again, this finding stands in contrast to the findings in the U.S. housing voucher case.

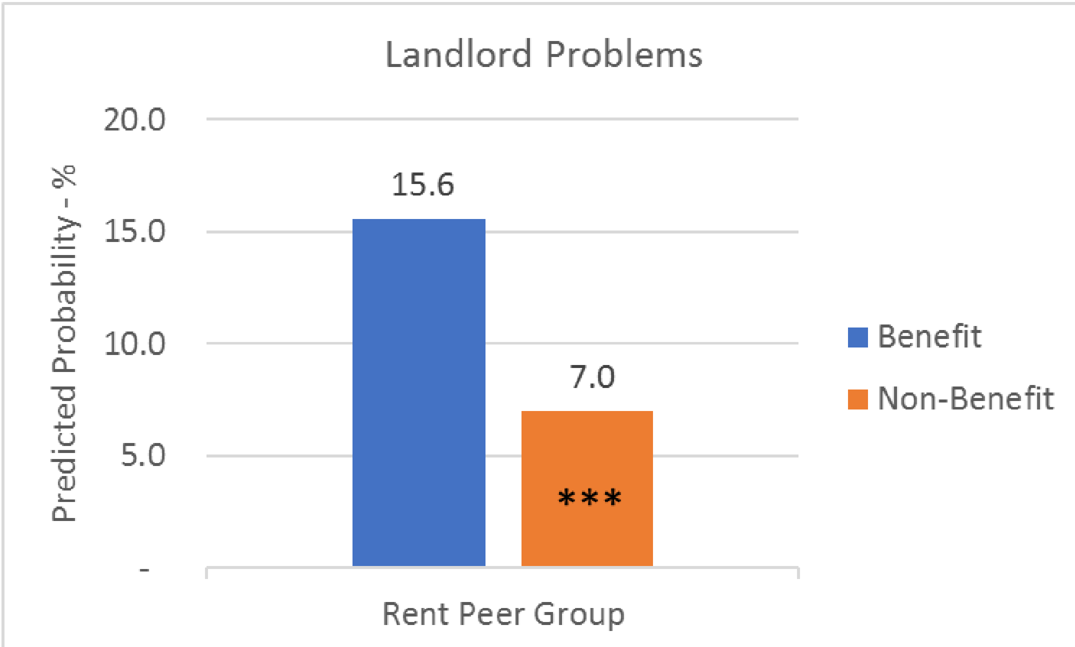
Figure 7.9 – Move in response to housing unit



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column S of Appendix 11.

Finally, I construct a third dichotomous variable called "Landlord" which is coded "1" if the household moved because it was asked to leave by its prior landlord or whether it did not get along with its previous landlord. Given the extensive evidence of landlord dissatisfaction with the Housing Benefit program, and associated discrimination based on benefit receipt, I predict that Housing Benefit recipients will be more likely to move in response to problems with landlords. Descriptive statistics confirm this prediction as 13.7% of Housing Benefit recipients move in response to problems with a landlord while only 6.5% of non-recipients move in response to landlords. As Figure 7.10 demonstrates, analysis using logit regression models also support this prediction as the predicted probability of moving in response to landlord challenges for Housing Benefit recipients is double that of unassisted households, and the difference is statistically significant.

Figure 7.10 – Move in response to landlord problems



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column T of Appendix 12.

Summary. The analysis of housing outcomes in the U.K. provides a picture of disadvantage for recipients of Housing Benefit. When compared to households that consume housing with similar market values, recipients of Housing Benefit reside in homes that are more likely to be inadequate and in neighborhoods that are less advantaged according to objective measures of neighborhood quality. In addition, challenges with landlords emerge as disproportionate reasons why recipients of Housing Benefit move. These empirical results underscore the disadvantage of Housing Benefit recipients consistent with the application of the Market Position Framework earlier in this chapter.

In sum, the most significant factor that undermines the market position of Housing Benefit recipients is the role of landlords. Given tight market conditions, landlords exert considerable power over prospective tenants. Changes to payment of benefits from landlords to recipients, which were established by the Local Housing Allowance, have upset landlords and have spawned increased discrimination against recipients of Housing Benefit. When combined with the cuts in benefits due to the austerity measures of the Coalition government, benefit recipients now face hostile landlords with a benefit that provides access to a dwindling supply of housing that meets the benefit caps.

Housing Allowance – Netherlands

As noted earlier in this chapter, the market position of housing subsidy recipients in the Netherlands is very strong when compared to recipients of the housing subsidy programs in the U.S. and the U.K. In this section, I seek to determine whether this strong market position is associated with better housing market outcomes. Like in the U.K. case, I use quantitative data to assess the relationship between market positions and market outcomes.

Data and Methods. To assess the market outcomes of Housing Allowance recipients, I use data from the 2012 Netherlands' Housing Survey, also known as the WoON. The survey is conducted by Statistics Netherlands and is administered every three years. The survey includes responses from a representative sample of over 60,000 Dutch households. Surveys were administered between September 2011 and May 2012. All variables dealing with housing outcomes are subjective based on the self-assessment of responding households. No objective measures of housing and neighborhood quality are included in the dataset.

To arrive at a sample for analysis, a range of sampling conditions were imposed. The initial data set includes responses from 69,339 households. From that initial sample, I restrict the sample to only those households that rent in the private market. This condition requires dropping all households that own their own home and those households that rent in social housing. The remaining dataset includes 5,040 renter households. To construct a Rent Peer Group for comparison purposes, I restrict the sample to include only those households that live in housing below the 2012 upper limit for Housing Allowance which was €664.66 per month. Because no Housing Allowance recipients reside in housing with monthly market rents less than €200.00, I exclude any observations with market rents less than €200.00. After applying these sampling conditions, the remaining sample include 1,433 households, of which 289 are Housing Allowance recipients. All regression analyses that follow are based on the 1,433 observations within the Rent Peer Group. Given the entitlement nature of housing support in the Netherlands, combined with the relatively high take-up rate, there are few observations to form a comparison of income peers. Therefore, I restrict the analysis to comparisons within the Rent Peer Group which is consistent with the approach used in the U.K. analysis.

The dependent variables in this analysis fall into two categories: measures of housing quality and measures of neighborhood quality. These dependent variables are summarized in Table 7.7 below. The WoON does include questions about the motivations for moving, but only a small percentage of households responded to those questions so it would not be proper to include those variables in this analysis. On the topic of housing quality, there are three questions that ask respondents about their housing unit. The first question asks whether the respondent is satisfied with their current home. The second question asks whether the current housing unit is too small, and the final question asks whether the respondent believes that their housing unit is poorly maintained. These three questions provide three different measures of subjective housing quality based on the responses of individual households. To assess neighborhood quality, I rely on four different questions that ask about satisfaction with one's living environment, the desire to move out of the neighborhood, how attached the respondent feels to the neighborhood, and whether they feel at home in this neighborhood. Like the housing quality variables, these measures are all subjective assessments of neighborhood quality.

Table 7.7 – Description of dependent variables

Variable	Survey Question	Variable operationalization for this study
Housing Quality Variables		
Satisfied with home	Satisfaction with current home	Satisfied with home = 1 if response is “Very Satisfied” or “Satisfied”, otherwise it is 0.
Attached to housing	Attachment to current housing	Attached to housing = 1 if response is “Very Attached” or “Attached”, otherwise it is 0.
Housing too small	Housing unit is too small	Housing unit is too small = 1 if response is “Totally Agree” or “Agree”, otherwise it is 0.
Poorly maintained	Property is poorly maintained	Poorly maintained = 1 if response is “Totally Agree” or “Agree”, otherwise it is 0.
Neighborhood Quality Variables		
Satisfaction with living environment	Satisfaction with current living environment	Satisfaction with living environment = 1 if response is “Very Satisfied” or “Satisfied”, otherwise it is 0.
Desire to move	If possible, I would move out of this neighborhood	Desire to move = 1 if response is “Totally Agree” or “Agree”, otherwise it is 0.
Attached to neighborhood	I am attached to this neighborhood	Attached to neighborhood = 1 if response is “Totally Agree” or “Agree”, otherwise it is 0.
Feel at home	I feel at home in this neighborhood	Feel at home = 1 if response is “Totally Agree” or “Agree”, otherwise it is 0.

The analytical approach I employ in this analysis is like the analysis conducted in both the U.S. and U.K. cases. I rely on logit regression models in which I assess the effect of housing subsidy receipt on the housing and neighborhood outcomes within the Rent Peer Group. The specific model specification is as follows:

$$Logit(Outcome\ of\ Interest) = \beta_1 Housing\ Allowance_i + \beta_2 Market\ Rent_i + \beta_3 Household\ Characteristics_{ic} + \beta_4 Demographic\ Variables_i + \eta_c + \varepsilon_{ic}$$

Where, Housing Allowance represents participation in the Dutch rent allowance program. Given that this comparison exists within the Rent Peer Group, I control for variation in market rents within this group. I also control for a series of Household Characteristics that include measures of whether there are children in the house and whether more than one household resides within this housing unit. The Demographic Variables include controls for gender, age, ethnicity, and education status of the household head. Finally, I use city district fixed effects to account for within district variation and I cluster standard errors by city district to account for non-constant variance. I was unable to secure vacancy rates by region in the Netherlands so that variable is excluded from this specification. Like in the models for the U.K., vacancy rates in the Netherlands are very low so it is unlikely that this variable would have a significant impact given the lack of variation. To facilitate easy interpretation of the logit regression results, I employ predicted probabilities to summarize the regression results. This approach is identical to the presentation used in both the U.S. and British cases. In the Dutch model, the hypothetical household is a native-born, female head of household without children, who has not attended university. These attributes are most prevalent among Housing Allowance recipients so these traits are used for the hypothetical household that is used to calculate predicted probabilities.

Results. In the first stage of the analysis, I analyze descriptive statistics for all the independent and dependent variables in the model. As Table 7.8 demonstrates, there are significant statistical differences in observable traits between the assisted and unassisted populations. Households that receive Housing Allowance have lower levels of income, are more likely to be female, are older, and have less education. Recipient households are far less likely to have multiple households residing within the same housing unit and are more likely to have a child in the household. Finally, within this Rent Peer Group, Housing Allowance recipients have higher market rents than non-recipient households, likely due to the boost in purchasing power provided by the benefit. I control for all these observable differences in the model specification described earlier in this chapter.

Turning to the seven dependent variables in this analysis, the descriptive statistics suggest that there are no statistically significant differences in the two populations. The relatively small sample size may limit the statistical significance across these measures, but the magnitude of difference in these outcome variables is quite small which suggests little difference between households that receive assistance and those who do not. The lack of difference in outcome variables between the two populations within the Rent Peer Group is unique when compared to the U.S. and British cases, where assisted households differ on many outcome measures when compared to comparable unassisted households. The important question is whether this lack of difference persists once inferential statistical methods are applied in the subsequent section.

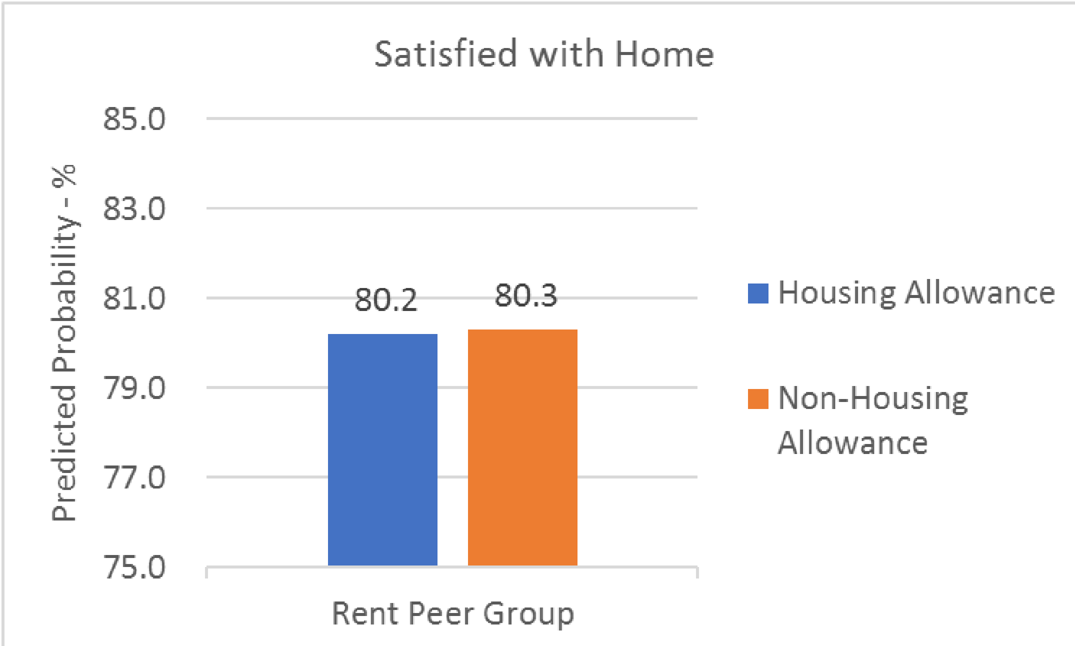
Table 7.8 – Descriptive statistics (Netherlands)

	Housing Allowance	Non-Housing Allowance	Significance
# of households	289	1,144	
Household income (mean)	19,606	27,712	***
Monthly market rent (mean)	505	442	***
Demographics (Head of Household):			
Female	61.6%	50.9%	***
Native	83.7%	81.0%	
Age (mean)	34.4	30.6	***
Highest education (university)	23.2%	32.6%	***
Household Characteristics:			
More than one household	12.5%	36.1%	***
Households with children	19.7%	8.0%	***
Outcome Variables:			
Satisfied with home	77.5%	77.5%	
Attached to residence	61.9%	57.8%	
Housing unit is to small	27.3%	27.4%	
Housing unit is poorly maintained	25.6%	27.4%	
Satisfied with living environment	76.5%	80.2%	
Desire to move	26.6%	23.7%	
Attached to neighborhood	35.3%	34.3%	
Feel at home	72.0%	69.2%	

Note: *** p<.01; ** p<.05, * p<.10

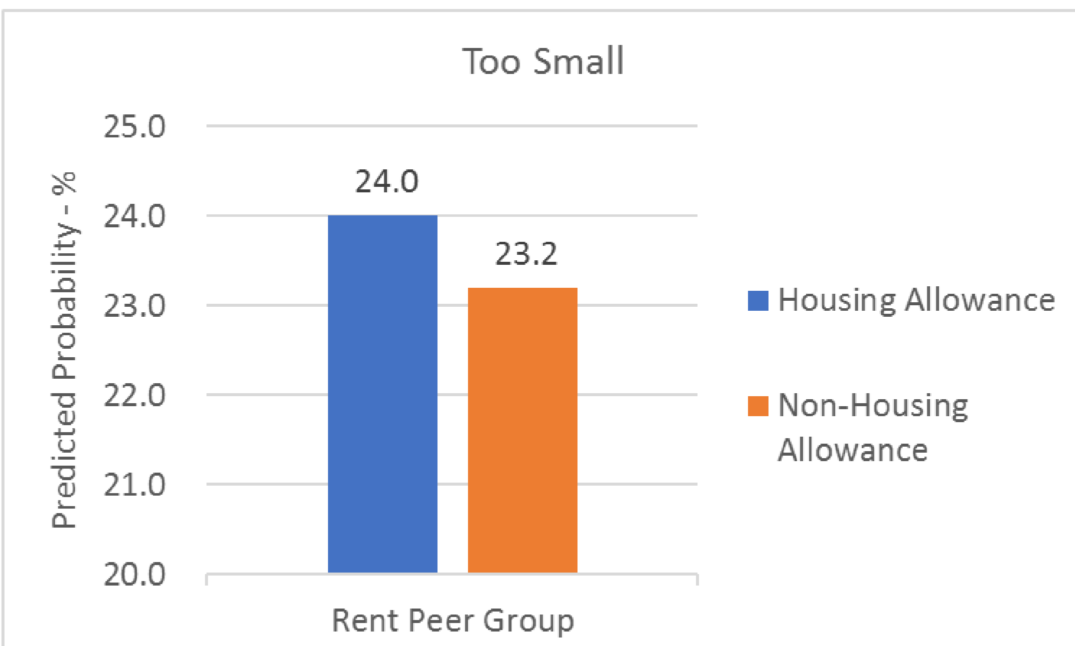
I begin the regression analysis by analyzing the three outcome variables that assess housing quality. The results of the three models are summarized in Figure 7.11, Figure 7.12, and Figure 7.13 below. Consistent with the findings in the descriptive statistics section, there are no statistically significant differences between assisted and unassisted households on the level of satisfaction with one's home, whether one's home is too small, or whether the housing unit is poorly maintained. These findings are consistent with expectations given the strong market position of assisted households in the Netherlands.

Figure 7.11 – Satisfied with home



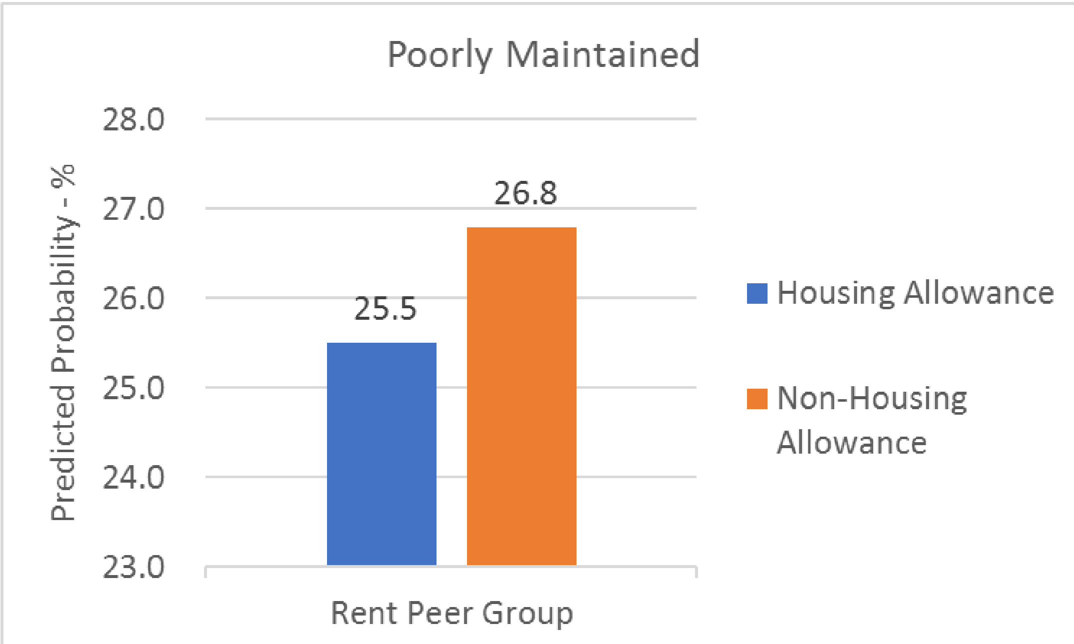
Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column U of Appendix 13.

Figure 7.12 – Housing unit is too small



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column V of Appendix 13.

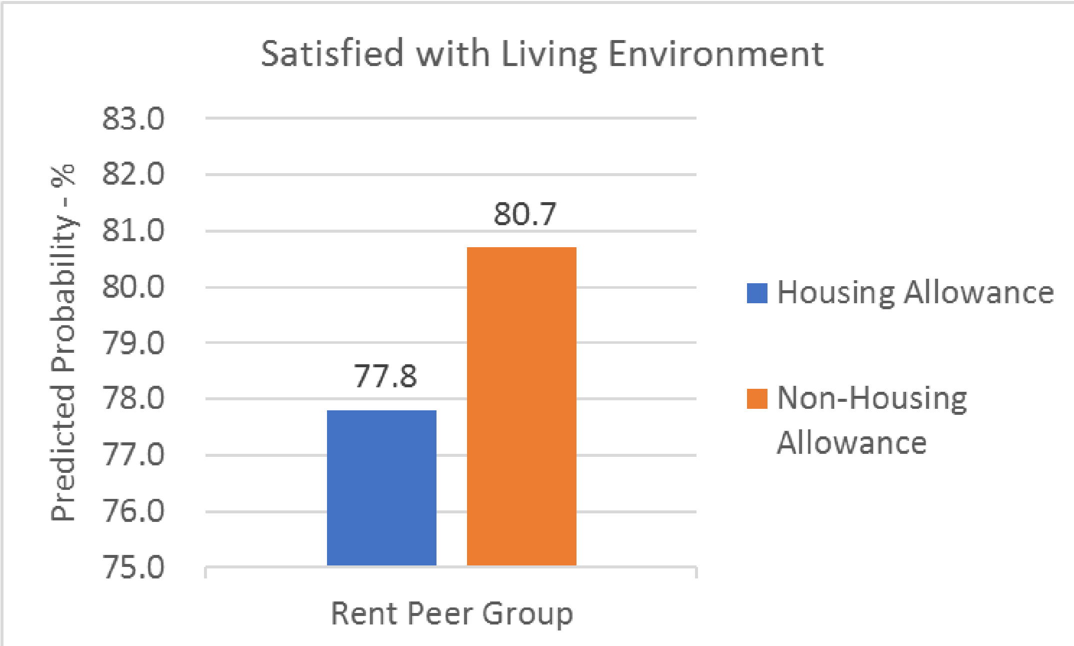
Figure 7.13 – Property is poorly maintained



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column W of Appendix 14.

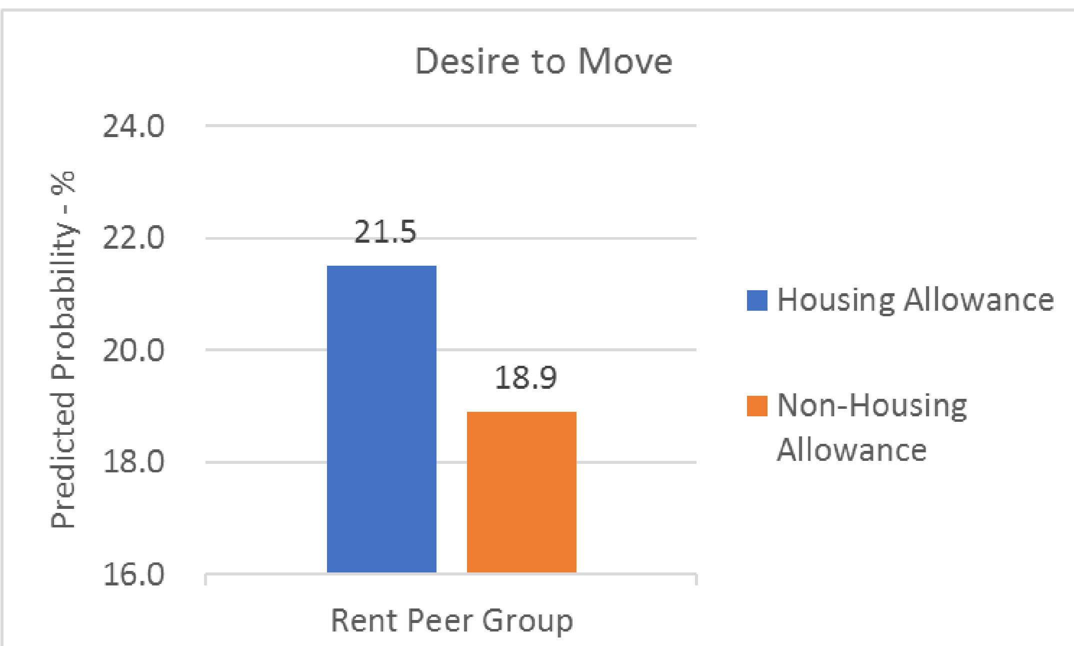
Turning to measures of neighborhood quality, a similar story emerges. Once again, assisted households demonstrate no statistically significant differences in self-assessments of neighborhood quality when compared to comparable unassisted households. Figures 7.14 – 7.17 below summarize the regression results for dependent variables including, the satisfaction with one's current living environment, the desire of a household to move from its current neighborhood, the level of attachment to the current neighborhood, and whether a household feels at home in its current neighborhood. These findings suggest no relative disadvantage for assisted households which is consistent with expectations given the strong market position of Housing Allowance recipients in the Netherlands.

Figure 7.14 – Satisfied with current living environment



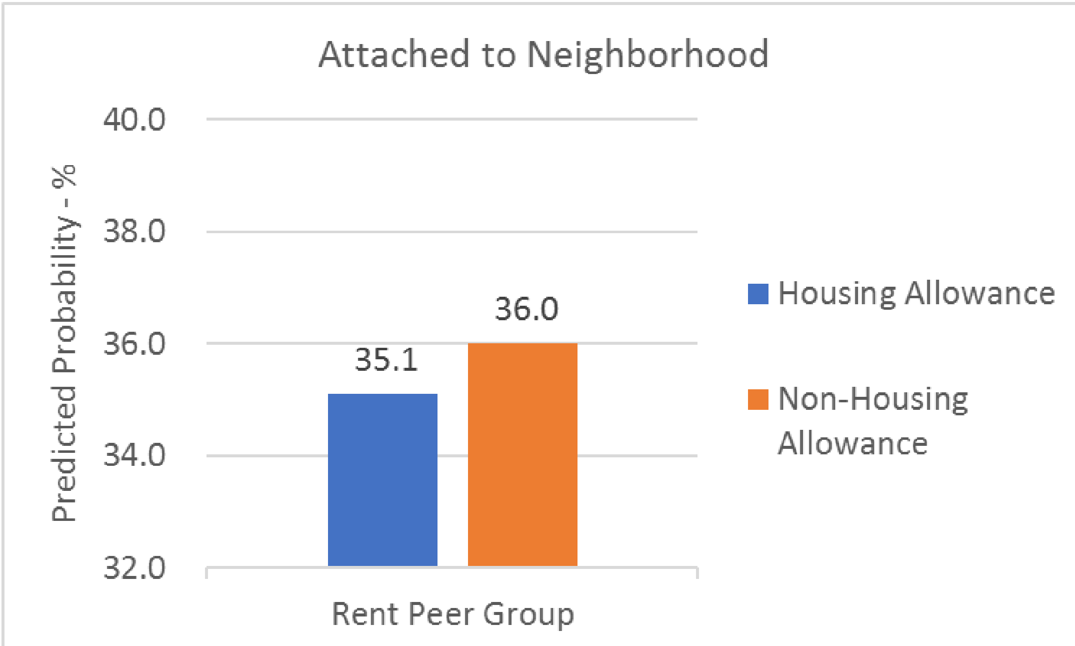
Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column X of Appendix 15.

Figure 7.15 – Desire to move from current neighborhood



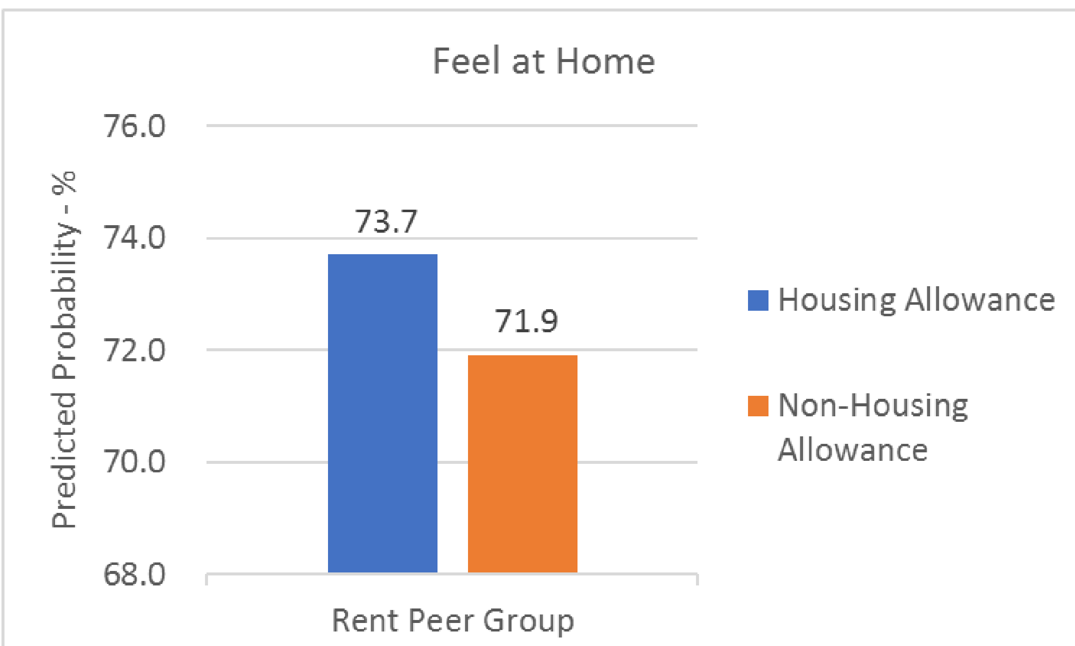
Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column Y of Appendix 15.

Figure 7.16 – Attached to current neighborhood



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column Z of Appendix 16.

Figure 7.17 – Feel at home in current neighborhood



Note: *** p < .01, ** p < .05, * p < .10
Full regression results included in Column AA of Appendix 16.

Summary. The analysis of the Housing Allowance program in the Netherlands suggests a relationship between market positions and housing market outcomes. Assisted households in the private rental market in the Netherlands enjoy an advantaged market position, particularly when compared to assisted households in the U.S. and U.K. The statistical findings in this chapter are consistent with expectations as there is no difference in the self-assessment of housing outcomes within the Dutch Rent Peer Group. This finding suggests that the strong market position of Housing Allowance recipients provides them power and leverage to secure housing that is consistent with non-recipient households who live in comparably priced housing units.

Conclusion

The findings from this chapter provide initial evidence of a relationship between market positions and housing market outcomes. The disadvantaged market positions of U.K. Housing Benefit recipients are associated with negative housing outcomes when compared to comparable, unassisted, households. In contrast, Dutch Housing Allowance recipients enjoy a strong market position, and the outcomes are like those achieved by unassisted households. While these initial findings provide preliminary evidence of a causal link between market positions and housing outcomes, additional data, including objective measures of housing quality and neighborhood quality are needed to make a more conclusive causal claim.

The comparison of housing programs across three countries highlights important implications for the Market Position Framework. First, each element of the framework can have significant influence on market positions. The U.S. case highlights the importance of market conditions and programmatic constraints, the U.K. provides evidence of the relationship between program attributes and the response of landlords. In the Netherlands, a favorable regulatory environment supports the market positions of housing subsidy recipients in ways that are not present in other countries. Importantly, this comparative analysis also highlights how the entitlement status of a program can enhance the market position of welfare recipients. As a program becomes a norm in society, stigma falls and the response of other market actors is more favorable. On the other hand, when program and regulatory attributes weaken the standing of program recipients, welfare recipients deviate from market norms and their market positions suffer.

Chapter 8: Conclusion and Policy Recommendations

The expanding use of market mechanisms in the delivery of welfare benefits motivated this study. Given the broad use of demand-side welfare benefits in many policy domains—education, health care, housing, and workforce development—understanding the effectiveness of these reforms is essential to evaluating the success or failure of these programs. As evidence mounts of unsatisfactory outcomes for recipients of welfare benefits with market delivery, a deeper focus on these programs is necessary. This study provides a unique approach to analyzing the use of markets in social policy. In this dissertation, I develop the Market Position Framework to help explain the market position of welfare recipients. By understanding how various factors converge to constitute a market position, one can begin to consider the relationship between market positions and market outcomes.

The marriage of market ideology and welfare delivery has proven to be a highly durable partnership. Market reforms in the welfare state, which began in earnest forty years ago, continue throughout the developed world. While valid questions exist regarding the efficacy and utility of market reforms, this study does not address whether such reforms should be maintained and pursued. Rather, in this study, I develop a framework and an analytical approach to analyze existing or proposed reforms from the perspective of the program recipients. Only by understanding the experiences of welfare recipients in the private market can one truly understand (and potentially predict) program outcomes.

This study also highlights the importance of considering complex causation in the social world. Charles Ragin (2000, 2014) highlights the notion of complex causality is his important methodological work and this notion of causality is present in the analysis of market positions. Each factor in the Market Position Framework does not have individual explanatory power on the market position of a welfare recipient, rather these factors combine to constitute the market position for an individual. Similar factors applied in other contexts can produce very different market positions. The importance of context in policy analysis is one of the key takeaways of this study.

A primary contribution of this study is the Market Position Framework. One can apply the framework to welfare recipients to understand how each of the factors described in the framework come together the constitute a market position. I propose that the Market Position Framework has utility when analyzing the use of demand-side welfare benefits in society. Based on a qualitative assessment of the conjunction of factors in the Market Position Framework, one can assess the relative advantage or disadvantage of an individual's market position. Understanding how and why market positions vary is an important step in understanding the efficacy and efficiency of welfare programs that use market mechanisms to deliver welfare benefits.

Another contribution of this study is the initial findings of an association between market positions (as understood from the Market Position Framework) and market outcomes. Throughout this study I make many predictions about the expected market outcomes of welfare recipients. Those predictions are based on the understanding of a market position which is derived from the application of the Market Position Framework. In all cases, the quantitative findings were consistent with expectations suggesting a relationship between market positions and market outcomes. The data and methods are insufficient to identify a causal link between market positions and market outcomes, but this initial analysis identifies an important relationship the deserves additional analytical attention.

By focusing on market positions, one can analyze welfare programs in a unique way. Conventional welfare state analysis focuses heavily on the generosity of welfare programs and compares programs and nations based on their relative generosity (Esping-Andersen, 1990; Huber & Stephens, 2001; Kenworthy, 2011). The Market Position Framework offers a unique, and complementary, approach to analyzing welfare programs. While program generosity is an important metric, understanding whether welfare recipients can productively use their benefits in the private market is critical to assessing the outcomes of a program. Conventional welfare state analysis may overstate the effectiveness of a generous welfare program if the market position of recipients is highly disadvantaged. The cross-national analysis of housing programs demonstrates this point. The relative generosity of the U.S., U.K., and Dutch programs are not meaningfully different, but the market positions and subsequent housing market outcomes deviate in material respects. This example highlights the utility of the Market Position Framework as an analytical tool.

At a more discrete level, there are several key takeaways. First, market conditions have a significant impact on the market position of welfare recipients. A disadvantaged market position is further disadvantaged when market conditions are strong and sellers have multiple other options. On the other hand, in weak market conditions, welfare recipients may have a relative advantage over other unassisted low-income households.

Second, policy design matters when analyzing the market position of welfare recipients. Throughout this study there were many examples of program attributes that undermined the market position of welfare recipients. On the other hand, program attributes such as universal benefits, more generous benefits, and cash benefits served to enhance the market position of welfare recipients. Third, the regulatory framework has a profound impact on the experiences of welfare recipients in the marketplace. Strong anti-discrimination laws, that are aggressively enforced, may meaningfully improve the market position of welfare recipients. In addition, the strong regulations supporting the rights of tenants meaningfully enhance the market position of recipients of Dutch housing subsidies. Fourth, the behavior of sellers and landlords has a strong impact on the market position of welfare recipients. Market conditions or program attributes that provide disincentives for sellers to: (a) participate in a program, or (b) transact with a welfare recipient can undermine the market position of welfare recipients. The importance of seller behavior was evident in virtually every case in this study. Finally, buyer factors such as purchasing power and personal demographic attributes may weaken or enhance the position of a participant in the marketplace. In sum, while each of these factors can play an important role in the construction of market positions, the most important conclusion is that these factors are not independent, but, rather have influence only in conjunction with the other factors.

If policymakers want to continue to rely on market mechanisms to deliver welfare benefits, it is important for them to consider the market position of welfare recipients. Failure to consider market positions may lead to program outcomes that are inconsistent with the stated objectives of the policy. Therefore, to highlight policy and program changes that could enhance the market position—and potentially the market outcomes—of welfare recipients, I conclude this study with specific policy recommendations for Social Security pension benefits, SNAP, and the HCV program.

Policy Recommendations

From a policy and program standpoint, there are three primary areas that could strengthen the market position of Social Security recipients. First, market positions could be enhanced through stronger regulatory protections regarding source of income discrimination. Second, policymakers should consider the unintended consequences of the policy that prohibits lenders and landlords from garnishing Social Security wages. Finally, the generosity of the program is very important to maintain the reasonably strong market position enjoyed by Social Security recipients. Future policy changes that may reduce the generosity of the program, or undermine the purchasing power of beneficiaries, could serve to weaken the market position of retirees who receive Social Security benefits.

When market recipients enter credit markets or the markets for big-ticket items such as automobiles and housing, the credit profile of the purchaser is an important input into the decision of the seller to enter into a transaction. As a result, Social Security recipients, who otherwise enjoy a very strong market position, may face source of income discrimination when sellers assume the credit risk of program recipients. Therefore, source of income discrimination protection becomes an important regulatory protection that could enhance the market position of welfare recipients. The second regulatory factor that will influence the market position of Social Security recipients is the current prohibition on creditors garnishing Social Security wages. The provision certainly helps Social Security recipients who have outstanding debt, but those benefits come at the cost of reduced availability and increased cost of credit. Policymakers must consider the costs and benefits of this provision and its impact on the market position of recipients. The key element that supports the strong market position of Social Security recipients are the generous cash benefits provided to recipients. Because the benefit is not voucherized, recipients enjoy the freedom and anonymity enjoyed by many other market actors. The preservation of the benefit structure and relatively generous benefits must continue if the market position of Social Security recipients it to remain strong.

The major driver of disadvantage for SNAP recipients is paternalism and its associated constraints and stigma. An obvious policy change that would meaningfully enhance the market position of SNAP recipients would be to eliminate the voucher system in favor of a system of cash transfers. This system would reduce administrative burden, enhance recipient freedom, and increase the supply of retailers at which recipients could shop. By definition, a transition to cash transfers would produce a loss of government control over the use of the cash provided by the program. A second policy proposal to enhance the market position of recipients is to enhance the generosity of SNAP. Strong evidence suggests that recipient households still are food insecure and, therefore, modest increases in benefit levels could allow households to shop and consume food in a manner that is more consistent with moderate income households. Policy responses to the recent recession provide evidence of how increased generosity of SNAP affects food insecurity. The increased generosity of SNAP, as a result of the 2009 federal stimulus, reduced the level of food insecurity for recipient households (Nord & Prell, 2011). Although the increases in SNAP benefits were eliminated in November 2014, this temporary reform provides a template for how an increase in generosity might benefit participant households. An additional policy change that could enhance the market position of SNAP recipients is allowing recipients to purchase groceries from online retailers. The USDA is currently conducting pilot programs for online grocery shopping for SNAP recipients (Premack, 2016). This reform could meaningfully improve the shopping experience of recipients, reduce stigma, and enhance the options available to households, particularly those that reside in communities with a limited supply of food retailers. Policymakers could also enhance the market position of SNAP recipients by following the lead of Alabama by staggering the distribution of benefits throughout the month. This prevents surges in demand that place significant demands on retailers that may limit the supply of food available to SNAP consumers during those peak times.

Finally, there are many policy recommendations to enhance the market position of HCV program recipients. First, policymakers could consider ways in which the housing search process could be changed to improve the chances of voucher households finding a better housing fit. The findings in this study suggest voucher households can secure better housing units but struggle to improve neighborhood outcomes, especially in tighter markets. Potential changes could involve lengthening the time limit for voucher holders to use their benefit from 60 to 120 days to six months or a year. A longer period would allow voucher holders to move at a time that is more advantageous for their household.

Second, HUD could consider removing paternalistic policies, which might encourage more landlords to participate in the program. For example, the HUD-mandated housing inspection could be eliminated which might incent more landlords to participate in the program. In its place, HUD could provide greater support and search assistance to voucher households to help them make safe and healthy housing decisions for their families. Third, recent changes proposed by HUD to establish small area fair market rents will allow households to consider a wider variety of neighborhoods when they contemplate a move. By establishing Fair Market Rents in smaller geographic areas, a greater percentage of a metropolitan area will be accessible to voucher households because more expensive neighborhoods will have higher Fair Market Rents. Fourth, HUD must address the challenges associated with using vouchers in tight rental housing markets. Broader strategies could include policy initiatives to increase the stock of housing, and particularly affordable housing, in regions with very tight rental markets.

One of the most important takeaways from the analysis of the HCV program in the U.S. is the need for policy variation. A one-size-fits-all federal policy may not be appropriate given the diverse contexts in which that policy will be used. The rules and regulations that work for housing voucher recipients in Akron, Ohio may not be appropriate in Seattle, Washington. Given the importance of context and the conjunctural nature of market positions, policymakers must consider ways to allow for sufficient local variation in policies that use demand-side benefits. HUD already allows for local variation which are promising initial steps. HUD gives local housing authorities the authority to extend the time limits for using a housing voucher, but those extensions are relatively modest. Another positive step by HUD is the move toward small area fair market rents which considers the significant housing market variation within a metropolitan area. Providing flexibility at the local level while preserving the integrity of a federal welfare program is a significant challenge, but one that must be addressed to enhance the market position of welfare recipients. So long as demand-side benefits continue to be provided by welfare states, scholars, advocates, and policymakers who concerned about the outcomes of these programs should focus on the institutionally-constructed market positions of program recipients. Failure to do so could lead to sub-optimal program outcomes and an inefficient use of scarce public resources.

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Appendix 1

	Column A Adequate Income Peers	Column B Adequate Rent Peers
Voucher	0.375**	0.034
	(0.148)	(0.145)
Vacancy Rate	-0.054	-0.103
	(0.107)	(0.093)
Vacancy Rate^2	0.001	0.003
	(0.004)	(0.004)
Income	0.490***	
	(0.127)	
Rent		0.001***
		(0.000)
Age	0.016*	0.031***
	(0.010)	(0.010)
Female	-0.055	-0.165***
	(0.076)	(0.052)
White (reference)		
African-American	-0.081	-0.044
	(0.085)	(0.062)
Hispanic	0.164*	0.110
	(0.087)	(0.068)
American Indian	0.602	0.675
	(0.455)	(0.417)
Asian	0.202	-0.020
	(0.164)	(0.129)
Mixed Race	-0.337*	-0.425**
	(0.186)	(0.192)
U.S. Born	-0.110	-0.042
	(0.088)	(0.078)
Child in Household	-0.021	-0.067
	(0.079)	(0.057)
More than Two Adults in Household	0.197*	-0.151*
	(0.110)	(0.087)
Suburb	0.245**	0.222***
	(0.097)	(0.062)
Constant	2.453**	1.987***
	(0.954)	(0.761)
Observations	11,131	21,332

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 2

	Column C Better Housing Income Peers	Column D Better Neighborhood Income Peers
Voucher	0.469***	0.243***
	(0.091)	(0.092)
Vacancy Rate	0.011	0.037
	(0.036)	(0.049)
Vacancy Rate^2	-0.001	-0.001
	(0.001)	(0.002)
Income	0.063	0.041
	(0.074)	(0.089)
Age	0.040***	0.025***
	(0.008)	(0.008)
Female	0.020	-0.080*
	(0.046)	(0.044)
White (reference)		
African-American	0.127**	0.250***
	(0.054)	(0.052)
Hispanic	0.175**	0.291***
	(0.069)	(0.060)
American Indian	0.142	0.372
	(0.240)	(0.275)
Asian	0.161	0.326***
	(0.102)	(0.095)
Mixed Race	0.215	0.472***
	(0.132)	(0.168)
U.S. Born	-0.027	-0.153**
	(0.060)	(0.062)
Child in Household	0.199***	0.090*
	(0.048)	(0.053)
More than Two Adults in Household	0.171***	0.042
	(0.065)	(0.064)
Suburb	0.028	0.164***
	(0.043)	(0.047)
Constant	-1.195***	-1.581***
	(0.325)	(0.455)
Observations	10,393	9,804

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 3

	Column E Better Housing Income Peers	**Column F Better Neighborhood Income Peers**
Voucher	0.621	-0.851*
	(0.529)	(0.462)
Vacancy	0.010	0.024
	(0.036)	(0.049)
Voucher * Vacancy Rate	-0.004	0.186**
	(0.098)	(0.087)
Vacancy Rate^2	-0.001	-0.000
	(0.001)	(0.002)
Voucher * Vacancy Rate^2	-0.001	-0.007*
	(0.004)	(0.004)
Income	0.063	0.041
	(0.074)	(0.089)
Age	0.040***	0.025***
	(0.008)	(0.008)
Age^2	-0.040***	-0.026***
	(0.008)	(0.009)
Female	0.021	-0.080*
	(0.046)	(0.044)
White (reference)		
African-American	0.127**	0.247***
	(0.054)	(0.052)
Hispanic	0.174**	0.292***
	(0.069)	(0.060)
American Indian	0.137	0.379
	(0.241)	(0.277)
Asian	0.162	0.325***
	(0.101)	(0.095)
Mixed Race	0.212	0.477***
	(0.132)	(0.168)
U.S. Born	-0.026	-0.154**
	(0.060)	(0.062)
Child in Household	0.199***	0.089*
	(0.048)	(0.053)
More than Two Adults in Household	0.172***	0.041
	(0.066)	(0.064)
Suburb	0.028	0.166***
	(0.043)	(0.047)
Constant	-1.201***	-1.504***
	(0.326)	(0.449)
Observations	10,393	9,804

Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Appendix 4

	Column G Life Circumstances Income Peers	Column H Housing Reasons Income Peers
Voucher	-0.553***	0.489***
	(0.088)	(0.083)
Vacancy Rate	-0.050	-0.081
	(0.050)	(0.056)
Vacancy Rate^2	0.002	0.003
	(0.002)	(0.002)
Income	0.121	0.094
	(0.089)	(0.070)
Age	-0.044***	0.024**
	(0.008)	(0.011)
Age^2	0.012	-0.023*
	(0.009)	(0.012)
Female	-0.116**	0.023
	(0.049)	(0.062)
White (reference)		
African-American	-0.146**	0.362***
	(0.062)	(0.080)
Hispanic	-0.035	0.210**
	(0.066)	(0.095)
American Indian	0.466**	-0.256
	(0.208)	(0.384)
Asian	0.253***	-0.105
	(0.077)	(0.131)
Mixed Race	-0.287**	0.242
	(0.132)	(0.232)
U.S. Born	-0.169***	-0.160*
	(0.062)	(0.085)
Child in Household	-0.438***	0.643***
	(0.055)	(0.056)
More than Two Adults in Household	-0.349***	0.310***
	(0.075)	(0.109)
Suburb	0.159***	-0.121*
	(0.052)	(0.073)
Constant	1.069**	-1.705***
	(0.434)	(0.483)
Observations	11,131	11,131

Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Appendix 5

	Column I Only Unit Available Rent Peers
Voucher	0.390**
	(0.186)
Vacancy Rate	0.135
	(0.105)
Vacancy Rate^2	-0.006
	(0.004)
Rent	-0.001***
	(0.000)
Age	-0.035**
	(0.014)
Age^2	0.042***
	(0.015)
Female	-0.233***
	(0.077)
White (reference)	
African-American	0.188*
	(0.102)
Hispanic	-0.020
	(0.116)
American Indian	-0.052
	(0.398)
Asian	-0.149
	(0.206)
Mixed Rate	0.259
	(0.280)
U.S. Born	-0.213*
	(0.114)
Child in Household	0.081
	(0.081)
More than Two Adults in Household	0.263*
	(0.144)
Suburb	0.018
	(0.086)
Constant	-2.764***
	(0.743)
Observations	19,769

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 6

	Column J Better Housing Voucher Only	Column K Better Neighborhood Voucher Only
Only Unit Available	-0.867**	-1.367***
	(0.418)	(0.483)
Vacancy Rate	-0.064	0.126
	(0.253)	(0.220)
Vacancy Rate^2	-0.002	-0.003
	(0.010)	(0.008)
Income	0.065	-0.358
	(0.373)	(0.338)
Age	0.003	0.058*
	(0.042)	(0.032)
Age^2	0.003	-0.048
	(0.044)	(0.032)
Female	-0.251	-0.247
	(0.263)	(0.248)
White (reference)		
African-American	-0.245	0.327
	(0.241)	(0.231)
Hispanic	0.326	0.933***
	(0.253)	(0.341)
American Indian	-0.219	1.551*
	(0.922)	(0.908)
Asian	1.411	1.549**
	(0.909)	(0.681)
Mixed Rate	0.614	1.077**
	(0.758)	(0.432)
U.S. Born	0.330	0.022
	(0.287)	(0.301)
Child in Household	0.326	0.270
	(0.207)	(0.240)
More than Two Adults in Household	0.544	-0.134
	(0.382)	(0.417)
Suburb	0.168	0.364*
	(0.167)	(0.193)
Constant	1.240	-2.477
	(2.271)	(1.857)
Observations	708	680

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 7

	Column L Only Unit Available Rent Peers
Disadvantaged status	0.234**
	(0.099)
Voucher	-0.118
	(0.336)
Disadvantaged status * Voucher	0.762*
	(0.445)
Vacancy Rate	0.135
	(0.103)
Vacancy Rate^2	-0.006
	(0.004)
Rent	-0.001***
	(0.000)
Age	-0.034**
	(0.014)
Age^2	0.042***
	(0.015)
Female	-0.233***
	(0.075)
U.S. Born	-0.156
	(0.101)
Child in Household	0.093
	(0.078)
More than Two Adults in Household	0.268*
	(0.138)
Suburb	0.023
	(0.084)
Constant	-3.059***
	(0.736)
Observations	19,769

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 8

	Column M Satisfied with Housing Rent Peers	Column N Decent Housing Rent Peers
Housing Benefit	-0.356**	-0.288**
	(0.145)	(0.141)
Rent	0.003***	0.007***
	(0.001)	(0.002)
Age	-0.002	-0.013*
	(0.009)	(0.007)
Female	-0.144	0.082
	(0.181)	(0.129)
U.K. Born	0.294	0.098
	(0.181)	(0.141)
White (reference)		
Black	-0.430*	-0.144
	(0.247)	(0.339)
Asian	0.217	0.420
	(0.252)	(0.264)
Other	-0.184	-0.302
	(0.247)	(0.397)
Child in Household	0.048	0.072
	(0.204)	(0.111)
More than Two Adults in Household	0.024	-0.223**
	(0.296)	(0.102)
Employed	0.782***	0.039
	(0.169)	(0.187)
Urban	-0.843***	0.091
	(0.233)	(0.162)
Educational Certificate	-0.021	-0.180
	(0.158)	(0.169)
Constant	1.042**	-0.246
	(0.473)	(0.398)
Observations	1,213	1,238

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 9

	Column O Satisfied with Area Rent Peers	Column P Deprived Area Rent Peers
Housing Benefit	-0.152	0.638***
	(0.225)	(0.196)
Rent	0.007***	-0.009***
	(0.002)	(0.003)
Age	0.010	0.008
	(0.013)	(0.008)
Female	-0.200	0.087
	(0.160)	(0.102)
U.K. Born	0.161	-0.399**
	(0.265)	(0.176)
White (reference)		
Black	-0.172	0.592**
	(0.449)	(0.268)
Asian	-0.053	-0.037
	(0.540)	(0.285)
Other	-0.094	0.008
	(0.295)	(0.222)
Child in Household	-0.155	0.077
	(0.319)	(0.126)
More than Two Adults in Household	-0.800***	0.864***
	(0.281)	(0.325)
Employed	0.738***	-0.721***
	(0.166)	(0.262)
Urban	-1.612***	2.003***
	(0.435)	(0.231)
Educational Certificate	-0.111	-0.623***
	(0.331)	(0.177)
Constant	1.487**	0.656
	(0.658)	(0.641)
Observations	1,213	1,238

Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Appendix 10

	Column Q Satisfactory Appearance Rent Peers
Housing Benefit	-0.730***
	(0.235)
Rent	0.009***
	(0.003)
Age	0.020*
	(0.011)
Female	0.250
	(0.208)
U.K. Born	0.079
	(0.233)
White (reference)	
Black	-0.324
	(0.304)
Asian	-0.356
	(0.310)
Other	-0.136
	(0.329)
Child in Household	0.042
	(0.214)
More than Two Adults in Household	-0.842***
	(0.244)
Employed	0.425**
	(0.179)
Urban	-1.207***
	(0.415)
Educational Certificate	0.458***
	(0.143)
Constant	-0.423
	(0.944)
Observations	1,238

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 11

	Column R Life Circumstances Rent Peers	Column S Housing Unit Rent Peers
Housing Benefit	-0.139	0.315
	(0.195)	(0.219)
Rent	-0.004***	0.001
	(0.001)	(0.001)
Age	-0.014**	0.002
	(0.006)	(0.009)
Female	-0.151*	0.071
	(0.082)	(0.163)
U.K. Born	0.299**	-0.077
	(0.147)	(0.114)
White (reference)		
Black	-0.111	-0.256
	(0.499)	(0.427)
Asian	0.130	-0.450
	(0.287)	(0.444)
Other	-0.131	-0.024
	(0.319)	(0.228)
Child in Household	-0.627***	0.492***
	(0.160)	(0.175)
More than Two Adults in Household	-0.642***	0.070
	(0.217)	(0.158)
Employed	0.259**	0.262*
	(0.128)	(0.155)
Urban	0.107	-0.241
	(0.255)	(0.267)
Educatinal Certificate	0.491***	-0.190
	(0.170)	(0.202)
Constant	1.226	-1.198*
	(0.769)	(0.612)
Observations	1,238	1,238

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 12

	Column T **Landlord Problems** **Rent Peers**
Housing Benefit	0.937***
	(0.346)
Rent	-0.000
	(0.001)
Age	0.003
	(0.013)
Female	-0.044
	(0.234)
U.K. Born	-0.352**
	(0.161)
White (reference)	
Black	-0.502
	(0.437)
Asian	0.032
	(0.537)
Other	-0.358
	(0.364)
Child in Household	0.293
	(0.261)
More than Two Adults in Household	-0.113
	(0.398)
Employed	-0.028
	(0.342)
Urban	-0.334
	(0.330)
Educatinal Certificate	0.676*
	(0.402)
Constant	-2.364***
	(0.768)
Observations	1,238

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 13

	Column U Satisfied With Home Rent Peers	Column V Home Too Small Rent Peers
Housing Allowance	-0.110	0.208
	(0.126)	(0.165)
Rent	0.002**	-0.002***
	(0.001)	(0.000)
Age	-0.075***	0.060**
	(0.026)	(0.027)
Age^2	0.001***	-0.001**
	(0.000)	(0.000)
Female	-0.103	0.144
	(0.176)	(0.099)
Native (reference)		
Non-western	-0.760***	0.657***
	(0.217)	(0.204)
Western	-0.189	-0.150
	(0.236)	(0.208)
Child in Home	-0.488***	0.454***
	(0.107)	(0.159)
More Than One Household in Unit	-0.434**	0.431**
	(0.173)	(0.212)
Attended University	0.296**	0.109
	(0.151)	(0.098)
Constant	2.624***	-1.754***
	(0.485)	(0.415)
Observations	1,444	1,444

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 14

	Column W Home Poorly Maintained Rent Peers
Housing Allowance	0.147
	(0.216)
Rent	-0.002***
	(0.001)
Age	0.035
	(0.032)
Age^2	-0.001*
	(0.000)
Female	0.053
	(0.137)
Native (reference)	
Non-western	-0.093
	(0.391)
Western	-0.017
	(0.219)
Child in Home	0.167
	(0.149)
More Than One Household in Unit	0.244**
	(0.117)
Attended University	-0.131
	(0.137)
Constant	-0.567
	(0.693)
Observations	1,444

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 15

	Column X Satisfied With Environmen Rent Peers	Column Y Desire to Move Rent Peers
Housing Allowance	-0.228	0.209
	(0.197)	(0.148)
Rent	-0.000	-0.000
	(0.000)	(0.000)
Age	-0.023	0.061**
	(0.033)	(0.027)
Age^2	0.000	-0.001***
	(0.000)	(0.000)
Female	-0.142	-0.025
	(0.132)	(0.130)
Native (reference)		
Non-Western	-0.618**	0.663***
	(0.283)	(0.233)
Western	-0.416***	0.331**
	(0.150)	(0.144)
Child in Household	-0.049	0.329
	(0.125)	(0.206)
More than One Household in Unit	0.195	-0.011
	(0.144)	(0.147)
Attended University	-0.174	0.449***
	(0.149)	(0.125)
Constant	2.277***	-2.903***
	(0.513)	(0.547)
Observations	1,444	1,444

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 16

	Column Z Attached to Neighborhood Rent Peers	Column AA Feel at Home Rent Peers
Housing Allowance	-0.088	-0.019
	(0.166)	(0.199)
Rent	0.001	0.001
	(0.001)	(0.001)
Age	0.003	-0.007
	(0.018)	(0.022)
Age^2	0.000	0.000
	(0.000)	(0.000)
Female	0.297**	0.139
	(0.122)	(0.106)
Native (reference)		
Non-Western	0.227	-0.142
	(0.314)	(0.357)
Western	0.010	-0.562**
	(0.228)	(0.267)
Child in Household	0.407**	0.257
	(0.169)	(0.172)
More than One Household in Unit	-0.032	0.087
	(0.150)	(0.134)
Attended University	0.076	-0.123
	(0.107)	(0.094)
Constant	-1.086**	0.882**
	(0.515)	(0.449)
Observations	1,439	1,444

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1