

## Family Self-Sufficiency and Housing

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### *Abstract*

Since the early 1980s, an increasing number of initiatives have been introduced to link housing programs and policies with efforts designed to promote family economic self-sufficiency. This article reviews a set of programs that have worked to manipulate various components of the housing bundle to improve the economic well-being of acutely poor families. They include programs that modify the characteristics and services available in the local community, alter families' residential location, provide incentives and opportunities for homeownership, and link the provision of housing subsidies to increasing local capacity for service delivery.

This article suggests that the centrality of housing in fostering or impeding economic mobility makes it a key element in dealing with acute poverty and part of a creative strategy for intervening in the dynamics of poverty. Several important areas need to be taken into account when evaluating current policy; and multiyear evaluations will be necessary to determine the success of these programs.

### **Introduction**

Since the early 1980s, an increasing number of initiatives have been introduced to link housing programs and policies with efforts designed to promote family economic self-sufficiency. Although no prototype program emerged as the best, a new course of direction was evident. Merely providing families and individuals with housing was not an end in itself. Rather, the delivery of housing services must be accompanied by other services that would eventually foster family economic self-sufficiency. Housing in this sense was another ingredient in the package of policy alternatives that would ultimately permit families to relinquish their place at the public trough and to become part of the social and economic mainstream.

To be sure, housing has historically been considered central to people's physical and emotional well-being (Glazer 1980). Until fairly recently, however, major housing problems were physical in nature, including structural deficiencies and poor sanitation (e.g., the absence of plumbing, light, and ventilation) as well as

residential crowding. Poor housing conditions were found to negatively affect people's health independent of other social and economic conditions (Wilner and Walkley 1969). Post-World War II economic growth brought with it major improvements in the quality of housing that dampened this problem (Hartman 1975). Greatly enhanced housing conditions have led to a dramatic change in contemporary perspectives on the nature of the housing problem and its impact on family economic mobility and stability.

The political origins of the current innovation in policy direction come from two significant developments. The first was the acute fiscal crisis that accompanied the federal cutbacks of the Reagan years. At a time of escalating need for housing and social services and increasing numbers of families on the welfare rolls, the capacity for delivering these services was declining. Government was compelled to deliver more with less. The focus on more effective coordination of services was promoted on efficiency grounds, as a vehicle for getting more bang for the buck.

The other development also stemmed from the fiscal crisis: namely, intensified public opinion that permitting families to be supported by welfare and other income-maintenance programs was undeserved and unfair, helped perpetuate welfare dependency, and was unnecessary (Handler and Hasenfeld 1991). Although academic research continued to show that the growth in the number of families on welfare was tied to swings in the economy (Ellwood and Summers 1986; Wilson 1987), the popular press painted instead an alarming portrait of members of welfare-dependent families devoid of the ethics, values, and behavioral characteristics that make economic independence possible (Auletta 1983; Chicago Tribune 1986). To be sure, welfare reform was initiated under the Nixon administration in the form of the Work Incentive Program. But interest in welfare reform soared with the mounting cuts in federal aid to state and local governments.

This article addresses initiatives that have linked housing to achieving family economic self-sufficiency. The first part provides a conceptual framework for examining the meaning of family economic self-sufficiency and its connections to housing and focuses on the various components of the housing bundle. The second part examines an array of programs and policies that have relied on housing and other services as a vehicle for families to become economically independent and describes the research associated with these programs. These programs, initiated at both the federal and local levels, include those

targeted to public housing residents, to Section 8 tenants, and to homeless families. This part also marshals evidence to explore meaningful expectations and anticipated outcomes from these programs. The final part provides a set of policy and research recommendations based on the promise inspired by these creative endeavors.

## **Family economic self-sufficiency and the housing bundle**

Family economic self-sufficiency is now the articulated goal of many programs, including public as well as private, nonprofit ventures. Fostering economic independence is the concept that sells programs to foundations, to state and local governments, and to Congress.

But what does family economic independence actually mean? Initially, economic independence as tied to welfare reform initiatives was conceived as a situation whereby families become free of all government subsidies through substituting employment income for welfare. But experience with programs over the years has called into question the utility of this definition. First, reducing public assistance receipts did not eliminate poverty. Instead, increased labor force participation by welfare recipients was often found to mean that families substituted employment income for welfare without a significant increase in overall income (Burtless 1989). Second, it was found that complete independence from government transfers was extremely difficult to achieve because of low wage rates coupled with housing affordability problems. For example, families fortunate enough to be receiving scarce housing subsidies continued to hold on to these benefits (Rosenbaum 1991; Shlay 1993). Under the original definition of family self-sufficiency, the achievement of economic independence might actually mean continuing or even intensifying economic destitution.

Therefore, a sensible definition of economic independence does not insist that families are entirely free of public subsidies but rather are moving in the *direction* of achieving greater economic mobility and financial stability. Given the realities (both structural and individual) that impede families from substantial economic advancement without some continued aid and support (e.g., high unemployment, low wages, unaffordable housing, and skill deficits), economic independence is more appropriately viewed as a *process* of reducing welfare assistance, increasing

employment, developing greater human capital, and increasing family income (Shlay and Holupka 1992).

Viewed in this way, economic self-sufficiency is a multidimensional phenomenon. Families become economically self-sufficient by having access to life-sustaining resources, including employment, education, housing, and the support of a personal network of relatives and friends. Economic independence requires the acquisition of human capital and the availability of economic opportunities. Achieving economic self-sufficiency requires access to the “stuff” of upward mobility.

It is in the concept of “access” that housing may play the greatest role in fostering economic independence. Housing researchers and real estate market actors have for some time recognized that housing is more than physical shelter from the elements (Galster 1993). The term “housing bundle” suggests that housing is a composite of items, including tenure (own or rent), neighborhood characteristics (e.g., population and housing characteristics), and access to local amenities (e.g., schools, shopping, employment). Housing in the form of homeownership is an investment and a form of savings, providing a basis for wealth acquisition across generations. In this sense, the locational and tenure attributes associated with housing may be viewed as providing varying levels of opportunities for social and economic advancement.

The converse also holds—that housing works to thwart economic achievement. The housing bundle is implicated as an underlying dimension or cause of poverty and welfare dependency through limited access to human capital-generating resources, absence of employment, poor public services, lack of security, and the general troubles associated with the spatial concentration of poverty, including social isolation, greater risks of crime victimization and physical danger, absence of economically mobile role models and support for community institutions, and lack of visible opportunities (Kain 1992; Wilson 1987). Racial segregation compounds these manifest effects (Galster 1992; Massey and Denton 1993).

Moreover, as the crisis of homelessness continuously demonstrates, the cost of housing commands a significant proportion of families’ income, often the largest single expenditure per month. Although the convention is that family housing expenditures should not exceed 30 percent of income, poor families’ housing expenditures often surpass this amount (Leonard, Dolbeare, and Lazere 1989; Leonard and Lazere 1992). For the poor, retaining physical shelter then becomes an overwhelming and necessary

preoccupation that overshadows other economic necessities (e.g., food, medical care).

The multidimensional nature of the housing bundle and its centrality to socioeconomic advancement in U.S. society mean that housing is an important variable to consider in initiatives designed to foster economic independence and family self-sufficiency. Various dimensions of the housing bundle may be manipulated, including tenure, location, cost, and neighborhood characteristics.

Programs linking housing to efforts to foster family economic self-sufficiency have been directed at altering four major housing bundle characteristics. The first is the *neighborhood*. Programs may alter neighborhood attributes by bringing additional supports and services to the community, physically improving it, or altering the socioeconomic mix of the area. For some of these initiatives, the spatial concentration of poverty may not be a liability but an opportunity to promote access to the types of assistance that may begin to break down some of the barriers to achievement.

The second manipulable characteristic is *location*. Rather than alter the local environment of welfare recipients, programs may work to move families to better locations that provide access to amenities that could, ultimately, make economic independence possible. These amenities include those that directly affect achievement, such as schools and employment, as well as those whose influence on economic independence is more secondary, such as neighbors, recreational activities, and security. The premise of such housing programs is that residential mobility is often accompanied by social mobility (Rossi and Shlay 1982).

Note that programs that alter the characteristics and attributes of neighborhoods and those that alter families' residential location through moving are essentially working on the same housing bundle characteristic—the neighborhood. Conceptually, staying in place and changing the neighborhood versus moving to another neighborhood are both concerned with the impact of place on economic mobility. Yet each approach represents a very different strategy and faces distinct implementation problems. Changing a neighborhood's characteristics requires a commitment of both public and private resources as well as a reasonably organized community base. Changing a family's residential location requires overcoming spatial barriers of economic

exclusion and racial discrimination. Neither is an easy answer to the problem.<sup>1</sup>

The third manipulable characteristic is housing tenure—specifically *homeownership*. To be sure, promoting homeownership is not a new policy direction; providing political and economic supports for homeownership has been the focal point of U.S. housing policy since the Great Depression. Indeed, homeownership has been considered so central to U.S. social and political stability that it is viewed, in some circles, as normative (Shlay 1985).

Promoting homeownership, however, has only recently been linked to welfare reform initiatives (Rohe 1993). The rationale for providing incentives and opportunities for low-income homeownership is that families will reap the economic benefits of having a major investment, become invested in maintaining employment, and begin to exhibit the kinds of behavioral characteristics typically associated with homeowners becoming responsible, industrious, and law-abiding.

The fourth manipulable housing characteristic is *cost*. Housing costs may be subsidized through rental housing subsidies (e.g., Section 8, public housing) and through homeownership programs (e.g., loan guarantees, mortgage assistance). Subsidizing housing costs is obviously not a new policy. But the provision of housing subsidies has recently been used as leverage to induce localities to develop programs for promoting economic independence and to foster more effective coordination of service delivery.

As will be seen, some programs may manipulate more than one housing bundle characteristic. For example, a program's goal may be to physically improve a neighborhood, provide more community-based services, offer incentives for local homeownership, and expand the local employment base.<sup>2</sup> This more holistic approach may approximate what is typically known as community development.

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<sup>1</sup>It should also be recognized that there is a zero sum element to these strategies. Moving people out of bad neighborhoods to better neighborhoods continues long-standing processes of neighborhood decline and abandonment. But keeping households in place and promoting community development strategies may be least effective in terms of immediately changing families' economic situations.

<sup>2</sup> The holistic approach is embodied in the Nehemiah program, which is administered by the U.S. Department of Housing and Urban Development and which is currently under evaluation by Abt Associates.

As shown in table 1, the programs and policies reviewed herein can be grouped according to the housing bundle characteristics each is directed at manipulating. This is the guiding framework for reviewing the programs under discussion.

**Table 1. Programs Linking Housing and Family Economic Self-Sufficiency, According to Manipulated Housing Bundle Characteristics**

Neighborhood Attribute	Location	Tenure	Cost
Lafayette Courts Development Center	Gautreaux Experiment	Nehemiah Housing Opportunity	Robert Wood Johnson Homeless Families Program
Family Investment Centers	Moving to Opportunity for Fair Housing Program	Public Housing Homeownership Demonstration	Family Self-Sufficiency
Transitional Housing Programs for Homeless Families		Gateway Housing Program	
Mixed-Income New Community Strategy			

*Note:* Programs categorized by most major housing feature. Some will modify more than one housing characteristic.

### **Programs linking housing to family economic self-sufficiency**

The programs reviewed here in some form link housing to initiatives designed to promote family economic independence. The four major types of programs considered are those that manipulate neighborhood attributes by modifying the characteristics and services available in the local community, those that alter families’ residential location, those that provide incentives and opportunities for homeownership, and those that link the provision of housing subsidies to increased local capacity for delivering services and supports geared toward fostering economic self-sufficiency. The central question asked of each program is whether it appears to be a viable strategy for fostering family economic independence. To answer this question, each program is reviewed according to its goals and objectives, its components, obstacles and problems, and, when available, the research associated with the program.

Some of these programs have been in place for some time and have been heavily researched; others are in the early phases of

implementation. Moreover, some programs are the subjects of ongoing evaluations for which no findings are currently available. Therefore, for some programs, a complete assessment is premature.

### *Neighborhood attribute programs*

Neighborhood attribute programs seek to modify characteristics of the immediate community, providing access to people, services, and supports designed to help move people in the direction of greater independence. Four programs are reviewed: the Lafayette Courts Family Development Center (a demonstration program in service delivery for public housing residents), Family Investment Centers (a program in the National Affordable Housing Act of 1990 modeled after the Lafayette Courts demonstration), transitional housing programs (temporary housing with services for homeless people), and the Mixed-Income New Community Strategy (or MINCS—a public housing demonstration that houses a mix of low- and moderate-income households).

*Lafayette Courts Family Development Center.* Opened in 1987 in one of Baltimore's largest public housing developments, the Lafayette Courts Family Development Center (FDC) was initiated as a demonstration program in on-site coordination of service delivery to public housing residents. Its design reflected a new recognition that the spatial concentration of people with similar problems in public housing, although reproducing manifest ghetto conditions, represented an opportunity to try out some new ideas on fighting poverty.

Funded and administered by the City of Baltimore, FDC is best seen as an umbrella organization, offering a variety of programs coordinated by a core administrative staff located at Lafayette Courts. Activities have included education and job training programs for adults, health care and child care services for children, and support services for troubled teenagers as well as for teenagers doing well.

Three key concepts are unique to the FDC intervention. First, the FDC approach differs from other welfare reform strategies by targeting entire family units, not individuals. Second, by locating programs at the public housing development, the FDC approach minimizes travel time and eliminates problems of locating transportation to and from programs. Third, the FDC approach is a comprehensive and coordinated welfare reform strategy.

FDC is also one of the few programs of its type to have been subjected to a rigorous evaluation. Because it is an experiment in coordinated service delivery, one part of the evaluation focused on the implementation process associated with getting the center to a steady-state operation (Shlay and Holupka 1990, 1991a). Because of the expected intensity of the FDC treatment, a second part of the evaluation investigated the early effects of FDC on changes in program participants (Shlay and Holupka 1991b, 1992).<sup>3</sup>

The research provides some instructive lessons. The investigation of the administrative process emphasized the overall feasibility of FDC. It was put into place in a very short time, immediately enrolled many families, was successful in delivering services to different family members, and was able to resolve problems when they arose.

Yet a number of central tensions emerged in the process. One tension existed between the more holistic goals of family development and the requirement for specialized service delivery to individuals. Those who provide specific services (e.g., child care) were less concerned with the general development of families than with the success of their programs.

This tension was manifested in two ways. First, people distinguished between the “core” FDC staff (FDC case managers and administrators) and “vendors” (people who were contracted to provide services at FDC). The vendors tended to see themselves as independent operators whose fates were not directly tied to the future of FDC. This view created the potential to reduce cooperation.

Second, relationships between adult-oriented service providers and child-oriented service providers were somewhat strained at times. This tension arose because of two different perspectives on the purpose and goals of child care. Those who provide child care emphasized its role in positively influencing child development. Those who provide adult services perceived the role of child care as giving adults time to participate in their programs. This division held the potential to reduce cooperation among service providers in accommodating the multiple needs of family members.

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<sup>3</sup> The research was conducted under contract with the City of Baltimore with additional funding provided by the Ford Foundation. At the time the authors were at The Johns Hopkins Institute for Policy Studies.

How were these tensions managed? First, they were reduced by FDC's successful assignment and recruitment of people to programs. Vendors want people in their programs. Part of the administrative work is managing the flow of people through the case managers to the vendors. The importance of managing the flow of people through FDC emphasizes the centrality of case managers. Case managers are vital to implementing the FDC concept.

Second, tensions were reduced through maintaining constant dialogue and communication between different people at FDC. Regular meetings were very important for reducing conflict and building esprit.

One very basic finding that appears to have been taken into account in planning federal policy on Family Investment Centers concerns physical space. FDC requires a large amount of space to house its programs. Although space is available at public housing developments, its primary purpose is to provide housing for low-income people. Initially, nine units were refurbished to house FDC. But even this amount of space was inadequate to house all of the necessary programs and services. Fortunately, an elementary school adjacent to Lafayette Courts had space available for a large portion of FDC's programs. Space planning must be front and center in the planning process for any similar project.

To examine the early effects of FDC, the research design was based on collecting data for a sample of FDC enrollees and a control sample of families living in a similar public housing project. Administrative records were used to profile characteristics of FDC enrollees and the control group sample over two years. For information unavailable from administrative records, the FDC enrollees in the sample were interviewed twice with a one-year interval.<sup>4</sup>

Did families participating in FDC become economically self-sufficient? The evaluation found that two years of participation did not result in families' achieving economic independence as measured by changes in public assistance receipts. Families' economic circumstances did not change in the FDC's early years. Participant families continued to receive Aid to Families with Dependent Children (AFDC) and food stamps and remained public housing tenants.

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<sup>4</sup> The overall response rate at both points in time was over 70 percent.

Yet other findings indicated that FDC was a promising experiment with the potential to realize longer term economic gains for families. This conclusion is based on a number of findings.

First, FDC dramatically increased members' participation in Job Training Partnership Act (JTPA) programs and led to greater intensity and breadth in JTPA participation. If JTPA participation brings with it increased earnings and employment, as a recent Abt Associates evaluation suggests, FDC participants should, in the long run, enjoy greater economic benefits (Bloom et al. 1993).

Second, participation in FDC also led to attitudinal and behavioral changes: increased educational aspirations, higher self-esteem, and a greater sense of control over one's life. Participants spent more time in other neighborhoods and less time with nothing to do.

Employment declined among FDC participants, while employment among controls increased. Higher levels of participation in education programs explained the lower rates of labor market participation by FDC participants. This result suggests that human capital investment strategies like FDC may not lead to economic returns over the short term. But if investment in human capital brings with it increased economic returns, the accompanying absence from the labor market may lead to a longer term payoff sometime in the future.

The evaluation of the FDC experiment emphasizes the importance of staffing (particularly case management), coordination strategies, and the incorporation of reasonable expectations about programmatic outcomes. A theme of this research to which this article will return is the appropriate time frame for examining the outcomes of innovative demonstrations on family self-sufficiency.

*Family Investment Centers.* Modeled after FDC, Family Investment Centers were enacted as part of the National Affordable Housing Act of 1990. Focusing on the role of access to services, the act's goal is to "provide families living in public housing with better access to educational and employment opportunities to achieve self-sufficiency and independence" (U.S. House of Representatives 1990).

The program was authorized at \$25 million in fiscal year 1991, although the money was not appropriated until May 1993. Thus, no centers have been set up under this law to date.

The legislation is designed to provide funding for obtaining the space to house center programs, an important first step in planning for such programs. It is also designed to induce localities to coordinate and concentrate services at or near public housing developments by providing a 15 percent match of the cost of supportive services to be brought to the center. Localities are required to use other public and private resources to fund the bulk of the services provided on-site.

As of this writing, the U.S. Department of Housing and Urban Development (HUD) has not proposed to evaluate this program. Given the early promise of the Lafayette Courts demonstration, it would appear strategically prudent to develop a system to collect baseline data in order to permit some longitudinal research in the future.

*Transitional housing programs for homeless families.* Transitional housing programs are intended to help people make the transition from being homeless to becoming permanently domiciled. The transitional housing concept emerged in the early 1980s with the recognition that emergency shelters did not provide enough support or time for people to obtain the requisite resources to prevent homelessness from recurring. Transitional housing programs provide housing for varying lengths of time, typically from six months to about two years, and generally provide some type of support services.

Varying levels of funding for each program mean that each program provides different amounts of services. Typically, a transitional housing program will provide individuals or families with a room or an apartment, staff support for counseling and planning, referrals for employment and training, and assistance with income maintenance and housing assistance bureaucracies. Some provide on-site services such as educational programs and child care. Most programs have a maximum time limit for residency, from as little as three months to as long as five years.

The number of transitional housing programs for homeless families has rapidly expanded in recent years (Rossi 1993). The expansion of these programs reflects, in part, the increasing number of homeless families with children. But it also reflects the increased funding available for these programs. Under the Transitional Housing component of the Supportive Housing Demonstration Program of the McKinney Act, funding increased from \$62 million to \$109 million between 1988 and 1991 (Inter-agency Council on the Homeless 1992). A large portion of these funds was targeted for homeless families with children. The goal

of this program is to foster “independent living” within a 24-month stay (Interagency Council on the Homeless 1992).

The growth in the number of homeless families with children is recognized as a problem of acute poverty accompanying economic structural change and the erosion of AFDC benefits (Shlay and Rossi 1992). But the growth in family homelessness is also a function of the growth of the family shelter industry. According to Peter Rossi, public policy’s influence on shelter capacity “controls visible family homelessness” (Rossi 1993, 69). With the availability of housing in homeless shelters, families are provided with alternatives to living in doubled-up, crowded, abusive, and otherwise untenable housing situations. Note that shelters per se do not cause family homelessness. Rather, they make more visible homeless families that would otherwise be hidden among the ranks of the precariously housed and near-homeless.

Despite the large increase in transitional housing, these programs have not been the subject of much research. The U.S. General Accounting Office (GAO) (1991) investigated the “success” of homeless families participating in transitional housing programs, defining success as families leaving the program having found both housing and a stable source of income. Under this definition, the authors found a high rate of success (40 percent). Nonetheless, it is unclear whether the programs themselves “caused” this newfound stability or whether families had become economically independent. The research did not address whether families received any form of public assistance after leaving the program, such as income and housing subsidies—two critical vehicles for stabilizing the lives of homeless families with children.

An investigation of services for homeless families with children across five cities reported a knowledge void about the effectiveness of programs because of the absence of any evaluation on program outcomes or follow-up once families leave the program (Macro Systems, Inc. 1991). Indeed, it was suggested that program evaluation would be difficult to accomplish because of the absence of well-defined program goals and the difficulty in assigning success or failure to particular programs.

To investigate the effectiveness of the McKinney-funded Transitional Housing Program, HUD has contracted with Westat to evaluate the entire Supportive Housing Demonstration Program. However, this evaluation focuses on clients while they are in the program and does not monitor them after they leave it (GAO

1991). This research can determine only the short-term effects of the program.

In Baltimore, follow-up services were provided to families exiting from its demonstration program for homeless families—the Transitional Housing Program (THP). Funded almost entirely by HUD with McKinney funds, THP may house up to 71 families for as long as two years. THP's standard programmatic model is that adult family members establish their short- and long-term goals and then, with case managers, initiate a process to achieve them. Activities include education, employment and training, support groups, counseling, child care, counseling on parenting, health care education, mental health services, and intensive family services. Participants who are not prematurely terminated from the program "graduate" from THP and are awarded a Section 8 certificate to help them stay in permanent housing.

As part of the follow-up program, family heads of households were interviewed once every four months over three years to monitor the changing life circumstances of families. Although the small number of cases and the absence of a control group preclude calling this research a true evaluation, it provides some rich descriptive information on the lives of these formerly homeless families up to one and one-half years after they left THP (Shlay 1991, 1992, 1993).

The research found that no THP graduate became fully economically independent over this period. For a sizable proportion, employment income was substituted for AFDC. However, almost all households continued to receive food stamps and a housing subsidy, mainly Section 8.

Yet other findings suggest that THP graduates showed significant improvements in the direction of leading healthier, more productive, and more stable lives (Shlay 1993). Parents consistently recounted positive changes for their children. Adults reported improved physical well-being and greater happiness. Families had few difficulties paying rent and remained connected to relatives and friends. Moreover, people consistently expressed life goals in line with becoming part of the economic mainstream; each person interviewed volunteered an employment- or education-related aspiration as a goal. The main problems reported were finding transportation, child care, and employment—problems associated with becoming attached to the labor market.

What was the source of this newfound stability? The research suggests that a feature of the THP program, the provision of a

rental housing subsidy upon graduation, may be an essential element in stabilizing families' lives. In other words, housing subsidies may provide the foundation, with the other appropriate supportive services, for moving families in the direction of greater independence.

Federal policy provides support for targeting Section 8 vouchers for homeless families by permitting public housing authorities to establish a priority for families living in McKinney Act transitional housing (Interagency Council on the Homeless 1992). But Rossi notes that "it is ironic that a family might do better in obtaining a housing voucher to become homeless" (Rossi 1993, 78). In turn, he recommends a full-coverage housing voucher program.

Note that transitional housing programs for homeless families are conceptually very similar to Family Investment Centers; they provide on-site coordinated services designed to foster family economic self-sufficiency. Public housing residents, however, are already receiving a housing subsidy; they are stably housed. Homeless families, by definition, are in unstable housing situations. Therefore, housing subsidies appear to be a central element in self-sufficiency initiatives for homeless families in addition to social services and supports.

*Mixed-Income New Community Strategy.* The intense concentration of poverty in public housing developments has been a concern for a long time (Rainwater 1980). But political attention on the deleterious effects of concentrated poverty was heightened with the publication of William Julius Wilson's *The Truly Disadvantaged* (1987). Wilson proposed that the social and spatial isolation of poor families works to perpetuate acute poverty because of the absence of positive role models and because of the inability of poor neighborhoods to support neighborhood institutions. MINCS is intended to economically integrate public housing (Schill 1993). Enacted as part of the National Affordable Housing Act of 1990, it is being implemented on a demonstration basis in Chicago by the Chicago Public Housing Authority at Lake Parc Place.

MINCS has a number of features that make it a multifaceted approach to altering neighborhood attributes. First, as a poverty deconcentration strategy, MINCS intends to mix low-income and very low income families in one public housing development. At Lake Parc Place's two 15-story rehabilitated high-rises, 50 percent of the units were rented to families with incomes less than 50 percent of the area's median income (i.e., the typical public housing resident), with the remaining units leased to families at

50 to 80 percent of the area's median income (Bryson and Youmans 1992).

Second, MINCS is a community development strategy. Public housing authorities are permitted to lease newly constructed or rehabilitated private market units and then allocate them to selected public housing tenants. In Chicago, 141 market-rate housing units will be constructed by private developers in the Lake Parc Place community.

Third, like Family Investment Centers, MINCS will provide coordinated and comprehensive services designed to move families in the direction of greater self-sufficiency. A unique feature is that families must agree to specific behavioral requirements or risk the loss of their apartment. They must participate in the service program, remain drug free, refrain from criminal activity, and keep their children in high school until they graduate (Bryson and Youmans 1992).

Fourth, MINCS provides a mechanism for forced savings by families. After the first year of participation (when rents are frozen unless family income increases above 80 percent of median), any rent increases will be put into an interest-bearing escrow account. The family is awarded the funds in the account upon completing the program or sooner if the money is to be used for purchasing a home or paying for college, or for another approved expenditure. It is anticipated that successfully completing the program will not take longer than seven years, although there is no specific requirement that families must move out of the development into nonsubsidized housing.

Schill (1993) questions the potential for replicating the Lake Parc Place experiment because of its location—on Lake Michigan and close to downtown Chicago. Although its location may be desirable in some ways, it is also true that the development remains part of one of Chicago's poorest neighborhoods on the South Side.

With funding from the Ford Foundation, an evaluation of the Lake Parc Place demonstration is in its early phases. The research is being conducted by James Rosenbaum of Northwestern University.

### *Location programs*

Location programs are those that work to move low-income households to a better community or neighborhood. The premise

of changing where people live is that they will have greater access to services, supports, and opportunities that will permit economic mobility and independence.

Suburban exclusion of low-income households is a long-standing issue and has gained renewed attention at the federal level with the completion of work by the Advisory Commission on Regulatory Barriers to Affordable Housing (Downs 1991). Altering these practices is difficult and is met with resistance; parochialism and NIMBYism prevail on the suburban scene.

Faced with political recalcitrance, very few programs directly focus on moving families to better neighborhoods, particularly the suburbs. Two major exceptions are the Gautreaux experiment and its newly initiated progeny, the Moving to Opportunity for Fair Housing Program.

*The Gautreaux program.* The Gautreaux program was part of a 1976 consent decree by the Supreme Court that ruled that the Chicago Housing Authority and HUD had exhibited racially discriminatory practices in the site location and administration of Chicago's public housing programs. The program's specific purpose was to compensate for past racial discrimination, although it is also an important experiment in remedying economic exclusion (Rosenbaum 1991).

Since 1976, the program has used Section 8 certificates to move low-income households into neighborhoods throughout the Chicago metropolitan area. Some households have moved to African-American neighborhoods in the city. But the unique feature of this program is that it has successfully relocated many low-income African-American families to predominantly white suburbs (Rosenbaum et al. 1991). As of 1991, 4,000 families had participated in the Gautreaux experiment.

Fortunately, this experiment has been the subject of a substantial amount of research (Rosenbaum 1991; Rosenbaum and Popkin 1991; Rosenbaum et al. 1991; Rosenbaum, Kulieke, and Rubinowitz 1987, 1988). The central question of this research was the impact of moving very low income African-American families to white suburbs.

The research design was to compare a sample of Gautreaux suburban participants with a control sample of Gautreaux participants who located in African-American, city neighborhoods. Interviewing families in 1981 and again in 1988, the research focused on the experiences and opportunities of both children

and adults. The early interviews permitted an assessment of the short-term effects of the move. The later interview permitted an evaluation of the long-term effects of the move.

The early findings focused largely on the effects of the move for children in school and demonstrated some important benefits (Rosenbaum, Kulieke, and Rubinowitz 1987, 1988). Mothers were more satisfied with the suburban schools, mainly because they thought teachers were more committed and competent than teachers in the city schools. Moreover, contrary to expectations, neither grades nor school satisfaction levels of the newly suburbanized children declined despite the much higher academic standards of the suburban schools.

Later research found that suburban adults were no less socially integrated than their city counterparts (Rosenbaum et al. 1991). Suburban adults were more likely to be employed than those who stayed in the city. Indeed, a suburban location was a major independent predictor of employment when multivariate analysis was performed, although location had no effect on hourly wages or the number of hours worked (Rosenbaum 1991; Rosenbaum and Popkin 1991). Suburban children were more likely than their city control group to stay in school, attend college, obtain employment, and earn more money (Rosenbaum 1991).

The suburban shift clearly enhanced the life chances of these families, indicating the promise of housing vouchers combined with housing counseling for promoting greater access to economic opportunities. Targeting location changes appears to be a promising policy direction. Nonetheless, the research could not discern precisely what features of the suburbs contributed to these positive changes. In addition, many families reported problems with transportation and finding adequate child care, indicating that nonhousing services need to be taken into account for these types of initiatives.

An important finding is that suburban adults retained their Section 8 benefits. Although families were clearly moving in the direction of economic independence, they had not become fully self-sufficient. Yet the acquisition of the voucher coupled with housing counseling was the key ingredient that permitted them to move to the suburbs and remain there. As with other programs under discussion, it would appear that housing vouchers or some kind of housing subsidy is central to self-sufficiency initiatives.

*Moving to Opportunity for Fair Housing.* Moving to Opportunity for Fair Housing, a demonstration modeled after the Gautreaux experiment, was part of the Housing and Community Development Act of 1992. Five cities, including Los Angeles, will be part of this demonstration. The program will be directed at relocating families with children either living in public housing or receiving Section 8 housing assistance from areas of heavily concentrated poverty to areas with low concentrations of poverty. Additional money has been appropriated to support this demonstration as part of the Section 8 voucher program (U.S. House of Representatives 1992).

An evaluation, under the direction of HUD's Office of Policy Development and Research, will be conducted. It will include an assessment of the costs of implementing this program compared with those that routinely administer Section 8 vouchers, an examination of the implementation of the program, and an evaluation of the effects of the program on the educational achievements, employment situations, and quality of life of participating families. A control group of nonparticipating Section 8 recipients will be included in the evaluation. In addition, the evaluation will investigate the role of housing market discrimination, particularly by landlords, in impeding families from relocating to different communities.

This research will do much more than determine the utility of the program itself. It will provide a deeper understanding of the impact of location on family economic mobility and the racial and class dynamics of urban housing markets, particularly the suburban rental housing market.

### *Homeownership programs*

Federal housing policy, in general, is directed at encouraging stable homeownership. This policy has been quite successful; homeownership rates of U.S. households are among the highest in the world (Kemeny 1981).

Typically identified as part of the American Dream, homeownership is believed to bring with it a sense of satisfaction, more responsible behavior, and the opportunity to save money and accumulate wealth. Access to homeownership has been considered to be part of the explanation for wealth differentials between African-American and white households (Canner and

Smith 1991; Farley and Allen 1987). Moreover, homeownership is believed to be an important ingredient for neighborhood stability and vitality. Nonetheless, the effects of homeownership are difficult to discern because it is usually accompanied by other factors that influence behavior, such as age, income, family composition, and family life cycle stage (Rossi and Shlay 1982).

Homeownership is associated with a host of other housing bundle characteristics including neighborhood and locational attributes. Compared with neighborhoods of renters, neighborhoods in which homeownership dominates are typically better maintained, have lower crime rates, and have access to superior public services and schools. In part, these characteristics result from metropolitan fragmentation, fiscal policy, zoning for homogeneity, and other exclusionary mechanisms (Shlay and Rossi 1981). Being a homeowner per se may or may not shape behavior independent of other social and economic factors. But living among homeowners may provide other benefits that lead to greater economic gains.

Within the past decade, interest in low-income homeownership has increased because of presumed economic, social, and neighborhood benefits that come with it (Rohe 1993). Recent research suggests that homeownership for low-income families increases life satisfaction, although it did not find any effects on either self-esteem or perceived sense of control (Rohe and Stegman, forthcoming b). Low-income homeowners were more likely than renters to participate in neighborhood or block organizations (Rohe and Stegman, forthcoming a). Apparently, homeownership has a modest influence on some attitudes and behaviors.

The link between homeownership and family economic self-sufficiency is complex. Typically, families are able to become homeowners because they are economically self-sufficient—homeownership is an indicator of economic independence. But for low-income families, homeownership may be a vehicle for achieving some kind of independence, perhaps over the long term or even across generations.

Homeownership for low-income people is now part of the federal policy agenda with HOPE (Home Ownership for People Everywhere) as part of the National Affordable Housing Act. The three innovative low-income homeownership programs reviewed here served, in part, as precursors for current federal initiatives.

*Nehemiah Housing Opportunity Program.* Enacted in 1987, the Nehemiah Housing Opportunity Program was intended to

increase low-income homeownership, to improve local neighborhoods, and to contribute to the neighborhood employment base. It was designed as a housing demonstration for leveraging concentrated community and economic development. Since 1989, three rounds of funding were made. The program was discontinued in 1991.

Nonetheless, the demonstration sites funded under this program are in the process of implementing it. Under contract to HUD, Abt Associates is currently conducting an evaluation of the 15 first-round Nehemiah grantees. Its similarity to current housing initiatives makes it an important program to consider.

Under the Nehemiah Program, HUD provides interest-free, silent second mortgages to households that buy new or rehabilitated homes. Nehemiah grants were awarded to nonprofit organizations, which were required to develop a neighborhood-based housing development plan. Their mission was to concentrate housing development within a single spatial area to maximize economies of scale and be large enough to have a substantial, measurable communitywide effect.

The Nehemiah grant could not be used to fund housing construction. Rather, the grant was intended to leverage public and private funding sources other than federal money. An interim report based on initial site visits with first-round grantees found that progress in implementing local Nehemiah programs was slow (Phipps et al. 1993). Given the early stages of implementation, it is too soon to determine whether the program will have the anticipated neighborhood and employment spillovers.

Nonetheless, the research found that Nehemiah has been successful in providing homeownership for low-income families. Home buyers were typically at or below 50 percent of the area's median income. Three-quarters of the purchasers were female heads of households, and 90 percent were African American. Yet locating qualified home buyers has proved to be difficult because poor households often lack credit histories or savings.

The link between programs that focus on homeownership and community development and family self-sufficiency is indirect. Homeownership is often accompanied by greater commitment to the labor force, although homeownership per se may not cause people to seek a job and remain employed. Moreover, homeownership in itself does not provide any guarantee that steady employment is available. Homeownership may more directly

influence economic self-sufficiency as a vehicle for savings and accumulation of wealth.

But for programs like Nehemiah to operate as good investments for low-income households, neighborhood housing values must be sustained. Determining whether housing produced through Nehemiah appreciates over time will be an important question addressed in the final evaluation of this project (Phipps et al. 1993).

One Nehemiah site is tackling issues of family self-sufficiency more directly. Sandtown-Winchester, a neighborhood in west Baltimore, has been the site for concentrating other services, including a Family Investment Center (Pines 1992).

*Public Housing Homeownership Demonstration Project.* In an unusual experiment, 17 public housing authorities (PHAs) were selected by HUD to sell a portion of their public housing inventory to tenants. Beginning in 1985, 1,315 units were designated for sale over a three-year period. To make units affordable to low-income buyers, HUD provided a silent second mortgage. This second mortgage was to be forgiven if the owner remained in the unit for a certain period of time. In addition, HUD required each housing authority to provide tenants with prepurchase counseling.

The evaluation of the program indicated that it met limited success (Rohe and Stegman 1990). Most of the PHAs had difficulties selling their housing, and by the end of the demonstration, only about half the units had been sold. In part, sales were low because so few public housing residents qualified for homeownership.

Typical public housing purchasers were not representative of the public housing population; they were largely higher income, two-parent households with at least one full-time wage earner. In other words, these households were already more self-sufficient than the average public housing resident, thus underscoring that homeownership may be an antecedent to self-sufficiency rather than the other way around. Nonetheless, by the end of this demonstration, about 10 to 15 percent of these new home buyers were delinquent on their mortgage payments.

*The Gateway Housing Program.* The Gateway Housing Program is an unusual demonstration that is both a service delivery program designed to promote economic self-sufficiency and a homeownership program for public housing residents. It is

operated by the Charlotte, North Carolina, Public Housing Authority. As the model for Family Self-Sufficiency (a recent federal program linking services to housing subsidies), it is fortuitous that it has been the subject of an evaluation (Rohe 1991; Rohe and Stegman 1991).

The program is designed to help families become economically independent, to move out of public housing, and to buy their own home. Targeted families are those with income levels less than \$12,500. A small demonstration, it includes 100 families.

The time frame for program completion is divided into two phases. The first one, termed "remedial," is a two-year phase during which families are provided with job training and educational and other services intended to help them enter and stay in the labor market. People requiring more than two years of services are excluded from the program. During this period, rent levels and welfare benefits remain constant even if families' economic situations improve.

The second phase, termed "transitional," may take up to five years. Participants are provided with services intended to help them become and remain homeowners.

The most unusual feature of this program is the escrow account, a form of forced savings, that is created at the transitional phase. With the expectation that at this point participants are employed, rents are unfrozen. Tenants are then required to pay 30 percent of their income for rent. The difference between the actual operating expenses for the unit and the rent (i.e., the housing subsidy) is placed in an escrow account for the tenant to use as a down payment for a house. At the end of this phase, assistance is provided in locating housing and acquiring financing to make homeownership affordable.

The evaluation of this program is not yet completed. The evaluation is designed to provide an assessment of the implementation, efficiency, and impact of the program. Incorporating a longitudinal research design spanning four years, it compares program participants with a control group consisting of public housing residents who applied for and qualified for the program but did not participate (Rohe 1991).

Preliminary findings indicate that after 18 months in the program, participants' income, education, and employment increased (Rohe and Stegman 1991). Some were in the process of

buying their own homes. Yet 24 families had dropped out of the program or were discharged.

An important early finding is the small number of tenants who qualified for the program, about 3 percent of Charlotte's public housing tenants. As noted earlier, the problem of locating qualified participants also plagued the Nehemiah and Public Housing Homeownership programs. Some people did not qualify for Gateway because they would have required more than two years of remedial services.

Yet those closest to this experiment indicate that social and psychological factors play an important role as well. According to evaluators Rohe and Stegman,

The assumption behind self-sufficiency programs is that residents of public and subsidized housing are motivated to achieve self-sufficiency. The experience of the Gateway Housing Program suggests that this is not the case for a large proportion of residents (Rohe and Stegman 1991, 50).

It cannot be determined whether motivational problems were unique to the Gateway experiment or have been manifest in other self-sufficiency programs as well. Yet it is apparent that program selectivity combined with low levels of motivation will limit these types of self-sufficiency initiatives to a small number of public housing residents. The focus on homeownership may further limit the scope of these initiatives. Given constraints on resources and time, it will be important to learn from the evaluation what can be expected from experiments like this.

### *Housing cost/subsidy programs*

Until quite recently, providing rental housing assistance in the form of public housing or vouchers was not considered a vehicle for addressing family self-sufficiency. Now housing subsidy programs are being linked to self-sufficiency initiatives in two major ways. First, housing subsidies are used as incentives for families and individuals to participate in services designed to foster economic independence; the subsidy is the household's carrot for participation. Second, housing subsidies are offered as incentives for local municipalities to concentrate their activities on working to help families become economically independent. Additional housing subsidies are carrots for housing authorities to go beyond the typical brick-and-mortar approach to work with other agencies to provide needed services. Two of these programs

are reviewed: the Robert Wood Johnson-HUD Homeless Families Program and Family Self-Sufficiency.

*The Robert Wood Johnson-HUD Homeless Families Program.*

The Homeless Families Program is a nine-city demonstration designed to improve the coordination of services to homeless families, with the ultimate goal of helping them become permanently domiciled and economically independent. Localities are being provided with additional housing vouchers to serve homeless families in exchange for developing coordinated, comprehensive services for these families. HUD provided 1,200 vouchers at \$38 million for five years. The Robert Wood Johnson Foundation provided \$2.4 million in grants for local program coordination (Interagency Council on the Homeless 1992).

The program does not provide any additional money for service delivery. The assumption of this program is that services, although fragmented, are available at the local level. Homeless families facing multiple problems require multiple services. The additional housing subsidies and grant monies represent incentives for coordinating the delivery of these services (Rog 1991).

Note that this program is not directed at bringing services to families like transitional housing programs, but at using housing subsidies as leverage for localities to coordinate the delivery of services more effectively. The central housing feature of the Families Program is that it manipulates the cost of housing by providing additional housing subsidies that PHAs would otherwise not receive.

The program is currently being evaluated by Debra Rog at the Vanderbilt Institute for Public Policy Studies. No findings are available at this time. The evaluation across all nine cities addresses who is being served by the program, what services are provided, how service delivery systems changed, and the outcomes for families. Three cities that applied for the program but were not admitted are intended to serve as the control group for comparative purposes. A unique feature of this research is a uniform information-gathering system across cities: a management information system.

The research design is not directed at investigating the effects of the program on homeless families, although "outcome" data will be collected. The absence of a control group of families precludes attributing changes in families to the program itself.

The evaluation is designed to collect information on families while they are being served. Families will not be tracked after

they leave the program. Given the wide variability of the initiatives at each site and the intensity of the data collection effort, it is anticipated that the research will provide important information about the workability of particular programs and service delivery systems.

*Family Self-Sufficiency.* The enactment of the Family Self-Sufficiency component of the National Affordable Housing Act of 1990 represents a major shift in government's view on the role of PHAs in administering housing subsidy programs (Nenno 1991).<sup>5</sup> With its genesis in three earlier demonstrations—Project Self-Sufficiency, Operation Bootstrap, and the Gateway Housing Program—Family Self-Sufficiency stipulates that in exchange for additional funding for either public housing or Section 8 certificates, PHAs are required to develop and administer programs designed to promote family economic independence (GAO 1992).

In 1991 and 1992, participation in Family Self-Sufficiency by PHAs was voluntary and competitive. In 1993, participation became mandatory for PHAs but remained voluntary for Indian housing authorities. The Secretary of HUD may excuse PHAs from participating in this program. Otherwise, nonparticipating PHAs will not be eligible to receive additional money for either Section 8 vouchers or public housing.

Family Self-Sufficiency provides no funding for services. Localities are required to find other public and private support for services. The housing subsidies are intended as leverage for creating more concerted and coordinated services for families receiving federal housing subsidies. A small amount of money is provided for general administration of the program.<sup>6</sup>

The minimum size of each local Family Self-Sufficiency Program is governed by the number of units added to the subsidized inventory. For every additional housing unit that is subsidized, another family must be served in the program. This requirement

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<sup>5</sup> Much of this discussion is based on a conversation with Deborah Greenstein of the HUD Office of Policy Development and Research.

<sup>6</sup> Funding for administration of local programs remains a contested area. For programs administered in public housing developments, funding is available for administrative staff under the legislation. But for programs that serve Section 8 certificate holders, program administration must be supported by the Section 8 fee, which has not been adjusted to take into account Family Self-Sufficiency obligations. Under law, HUD was supposed to adjust this fee after GAO studied the costs of the program. But GAO reported that insufficient data were available to make this determination, so it requested that HUD collect appropriate data to make this determination internally.

is cumulative, meaning that localities must continue to expand their programs with each additional increment of funding for subsidies.

The basic design of the program contains elements found in a number of demonstrations. Each PHA is required to submit an action plan that provides information on the details of each program. A program coordinating committee, consisting of public and private representatives including the local chief executive officer, is responsible for obtaining commitments from individual service providers and ensuring that services are comprehensive and coordinated.

Participating families must already receive some form of housing subsidy; they will not be selected from waiting lists for housing subsidies.<sup>7</sup> Participation is voluntary. Families may be screened for behavioral indicators of motivation (i.e., signs confirming that families want to participate) but may not be screened for employment history or educational attainment.

For each individual family, participation is formally negotiated as part of a five-year contract with the head of the family.<sup>8</sup> The contract stipulates the services that will be made available, the program's expectations of families (e.g., for seeking and obtaining employment), and conditions for program completion. The terms of the contract are considered to be fulfilled when the family is no longer receiving welfare or when family income increases to the point at which 30 percent equals or exceeds the fair market rent for their housing unit. Families who violate contract terms may be terminated from the Section 8 program, although public housing families do not face the same risk (Bryson and Youmans 1992).

The key incentive for this program is the creation of a family escrow account. Modeled after the escrow accounts set up under the Gateway Housing Demonstration, the account is considered to be the families' reward for successfully completing the program.

The amount of money accrued in the escrow account is a function of changes in family income and rent levels. Rent increases

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<sup>7</sup> Initially, it was anticipated that participants could be selected from waiting lists. But the voluntary nature of Family Self-Sufficiency precludes using waiting lists because participation in Family Self-Sufficiency is not a criterion for receiving a housing subsidy.

<sup>8</sup> The contract may be extended for an additional two years for good cause (GAO 1992).

resulting from increased family income will be placed in the escrow account as long as family income remains at less than 50 percent of the area's median income. When family income is between 50 and 80 percent of the median, the amount of money placed in escrow will equal the amount of the normal rent increase that would have occurred for families at 50 percent of the area's median. For families whose income exceeds 80 percent of the area's median family income, the contributions to the escrow account will cease.

Note that at all times families will pay out of pocket the normal rent increases that occur when family income rises. But the money will not be used as operating expenses by the PHA but will be placed as savings for the family.

Families are to be given the money in their escrow account when they fulfill the terms of their contract and are no longer receiving welfare assistance. Families may request some of the money while they are in the program to be used for some purpose consistent with stated contractual obligations (e.g., tuition). But escrow money awarded after the family completes the program may be used for any purpose.

Originally, families were determined to have completed the program and to have become economically independent when they were no longer receiving any public assistance. But the definition of economic independence was altered to include families that no longer receive welfare assistance but continue to receive housing assistance. This definition of economic independence explicitly recognizes that families may be gainfully employed and remain unable to afford market-rate rent levels.

No evaluation is currently being conducted of Family Self-Sufficiency. GAO (1992) has recommended that PHAs be required to annually report the number of families who have given up their housing subsidies and provide information on the alternate housing situations they have pursued.

No formal evaluation was conducted of the two earlier demonstrations, Project Self-Sufficiency and Operation Bootstrap. A retrospective documentation of the implementation of Operation Bootstrap is currently under way by Abt Associates under contract to HUD.

Project Self-Sufficiency was the subject of an interim and a summary progress report by HUD (1987, 1988). These reports concluded that Project Self-Sufficiency was a success. After the

first two years of the demonstration, 48 percent of the participants were reported to be employed either full- or part-time (HUD 1987). By the end of the demonstration, 42 percent were either employed full-time or in college. Average earnings were above the minimum wage (HUD 1988).

Yet several major differences between the Project Self-Sufficiency demonstration and the current version of the Family Self-Sufficiency Program suggest that the anticipated outcomes from the latter program should be much more modest. First, Project Self-Sufficiency recruited participants from housing subsidy waiting lists; successful applicants were awarded a Section 8 certificate as part of the terms for participation. Indeed, it was reported that in some cases, families were moved to the top of the waiting list if they agreed to be in the program (HUD 1987). Awarding the highly desired Section 8 certificate surely served as a powerful incentive to participate in the program. Family Self-Sufficiency is explicitly prohibited from using subsidies to encourage participation and must recruit from the existing pool of subsidy holders.

But most important, Project Self-Sufficiency encouraged PHAs to carefully screen applicants, and many used employment experience and educational attainment as a way of determining “wage earning potential” (Newman 1990). As a result, they obtained participants with substantially more human capital than typically found in public housing. Prior to participation in Project Self-Sufficiency, three-quarters had a high school degree, compared with less than half of all public housing residents (HUD 1992). Over half had some kind of specialized job training, and almost all had some employment experience. Only one-fourth were receiving any AFDC payments at the time of application, compared with more than half of all public housing residents (HUD 1987, 1992).

Family Self-Sufficiency programs are explicitly prohibited from using educational attainment and employment experience as screening criteria. Therefore, it should be expected that program participants will have less education and employment experience and will require more services for a longer time than Project Self-Sufficiency participants.

In addition, other contextual factors may temper expectations for what Family Self-Sufficiency may deliver, particularly over the short term (GAO 1992). These factors include a weak labor market, a tight housing market, the limited availability and high cost of child care, the lack of employer-provided health

insurance, and state and local fiscal crises. Indeed, Robert Greenstein provides the reasonable admonishment that programs should not risk overpromising results because modest effects will result in cutbacks and political backlash (Greenstein 1990).

Moreover, Family Self-Sufficiency can succeed in leveraging the provision of services only if there is sufficient funding from other sources to support those services. Fiscal constraints may limit what Family Self-Sufficiency can realistically deliver (GAO 1992).

Finally, Family Self-Sufficiency calls on local PHAs to take on a new set of responsibilities in service delivery (GAO 1993). Like the demonstrations that preceded this program, Family Self-Sufficiency requires the development of new organization structures and administrative mechanisms. It requires an unprecedented coordination of housing and social services. As an experiment in implementation, Family Self-Sufficiency will need time to get up and running before being able to deliver on its promise for family economic independence.

## **Implications**

Can housing policy serve as a vehicle for promoting family economic independence as part of a welfare reform strategy? This article suggests that various dimensions of the housing bundle may be manipulable in the direction of families' achieving some economic opportunities. Moreover, the centrality of housing in fostering or impeding economic mobility means that it is a vital element in strategically dealing with acute poverty. Viewed in this way, housing is more than shelter. It provides variable levels of access to life-sustaining resources such as public services, employment, safety, and community. It is a source of wealth and savings. And as most families' largest regular expenditure, it is also a source of extreme vulnerability.

Programs linking housing to family self-sufficiency include those that modify neighborhood attributes, relocate families to better neighborhoods, encourage low-income homeownership, and use housing subsidies to leverage greater targeting of services to families in need. No program showed that it was the shortest path to family economic independence. To date, it remains unclear what may be expected from programs in place. The volatility of the economy, problems of program implementation, and

the manifest effects of poverty overwhelm what any program may be able to do in a short time.

Moreover, what may be most effective in terms of outcomes may be the least feasible to implement. Recall the Gautreaux suburban households that, with the aid of housing counseling and Section 8 certificates, were able to gain economic, employment, and educational benefits through moving. Through modifying their location, they got access to the “stuff” of upward mobility. The Moving to Opportunity for Fair Housing Program hopes to replicate and expand this important experiment. Yet breaking down long-standing barriers to mobility may be difficult. Economic exclusion, metropolitan fragmentation, and racial discrimination may continue to block what may be people’s best chance to get ahead.

At the same time, a policy emphasis on residential mobility strategies reinforces contemporary ambivalence about community development initiatives. If people can make it through moving, what is the point of changing the place they left behind (Bowden and Kreinberg 1981)?

But to underscore the difficulties inherent in current policy initiatives for fostering economic advancement of poor families is not to suggest that these programs are ill founded or misguided. The predicament is precisely that the scope of programs may be meager compared with the magnitude of the problems they seek to address.

This review of housing initiatives linked to family self-sufficiency suggests several important areas to be taken into account when evaluating current policy. Each is addressed in turn.

### *The importance of housing subsidies*

Housing subsidies appear to be a necessary part of Family Self-Sufficiency initiatives by providing families with secure and stable housing that permits them to concentrate on other dimensions of their lives. Problems of housing affordability plague low-income households. Substituting employment for welfare will not eradicate the need for housing subsidies because wages are low relative to the cost of housing.

It is important to recognize that most of the evaluations reviewed herein did not find that families relinquished their Section 8 certificate despite economic gains. The centrality of

housing subsidies suggests redefining economic independence to exclude reliance on housing subsidies. In other words, families may be considered economically independent while they continue to receive some form of housing assistance. This is an important step currently incorporated into family self-sufficiency initiatives.

Research continues to show that having stable, affordable housing is a key ingredient for family self-sufficiency. Experience with homeless families shows that people who cannot maintain their housing situation also cannot begin to take the first steps toward working to achieve economic independence. Therefore, a universal voucher program is the foundation on which family self-sufficiency initiatives must be built; thus the cost of housing is the most immediate housing bundle element that needs to be addressed.

### *The panacea of low-income homeownership*

Homeownership is an important source of savings and inter-generational accumulation of wealth, as well as a tremendous sense of satisfaction. Yet as a low-income housing strategy, it appears to be limited. As the three demonstration programs under review revealed, low-income homeownership programs had serious difficulties finding qualified home buyers among their target populations. Most often, people were simply too poor to qualify.

Policies to promote access to credit and affordable homeownership are important and need to be strengthened. But these policies and programs may not be the most viable in addressing the housing and economic imperatives of acutely poor families.

In addition, the long-term consequences of low-income homeownership need to be addressed to assess whether homes are good investments for families. Two important areas are (1) low-income households' ability to maintain their housing and (2) the housing market situation and rate of appreciation of these units.

### *Family economic independence and economic development*

The current direction of program development is to coordinate the delivery of multiple services intended to enhance families'

labor market positions. These services, however, neither create employment opportunities nor eliminate spatial or racial barriers to employment.

Programmatic expectations from family self-sufficiency initiatives have to be kept in line with the performance of local economies. The best programs may fail to achieve their goals because of problems in the labor market.

Moreover, most programs target single-parent, female-headed households with the goal of increasing the employment of the women responsible for these families. But employment problems loom largest for African-American men.<sup>9</sup> These programs do not address their economic situations.

### *Screening and “creaming”*

Programs that link housing to family self-sufficiency represent investments in the future of families. These investments often include child care, educational services, employment and training, housing subsidies, and other services with the ultimate goal that families will build up their human capital and obtain long-term economic gains.

Studies of these types of initiatives continue to show that most programs have extremely modest effects. The difficulties in affecting changes in people’s lives testify to the enormous obstacles facing acutely poor families; these programs must begin to undo some of the consequences of poverty.

The limited resources available to address these problems and the recalcitrance of the problems raise serious questions about the criteria for selecting program participants. Should participants be selected on the basis of being most likely to succeed? Or should such creaming be avoided in favor of serving those most in need? But if those in need are not likely to succeed, is serving them an appropriate use of limited resources? The question of screening criteria for program participation remains an important area for consideration.

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<sup>9</sup> In the first quarter of 1993, the unemployment rate for African-American men aged 20 and over was 12.7 percent. For African-American women in the same age group, the unemployment rate was 11.4 percent. Proportionately fewer African-American women than African-American men were in the labor market (U.S. Department of Labor 1993).

### *The time frame for evaluation*

Research on programs designed to encourage family self-sufficiency clearly shows that there is no quick fix to the problems of poverty. Breaking down some of the barriers to economic independence is seen more and more as a longer term process. The Gateway Housing Program provides up to seven years for families to complete the program. The Family Self-Sufficiency program permits five-year contracts with the possibility of a two-year extension for due cause. MINCS allows participants to take as long as seven years to complete its program. Acquiring an education, learning a trade, saving money, and getting a job while raising children is a daunting undertaking that takes time.

Expectations must be kept in line with what programs may realistically be expected to accomplish within a given time. Evaluations of these programs must be designed to last long enough to measure programmatic effects. Longer term, multi-year evaluations will be necessary to determine the promise of these programs.

### **Conclusion**

Housing policy alone cannot solve the problems of welfare dependency and acute poverty. But it can be part of a creative strategy for intervening in some of the dynamics of poverty. Through manipulating various components of the housing bundle, housing policy can be a tool for enhancing families' economic opportunities. But for housing policy to truly make good on its promise will require sustained funding to support programs, stronger enforcement of fair housing and civil rights laws, a commitment to economic integration, a growing economy, and, of course, time.

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