

MEMORANDUM: HOUSING SELF SUFFICIENCY PROGRAM INFORMATION

This memorandum is a summary and critique of HUD's family self sufficiency programs, as well as a presentation of some alternatives to this model. These programs have been an important part of HUD's efforts to reform housing assistance, but have been met with mixed reviews. While policy makers embrace programs that support the concept of "self sufficiency", others argue that the structure of many of these programs make participation too difficult and moreover, that the structure and nature of the programs have patronizing overtones and thus may not achieve the "empowerment" they claim to.

MEMORANDUM

To Heather MacDonald, Division Head

From: Gina Clemmer, Planner I

Re: **Housing Self Sufficiency Program Information**

SELF SUFFICIENCY PROGRAM BACKGROUND INFORMATION

Housing costs are a family's largest monthly expense, therefore, a strong relationship exists between housing costs and a family's economic viability. This relationship is the basis for the origination of both the concept of family self sufficiency, and the actual program *Family Self Sufficiency*. Originally, HUD's family self sufficiency programs were closely tied to welfare reform and were aimed at achieving the goal of "family economic independence", meaning that families were in no way dependent on government subsidies. Over time, it has become evident that this goal is unrealistic and the definition of economic independence has evolved into, *moving in the direction of achieving greater economic mobility and stability*. Economic independence is therefore viewed as a process of reducing welfare dependency and strengthening a family's economic viability.

Moreover, this definition has come to encompass the "housing bundle" concept which evinces that such things as tenure status (owner or renter) have an impact on a family's ability to be self sufficient. Also, neighborhood characteristics and neighborhood amenities contribute to the long term self sufficiency of families. Typically, family self sufficiency programs have been geared toward manipulating some element(s) of the housing bundle. This has been the focus of HUD's self sufficiency efforts. HUD implemented a series of strategies to integrate its housing assistance programs with other supportive services in order to fill out the housing bundle.

HUD's first program was the *Project Self-Sufficiency* (PSS) program which began in 1984. PSS was designed to help single parents receiving AFDC achieve self sufficiency. Follow up studies indicated that the program was fairly successful in that 42%, of approximately 10,000 participants, "significantly improved their situation" (Frees 1994). Out of PSS, grew *Operation Bootstrap* which in 1989, established and instituted a national competition for Section 8 rental vouchers.

Bootstrap was targeted toward all low income families and "generally provided case management, referral to education and training programs, life skills workshops, and support groups" (Frees 1994). Opinions on Bootstrap's success are mixed, but the general sentiment is that modest but noticeable progress was made toward employment, however, there was not a decreased reliance on public assistance (Frees 1994). Essentially, Bootstrap was replaced by the *Family Self*

Sufficiency Program (FSS). FSS was contained in the *1990 National Affordable Housing Act* and mandated that all Public Housing Authorities create family self sufficiency programs if they wanted to be eligible to compete for set aside Section 8 vouchers. The key component of this program is that an escrow account is established for the family after completion of the program. FSS has given way to several creative and cooperative efforts among local governments.

A weakness of self sufficiency programs is that the scope of the program may pale in comparison to the magnitude of the problem. Simply put, there isn't enough money to do what needs to be done. Secondly, due to fiscal constraints, the scope of such programs must be limited, and valuable resources parceled out to the most "deserving" or "qualified" applicants. This pushes the most needy to the margins, and leads to "creaming." Another weakness is that these sorts of programs are highly sensitive to uncontrollable factors such as weak labor markets, high costs of child care, lack of national health care coverage and general economic market crises. Housing subsidies are an integral part of family self sufficiency initiatives, however, research suggests that families did not give up their Section 8 vouchers despite gained economic stability. With respect to home ownership, most families are just too poor to qualify for many existing programs.

Strengths of the family self sufficiency programs are that there are modest gains achieved (as mentioned above). Individuals who are motivated and qualified to participate and who happened to be in the right place, at the right time, may benefit from the programs. Another positive is that these programs force local governments, and those groups concerned with fair housing, to be more creative and collaborative than they have been historically.

ALTERNATIVE PROGRAMS

There are several alternatives to the Family Self Sufficiency program mentioned above. I will outline three innovative programs. One such program was created and implemented in Snohomish County, Washington. The program is a spin off of the Project Self Sufficiency program. It is a five year program committed to helping its residents achieve "self sufficiency", through education and job training, while providing a support network that allows participants to concentrate on improving weak areas. The key component of the program is case management, which includes jobs and educational training, emotional support and client advocacy. Other components include housing assistance in the form of Section 8 vouchers and establishment of an interest bearing escrow account, child care assistance, support groups and a supportive services fund which covers miscellaneous necessary expenses such as tuition, transportation costs, clothing and medical care.

The program has a six month selection process which includes selecting participants based on educational attainment, work experience, future self sufficiency plans, family involvement and stability and a personal evaluation. Top scoring applicants are then interviewed by a pre-appointed task force and either accepted or denied. This method of applicant selection has mixed reviews. The Snohomish County task force members stated that they believed it to be one of the key components of the program's success, while applicants have stated that it is too rigorous and intimidating. This has been a tension point in the program. The program also has an official

graduation ceremony and participants receive the funds from their escrow accounts upon completion.

Outcomes of the program have been positive. Most participants enrolled and completed some form of higher educational program. Case workers seem to believe that they have made real connections with the participants and had some positive impact on their lives. There has been some indication from participants that the structure of the program is too intrusive and, in some way patronizing.

Another innovative program is the *Mixed-Income New Community Strategy* (MINCS). This program seeks to decentralize highly concentrated poverty areas based on the idea that the spatial and social isolation of poor families perpetuates “acute poverty because of the absence of positive role models and because of the inability of poor neighborhoods to support neighborhood institutions” (Shlay 1993). The program is an attempt to economically integrate communities by mixing low income tenants with middle income tenants.

PHAs can lease newly constructed or rehabilitated private market units and then allocate those units however they want. After the first year of participation, while rent levels are frozen, any rent increases will be put into an escrow account, in this way MINCS provides a mechanism for forced savings by families. The family is entitled to the money after graduation from the program but only for approved expenditures such as college tuition, or a down payment on a house.

Another component of MINCS is that it is designed to incorporate a wide range of coordinated and comprehensive services to achieve greater family self sufficiency. A unique and somewhat controversial aspect of the program is that families must agree to participate in the complementary service aspect of the program, remain drug free, refrain from criminal activity, and the children must graduate from high school. These requirements, along with the allocation of the escrow account, are controversial because they suggest a pattern of patronization and a sort of “social engineering” element. Also, the obligation of meeting these requirements may endanger the housing security of participants overwhelmed by unexpected life events. Another criticism of the program is there is no incentive for middle income families to want to take part, which may impede the feasibility of the program.

MINCS was implemented as part of the National Affordable Housing Act of 1990 and is a pilot project in Chicago. Because it is new, there is little evidence of its success rate.

The city of Charlotte, North Carolina’s *Gateway Transitional Families Programs* has gained notoriety for its innovation. The objective of this program is to assist very low income families in becoming socially and economically self sufficient (Rohe 1993). The program’s structure is designed to make clients more employable so they can earn more and eventually move out of public housing and into their own homes. The program is committed to offering remedial education, treatment for substance abuse, family and peer counseling, and day care and job training.

To qualify for the program, residents must earn less than \$12,500, be residents of public housing or on the public housing waiting list, have a high school diploma and not require more than two years remedial education to be able to earn \$7.00 an hour. If they meet these qualifications they must go through a screening process which includes occupational preference tests, a personal interview and background checks. If they are accepted, they go through remedial and transitional stages.

The remedial stage focuses on identifying barriers to self sufficiency and typically includes remedial education, day care assistance, job training and a rent cap at the time of entry. The rent cap allows participants to save money. The remedial stage is scheduled to last up to two years and the transitional stage may last up to five years. The transitional stage is a time to strengthen applicants' job skills, receive home ownership counseling and financial budgeting training. During the transitional stage is also when rents are unfrozen and an escrow account is established for the participant. Participants are expected to pay 30% of their income toward rent, but the housing authority deposits the difference between the rent and the expense the PHA pays to maintain the unit (estimated at \$274) into their escrow account for a down payment (Rohe 1993).

Preliminary findings of the outcomes of this program suggests that the success rate is modest. It is not as high as was expected, but for those who finished the program it has definitely had a positive impact on the quality of their lives. The reason for this may be that the duration of the program is too long and that the expectations are too high. Many participants said that the stringent educational expectations were hard to meet. Another frequently cited problem, was that the program required participants to move into a specific public housing complex. Those that did not live in public housing were required to move into public housing, and those that perhaps lived in public housing, but not in that particular complex, were force to move if they wanted to participate. Also a shortage of program staff to care for children and to assist in curricula decisions was clearly a problem and discouraging for some participants. There were many drop outs due to criminal activity and lease violations. Although the program has not gone as smoothly as anticipated, this model may be useful with some refinement and modification.

There has been a larger debate as to whether it is the government's responsibility to try and induce, or create family self sufficiency. In fact there has been deliberation over whether or not it is the role of government to attach support services to meeting housing needs. Based on the literature review, it is evident that meeting low income housing needs requires not just providing bricks and mortar, but also providing a strong foundation for projects to work and a supportive network of service to accompany low income housing initiatives. With some modification, I believe any of the three programs mentioned above will benefit Bellview. More in-depth research of each program, and general community discussion, is necessary to decide which program is best suited for Bellview.