What should we do about homeless families? Comments on the Family Options Study

By Kevin C. Corinth

The recently released Family Options Study offers new, groundbreaking evidence about what works best for homeless families. In this paper, I review the study’s design and findings and evaluate the policy conclusions drawn in the report. I propose alternative policy responses, including (1) broadening the goals of the homeless system beyond ending homelessness—to not only provide a housing safety net but also provide effective avenues for self-sufficiency; (2) supplementing rapid re-housing with customized case management, work incentives, and flexible assistance for home-sharing arrangements; and (3) identifying and expanding transitional housing programs that effectively build self-sufficiency. Additional resources needed to fund these policies should be diverted from other federal rental-assistance programs.

The US Department of Housing and Urban Development recently released a groundbreaking study on family homelessness (US Department of Housing and Urban Development 2015). The researchers randomly assigned more than 2,000 homeless families across the country to one of four interventions and tracked the families for the next 20 months. The study provides unprecedented causal evidence about what works best for some of the most vulnerable families in the country.

The only problem is that this high-quality evidence is being used to advocate for lower-quality policy responses. Costly housing vouchers, which have no time limits, are being advanced as a serious policy solution without considering the incentive problem—if you give people who show up at homeless shelters a permanent housing subsidy, you will get more people at shelters. Transitional housing programs—in which study participants had important gains in self-sufficiency—are being cast aside as ineffective because the study lacked the power to detect statistical significance. Largely private resources spent on emergency shelters and transitional housing programs are implicitly and unrealistically being targeted to finance interventions that have traditionally been funded publicly, including temporary rental assistance and housing vouchers.

A better policy response to the Family Options Study is to reimagine homeless services as both a housing safety net and a means of empowering families toward self-sufficiency. Homeless services are too resource intensive, and the challenges of poverty and inequality of opportunity are too important, to focus solely on the goal of housing stability. Housing vouchers diminish self-sufficiency and are not an appropriate solution to a temporary housing problem and thus should not be a major component of homeless services. Rapid re-housing should be expanded, be supplemented by stronger work incentives and case management, and offer more flexible assistance for home-sharing situations. Transitional housing programs that effectively bolster self-sufficiency should be identified and expanded, while ineffective programs and those that focus only on housing stability should lose public funding. Additional funding required...
for rapid re-housing and transitional housing should be redirected from federal funds for rental housing assistance programs (including public housing and housing choice vouchers).

In the remainder of this paper, I will review the study’s design and main findings and recommend policy responses.

Review of Study Design and Findings

The Department of Housing and Urban Development conducted a large-scale randomized experiment known as the Family Options Study beginning in September 2010. In this study, 2,282 families who had spent at least a week in homeless shelters in 12 communities across the country were randomly selected to receive priority access to one of the following interventions.\(^1\)

1. **Permanent housing subsidy:** This is typically a housing choice voucher, which allows recipients to rent a private apartment. The family contributes 30 percent of their income toward rent, and the local public housing agency covers the remaining portion. No supportive services are provided.

2. **Rapid re-housing:** This is a short-term rental subsidy lasting up to 18 months, but more typically lasting between 7 and 8 months. The monthly amount varies but is usually less than that received under a permanent housing subsidy. A caseworker is assigned to intermittently follow up with the household and decide whether renewal is necessary.

3. **Transitional housing:** This is a project-based, residential program that offers intensive supportive services to help people achieve self-sufficiency and transition to permanent housing. The maximum length of stay is capped at 24 months but may be shorter.

4. **Usual care:** This involves the usual process for homeless families in a given community. Families may spend more time at emergency shelters, but still may eventually wind up using one of the other interventions if they can obtain it through the normal process.

It is important to note that the study only estimated the effect of **intending to treat** people with these various interventions. Not everyone who was given prioritized access for a particular intervention actually used it because they either were not accepted or turned it down. Even when people used a particular intervention at first, they may have used other interventions later on. The findings thus tell us only how prioritizing access to a particular intervention, not the intervention itself, affects family outcomes. Thus, the impact of using one intervention over another (for example, how much earnings increased as a result of actually using transitional housing) may be much larger than the impacts this study found.\(^2\)

After randomly assigning families to the four different interventions, the study team followed up with each family 20 months later. Using data from these follow-up surveys along with administrative records from shelter and housing programs, treatment effects comparing pairs of interventions were estimated for a wide range of outcomes.\(^3\) Outcome categories included housing stability (staying in a shelter or doubling up with family or friends), family preservation (spouse and child separation), adult well-being (health and substance abuse), child well-being (health and school attendance), and self-sufficiency (earnings and welfare utilization). Costs incurred from all homeless assistance and housing programs were also calculated for each intervention group. For example, the system cost of a family who started out in transitional housing and later received a permanent housing subsidy would include the cost of each program corresponding to the time the family actually used each program.

At the beginning of the study, all of the families were homeless, since currently staying at an emergency shelter was a necessary condition for inclusion in the study. Sixty-three percent of family heads had experienced a previous episode of homelessness in their lifetime. Seventy percent of the families had only one adult in the household. All had children—43 percent had one child, 30 percent had two children, and 27 percent had three or more children. Only 24 percent of families had an adult working for pay. Median total family income over the past year was $7,410, including welfare payments. Additionally, 88 percent of families were receiving Supplemental Nutrition Assistance Program (SNAP, or food stamps), 41 percent were receiving Temporary Assistance for Needy Families (TANF), 10 percent were receiving Supplemental Security Income (SSI), and 60

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\(^1\) The communities were Alameda County, California; Atlanta, Georgia; Baltimore, Maryland; Boston, Massachusetts; Bridgeport and New Haven, Connecticut; Denver, Colorado; Honolulu, Hawaii; Kansas City, Missouri; Louisville, Kentucky; Minneapolis, Minnesota; Phoenix, Arizona; and Salt Lake City, Utah.

\(^2\) This is not a failure of the study; new policies cannot force families to use a particular intervention either. But policy interpretations must be made carefully. Cutting one transitional housing bed, for example, would likely mean that one less person actually uses it, not that one less person gets priority access to it.

\(^3\) Because all four interventions were not available in all communities or for all families, some families were randomized across only two or three interventions. As a result, treatment effects could be estimated for only pairs of interventions at a time.
percent were receiving Medicaid. Forty-nine percent of adult respondents had experienced domestic violence by a spouse or partner; 14 percent reported drug abuse, and 11 percent reported alcohol abuse.

Findings. Table 1 presents selected impacts after 20 months of prioritizing families’ access to one intervention over another. The impact of prioritizing access to permanent housing subsidies, rapid re-housing, and transitional housing are evaluated relative to usual care. The final column shows the estimated impact of priority access to transitional housing relative to priority access to rapid re-housing.

The first column shows how families fared after 20 months under usual care. Twenty-eight percent spent at least one night in a homeless shelter during months 7 through 18. Average annualized earnings were just under $5,000. The majority (83 percent) were enrolled in SNAP, 31 percent in TANF, and 13 percent in SSI. The cost for an average family over 20 months totaled approximately $30,000. Perhaps the best lesson from this column is that a lot of money is spent in the homeless and housing systems on families who wind up in

### Table 1. Selected Impacts of Prioritized Access to Interventions

<table>
<thead>
<tr>
<th>Outcome</th>
<th>All Usual Carea</th>
<th>Relative to Usual Care</th>
<th>Relative to Rapid Re-housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Subsidy</td>
<td>Rapid Re-housing</td>
<td>Transitional Housing</td>
</tr>
<tr>
<td>Stayed in shelter in past year (%)</td>
<td>27.8</td>
<td>−12.9 (2.6)</td>
<td>−2.1 (3.1)</td>
</tr>
<tr>
<td>Child separated in past six months (%)b</td>
<td>15.4</td>
<td>−7.1 (2.4)</td>
<td>−2.0 (2.5)</td>
</tr>
<tr>
<td>Alcohol or drug abuse (%)</td>
<td>14.5</td>
<td>−4.5 (2.4)</td>
<td>−3.1 (2.4)</td>
</tr>
<tr>
<td>Annualized current earnings ($)</td>
<td>4,842</td>
<td>−731 (517)</td>
<td>+300 (640)</td>
</tr>
<tr>
<td>SNAP enrollment (%)</td>
<td>83.4</td>
<td>+6.6 (2.4)</td>
<td>+4.4 (2.5)</td>
</tr>
<tr>
<td>TANF enrollment (%)</td>
<td>30.6</td>
<td>+6.3 (3.0)</td>
<td>+3.7 (3.0)</td>
</tr>
<tr>
<td>SSI enrollment (%)</td>
<td>13.1</td>
<td>+1.2 (1.6)</td>
<td>+2.5 (2.1)</td>
</tr>
<tr>
<td>System cost ($)c</td>
<td>30,336</td>
<td>+496 (1,6)</td>
<td>−3,024 (2,1)</td>
</tr>
<tr>
<td>Difference in program use (%)d</td>
<td>71.8</td>
<td>40.1</td>
<td>24.5</td>
</tr>
<tr>
<td>Sample sizee</td>
<td>578</td>
<td>944</td>
<td>870</td>
</tr>
</tbody>
</table>

Notes: Standard errors of all impact estimates are shown in parentheses.

a This column displays the average level of each outcome across all families who received usual care. The impacts displayed in the following columns are evaluated with respect to only a subset of usual-care families. Average outcomes of treatment groups thus cannot be derived from this table alone.

b Child separations include those placed in foster care and informal separations.

c This row displays the estimated impact on the combined cost to the homeless system and housing system. Standard errors were not calculated for cost impacts in the report. The cost of $30,336 for usual care is based on the 451 families who had a chance of receiving a housing subsidy but ended up receiving usual care. An average cost of all families receiving usual care is not presented in the report. The average cost of usual care for each of the comparison groups ranges from $28,295 to $30,629.

d This row displays the impact on program use (that is, how many more families per 100 actually used the intervention they were prioritized to relative to those assigned the alternative intervention).

e Some families were ineligible for specific interventions, so sample sizes vary depending on which pairs of interventions are being compared.

homeless shelters for at least a week. The large amount of money spent does not lead to self-sufficiency for the vast majority of families, and a significant minority spent a night homeless more than six months after their baseline interview.

The next three columns show how prioritizing access to various interventions affects these outcomes. Prioritizing access to a permanent housing subsidy leads to a 72 percentage-point increase in actually receiving a subsidy. This cuts the number of families spending time in homeless shelters by 13 percentage points during the most recent year. Child separation over the past six months is cut by 42 percent, and reported drug or alcohol abuse is cut by 27 percent. However, earnings fall and welfare dependency increases. Ultimately, offering families a permanent housing subsidy appears to result in more stability but less self-sufficiency, at a similar cost to usual care.

Prioritizing access to rapid re-housing leads to a much smaller 40 percentage-point increase in those actually using rapid re-housing. Therefore, results might significantly understate the impact of actually receiving this intervention. Prioritizing access to rapid re-housing does not significantly impact housing or familial stability. Earnings increase slightly, although this estimate has a wide margin of error, which does not preclude large decreases or increases. Use of welfare programs appears to increase as well, though no impact is statistically different from zero at the 95 percent confidence level. Prioritizing rapid re-housing saves a small amount of money as well. Ultimately, the point estimates suggest that rapid re-housing makes families moderately better off at a moderately lower cost, although the likely increase in welfare use may lead to additional costs not accounted for in the study.

Prioritizing access to transitional housing leads to only a 25 percentage-point increase in families actually using transitional housing, which means that the results might substantially understate the impact of receiving this intervention. Prioritizing access to transitional housing reduces the number of families staying in a homeless shelter over the past year by about a third. Earnings increase by $759, although the margin of error is quite large. Enrollment in SNAP and TANF appears to increase, while enrollment in SSI appears to decrease, but none of these effects are statistically different from zero given the lack of power to detect anything but very large changes. Prioritizing transitional housing costs more as well. Ultimately, the point estimates suggest that transitional housing decreases homelessness and increases earnings at a somewhat higher cost.

The final column shows the impact of prioritizing access to transitional housing relative to rapid re-housing. This comparison is particularly important because housing vouchers are not a practical policy response for the majority of families showing up at homeless shelters, and thus these are the two practical alternatives to the status quo. Unfortunately, the small sample size does not allow us to statistically detect anything but very large impacts. Moreover, prioritizing access to transitional housing instead of rapid re-housing leads to only a 30 percentage-point increase in actual use of transitional housing. Thus, the results may be substantially lower than the impact of actual use of transitional housing. From the point estimates, we see that impacts on housing and familial stability are small.

Surprisingly, alcohol and drug use is 6.8 percentage points (or 72 percent) higher among those prioritized to transitional housing. Given the relatively small difference in actual use of transitional housing, this effect is enormous. Moreover, many transitional housing programs actively seek to reduce substance abuse—while rapid re-housing includes few supportive services—making the result even more surprising. Potential explanations are that the point estimate is far off from the true effect (the 95 percent confidence interval includes zero) or that transitional housing programs affected how honestly respondents answered questions about drug and alcohol use.

The impact on measures of self-sufficiency are substantial, especially given the small 30 percentage-point difference in the number of people actually using transitional housing. Figure 1 shows the estimates and 95 percent confidence intervals, converted into percent differences using the estimated mean for the rapid re-housing group as a base value. When prioritized to transitional housing instead of rapid re-housing, earnings increase by 27 percent, SNAP receipt falls by 5 percent, TANF receipt falls by 23 percent, and SSI receipt falls by 23 percent. None of these estimates are significantly different from zero given the lack of power in this comparison, but our best guess is that simply prioritizing transitional housing is substantially more

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4 The smaller difference in take-up for rapid re-housing compared to usual care, relative to the permanent housing subsidy intervention, may reflect a fear of losing housing when the rapid re-housing subsidies end. It also reflects the fact that the usual-care groups were more likely to wind up receiving rapid re-housing than permanent housing subsidies through the normal process.

5 The impact on reduced shelter use, however, may be due to transitional housing staying longer, thus giving fewer families the chance to live independently at the time of the follow-up survey.

6 The following section discusses why housing vouchers are an impractical policy response to families showing up at homeless shelters.
effective than prioritizing rapid re-housing at promoting self-sufficiency. The effect of actually receiving transitional housing may be much larger. This conclusion runs contrary to the report, which states, “CBRR [rapid re-housing] had little or no effect on self-sufficiency outcomes relative to PBTH [transitional housing]” (US Department of Housing and Urban Development 2015, 125).

Cost Analysis. In addition to analyzing treatment effects of prioritizing access to each intervention, the study also conducts a detailed cost analysis. Including all sources of funding, the authors find that on an average monthly per family basis, emergency shelters cost $4,819, transitional housing programs cost $2,706, rapid re-housing programs cost $878, and housing vouchers cost $1,162. As a result, prioritized access to usual care—which leads to greater reliance on emergency shelter—costs almost as much or more than other interventions. Transitional housing programs can be substantially more expensive than other interventions as well, especially compared to rapid re-housing.

An important consideration not incorporated into the policy implications of cost estimates, however, is the source of funding for each intervention. Emergency shelters and transitional housing are much more heavily funded by private sources, and a portion of that is from community-donated time and services. While it is useful to estimate total costs from all sources, it is also important when making policy recommendations to acknowledge that much private funding may not be transferrable to rapid re-housing or permanent housing vouchers.

Unfortunately, we lack precise data on the relative importance of different funding sources for homeless assistance programs. But some sources of data are informative. A 2011 analysis of the national homeless system found that 72 percent of emergency shelter beds and 53 percent of transitional housing beds receive no federal funding (National Alliance to End Homelessness 2011). The Family Options Study notes that “very few HUD dollars are used to support emergency shelters” and that “emergency shelters typically rely on a broad range of other local private and public funding sources” (US Department of Housing and Urban Development 2015, 42). Regarding transitional housing, the study acknowledges that “most have a wide range of funding sources, including private foundation grants and local fundraising proceeds. Some programs are faith-based, and many of those programs are completely privately funded” (US Department of Housing and Urban Development 2015, 90).

Apart from the importance of the role of funding sources, it is important to consider what costs could actually be avoided by more quickly moving people out
of emergency shelters. Emergency shelter is extremely expensive, in part because these facilities serve as emergency intake centers for newly homeless families. According to the report, “All shelter programs that provided program data indicated that they conducted a formal assessment of families upon entry into the shelter” (US Department of Housing and Urban Development 2015, 45). This initial expense may drive up the average cost of shelter stays, but placing families into alternative interventions—after a short stay in an emergency shelter—would only avoid less-intensive ongoing services at shelters. Thus, prioritizing families to other interventions may save less money than the cost analysis in the study implies.

Another problem with the cost analysis that leads to impractical policy solutions is that it ignores incentive effects. The study finds that the cost of prioritizing access to permanent housing subsidies was similar to the costs of prioritizing access to other interventions and actually cheaper than transitional housing.7

However, the report misses perhaps the largest cost of all that makes this policy option impractical. If you offer permanent housing subsidies to all families who show up at a homeless shelter and stay there for a week, you would likely see a large increase in families showing up at shelters.8 Millions of families currently double up, pay large portions of their income in rent, or are otherwise poor. It is difficult to imagine that a significant portion of these families would not show up at homeless shelters to receive a permanent subsidy that provided substantial material relief with no time limit. Moreover, if families are quickly provided housing subsidies, they will stay at shelters very briefly, opening up more slots for new families wishing to rapidly receive housing assistance. Ultimately, targeting housing subsidies to a large portion of families who turn to homeless shelters would be extremely costly without building self-sufficiency and should therefore not be seriously considered as a policy solution.

**Policy Recommendations**

What, then, is the best response to the evidence from the Family Options Study? I argue that we should broaden our goals; improve rapid re-housing; and reenvision, rather than abandon, transitional housing.

7 The study acknowledges that the cost of housing vouchers may be more expensive in the long run, which will be evaluated at the 36-month follow-up survey.

8 Cragg and O’Flaherty (1999) and O’Flaherty and Wu (2006) each consider the role of housing subsidies in explaining shelter entries. In neither study, however, were subsidies offered to families, regardless of their characteristics, after spending only a week in shelters.

**Broaden Our Goals.** It is tempting to make ending homelessness the only goal of homelessness policy. But the challenges of poverty and inequality of opportunity are too great; we cannot afford to carve out a piece of the safety net to make isolated progress on a single issue.9 For many families, winding up in a homeless shelter is a symptom of being left behind. In the Family Options Study, only 24 percent of homeless families were working at the beginning of the study, and only 31 percent were working 20 months later, after receiving usual care. Bad luck and the exhaustion of social support networks largely dictate when families enter shelters, but many homeless families need more than just housing assistance to attain self-sufficiency.

Perhaps the best evidence that our goals have become too narrow is when we find it “striking” that people take public assistance when we offer it. The report states, “The striking impacts of SUB [permanent housing subsidies] in reducing subsequent stays in shelter and places not meant for human habitation provide support for the view that, for most families, homelessness is a housing affordability problem that can be remedied with permanent housing subsidies without specialized homeless-specific psychosocial services” (US Department of Housing and Urban Development 2015, 160). It is useful to know that permanent housing subsidies, which require families to pay 30 percent of their income, help families stay in housing. But just as families generally are willing to use food stamps, subsidized medical care, and cash assistance, we should not understand this result as an indication of real success.10 We need bigger goals if we really care about lifting up our most disadvantaged families.

A new vision of homeless services should center around not only providing an efficient housing safety net for families with no place else to go, but also empowering families toward self-sufficiency. For some families, temporary rental assistance is all that is necessary. But for many others, work incentives, case management, and an array of integrated services are needed to empower meaningful steps toward self-sufficiency. Housing can and should be used as a platform for delivering real progress for some of the country’s most vulnerable families.

9 The goal of ending homelessness can also be artificial, because family homelessness is highly dependent on access to and the quality of shelters. For example, New York City offers a legal right to shelter while San Francisco does not. As of January 2014, family homelessness was almost seven times higher in New York City than San Francisco on a per capita basis.

10 Nor should it be considered a failure; it is not a bad thing that people who are offered public assistance take it. Also, not being evicted is a good thing as well, but to call this real success sets expectations far too low.
Improve Rapid Re-housing. Rapid re-housing is much cheaper in aggregate than any other intervention, and it ends homelessness quickly. Still, many families return to homelessness or end up doubling up, and most do not become self-sufficient. For example, 66 percent of the families assigned to rapid re-housing were not working at the 20-month follow-up survey. Given that rapid re-housing was at an experimental stage at the time of the Family Options Study, housing outcomes might have improved as communities learn how to better structure rental assistance. But more attention and resources are needed to transform rapid re-housing models into real avenues for empowerment.

Case management that helps prepare families for the cessation of rental assistance is vital, and case managers should be evaluated based on their effectiveness in doing so. When necessary, families should be connected with more intensive supportive services to overcome employment barriers. We should also experiment with incentives for family heads to meaningfully engage with services and to maintain full-time work. For example, monetary bonuses could be offered for active steps taken toward employment, and rental assistance that is unneeded because of sufficient employment earnings could be banked as insurance for future emergencies.

More flexibility around the use of assistance should be provided as well. Many families with very low incomes share housing to economize on scarce resources. Home-sharing arrangements—when safe and stable—could empower social connections that protect against future emergencies and potentially support a family’s well-being and employment. Rental assistance could be lower to reflect the smaller cost of economizing on scarce housing, and some of the savings could be used to more strongly reward work.

To expand the availability of short-term rental assistance and supplement it with more intensive work supports and caseworker models, more funding may be necessary. This funding should be diverted from permanent housing-assistance programs used for nondisabled, nonelderly households. These lottery- and waiting list–based housing assistance programs are unfair and decrease self-sufficiency. Housing assistance should be transformed to instead provide a housing safety net for those who actually lose it—or who are about to lose it in the case of homelessness prevention programs—and at the same time, empower families to achieve self-sufficiency.

Reenvision Transitional Housing. The evidence is inconclusive, but our best guess from the study is that transitional housing can substantially increase self-sufficiency. Additionally, much of the funding comes from private sources, and the requirements for families to comply with specific terms and live on specific sites will diminish the incentive for those families who are not in need of such services to access the homeless-assistance system. Nonetheless, transitional housing is an intensive intervention that relies in part on public funding, and we therefore need to ensure that the results justify its cost. Rapid re-housing is sufficient for most families to avoid future bouts of homelessness, and so transitional housing programs that seek only to transition tenants to permanent housing should not receive significant federal funding.

Transitional housing programs that actively and effectively promote self-sufficiency, however, should be identified and funded. To do so, we need quality, risk-adjusted performance measures from all programs seeking public funding. This means improving data collection on clients not just while being served by programs, but also for significant periods of time after their exit. Programs with rules regarding sobriety and work effort should not be disqualified from receipt of federal funds, but performance measures should account for the selection effect of such programs attracting easier-to-help clients. Reviews by former program users and community-member assessments should also be considered when measuring program quality. Moreover, federal bonuses could be offered to communities that publicize transitional housing program performance in order to drive private funding to the most effective programs.

It is vital that we preserve meaningful opportunities for families being left behind to seek and achieve self-sufficiency. But it is not enough that transitional housing programs with such a mission exist; they must be effective. We must invest in identifying and expanding such programs, while cutting all public funding for ineffective programs. Once effective programs are identified, additional funding for expansion could be diverted from both ineffective programs and funding for permanent rental housing assistance.

Conclusion

The homeless system serves struggling families who are victims not just of bad luck but also of ongoing challenges in achieving self-sufficiency. The Family Options Study confirms that offering families housing vouchers without time limits largely ends their homelessness but decreases work. A policy of offering permanent housing vouchers to all families who end up
in homeless shelters is impractical and sells struggling families short.

We need a new vision for homeless services that not only provides an efficient housing safety net for families with no place to go but also works to empower families to make it on their own. Strategic investment in supportive services and work incentives are required, and rapid re-housing and transitional housing models should be strengthened. Home-sharing arrangements that allow recipients more flexibility in using scarce funds should be supported.

Providing an efficient housing safety net that can catch all families and provide real avenues toward self-sufficiency may require additional investment in homeless services. Necessary funds should be diverted from federal rental assistance programs that do not target the most needy and that have detrimental effects on self-sufficiency. We must prioritize our resources for those most in need, and we must provide real opportunity for families who are being left behind.

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References


