

Lance Freeman

COMMENTARY

John Goering does an excellent job summarizing the early results of the Moving to Opportunity for Fair Housing Demonstration (MTO). His paper serves as an excellent reference for anyone interested in learning about the motivation, design, and preliminary outcomes of MTO. The findings summarized by Goering also settle and raise a number of important policy-related questions. In this commentary, I place the MTO experiment in the context of housing policy as well as summarize some of the lessons learned and the remaining questions relevant to affordable housing policy.

The MTO experiment is significant not only because of the lessons it offers on how neighborhoods affect individuals but also because it represents a major effort to use social science to inform housing policy. Compared with many other policy domains, such as health or welfare, housing has been somewhat of a laggard in using social science to inform policy. Politics, ideology, and the latest fads have often carried the day instead. This is not to say that politics can or should be removed from policymaking. Rather, social science can inform such decisions, but in order to do that, rigorous social science evidence of the type provided by the MTO experiment is required. Without such evidence, we are left with only ideology to guide us. Thus, MTO may represent the advent of social science playing an important role in the crafting of housing policy. This would certainly be welcome.

The MTO experiment is also significant, of course, for its lessons on neighborhood effects. The quasi-experimental

evidence thus far is consistent in showing that neighborhoods do in fact affect a number of behavioral outcomes. MTO's results represent the strongest findings to date that neighborhoods do indeed matter. Living in a high-poverty neighborhood seems to inhibit upward mobility. The question of whether neighborhoods matter is certainly closer to becoming questions of how, and now what do we do, as a result of the evidence produced by MTO.

The mechanisms through which neighborhoods exert their effects still remain something of a black box, although there are a number of plausible theories. The evidence from the qualitative analyses of the MTO demonstration suggests that the positive examples set by residents of low-poverty neighborhoods and the better schools available in these neighborhoods may be the primary mechanisms through which program participants in low-poverty neighborhoods achieve improved outcomes (Popkin, Harris, and Cunningham 2002). More in-depth qualitative research is necessary before we can draw any definitive conclusions on the "how" of neighborhood effects.

MTO's findings also force us more than ever to confront the implications of neighborhood effects and housing policy. Affordable housing policy in the United States has been predicated on the notion that it improves the physical characteristics of recipients' housing, increases affordability, and, implicitly at least, enhances the neighborhood environment. To date, however, our policy has failed on the

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last account. Indeed, the evidence suggests that in some respects, housing assistance has worsened neighborhood conditions, at least in terms of living in concentrated-poverty neighborhoods (Newman and Schnare 1997). The early results of the MTO demonstration show that neighborhood environment is indeed important. As others have suggested, neighborhoods help shape the opportunity structure confronting individuals (Galster and Killen 1995). These results suggest that when we craft affordable housing policy, we should take neighborhood quality into account.

Before acting on this, however, we need to consider the following questions:

- When designing housing policy, are the magnitudes of the observed effects large enough to warrant taking into consideration neighborhood effects?
- Assuming the impacts are substantial and long-lasting, how might the findings of MTO inform affordable housing policy?
- Should integration of all the poor—either through dispersal or mixed-income revitalization—be a goal?

- Should neighborhood quality, like physical housing conditions, be a standard for housing assistance eligibility?
- Might we expect neighborhood effects to work in reverse? That is, will mixed-income housing in neighborhoods undergoing revitalization produce similar benefits for the poor? HOPE VI is predicated on the assumption that this is indeed the case. But neighborhood effects may operate differently for poor households who do not seek out more affluent neighbors. This is certainly an area worthy of further study.

The MTO demonstration cannot, of course, provide the answers to these questions. But it increasingly moves policy debates in the direction of addressing these issues. To continue to ignore them in the face of convincing evidence of the importance of neighborhood effects would not only be intellectually dishonest but morally bankrupt as well.

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