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**EXPLORING THE RELATIONSHIP BETWEEN WELFARE REFORM AND HOUSING INSTABILITY FOR LOW-INCOME URBAN AND RURAL FAMILIES**

This paper will provide a review of the available literature on the relationship between welfare reform and homelessness for urban and rural families. In it, I discuss the major risk factors associated with homelessness: lack of affordable housing, availability of jobs paying a livable wage, and reductions in the social safety net. Families unable to earn a livable wage even as they participate in the work force, and who find they are no longer eligible for welfare benefits, are left no choice but to move into shelters, “double up” with friends or relatives, or simply live in abandoned buildings, cars, or on the street. For the very poorest Americans, welfare reform has led to housing instability in some context. In the direst of circumstances, it has led to homelessness.

Evidence suggests that the experience of housing instability is not the same for urban and rural populations (Cook, et al 2002, Cummins, et al 1998, Wright, et al 2000); location matters. While urban homeless have the benefit of shelters, soup kitchens, and other social services, and are generally quite visible to society, the rural homeless are often alone, with few of the supports offered their urban counterparts, mostly invisible to the communities in which they live and to society as a whole. Studies comparing urban and rural homeless populations have shown that homeless people in rural areas are younger, more likely to be single women or mothers with children, are more highly educated, and, unlike their urban counterparts, are less likely to be

psychiatrically disabled or homeless because of drug and alcohol abuse (First et al, 1994; Roth et al, 1985, Vissing 1996). The urban homeless, by comparison, are more likely male, African-American, and suffer from addiction disorders and mental illness (National Coalition for the Homeless Fact Sheet #3, 2006). Where the rural homeless are more likely to assign personal blame for their plight and focus on behavior modification strategies to improve their situation, the urban homeless accept far less personal blame and see the responsibility for affordable housing as resting with the community and society as a whole (Wright and Wright, 2000). This tendency of rural residents to attribute responsibility, and by association, blame, to themselves rather than to society as a whole is consistent with research that finds rural residents, despite having higher poverty rates than urban residents, tended to deny the presence of homeless persons in their communities (Wright and Wright, 1993, 1997). The unconscious denial of the truth by an entire community is what influential sociologist Pierre Bourdieu calls “collective misrecognition”, a deception so deep it permeates and molds core assumptions and the way people see the world.

## ***Background***

During the 1970’s, the United States labor market, due in large part to globalization, underwent a massive restructuring, evolving from a manufacturing economy to a service economy. The result was eroding work opportunities and diminishing salaries for many American workers. Also at this time, welfare programs such as Aid for Families with Dependent Children (AFDC) and food stamps began to see large increases due in part to the raising of state benefit levels and reduced stigma of welfare (Danziger, et al., 1986). Just prior to welfare reform, 5.5% of the entire United States population had come to depend on some form of

assistance (Kaushal & Kaestner, 2001). Increases in benefits brought increased criticism about the cost and effectiveness of these programs and in the 1980's AFDC came under attack for encouraging out of wedlock births, discouraging work, and promoting laziness (Murray, 1984).

The decline in support for AFDC continued until 1996, when Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), commonly known as the welfare bill, eliminating AFDC and replacing it with Temporary Aid for Needy Families (TANF). The stated goals of TANF were to reduce the welfare rolls, end childhood poverty, reduce illegitimacy, and strengthen marriage. To achieve these goals, a five year maximum lifetime limit for benefits and mandatory workforce participation were imposed on all recipients. Further, unwed women under age eighteen were denied assistance as were children born to mothers receiving aid (Pardee, 2006). AFDC had been transformed from a federally funded entitlement program administered to over twelve million people in 1996 to a state administered program offering limited assistance to less than five million mostly single parent families by the start of 2002.

By 1999, the number of people receiving benefits was 50% less than what it was in 1996 (National Coalition for the Homeless Fact Sheet, June 2006; *hereafter* NCHFS), leaving many to hail welfare reform a success. This declaration, however, may have been premature. While several studies suggest that those who left TANF early on were those with more education and better job skills (Lindhorst and Mancoske, 2006; Deverteuil, 2004), the strong economic boom of the 1990's and the availability of jobs, coupled with the constant reminder of a five-year deadline were also strong motivators. These factors alone, however, were not enough to lure single mothers back into the labor force. Social isolation theory offers another possible explanation. This theory posits that the longer a person is isolated from mainstream society, the longer and

harder it will be to re-integrate. In this instance, therefore, those who left welfare early on were not necessarily those with better education and job skills, but perhaps those dependent on welfare the shortest period of time. In any case, by 2002, the strong economy of 1996 and abundance of jobs that had contributed to the “success” of welfare reform had all but disappeared, and 25% of those who had left the welfare rolls had come back, citing lack of affordable housing, unemployment / under-employment, insufficient child care, and transportation shortages as the greatest barriers to self-sufficiency (Nichols and Gault 1999). While welfare was a major contributor to a recipients ability to afford housing, the United States government’s retreat from affordable housing, begun decades before welfare reform, would make affordable housing more difficult to find just when it was needed most.

## ***Housing***

From 1976-1982, United States Department of Housing and Urban Development (HUD) built over 755,000 new public housing units, but since 1983 has built only 256,000 (HUD, 2006). Since 1996, HUD funding for new public housing has been \$0, and 100,000+ public housing units have been lost to demolition, sale, or other removal in that same period (National Association of Housing and Redevelopment Officials, 2006). These factors, combined with the reduction in authorizations for housing subsidies, and the revitalization and gentrification of central-city neighborhoods in the 1970’s and 80 have resulted in a large overall reduction in affordable housing across the United States. The National Coalition for the Homeless (2006) estimates that from 1973-1993, 2.2 million low-rent units disappeared from the market. As with any commodity in short supply, an increase in demand creates an increase in cost; those earning

minimum wage or slightly higher were simply not able to make ends meet without housing subsidies.

A report by the Department of Housing and Urban Development (2001) found that 4.9 million low-income American households had “worst case” housing needs, paying more than 50% of their income on rent, while this same report estimated that this figure should be no more than 30% (NLCHP, 2002). Furthermore, a recent study of housing affordability in 661 counties and 345 metropolitan areas in the U.S. conducted by the National Low Income Housing Coalition “found that in 64% of the communities studied, low-income workers would need to earn at least double the minimum wage to afford the rent of a two-bedroom apartment at the fair market rent” (Nichols and Gault, 1999:5). Those who pay more than 50% of their income on housing are just one misstep such as an illness or job layoff away from homelessness, what Sociologists Wolch and Dear (1993) call the “proto-homeless”.

While Section 8 housing vouchers were still available for qualified former recipients, only 1 in 4 TANF families received them, and the average wait for a voucher in 1999 was nearly three years (NCHFS). Some no longer had homes of their own on a consistent basis, and were forced to “double up” with friends or relatives, others were forced to live in sub-standard housing, homeless shelters, or single room occupancies, and finally, some were forced onto the street. According to the Chicago Coalition for the Homeless (2000), 44% of the homeless population in Chicago cited stopped or reduced welfare benefits as the primary reason for their homelessness. In a study of shelters in Atlanta, 59% of 161 homeless women surveyed said their welfare benefits had been stopped or reduced in the previous year (Task Force for the Homeless, 1997). And in the 2001 Institute for Children and Poverty study, 37% of homeless families had their welfare benefits reduced or cut in the last year. More strikingly, in Bucks County and

Philadelphia, PA, and Seattle, WA, more than 50% had their benefits reduced or cut.

Among those who lost their benefits, 20% said they became homeless as a direct result (Institute for Children and Poverty, 2001).

While the cost of housing is usually substantially lower in rural settings, so is availability and accessibility of affordable housing. Additionally, while both urban and rural poor populations pay in excess of 50% of their incomes for housing, rural households are more likely than urban to experience housing impaired by severe structural defects, lead paint and animal or insect infestation (Cook, et al, 2002). Furthermore, affordable rural housing, unlike affordable urban housing, is much more likely to be at a greater distance from employment and be in areas without access to or availability of public transportation

Housing directly determines one's access to employment, education, credit, transportation, and even garbage collection (Edin and Lein,1997). Successfully transitioning from welfare to work is nearly impossible without access to safe and affordable housing. Serious financial hardship due to increased housing costs will lead some low-income families to homelessness, often even those employed on a full-time basis.

## ***Employment***

Globalization and the outsourcing of manufacturing in the United States during the 1970's and 1980's resulted in a shift in employment from more skilled industrial labor (largely protected by unions and paying better wages) to jobs that required fewer skills, paid at or slightly higher than minimum wage, and offered reduced or seasonal hours with little or no benefits. According to The National Law Center on Homelessness & Poverty (2006), 44% of the homeless population is employed. The average wage of the primary earner in low-income families in 2002

was \$9.64 per hour (NLCHP, 2006). According to the National Low Income Housing Coalition (2007), the “National Housing Wage” in the United States is \$16.31 per hour (the amount per hour a full-time worker must earn to afford a state’s average two-bedroom rent). Between 1979 and 1987, the percentage of rural workers whose wages could not lift a family of four out of poverty increased from 31.9% to 42.1% versus 25.7% to 31.5% for urban workers (NLCHP, 2006). Low wages mean that even when working full-time, the rural poor are far more likely than the urban poor to remain trapped in poverty, and thus more likely to experience prolonged periods of homelessness. Residents in rural communities face higher rates of unemployment, (the farm crisis of the 1980’s left 91% of the nation’s rural counties with unemployment rates at least double that of the national average), lack public transportation and generally, also lack the social capital needed to gain access to employment opportunities. Off of welfare but employed in low paying jobs, former recipients found themselves unable to afford the full cost of housing, child care, and other basic necessities. Unable to find long term escape from poverty or homelessness, they were left no choice but to re-apply for aid. Clearly, it would take more than full-time employment for this population to be self-sustaining.

### ***Structural Supports***

A study completed by Wallace, Green and Jaros (2003) found that a combination of work and structural support while transitioning are ideal: “women enrolled in programs that included a substantial subsidy for work (which required work of 30 hours or more and which provided substantial support services such as child care) worked more, had higher earnings, and were less likely to be poor”. Section 8 housing vouchers, Food Stamps, Medicaid, Supplemental Security Income (SSI), General Assistance (GA), and Child care subsidies were all part of the federal

welfare program. While food stamps, housing subsidies, and Medicaid remained available under TANF for those deemed eligible, several studies show few former welfare recipients received them due to lack of knowledge of those administering benefits, and thus recipients unaware of their eligibility to receive them (Kaushal & Kaestner, 2001).

Perhaps the biggest barrier to stable employment for all low-income families with children - but particularly for single-parent families - is lack of adequate, affordable child care. It makes little sense to think that parents with young children are going to be successful in a job market when they don't have child care. Several studies (Lindhorst, et al, 2000; Lindhorst and Mancorske, 2006; Miles and Fowler, 2006) even go so far as to question the logic behind insisting women with very young children leave the home for work, given that the cost of child care is very well likely to exceed the wages a woman is likely to earn. Transportation is equally as important and as stated earlier, is a major roadblock to employment for the rural population. In the absence of structural supports, many low-income families just cannot make it in today's society, and when all resources are exhausted, homelessness results.

## ***Conclusion***

The relationship between welfare reform and housing instability is complex. Welfare reform, when looked at in conjunction with the structural forces as described in this paper, is best summed up as the proverbial straw that broke the camels back. According to a recent study conducted by the Massachusetts Institute of Technology, "if present trends continue, 18 million Americans will be homeless by the end of this century. A large and disproportionate number of these 18 million will be women" (NLCHP, 2001). Factors driving these trends have been in place for decades. Housing policies in place well before the passage of welfare reform had made

affordable housing scarce, and globalization had long rendered manufacturing jobs obsolete, replacing them with service sector jobs and wages that were very difficult, if not near impossible, to live on. Welfare in many ways masked the true impact that both of these policies had on society by filling in the gaps with housing subsidies, food stamps, and other supports. Only when welfare policies changed did we really see the true impact of these other policies. Now it's a matter of what to do about them.

If self-sufficiency is the goal, future policies should address and make accommodations for these other structural shortcomings as well as provide training and education for those lacking the skills necessary to make it in today's society. To explain why someone experiences homelessness requires an examination of personal circumstances and the social conditions in which they live. Factors that cause homelessness not only vary greatly depending on the person but also on where people live. Place matters.

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