Coordinating Housing and Social Services: The New Imperative

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Historically, liberals and conservatives have disagreed over the causes of poverty. Recently, however, their attitudes toward existing public programs to assist the poor have converged. Liberals and conservatives alike have criticized these programs for failing to move people out of poverty. More specifically, public housing and other programs such as Aid to Families with Dependent Children (AFDC) have been faulted for having built-in incentives that discourage recipients from increasing their incomes. The lack of coordination among the various social assistance programs has also been criticized. A person may receive job training, for example, but have to drop out because child care is unavailable. Overall, the current array of housing and social services has not effectively assisted poor families in attaining self-sufficiency.

An important goal of housing and social programs should be to help individuals and families achieve self-sufficiency. This notion is reflected in recent housing and social service legislation, including the Family Support Act of 1988 and the National Affordable Housing Act of 1990. These acts seek to restructure housing and social services to provide incentives and support for self-sufficiency, rather than simply maintaining recipients at a minimum standard of living.

The Need for Self-Sufficiency Programs

There are approximately 33.6 million people living below the poverty level in the United States. This represents about 13.5 percent of the total population. Although this rate is lower than the 1983 poverty rate of 15.2 percent, it remains substantially higher than the 11.4 percent rate recorded in 1978.1 If transfer payments such as welfare and food stamps are subtracted from income, however, the poverty rate has showed remarkable stability throughout the seventies and eighties. The poverty rate was 21.3 percent in 1965, 19 percent in 1973, and 22.9 percent in 1984.2 Thus, federal income maintenance programs have reduced poverty, but they do not seem to have reduced the need for public assistance, the ideal goal for public programs.

The characteristics of those in poverty have also changed over the last two decades. Over half of all poor families are now headed by women, and female-headed households with children are six times more likely to be poor than two-parent households. This suggests that the child care responsibilities of single-parent households can be a major obstacle to employment and self-sufficiency.3 In addition, a combination of low wages, temporary unemployment, limited work hours and large families have kept many families from moving out of poverty. Close to half of the 6.8 million family heads who were poor in 1988 held jobs.

The poor today are also more likely to be concentrated in central cities. According to a report by the National Research Council, “better educated and more highly skilled residents, including minorities, are moving out of the central cities, leaving behind a concentration of disadvantaged residents isolated in poverty neighborhoods. This group of persistently poor central-city residents, called an ‘underclass’ by some, does not participate in expanding economic opportunities.”4 Moreover, there is a growing imbalance between the skills of low-income people and the requirements of central city employers, which contributes to the high rates of unemployment and poverty in central cities.5

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Strategies for Helping the Poor

Clearly, there is no shortage of programs designed to assist the poor. The total cost of government programs specifically designed to aid the poor was estimated at $165.2 billion in 1987. The federal government paid nearly three-fourths of this amount. An analysis done by the Congressional Research Service, however, shows that anti-poverty funds have been shifted away from programs that offer a permanent solution to poverty. From 1968 to 1988, anti-poverty expenditures shifted from cash support and job training programs to the direct provision of food and housing.

In spite of many anti-poverty programs, poverty persists at unacceptably high levels. The structure of public assistance programs and the lack of coordination among them are partially to blame. A criticism of welfare programs has been that they undermine the incentives for work and breed dependence on public subsidies. Until recently, for example, AFDC and Medicaid were linked so that if recipients earned enough to no longer qualify for AFDC they also lost their Medicaid benefits. Since most of these people held jobs that did not include medical benefits, they either had to wager on staying healthy or pay a large part of their salary for medical coverage.

The fragmentation of service delivery has also severely limited the effectiveness of anti-poverty programs. Poor families often have multiple impediments to becoming self-sufficient. These include lack of basic skills, lack of transportation options, poor housing quality, poor health and sometimes substance abuse problems. There is therefore a need for a coordinated package of services to achieve self-sufficiency. Federal and state governments finance more than seventy programs designed specifically for individuals with limited incomes. Additional programs are offered by local religious, philanthropic and other private organizations. These programs have different eligibility requirements, are administered by different agencies and require different application procedures. As a result, it becomes very difficult for the poor to obtain all the services needed to become self-sufficient.

Families receiving AFDC payments, for example, may still live in dilapidated or overcrowded housing or may not have the basic skills to find employment. In a recent study by Newman and Schnare, 30 percent of the 3.5 million families receiving AFDC were found to have multiple housing problems such as poor housing conditions and high housing costs. A full 83 percent had a high rent burden and 25 percent lived in substandard housing. Moreover, limited housing choices frequently affect a family's ability to attain self-sufficiency by curtailing mobility and obstructing the pursuit of new jobs, education and improved social conditions. Housing conditions also affect the physical and mental health of individuals, and can indirectly influence an individual's job performance.

The Logic of Self-Sufficiency Programs

Self-sufficiency programs are designed to reduce the incentives to remain in public welfare programs. They provide poor, unemployed and under-employed households with a coordinated package of services designed to enable them to become self-sufficient. Individuals in poor families often need remedial education and job training to become self-sufficient. They may also need other support services. For example, they may need counselling to help develop a set of personal goals or child care that allows them to participate in training and employment activities. They may also need transportation assistance and decent housing.

Coordination of services is typically facilitated by boards or advisory committees composed of representatives from the area social service agencies, including the department of social services, the housing authority, employment and training department, and other public and non-profit service providers. These boards facilitate the delivery of a coordinated package of services and oversee the progress of the programs.

Self-sufficiency programs typically rely on case managers to assess the full range of services that participants need. Case managers help participants apply for services and act as advocates for them as they deal with various service agencies. Case managers also provide counselling and general encouragement throughout the training period and may follow-up after they have obtained a job. In some instances, the assessment of client needs result in the realization that new services are needed in a community, or that existing services must be expanded.

Experience with Self-Sufficiency Programs

The Department of Housing and Urban Development (HUD) has been a leader in sponsoring self-sufficiency programs. In 1984, HUD introduced Project Self-Sufficiency (PSS) as one of its Quality of Life Initiatives. This demonstration project provided an additional allocation of Section 8 certificates to communities that were willing to draw on both public and private sector resources to develop a comprehensive and coordinated program of job training, remedial education, child care, transportation and other services designed to break the cycle of poverty. HUD also provided technical assistance to the participating communities, but communities were expected to rely on other sources to pay for additional services.

In all, 155 communities participated in PSS. HUD provided the participants with approximately 10,000 Section 8 certificates, totaling nearly $48 million in contract authority. An evaluation of the PSS demonstration was encouraging. Of the more than 9,928 single
parents who entered the program, 42 percent completed it and either obtained full-time jobs with growth potential or enrolled in college degree programs.

The Bush administration replaced Project Self-Sufficiency with Operation Bootstrap, which is virtually identical to its predecessor. On October 4, 1989, Jack Kemp, Secretary of Housing and Urban Development announced $85.8 million in awards to 61 housing authorities to implement Operation Bootstrap. This represents a total of 2,842 Section 8 certificates. Although HUD has commissioned an evaluation of this program, the results are not available at this time.

The Gonzales Affordable Housing Act, passed in late 1990, also creates several new self-sufficiency programs. Title V, Section 554 of that act authorizes the Family Self-Sufficiency (FSS) program. FSS is similar to PSS and Operation Bootstrap in that it seeks to promote self-sufficiency by providing those receiving housing subsidies with a comprehensive, coordinated package of social services. These services include family counseling, transportation assistance, day care, literacy and job training. Like earlier programs, it calls for the creation of a coordinating body composed of representatives from the public housing authority (PHA) and other local public and private social service agencies. It also calls for the development of an action plan to coordinate these services; however, no new funds are provided to pay for them.

The FSS program is different from the earlier programs in several ways, however. Earlier programs were voluntary, whereas this program is mandatory for fiscal year 1993 and beyond. Specifically, local housing authorities must have self-sufficiency programs that accommodate the number of participants equal to the number of new assisted housing units provided by HUD. For example, if in 1993 HUD provides a city with fifty vouchers and fifty public housing units, they will have to accommodate 100 participants in a self-sufficiency program. Housing authorities that lack support for local services or administrative costs can be exempted from the program, however.

The second major difference is that participating families who receive Section 8 certificates or vouchers can lose their housing assistance if they do not follow through with the program. This provision does not apply to public housing residents, however. Each participant must sign a contract with the sponsoring housing authority that includes the support services provided to the family and the responsibilities of the program participants. These responsibilities include taking part in job training programs, seeking employment, and other activities that lead to self-sufficiency. Furthermore, each participating family must fulfill its obligation under the contract within five years. At the end of five years, or if the family cannot meet the responsibilities specified in the contract, the family loses its housing voucher or certificate. Extensions beyond five years can be granted for good cause.

A third difference is that the FSS program has an escrow account provision. This provision requires housing authorities to set up escrow accounts for participants with incomes below 80 percent of the area median. When a family enters the program, the base rent is set at 30 percent of its income. As income increases, the participant continues to pay 30 percent of household income, but the difference between the base rent and the new rent is put into an interest-bearing escrow account. A participating family may withdraw the funds from this account only after it no longer receives federal, state or other public housing assistance.

The other major self-sufficiency program authorized by the National Affordable Housing Act is the Public Housing Family Investment Centers program (Title V, Section 515). This is a competitive grant program that provides housing authorities with funds to remodel public housing developments or nearby buildings to accommodate resident training and support service programs. The grant funds can be used to pay for up to 15 percent of the cost of delivering these services and to hire service coordinators. This program, unlike the FSS program, provides at least limited funding for the services. In addition, any income received in job training or support service programs are not considered in calculating rent payments. Income earned in the first job following participation in the program is also excluded from rent calculation for an 18-month period. Unfortunately, the recent Veterans Administration, HUD and Independent Agencies Spending Bill did not fund this section of the act.

The 1990 Housing Act also changed how all rents for federally assisted housing are calculated. The act holds rent increases to a maximum of 10 percent each year for three years after a previously unemployed household member finds employment. This is to increase the incentive for unemployed assisted housing residents to find employment.

Charlotte's Gateway Housing Program

The Gateway Housing Program in Charlotte, NC, is a good example of a self-sufficiency program. It is one of the first programs of its type in the nation and served as a model for the FSS program.

The objective of the Gateway Housing program is to help very low-income families become socially and economically self-sufficient. The program was designed...
by local officials in Charlotte to enhance the labor market skills of participants so that they can become home owners and move out of public housing. This emphasis on home ownership is meant to provide a clear and desirable goal for program participants. Participants begin learning about qualifying for home ownership and the process of buying a home soon after they are accepted in the program.

The Charlotte Housing Authority (CHA) publicizes the program through newsletters and presentations at tenant council meetings. Families must earn less than $12,500 a year to qualify for the program. There is a separate program for families who earn more than $12,500 per year. Applicants go through a screening process that involves an initial interview with program staff, a reading and occupational preference test, and checks for criminal convictions, rent and credit history.

If a family is accepted, they enter into a mutually binding contract with the CHA. This contract specifies the services the housing authority and other city agencies will provide. These services can include remedial education, treatment for substance abuse, family and peer counseling, day care and job training. The contract, which is in the form of an addendum to the family's lease, also permits the CHA to terminate the lease if the family does not meet its responsibilities.

The program has a remedial stage and a transition stage. The remedial stage begins with a series of diagnostic tests designed to identify a participant's educational and vocational deficiencies. These tests, which are carried out by CHA staff and the city's Employment and Training Department, are used to identify individual barriers to self-sufficiency and to prepare a plan for overcoming them. This plan typically involves remedial education, day care assistance and job training. Education and job training are provided in many fields, including medical services, computer operations and automotive repair.

A participant must complete the remedial phase of the Gateway program in two years. CHA does not accept individuals it feels will need more than two years of remedial services. During the two-year period, a participant's maximum rent is frozen at the level he or she was paid when entering the program. Moreover, other need-based benefits such as AFDC or Food Stamps remain constant, even though family income might improve. This provision was authorized by a special section of the Housing Act of 1987. It also required approval by the state and county divisions of social services. These provisions are designed to eliminate the disincentives associated with higher incomes and permit participants to accumulate sufficient income to stabilize their financial situation.

The transition stage is designed to further strengthen participants' employment skills and increase their incomes. Participants will also receive home ownership counseling, financial budgeting training, and other services to help them make the transition from public housing to home ownership. Participants can remain in the transitional stage of the program for up to five years but many are expected to graduate into their own homes within a shorter time period.

During the transition phase, a family in the Gateway Program spends 30 percent of its income for rent. CHA deposits the difference between actual rent payments and the operating expenses of the unit and complex in which the family lives into an escrow account that can be used to make a down payment on a house. As family income increases, so does its rent, but the rent increment accrues to the family's escrow account rather than to the housing authority.

At the completion of the transition phase, CHA helps the family find suitable housing on the private market. The accumulated savings from excess rent payments, in conjunction with mortgage assistance from the North Carolina Housing Finance Agency and the Charlotte Housing Partnership, assure the availability of affordable home ownership opportunities.

Gateway is managed by one full-time staff member, who also acts as a case manager for program participants. The Office of Employment and Training provides staff to do the occupational testing. The Department of Social Services assigns additional case workers to each of the Gateway participants receiving AFDC. Child Care Resources, a local nonprofit organization, provides child care services.

**Gateway's Effectiveness**

As of October 1991, there were 85 participants in the Gateway program. The average incomes of those who had been in the program at least 18 months increased from $6,607 to $7,607. The average education level increased from 11.4 years to 12.2 years. The percentage of participants with full-time jobs remained stable at 37 percent, but the number with part-time jobs increased from 17 percent to 35 percent. Several families have moved through the program more quickly than anticipated and are now in the process of buying homes.

At the same time, 24 families have either dropped out or have been terminated from the program. The most frequent reason for termination is they did not live up to their agreements to participate in remedial activities. Several participants were dropped from the program...It remains to be seen whether social service providers in other cities can cooperate as well as those in Charlotte.
because of drug involvement or other criminal behavior. It is difficult for the housing authority staff to find public housing residents who are both interested in and qualified for the program. Out of 553 applicants, only 160 qualified. This number includes the 85 current participants, 41 applicants who were accepted but did not want to participate in the program, and those that graduated or withdrew from the program. The major reason for rejecting applicants was that it would require more than the two years of remedial education and training for them to qualify for jobs that pay at least $7 per hour. Many applicants did not have high school degrees and had very low reading levels.

**Conclusions**

It is too early to assess the full impacts of this program on its participants. Although this new approach to coordinating housing and social services is promising, there are several issues that deserve discussion. First, self-sufficiency programs are small and include a very small percentage of those who need assistance. Last year, HUD’s Operation Bootstrap involved less than 3,000 families nationally. The Gateway program currently involves only 100 of the nearly 5,000 families in Charlotte’s public housing.

Although the new housing act seeks to greatly expand these programs, expansion is limited by lack of funding for support services and program staff. Self-sufficiency programs provide very little new funding for carrying out these programs, and existing staff and funds are limited. Increased funding for these programs is necessary if they are to serve more than a handful of the families in need.

Self-sufficiency programs depend on cooperation among local service providers. One of the extraordinary aspects of the Gateway housing program is the commitment that Charlotte’s social service organizations have demonstrated to the program. The Departments of Social Services, Employment and Training, and other organizations have altered their standard procedures and have dedicated staff and other organizational resources to the program. It remains to be seen whether social service providers in other cities can cooperate as well as those in Charlotte. A number of earlier attempts at coordinating services have been undermined by competition and conflict among local service providers.

The assumption behind self-sufficiency programs is that residents of public and subsidized housing are motivated to achieve self-sufficiency. The experience with the Gateway Housing Program suggests that this may not be the case for a large proportion of residents. The housing authority has found it very difficult to find 100 residents that are both interested in and qualified for the program. The program staff members suggest that many residents of public housing have given up on themselves. They lack the self-confidence and self-esteem to undertake educational and job training programs.

Given the limited funding for social services, concentrating services on families involved in self-sufficiency programs means that other needy families will not be served. Agencies can either distribute funds to all needy communities or target funds to one area, although this does not have to be an all or nothing decision. Some very basic social services (such as food assistance) can be offered to the widest group, while others (such as job training and day care assistance) can be targeted to those in self-sufficiency programs.

There is a compelling logic to concentrating services on a smaller group if this will lead to self-sufficiency. Rather than maintaining a state of poverty and dependence, self-sufficiency programs have the potential to move people out of poverty and off direct public assistance. As program participants become self-sufficient, others can take advantage of the coordinated services offered by these programs.

Finally, although these programs appear to have great potential, the history of attempts to assist the poor is littered with programs that had great potential. Data on the performance of self-sufficiency programs is still scant. We need to follow the progress of these programs carefully to assess their performance.

[Editor’s note: The authors, with assistance from the Ford Foundation, are in the process of conducting an evaluation of Charlotte’s Gateway housing program. Over the next several years, they will monitor the progress of the participants as they move through the program and will simultaneously follow a control group of residents who are not in the program. The authors hope that they can contribute to the development and possible expansion of the self-sufficiency programs.]

**Notes**