

THE TRANSITIONAL HOUSING PROGRAMS

Public housing has always been intended to serve two primary clients in our communities. First, it is intended as a safety-net for the elderly, the handicapped, and the disabled whose physical or mental capacities will not permit them to compete successfully in the private market. Second, it is intended as a temporary way-station for families who have been dislocated from the labor market and who are unable to remain either competitive or self-sufficient. These are:

- The single-parent family with small children at home;
- Those without the training or skills to obtain permanent employment in a changing labor market; and,
- Those working poor whose present incomes are inadequate to otherwise provide decent, safe and sanitary housing for their families on the private market.

The provision of housing for the elderly and handicapped has seldom been very controversial nor drawn much attention. There are, of course, exceptions . . . We recently encountered considerable opposition to two public-private ventures aimed at increasing housing availability for the elderly. First, we joined with a group of private investors to construct 112 units for elderly in the upper-lower income bracket in a suburban area and drew considerable attention and debate. We also recently used our bond-letting authority to assist in the financing of another total-care elderly housing program in an established upper-middle income neighborhood; this, too, drew fire from the neighborhood group even though the assistance is to be directed at those families at the upper end of the low-income range.

With respect to the provision of housing for families, the Authority is committed to increasing the availability of housing for those most in need. We are fortunate to have been able to continue constructing new housing even though allocations from HUD have dwindled to a meager few. We have constructed a minimum of 50 units a year since 1983 with financing through our local government. We currently have

50 units under construction, part of which are being financed by HUD and part by the City. We also are breaking ground for another 50 units of family housing a public-private venture.

Under the city-financed housing, the city also provides a local subsidy which lasts up to four years. At the end of the four years, the residents pay rent based on the actual operating and utility costs of the property. The other 50 units being constructed under the public-private venture will have no subsidy and rents will be pegged for the upper-end of the low-income range for two and three-bedroom families.

It is increasingly obvious, however, that, in spite of these local efforts and public-private ventures, the federal government is not going to commit to the construction of the number of units actually needed for either of these groups in the future. And, it is increasingly apparent to anyone tuned into the local budgetary debates that local funding for housing is being stretched to its limits and beyond, in some cases.

It is imperative, therefore, that we take a closer look at the programs and services we currently offer low income families within the community. In this effort, it is imperative that we examine our programs not in terms of whether we are helping a family live comfortably and safely, even though these qualities are important, but whether we are helping the families improve its chances of living independently.

Our own examination of our residents over the last few years has led us to the conclusion that assisted housing has become something more than a temporary way station for families, as it was originally intended. To many it has become a "permanent home" in spite of improving economic circumstances; about 15 percent of the families in our developments have total family incomes above \$13,000 a year, with some approaching \$50,000. Some have become complacent with their lot in life and others have given up hope of ever having anything better. Consequently, we are now seeing the emergence of third- and fourth-generations living in public housing with little expectation or desire for anything better either for themselves or their children.

In all cases, we have found that the families in public housing and on the waiting list have lowered their expectations. . . They no longer dream of ever owning their own home and have accepted continued dependency on public housing for the remainder of their days. And, in doing so, they have lain aside their ambitions to get an education, to work, to be somebody. .

Armed with this knowledge, the Charlotte Housing Authority has embarked on three special programs aimed at rekindling the hope and dream of home ownership. It is this possibility of home ownership that we believe motivates people to strive toward self-sufficiency, which makes them commit to 40 or 60 hour work weeks, to taking two or three jobs. With apologies Atkinson and his theory of Achievement Motivation, we believe, like Eliot Liebow in Tally's Corner, that everyone really desires the same things; it is, therefore, the **probability of successfully achieving home ownership or housing independence** that controls the actual effort which will be expended toward becoming independent. As long as the dream is alive, as long the probability of success is reasonable, it is worth the struggle; but as the dream fades, as probabilities decrease, we withdraw from the struggle and we accept failure, pestilence and vice as part of our everyday environment.

The first of the programs aimed at increasing the probabilities of successful attainment is the **Stepping Stone Housing Program**. Stepping Stone Housing was first proposed in the summer of 1986 and became a full-fledged reality in late December, 1988, with the opening of the first of the 100 two- and three-bedroom apartments which were built with a combination of city funding and loans. They are located in middle-income neighborhoods in East Charlotte as indicated on the maps in your packet.

The families which have been accepted into Stepping Stone Housing have already made significant strides toward self-sufficiency in that the Head of House must be earning in excess of \$12,500 and have a stable work history. They have also committed to leaving public housing within a maximum of 5 years. They move out of public housing and into the Stepping Stone Apartments which are not subsidized. In Stepping Stone they pay a fixed rent which covers the cost of the program, debt-

services, management, maintenance, and utilities associated with their unit. They also pay an additional \$15-a-month which is deposited into a savings account for the participating family; this fee increases by \$15 each year until they are saving \$75 a month during their fifth and final year. This savings account, plus any additional savings accumulated by the family, will be used as a down payment on a home on the private market.

In return for their commitment to leave public housing, the Authority and the City's Employment and Training Department have agreed to assist the family in obtaining additional educational or vocational training to insure that the family's income will continue to increase over the years. We also will be working with the family to provide a variety of support services to insure that they will be able to achieve their goals. Among the services which are available through either staff or other agencies are financial counseling, money management and budgeting, home repair and maintenance, and housing search strategies. We are also talking to financial institutions and real estate agents and developers to insure the availability of affordable loans and housing opportunities when the families feel they are ready to enter the private market.

It is instructive to note that several families have already made the transition to private housing. Just by our helping them to reexamine their achievements, expectations and dreams, we made them aware that the dream was not so distant after all and they skipped the Stepping Stones and leaped the abyss landing safely in their own home.

While Stepping Stone Housing works with those families who probably should have already made the transition back into the private market, the **GATEWAY HOUSING PROGRAM** works with families whose "total family income" is less than \$12,500 per year. It was conceived during the process of putting together the Stepping Stone Housing Program and was formally proposed in a letter to our Congressman in late April, 1987. It was translated into the Public Housing Transition Demonstration in the Housing Act of 1987 and became a reality for us in December, 1988. There are currently 61 of the 273 families who applied for the

program who are fully participating in the program and making significant strides toward economic and housing independence.

The **Gateway Housing Program** recognizes the barriers and challenges that the typical family in public housing presents to those who would strive toward the goal of self-sufficiency. The 273 families who have applied for Gateway have an average total family income of \$6,300 per year. The Heads of House are generally reading at less than the 6th grade level and have completed 11.2 years of formal education. Moreover, two-thirds have little or no work history upon which to build. They often have transportation, child care, educational and vocational training barriers which make their dreams of home ownership seem indeed distant, if not unattainable. Many have been enticed to enroll in business and beauty schools with promises of good jobs and high pay, only to leave these institutions with few prospects and enormous debts. They come, therefore, ever so cautiously to this new promise, always hedging against another vacant covenant and their own potential failure.

Prior to being accepted into the program, each family is given an employability assessment. This assessment involves three interviews with staff and a three-hour computerized assessment program which measures aptitude and interests as well as reading, math, and manual skills. An employability plan is completed for each member of the household who is 18 and over and this employability plan is discussed with the potential participants prior to their presentation to the Transitional Housing Board for their consideration. The participants often rebel at being told that jobs in which they invested training and faith, jobs such as data entry, child care, and a bank teller, will not bring them any closer to the realization of their dream than they are currently. They battle increasing disillusionment and anomie as they learn the hurdles they must overcome to truly be self-sufficient.

In spite of this, the Gateway program can cushion this disillusionment to some extent. Gateway, or Get-Away as one participant refers to it, offers two years of intensive remedial support services prior to the family being required to make any commitments to leave public housing. During these two years, the staff, along with

other agencies, such as our local Employment and Training Department and community college, assists the families in obtaining the educational and/or vocational training necessary to improve their chances at obtaining self-sufficiency.

Other support services available during this time are aimed at instilling hope and positive self image among the participants. These services are offered to all members of the family who are 18 years old and older; in fact, the whole family must participate in order to be eligible for the program.

Also, during these first two years, their rents are frozen and will not increase no matter how much their income might increase. For example, one participant was in a training position when she entered the remedial phase; when she completed training her salary jumped from about \$8,000 a year to \$12, 000 and three-months latter she was promoted to a \$17,000 a year position. Thus, within 6 months her income more than doubled but her rent remains at the training income level. This is done so as to give the family a chance to get their feet on the ground, to obtain transportation, to get out from the enormous debts that we often find associated with low-income families.

Not only are rents frozen, but if the family was receiving AFDC, Food Stamps, or Medicaid, those benefits will continue no matter what happens until their income approaches 50 percent of the median for our community. This is a nice, but not very essential, part of the benefits of Gateway program.

At the end of the first two years or the remedial phase, whichever comes first, both the family and the program staff will reassess each other. This reassessment will focus on the probability of the family attaining their goals and developing a self-sufficiency plan aimed at home ownership. When they enter the second part of the program, they commit to leaving public housing in five years and maintaining steady employment while in the program. They are provided similar services to those discussed in the Stepping Stone Program and outlined in your handouts, except that they do not move to new apartments -- they stay in public housing.

During the second phase, or the **transition phase**, the Gateway participants

remain in public housing units and pay rents equivalent to 30 percent of their total family income just as other residents of public housing. This has advantages which outweigh the obvious drawbacks to having to live in public housing. One potential drawback is that their rent will increase proportionally with increases in their income; thus, they could conceivably be paying \$500 a month to live in an apartment in some of our oldest and most densely populated developments. This potential drawback is actually an advantage in that the Authority keeps only the pro-rated cost of the program, debt service, maintenance, management, and utilities and the difference between those costs and the rent payment is deposited in an escrow savings account for the families. Unlike Stepping Stone Housing where these costs are relatively high, the costs associated with existing public housing units are much lower and their savings will accumulate much faster and will be considerably greater. Conceivably, a family living in the primary Gateway development, Piedmont Courts, will save more than \$100 a month from the first month in the program because our costs associated with that property average only \$200 per month. A family with a rent paying ability of \$330 saves \$130 per month and one with a rent paying ability of \$400 a month saves \$200.

Both Gateway and Stepping Stone Housing are designed to both assist families in becoming self-sufficient and in making a successful transition from housing dependency to housing independence. Each program has time limitations after which the family must cut its ties with assisted housing. It is that reality which is important, not only the training and the other support services -- the family is forced to make some commitments instead of continuously hedge and flirting with work or education. And the penalties are real. In Stepping Stone, you're out of assisted housing no matter what; in Gateway, you lose your savings (they are counted as rent and returned to the program) and, may, depending upon the reason for being terminated from the program, lose your tenancy as well.

These programs, however, can be successful only as long as the **probability of successful attainment is high**. For this reason, the Authority has embarked on a third program to insure that affordable single family housing will be available when the families are ready to purchase their home.

In partnership with the City of Charlotte and the Charlotte-Mecklenburg Housing Partnership, the Authority is proposing to utilize earnings from the sale of homes in the HUD-sponsored Turnkey Home Ownership Program to build 35 single-family homes annually to be offered for sale to low-income families who qualify through Gateway and Stepping Stone Housing and other self-sufficiency programs in the city. The proceeds from these sales will be used to construct additional housing insuring that the program will be self-perpetuating.

In this partnership, the City of Charlotte has agreed to help provide land for the construction of the homes, as well as to establish a pool of money which can be used for interest-free second mortgages. They have also been asked to fund additional support services for the families and provide technical and planning assistance in order to keep costs at a minimum. The Housing Partnership will provide first mortgage financing through a loan consortium they have established and will administer the second mortgage funds. They will also develop and administer a post-occupancy and home-ownership counseling program and focus on home maintenance education and delinquency counseling. They will also coordinate the activities of private developers to insure the continuing availability of affordable housing.

And, if we are successful in this third part of our hat trick or triple play, we will complete the circle. We will insure that those who leave us, no matter how much we love them, will not return to us as residents but as partners in keeping the dream alive for their friends and former neighbors.

As can be seen from this brief overview of our Transitional Housing Programs, the Charlotte Housing Authority is indeed committed to the total family it serves. We are, however, not just in the housing business, nor are we in the business of just maintaining safe, decent and sanitary housing, we are striving to become part of the **dream fulfillment industry** -- to paraphrase a great leader, we are striving to keep the dream alive, to make the struggle worth striving, to help dream the impossible dream.

John G. Hayes, Ph.D.
Director of Special Projects
Charlotte Housing Authority
1989
<http://www.hayes-pa.com>
john@hayes-pa.com