



# More Than Roof and Walls

*Why Resident Services Are an Indispensable Part of Affordable Housing*

By Tony Proscio



Made possible with the generous support of Freddie Mac Foundation



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Please send questions and requests regarding usage of this information to:

Enterprise Community Partners  
Attn: Diana Meyer  
10227 Wincopin Circle, Suite 500  
Columbia, MD 21044 410.964.1230  
[mail@enterprisecommunity.org](mailto:mail@enterprisecommunity.org)  
[www.enterprisecommunity.org](http://www.enterprisecommunity.org)

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# Acknowledgements

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## About the Author

A former associate editor of the *Miami Herald*, Tony Proscio is a consultant to foundations and civic organizations, and a freelance writer on urban affairs. He lives in Brooklyn, N.Y.

## About Enterprise Community Partners

Enterprise Community Partners is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than two decades, Enterprise has pioneered neighborhood solutions through publicprivate partnerships with financial institutions, governments, community organizations and others that share our vision. Enterprise has raised and invested \$9 billion in equity, grants and loans and is currently investing in communities at a rate of \$1 billion a year. Visit [www.enterprisecommunity.org](http://www.enterprisecommunity.org) to learn more about Enterprise's efforts to build communities and opportunity.

For resources to help community development practitioners, visit us at [www.enterprisecommunity.org/resources](http://www.enterprisecommunity.org/resources).

# Foreword

A stable, safe and decent home holds enormous possibilities for a low-income family striving to chart a more secure and hopeful future. But millions of low-income families across the United States need more than housing to build personal and financial assets and overcome barriers to success: They also require on-site help connecting to quality services in the community, where they live. The subject of this report, resident services is a topic gaining national attention and momentum among practitioners, funders, policymakers and researchers who are committed to the idea that making a modest investment in a family's potential will carry meaningful returns over a lifetime and even through generations.

Typically, social services are funded through multiple public agencies and delivered locally in a fragmented fashion. Imagine being a single parent with a full-time job, faced with the daunting proposition of navigating a complex array of disjointed social services, all with different eligibility criteria. In contrast, well-trained, on-site staff can connect residents to services and fill service gaps at the affordable housing development. Known as service coordinators, they assess residents' goals, evaluate available services and match adults and children to quality services tailored to their aspirations. The most common asset building services include: adult education, job training and placement support, after-school learning and recreation programs, financial literacy classes and access to computers.

In *More than Roof and Walls*, Tony Proscio describes why low-income families need and benefit from access to resident services and how the programs work. He explores the impact that these services have on both families and valuable affordable housing assets, where experience shows that the presence of resident services programs can benefit occupancy and rent collection and reduce evictions and maintenance costs.

The report also examines the current state of resident services, a field that until recently has lacked standards of practice and sufficient impact data, posing huge challenges for affordable housing managers seeking to sustain adequate public and private funding for housing-based resident services.

Finally, Mr. Proscio presents possible solutions and current efforts to advance policies that improve the quality of services available and the environment for supporting them.

Jim and Patty Rouse recognized the need for going beyond roof and walls when they co-founded Enterprise in 1982. Our mission - "to see that all low-income people in the United States have the opportunity for fit and affordable housing, and to move up and out of poverty into the mainstream of American life" - has guided Enterprise's work over the last quarter century. As the nation's leading provider of the development capital

and expertise needed to develop decent, affordable housing and rebuild communities, Enterprise's work has embraced both the physical and human sides of community development. Our resident services initiative exemplifies that comprehensive focus.

*More than Roof and Walls* appears among a series of resident services resources that also includes a practitioner's manual, research on state policies that encourage resident services, research on the positive impact of family resident services on property performance and a report on the costs of resident services available at [www.enterprisecommunity.org/resources](http://www.enterprisecommunity.org/resources). These materials encompass the learning from Enterprise's Family Resident Services Initiative, made possible with the generous support of the Freddie Mac Foundation.

Enterprise has also worked closely with NeighborWorks America, The Housing Partnership Network, the American Association of Service Coordinators and other members of the National Resident Services Collaborative to develop best practices and in-depth training for family resident services staff that is offered several times each year around the country. More information about the work of the collaborative can be found at [www.residentservices.org](http://www.residentservices.org).

We also are grateful to members of Congress and the U.S. Department of Housing and Urban Development for their financial assistance for the development of this report, and for funding our efforts to strengthen housing-based resident services programs through effective partnerships with community-based organizations.

Enterprise has a bold vision for improving the quality and delivery of resident services and for policy and systems change to ensure sustainable funding for the long term. Together with our many local and national partners, we are committed to carrying out that vision, and offering low-income families in all affordable housing the support, training and enrichment needed to achieve independence and leave poverty behind.

**Enterprise Community Partners**  
**Washington, D.C.**  
**May 15, 2008**

# Introduction

The value of affordable housing - to the families who live in it, to the owners and managers who operate it, to the public that subsidizes it, and to the community of which it's a part - depends in large measure on the overall well-being of its residents. That's not purely a philosophical principle or statement of values. It's an observation on how buildings and communities prosper or how they spiral into disorder and decay. To maintain a sound, desirable community or housing development, it is usually necessary to ensure that residents can live securely in their homes, satisfy their basic needs, and fulfill their responsibilities to the property, the environs and one another. When that is not the case, it is in the best interest of the landlord, the neighbors and the families themselves that supportive services be available on site or close by to prevent or remedy problems.

Housing developments in which families face episodes of crisis with no ready means of help, where residents have trouble paying rent regularly, where children have few constructive activities for their idle time, where employment opportunity is remote and residents feel walled off in an economic neverland - these are the properties that most often decline and fail. "Good" management of these properties by narrow, conventional standards alone (prompt physical repairs, clean hallways, sound financial practices) will be little help in staving off a slow decline in value if residents' other needs meanwhile go unattended.

This simple logic, long known to many affordable housing managers, is seldom engraved in government housing policies or established as an official norm of housing programs for low-income families. Yet nearly five million federally assisted apartments and houses are occupied by people whose incomes are in the lowest strata of American society. For many of these families, homelessness is either a recent memory or at most a single crisis away. Yet the programs that subsidize housing for them rarely make full provision for the basic social services that would help them remain stable in their housing, stay current on their rent, raise their children effectively and pursue opportunities to improve their lives and livelihoods.

Among the few exceptions are some housing for the frail elderly and, increasingly, programs for people who have been homeless repeatedly and for long periods, such as individuals with mental illness and other special needs. In the latter case, the blending of housing and services in what has become known as "supportive housing" is an increasingly standard element of public policy toward long-term homelessness. But in supportive housing and some types of senior housing, the services are generally more intensive and clinical in nature than would be necessary for residents without persistent disabilities or medical needs. In conventional housing programs designed for the great majority of low-income families, hardly any official connection is made between a family's need for shelter and for other forms of support.

By the stated rules of most such programs, housing dollars pay for walls and roofs and just enough management to keep those in good repair, with all basic systems working. Incentive structures meant to entice private investors and lenders into these projects offer little encouragement for them to provide funds for services - in fact, the encouragement usually runs in the opposite direction. Residents who need job training or after-school programs, help in managing small incomes, addiction treatment or referrals for health or child care are expected (officially, at least) to find this help elsewhere, under the aegis of other programs or agencies.

However, more and more, a quiet consensus of housing policymakers and property managers is leading to the inclusion of some forms of human and family services and service connections as part of the management of at least the larger housing complexes. Developer and philanthropist James Rouse, co-founder of Enterprise, made an early, succinct case for this approach in a 1991 speech in Miami: "Good sense," he said, "tells us to combine these isolated efforts in a whole program, to gain the reinforcement that each can bring to the other, to raise the expectancy and build the hope of the neighborhood."

**'Good sense tells us to combine these isolated efforts to raise the expectancy and build the hope of the neighborhood.'**

Some 15 years later, state and local policymakers and many federal officials increasingly value housing plans that incorporate service providers, coordinators or resident

advocates into the projects' management offices, In practice, administrators of federal multifamily housing programs often encourage service components in these developments, at least informally, Some states' allocation policies for Low-Income Housing Tax Credits and other subsidy guidelines expressly favor projects that include such services in their management.

Nonetheless, "valuing," "encouraging" and "favoring" are not the same as "funding," In the vast majority of federal, state and local housing programs, the growing acknowledgement of the importance of services in affordable family housing remains a consensus in principle, not in dollars, As a result, the provision of these services tends to be paid for with a crazy quilt of private grants, social service contracts and scarce revenues from housing operations - all patched together, often in insufficient amounts, in patterns that vary from year to year, provider to provider and even building to building,

This gap between what policymakers consider desirable and what they actually fund will be among the key issues addressed later in this report, But first, it may be useful to start with a more detailed description of what housing managers mean when they speak about resident services, After a scan of the forms of service commonly provided in (or in conjunction with) affordable housing, we will consider what those services accomplish that is, what makes them an integral part of successful housing management. At that point, we can return to the subject of funding, or the perplexing lack thereof.



# Part I

## What 'Resident Services' Means

### *A core idea with variations*

The idea of integrating services with affordable housing begins with the premise that low-income families, especially people living far below median income, face special challenges in juggling the responsibilities of work, child care, budgeting and parenting. Depending on local circumstances and the particular profile of a given group of residents, the prevailing needs may be slightly different from place to place. Youth programs may be plentiful in some communities but employment services scarce; elsewhere, health care or safety may be the most pressing concerns. Some housing developments may have larger families, and thus more need for children's programs on site, while others may have recent immigrants who need help with English or in dealing with schools and other public agencies. **In** some communities, most of the needed services may be generally available, but residents might need help sifting through them - assessing the best ones, finding those with appropriate vacancies or available scholarships, gauging a program's fitness for a given circumstance.

Just as the specifics of residents' needs vary from place to place, so does the available money: No matter how great the hardships may be in a given community, services have to fit within the limits of the budget that can be raised for them. Consequently, in places where dollars are scarcer, only the most urgent needs (or those most directly connected with conventional housing management) may be addressed on-site. Elsewhere, if budgets are less restrictive, the roster of on-site services may be greater. **In** short, there is no standard recipe for "resident services," nor even (at least so far) any ideal standard or set of preferred expectations.

Diana Meyer, senior director of Enterprise Community Partners and director of its resident services initiative, points out that "for most nonprofit housing owners, resident services start with helping families to navigate

the complex public and private services unique to each community or neighborhood. On-site programs reflect the outcome of a complicated equation involving the leadership of the property owner and the array of available services and funding, overlaid with the goals and barriers of resident families."

**In** very broad strokes, housing and service providers generally choose among a few basic services and ways of providing them, blending them to create models that go by a variety of names: "service coordinators," "family advocates," "tenant services" and "learning centers," among other things. In practice, the terminology and the particulars of program content vary widely. Still, a few common approaches provide a good sampling (certainly not a complete inventory) of how affordable housing managers and providers think about meeting residents' service needs in a way that enriches the housing development and the surrounding community. It's best to consider these various approaches not as discrete, mutually exclusive schools of thought, but as variations on a central theme: offering residents an effective way of meeting their particular goals with resources available at their housing site or nearby.

"Service coordinators," as the name implies, serve essentially as brokers between residents and the programs or organizations that can serve them. **In** most cases,

"coordination" is more than just referral or advice. It often includes offering some programs on the housing development's premises - either run directly by the management or brought on site by outside organizations. But in the service-coordinator approach, the key principle is helping residents find the services they need, whether on- or off-site, and arranging those services in a combination or sequence that genuinely addresses the family's goals. That includes providing them information with which to assess and choose among available programs, and later following up to see whether a given choice adequately met their needs. A typical service coordinator might serve a development of 80 to 100 families, or sometimes more.

Jan Monks, president of the American Association of Service Coordinators, recommends that service staff work in an office that's distinct from that of the property management. "The location of resident services in a housing complex has to be a place where residents feel comfortable coming in," she says. "Residents won't want to talk about their problems in front of the landlord, or people they perceive as the landlord."

Organizations that take this approach often urge caution in interpreting the words "referral" and "information" too lightly. "It's important not to confuse this with a sort of glorified bulletin board or directory assistance," says Doris Koo, president and CEO of Enterprise Community Partners and a former resident organizer. "I really think of this as a community-building approach. In any community, including my own, my neighbors ask me for suggestions or recommendations if they need something - judgments about where's the best place to go or what's nearby - and I ask them. But in communities where families are fragile or newly arrived, or where there's no real sense of community yet, you need time and effort to build those kinds of relationships and networks. The social fabric needs help taking shape. So the service coordinator makes contacts and circulates information, but also takes a role in encouraging residents to take advantage of what's available

for them, and might organize activities to help residents get to know one another."

### **'It's important not to confuse this with a sort of glorified bulletin board or directory assistance.'**

With support from Freddie Mac, Enterprise is working with selected nonprofits in several cities to improve services for the residents of the affordable housing that the nonprofits have developed. Enterprise calls this the Family Opportunities Program. Under this model, resident services coordinators, sometimes called family advocates, assess residents' goals and barriers to success and match them to effective services available in the community that will help them build personal assets like additional education or training or a better job. But the coordinators or advocates also organize on-site services, including after-school homework help and recreation, computer centers, and adult education where other programs aren't available locally, and they support residents in organizing group activities to build community and to address and solve problems such as crime and drug activity. In developments where some families have more-than-average needs or face crises, resident services coordinators devote more individual attention until the crises have passed. This approach allows for a focusing of effort on areas of greatest need and opportunity without exceeding realistic budget limitations or creating an overly therapeutic atmosphere.

### **Recruiting the Right Skills**

One participant in Enterprise's Family Opportunities Program is Fordham Bedford Children's Services, which provides resident services at two affordable housing developments in New York's South Bronx. In these buildings, service coordinators offer residents information and referral to outside programs besides coordinating some on-site services like after-school programs or group activities for kids. Although the service coordinators at

Fordham Bedford take on a wide range of responsibilities, depending on the needs of the families at any given time, their main focus (as the group's name implies) is on programs for children. John Garcia, the organization's executive director, therefore tends to recruit candidates whose skills are more like those of a teacher than of a social worker - someone with good organizational skills, wide-ranging relationships in the community and a knack for working with kids.

Given that "the best route for serving the family is usually through the children," as Garcia puts it, Fordham Bedford has had excellent results with coordinators who, regardless of their professional credentials, "get to know the children and can create a sense of structure and a feeling of family." The organization's after-school programs have made a critical difference in a neighborhood where most public schools perform poorly, some streets remain dangerous, and parents often have to combine full work days with long commutes that can take as much as an hour each way to and from midtown Manhattan.

**'The best route for serving the family is usually through the children.'**

Among the recent successes of the Fordham Bedford after-school program was a quiet girl named Anny Mariano, who enrolled several years ago with her twin sister while their mother was at work. Anny went on to attend New York's legendary High School of Performing Arts and is among the stars of an independent feature-length film titled, *011 the Outs*. The movie's subject: the life of youngsters growing up in the poorest neighborhoods of New York City.

"Most of all," Garcia says, the service coordinators "look like the people who live here. That breaks down a lot of barriers. They have lived with the same issues the residents live with - dealt with poverty, tough schools, immigration, family problems. Having that common background helps them be helpful and realistic, besides

being kind of a role model, and that's what makes them effective," Of the two full-time resident services coordinators at Fordham Bedford, one actually lived in the apartment building where she now works and the other grew up only a short distance away.

Another example of a group working with Enterprise to combine affordable housing and resident services is REACH Community Development in Portland, Ore. At REACH, a community-based group with several buildings providing housing for very low-income families and single adults, one of the service programs is a financial management workshop for children, called Youth\$ave. The program gives kids a chance to identify something they want - maybe sporting equipment, a computer, a musical instrument or lessons - and then commit to saving a portion of their earnings from part-time work every week. REACH matches their savings two-to-one, and for younger children also provides community-service jobs in lieu of regular employment. One of the recent stars of the Youth\$ave program, a boy named Danny, used his savings to buy art supplies and ended up with a full scholarship to Fordham University's art department. Even as a college student, Danny occasionally returns to REACH as a spokesman at fundraising events.

## The Learning Center Model

A slight variation on the principle of combining on-site programming with off-site referrals is Neighborworks" America's Learning Center Consortium, a joint effort of nine housing organizations. In style, and to a considerable degree in substance, the model has more in common with an education program than a social service center. Some organizations that prefer the "learning center" approach tend to serve families that are not the lowest income and are not typically grappling with deep crises. They may have steady employment but at very low wages and without benefits. Their children may be enrolled in weak schools, have no source of help with homework, or lack

safe after-school activities while parents are working. Parents may be thinking about eventual homeownership but need help with accumulating a down payment, resolving credit problems or otherwise running the real estate gantlet.

### **A model more akin to an education program than a social service center**

Frances Ferguson of NeighborWorks' multifamily initiative and organizer of the consortium, explains that the group's emphasis on learning arose - as most approaches to resident services usually do - from a close observation of what residents want and of the available services that could meet those goals. "When we looked around at what the members were already doing," Ferguson explains, "it struck us that one thing almost everyone was doing - what nearly all of them had in common - was education. The more we probed for the best practices and the outcomes they were working toward, we found activities grouped around the concept of assets. [Residents] were trying to build their own assets, whether material or personal, or sometimes they were trying to build community assets, like safety, public spaces, transportation or health. And a lot of it was organized around children's assets: preschool education and readiness for elementary school, basic skills in the elementary grades, both school and extracurricular success in the teen years. All of it tended to be structured around learning."

Depending on the mix of families in the housing complex, a typical learning center might offer after-school programs, career counseling, help in using Individual Development Accounts or qualifying for the Earned Income Tax Credit, information and referral sources on employment training, health insurance and basic family health issues or programs in leadership development. The mix of programs often varies by the time of day. Some hours may feature sports or arts programs for children, other times continuing-education or English classes for adults, still other

times there might be a credit counselor or workforce development agency on site. Whenever possible, these services are arranged through other community-based agencies that are willing to offer their services at the housing development or to send staff or volunteers into the learning center from time to time. The staff ratio may therefore be lower than in other models, perhaps one lead service coordinator serving 100 to 200 units.

Although the idea of learning centers is partly tailored to residents' goals, it also arose as a response to budgetary necessity. When members of the Learning Center Consortium began comparing notes on their various programs, Ferguson recalls, "we found we were all trying to crack the same code: How do you deliver services to properties that are not deeply subsidized? In Low-Income Housing Tax Credit projects, for example, where it can be impossible to fund services above the line [that is, with a setaside from operating revenues], you have to find other ways to do it." In especially large developments where available funding for services is comparatively small, it can be all but impossible to pursue service models that depend on a lot of one-on-one contact between service staff and residents. A learning center, by contrast, might host a dozen activities, each of them serving perhaps

15 or 20 families, thus providing at least some service to a significant percentage of the resident base. A single learning-center staffer may therefore have responsibility for serving a total of 200 or more families, at an annual cost that could range from \$400 to \$650 per unit per year.

### **A Hands-On, Family Approach**

Some organizations have felt the need to take a more hands-on approach to service provision than these examples illustrate. For residents with more complex or longer-term needs, some housing organizations offer services that incorporate some of the elements of traditional case management, though not with the intensity usually associated with therapeutic programs. Service personnel in this model are typically more personally

involved with families, one by one, in solving problems and setting goals, or at least in working with them to assess their needs and organize solutions. Housing developments that take this kind of family-by-family approach are often ones in which a number of very poor families struggle with greater-than-average problems or where the environment is stressful and poorly organized - as, for example, when a new owner or manager takes over a property that has been poorly managed, or where residents previously received no services. In these circumstances, some housing organizations suggest, a more deliberate, case-by-case approach may be necessary, at least at first, to reach out to residents, help them adjust to new policies and expectations, take advantage of services, and begin to think about their housing and other aspects of the community in a new way.

This is a more difficult, and potentially more costly, approach to resident services than the ones described earlier. Given the amount of personal attention required, it usually features a comparatively high ratio of service providers to residents - perhaps one service staff member for every 50 to 75 families, though in larger developments it may run to one-per-100 or more (usually with services focused on a smaller number of the neediest residents). Several housing managers describe this model as hard to afford in any but the best-funded developments. A significant degree of private fundraising and applications for social service funding are nearly always required, but may be hard to sustain in the long run.

This model most often applies "in much larger projects, in turnaround situations or a major redevelopment like public housing Hope VI, where we're really trying to change the housing environment," says Pat Costigan, senior vice president of The Community Builders, a large nonprofit housing development and management organization that also creates economic opportunities and supports for its residents. "In those

cases, we really want the new environment to be an asset to the residents and the surrounding community, and we're often entering a situation where that hasn't been the case for years, if ever. At that point, at least for a time, we may have a higher staff ratio [the number of service personnel per resident] and we want to work on a lot of fronts at once - jobs, schools, youth, crime, budgeting."

Normally, Costigan says, even when this richer level of services and personal attention is needed and can be funded, it's rare that funding at this level lasts more than a few years, after which the service model needs to become more modest. Still, "that may be workable at that point, because by then, the development is fully leased up and running pretty well; a lot of people are getting services or have their basic needs met. By that time, communitybased services are probably operating on site or serving your residents, and the service staff is actively dealing with a smaller number of people and not nearly so many crises."



## Part II

### Outcomes

#### *What services accomplish - and for whom*

The choice of a given approach to resident services - or even the choice of a particular service, whatever the model surrounding it may be - depends first of all on what value the housing management expects the service to produce. Value can be (most providers say *should* be) measured from three interrelated perspectives: that of the resident, the property owners and managers, and the surrounding community. The justification for any given level of service, and for its cost, is that the resulting value to some combination of these beneficiaries is great enough to warrant the expenditure.

When residents' economic or family emergencies are addressed in a timely way, they are less likely to fall behind on rent, vacate their apartment or be evicted, or create other problems for managers. When children are constructively occupied and well-supervised during the out-of-school hours, they are less likely to disrupt other residents or do harm to themselves or the building, and they are more likely to grow up healthy and well-adjusted. Families whose lives become less turbulent are also likely to prosper more in the housing, which for them becomes an asset instead of a monthly financial burden or a mere place to sleep. And for the surrounding community, that family's stability and well-being means that its members are more likely to contribute to local life - visit local shops, take part in school and community activities, or at least interact with the rest of the neighborhood - instead of merely passing through. All these results pay an economic and human dividend, enriching families' lives and boosting the material value of property. In some cases, though, property managers point out that the best way to view the question of value is by considering the alternative: Doing without a given set of services may impose a reduction in a property's worth - reflected in a degraded or less marketable physical asset,

in resident hardships and in detriment to the community that would be difficult to justify and, in the long run, even harder to recoup. High transiency, unsupervised young people, unaddressed vandalism or drug use, and residents with precarious employment and insufficient incomes all contribute to an atmosphere of chaos and crisis, along with wear and tear on the premises. These things drain the market value from a property as quickly as they undermine families and communities.

One simple but telling calculation gives a clear picture of the value of resident services to the owners and managers of affordable housing. The nonprofit development company The Community Builders estimates that every prevented eviction saves at least \$3,700 for a typical building. At that rate, the annual cost of a resident services coordinator is fully repaid by preventing just 10 evictions over the course of a year.

**The annual cost of a resident services coordinator can be covered by preventing just 10 evictions a year.**

The estimated cost of an eviction, drawn from an analysis of an actual building in Massachusetts, breaks down as follows: \$1,800 in lost rent during the two months it normally takes to obtain an eviction if all goes smoothly; \$453 for the loss of another half-month's rent while a turnover crew puts the unit back into rentable condition; \$100 for a constable eviction service fee; \$1,300 for the eviction move, which includes three months of storage fees, and \$176 in court filing costs - though this final item may be charged to the resident eventually.

The calculation is deliberately conservative. It's based on the assumption that the eviction is for nonpayment only, not for damage to property or other, more costly, circumstances. It assumes that the eviction process starts promptly, and that it takes only a standard amount of time. The estimate doesn't include earlier losses due to rent collection problems that normally precede an eviction process, or later legal costs that sometimes follow. Note, too, that this calculation relates only to preventing evictions. It doesn't include any other management-related benefits of resident services: reduced damage to the property, an improved social atmosphere, greater resident satisfaction in their homes, or the potential for increased employment and income - and thus easier rent collection - thanks to employment, child care or other work-related services.

## Material Value

Chuck Wehrwein, former senior vice president of Mercy Housing, a national faith-based development organization, has seen evidence of material value from resident services even without considering evictions. "Our property managers believe our family properties get less wear and tear in places where we have integrated programs and services," he says. "We don't have as much trouble, we don't spend as much money sandblasting graffiti off the walls or dealing with damaged playground equipment and the like. Our on-the-ground people feel, especially in the summer, that it makes a dramatic difference in the condition of the property."

Wehrwein also cites a case that in effect presented a direct

comparison of affordable housing with services and without - a case in which the housing with services performed significantly better. The unintentional experiment involved a city where Mercy has a large development in a low-income neighborhood, at a time when housing prices in such neighborhoods were plummeting. As the private market weakened, rents in Mercy's tax credit properties ended up being higher than market-rate rents in some privately owned developments - even, says Wehrwein, in places "with more amenities than ours - a swimming pool, microwaves, dishwashers, things we couldn't provide." Managers braced themselves for a resident exodus, falling rent rolls, higher vacancies and escalating losses.

Instead, throughout this period, Mercy's occupancy rates were as much as 10 points higher than in the competing properties, despite Mercy's higher rents and more modest amenities. Why? "Because people chose to rent in a place where there was someone looking after the quality of life, and where there was something there for their children."

Given that anecdotal evidence suggests such a clear benefit from resident services, it might seem reasonable that a more rigorous reckoning of costs and benefits would have been attempted by now - some analysis of numerical evidence linking expenditures with various kinds of value. But that has not been done in any thoroughgoing, literal way, at least thus far. That may seem strange at first glance, and as a matter of intellectual understanding and public advocacy, it is certainly regrettable. Yet in reality, the neglect of research and quantitative evaluation on these issues isn't all that hard to understand, largely because of two factors.

First, as in many areas of human services, the value of outcomes and the exact relation of outcomes to expenditures can be challenging (and thus expensive) to calculate. One problem, for example, is determining the value of any individual service amid all the other

influences on a family's life at any given time. Imagine that a family participates in four services during the course of a year but also suffers through a major illness. What part of any change in its fortunes should be attributable to the services, the medical difficulties or other factors? Still, these problems aren't insuperable. In principle, all the outcomes described in this report could be measured at least to some degree, and it would certainly be possible to design a credible comparison of costs and benefits, even if imperfect. But funding the research, from the collection of data to the analysis of results, would be outside the available budget of virtually any housing provider. Meanwhile, only a dedicated minority of outside funders have been willing to fund the provision of resident services in affordable family housing. Few have expressed even the remotest interest in funding research on those services.

**Only a dedicated minority of outside funders have been willing to fund resident services; few have expressed even the remotest interest in funding research on those services.**

The second factor that has impeded the measurement of outcomes, until recent years, has been a lack of any great demand for the analysis. To most housing developers, managers and operators, the argument in favor of resident services has largely seemed intuitively obvious. Just as no housing provider would spend money to prove that decent plumbing contributes to a property's value, few of them would demand a randomized controlled experiment to determine whether well-served residents are better for their properties and communities than residents with chronic hardships and no source of help. To people who work day to-day with low-income residents, the question hardly seems controversial. From a manager's perspective, services are scarce not because they are not valuable, but because it is difficult to assemble enough money to pay for them.

The problem of funding will be discussed in more detail in the next section of this report. For now, it is enough to point out that many housing subsidy programs are based on the premise that money not spent on traditional maintenance and operations must be paid back to investors, lenders or the government. Thus even the most enlightened manager, convinced in principle that services more than pay for themselves, is often not free to use building revenues for such services because those revenues must either be spent on pre-approved costs or else forfeited.

In recent years, therefore, it has become increasingly clear that more research is needed on outcomes - not for the sake of housing providers, but to draw the attention and support of housing funders and investors. Even when foundation officers or housing officials say, as one did at a recent conference, that "housing and family services are intimately linked, so that neither is fully successful without the other," that insight seems not to lead to any widespread commitment of new dollars. Most funders and investors, no matter how convinced they may be as individuals, are rarely able to change institutional funding patterns for these two sets of activities without some compelling new evidence. As a result, money continues to flow to service programs and housing developments separately, according to largely unrelated sets of funding criteria.

Some lenders and investors have expressed a reluctance to allow housing capital or revenues to be used for services, not because they don't believe the services are valuable, but because they consider it difficult or impossible to gauge just what the service dollars are buying. Unlike standard housing economics, in which the final product is a three-dimensional property with a market value that can be appraised at any time, investment in services offers a return that's not readily expressed in hard numbers, at least as matters stand today. That makes it difficult for service providers to answer an investor who asks, "How would I know, from year to year, whether the return on this investment is being realized or not?" Better data on service outcomes is therefore not just an academic or

theoretical convenience, but an economic necessity in attracting more capital for service provision.

## **A Collaborative Approach**

One effort to fill this information gap is called the National Resident Services Collaborative, a joint effort involving Enterprise, NeighborWorks, Mercy Housing, National Church Residences, The Community Builders, The Housing Partnership Network, the American Association of Service Coordinators and several community-based organizations. Besides gathering data on the costs and outcomes of resident services, the Collaborative has researched state model policies for funding these services and is seeking out the most effective or promising practices among service providers. The Collaborative's work has resulted in standard outcome measures, best practices and training and data on both the practice and the economics of resident services, for the benefit of providers and investors alike.

Meanwhile, providers themselves have increasingly come together to compare notes, coordinate their data collection and analysis, and produce outcome information on the effects of their resident services. For example, Enterprise's local resident services partners are tracking outcome measures that show whether services are helping residents accumulate personal and financial assets. The data they are collecting include the number of people who get jobs or move up to better jobs with more income potential; children whose grades improve or who feel safer due to their participation in after-school programs; people who master English or open checking or savings accounts. Enterprise is also funding research on the benefits for property management, such as lower turnover, increased rent collections and lower maintenance costs due to reduced vandalism.

The NeighborWorks Learning Center Consortium is compiling outcome data using specifically defined measures that members of the consortium are already collecting in the normal course of operating their various

programs. These measures include, for example, the percentage of children in after-school programs who maintain or improve grades; the number of participants in job-training programs who get jobs, technical certifications or promotions; the number of participants in English language programs who improve their performance on English proficiency tests; and the number of people in financial literacy classes who establish Individual Development Accounts, meet their savings goals and eventually use the funds for eligible purposes.

**One factor leading more organizations to collect data is that it seems to be documenting an important success story.**

Large affordable housing developers and managers are increasingly gathering data on service outcomes in their properties. The Community Builders, for example, keeps detailed information on its workforce development programs, tracking participants' employment milestones for a full two years. Besides measuring many of these same variables, Mercy Housing also tracks social and community factors, like families' participation in recreational and social events or children's participation in after-school and community-service programs. Mercy likewise keeps data on changes in health coverage and usage of medical services in connection with its health counseling services. Many organizations keep management data on the number of problem incidents at the property or in the surrounding community involving residents of the development.

The great majority of these efforts are still in the data-collection stage, which necessarily lasts several years before there is enough aggregate experience and information to draw meaningful conclusions. In the meantime, data collection is nonetheless useful in helping to determine how well services are performing over time

and how closely participants' experiences seem to reflect the actual services in which they participated. One factor leading more and more organizations to collect this information - apart from its usefulness in managing and choosing among services - is that it seems to be documenting an important success story. At least in raw form, the data gathered so far are providing strong confirmation that services do translate into the expected results, and that those results are all related, directly or indirectly, to the three main criteria of value: reduced problems for property management, greater well-being for resident families, and a better relationship among residents, their housing and the surrounding community.

## **National Resident Services Collaborative**

### National Organizations

American Association of Service Coordinators, Enterprise Community Partners, The Housing Partnership Network, NeighborWorks America, Stewards of Affordable Housing for the Future

### Developers

Alamo Area Mutual Housing Association, The Community Builders, Community Preservation and Development Corporation, Mercy Housing, National Church Residences, The Neighborhood Partnership Fund, Preservation of Affordable Housing, REACH Community Development Corporation



## Part III

# Paying for Resident Services

### *The need for housing dollars*

There are, in broad strokes, three main sources of funding for resident services: public programs for needy families, private contributions, and the capital and operating dollars that make up the economy of affordable real estate. In current practice, the majority of funding for resident services comes from the second category: private contributions. To a lesser extent, developers and service providers have drawn support from government service programs - though hardly any of these are expressly designed to be integrated into housing management, and it often takes careful negotiation with public authorities to make the dollars fit the intended use. The most difficult but potentially most plentiful funding source of all tends to be the one that, on first glance, would seem to be the most obvious: the money generated by, or invested in, the housing itself. This includes rent receipts, housing subsidies, loan proceeds and investor equity.

The preponderance of private contributions in the mix of service funding is a cause for concern. Charitable donations are a reasonable source of funds for some special, experimental or short-term efforts. But they are usually time-limited and aimed at innovative demonstration projects rather than long-term, routine activity. Dee Walsh of Portland's REACH Community Development has been able to secure funding for multiple years for specific, limited programs for homeless women and youth services through private charity. Yet even so, her long-term expectations for such support are limited: "A couple of foundations in town have been giving us money every year for this, but it's unusual for any foundation to keep going like that, year after year. Nearly all foundations and individual donors want to do discrete, short-term demonstrations and then they expect someone else, usually a public program, to take up the reins. I don't know how long this support will continue, but I can't reasonably expect it to last forever."

**Charitable donations are usually aimed at innovative demonstration projects rather than long-term, routine activity.**

Among public funding sources, programs of the federal Department of Health and Human Services, and its various state-level equivalents, are the more plentiful. Several programs under the Department of Housing and Urban Development have begun to recognize resident services as an eligible and worthwhile use of federal housing funds, such as the Community Development Block Grant. Yet that remains a relatively small exception to a general rule: HUD funds normally pay for structures, and for the management costs directly associated with maintaining them, but not for the services that maintain the quality of life within those structures.

When the discussion moves away from federal grants and private donations, and focuses instead on the investment capital and real estate loans normally available to affordable housing, the opportunities for funding services grow dramatically smaller. In assembling the financing for most affordable housing for families, the great majority of lenders and investors all but prohibit the use of their capital for services. It's not that investors and lenders are hostile to resident services - some are even enthusiastic supporters of the idea. It's that many believe that it is not the role of housing finance to support such activity.

## The Funding Dilemma

The logic of that argument doesn't withstand close scrutiny. To understand why, the premise with which this paper began is worth restating: The combination of services and housing is *directly related to the value of the housing* - its market value, its value to residents, and its value to the surrounding community and the public at large. Ensuring that affordable housing is not merely a shelter, but a springboard to a more secure life, it is essential that residents are able to make the most of the opportunity that the housing provides, and that the management and residents work together to preserve that opportunity for the next generation of residents.

Yet for all the logic of that argument, the rules of housing finance are often all but unbendable in their resistance to paying for services. In the majority of states - even when the provision of on-site services is officially encouraged in state policy - financing authorities generally insist on operating budgets in which the proceeds of rent and real estate financing pay for nothing beyond the traditional logistical and managerial necessities like maintenance, security, financial management and supplies. In this majority of states, a proposed budget with an additional line for resident services would be treated as inflated. Public underwriters (and, following their cue, private lenders and investors) would either insist that the "extra" cost be excised, or, in other cases, score the application lower, thereby making it non-competitive for housing dollars.

Paradoxically, more than three dozen states actually choose projects to fund *based partly on whether those projects will offer resident services* to their residents. In deciding which developments will receive Low-Income Housing Tax Credits, these states frequently award extra points in essence, a competitive edge - to projects whose management plan includes some version of the resident services models described earlier in this report. State underwriters see these services, logically enough, as adding value not only for the residents but for the project itself - in essence, a further assurance that the property will preserve its quality, suffer less resident turnover, and stay fully occupied. In the fiercely competitive selection process for tax credits in most states, a failure to score the "bonus" points for services could mean a final ranking that's too low to win the competition.

Yet once such a proposal receives the bonus points and is selected for tax credit support and other subsidies, the entire financing package is promptly structured as if the services were nonexistent or free. The expectation, in most cases, is that project sponsors will find other sources of money, presumably private donations or social service funding from non-housing programs, to pay for the services. But once they win the competition for housing subsidies, developers are entirely on their own in finding these required service dollars. They are now mandated to provide the services, and had better find money for it somewhere.

In addition, deferred loans and grants are very often necessary to bring down the rent levels in tax credit financed properties to reach levels low-income families can afford. These are most often provided by state and local jurisdictions with flexible federal block grant funds or tax revenues as well as through the Regional Home Loan Banks. Historically, these affordable housing subsidies have been very restrictive, and the great majority do not allow for resident services in property operating budgets. Federal housing agency policies have been somewhat inconsistent, depending on the program and administrators involved in housing finance underwriting decisions.

To be fair, federal, state and local governments' policy positions on these costs is not entirely irrational. Many of them point out that housing subsidies are scarce, and the supply of affordable housing is desperately low. Using housing dollars for any purpose other than to maximize the number of affordable units built and provide the lowest possible rents - even when those "other" purposes are directly related to the durability and value of the housing - would thwart the fundamental intent behind those dollars. They are not unaware of the value of resident services - in fact, it is often these same housing officials who decide to give preferential consideration to projects that include such services. Some simply believe that housing dollars should pay only for housing structures, and other programs should fill in the rest.

Housing providers, however, find several flaws in that argument. First, the tendency to think of antipoverty programs in "silos" - some dollars are for child care, others are for workforce training, still others are for rent, with little room for blending - is wholly out of keeping with the way actual low-income families (or other families for that matter) live real lives. When families need credit

counseling, job training, child care, or help in applying for the Earned Income Tax Credit, one reason often is that without these services, they will soon fall behind on their rent and risk eviction. In short, these services are intimately bound up with the quality and stability of that family's housing, not solely with discrete social or personal difficulties. When residents routinely face credit problems, disruption in their earnings, or sudden financial crises - as is common in housing for very low-income residents - their problems are the housing management's problems. For the management, ignoring these signs of trouble will mean tolerating high rates of eviction, sporadic rent collections, and the many other complications of having residents in crisis. That isn't just a poor outcome for the family and the housing manager. In the end it's a failure for the very housing programs under which that family came to live at this address in the first place.

**When residents face credit problems, disruption in their earnings or sudden financial crises, their problems are the housing management's problems.**

But apart from its air of unreality, the argument that housing dollars shouldn't fund services leads to a practical contradiction: The services are often required by the housing agencies as a condition of receiving financing; but the many separate, independent programs that fund social services typically have no corresponding incentive to award funds to housing providers. They have their own constituency of service agencies - specialists in the myriad branches of human need - to which their funding is normally devoted. The result is a Catch-22 for the housing developer: You must commit to providing services or else lose your competitive standing for housing subsidies; yet paying for those services means you have to apply to social service programs where you may well have no competitive standing at all.

This arguably amounts to an unfunded mandate from state

housing finance agencies to private and nonprofit developers. Worse, the mandate carries the multiyear time horizon typical of a housing project, yet it must be paid for through service programs whose typical funding horizon is rarely more than 12 months. As Pat Costigan of The Community Builders explains it, "The mandate extends at least as long as the compliance period for the tax credits. That's a minimum of 15 years. In a few states, you're required to provide them for even longer than that - I've seen some states encourage service provision to be coterminous with use restrictions as long as 50 years. Now, service money [from federal and state social service programs] usually goes from year to year, and it can fluctuate a lot. Housing finance goes for 15, 20, 30 years. Which of those is the more logical source for funding a long-term mandate?"

Housing developers acknowledge that some funding for on-site services can, and in some cases should, come from service agencies or private philanthropy. They do not necessarily argue that housing programs should fund 100 percent of the services that would benefit residents and their communities. In some cases, for example, neighborhood service programs have been more than willing to devote staff to spend a few hours a week at affordable housing developments. Workforce Investment Boards, after-school or youth-development programs, and some health and education programs have dispatched staff and other resources to large housing developments where their consumer base is likely to be concentrated. There is clearly no need for housing programs to duplicate the cost of those services.

## **A Daily Presence**

But not all of the most beneficial services can be provided in that way. Among other things, many housing providers (and many state agencies) want to have at least one fulltime resident services coordinator or resident advocate on the housing management staff, with a regular daily presence at the property. These on-site coordinators get to know residents and the

community, develop a roster of the best local services, recognize opportunities and problems as they arise, and coordinate with property managers to make sure the services are genuinely contributing to the quality of the development and the community. Beyond the full-time coordinators, some housing developments need other on-site professionals, whether full- or part-time, to offer programs and services that aren't readily available nearby.

Housing providers argue that a certain bedrock of consistent funding is needed, in the regular operating budget, to ensure that these in-house professionals are available. Even if the entire cost of these services can't be covered from project cash flow, at least a significant portion of it belongs in the housing budget.

**On-site coordinators work with property managers to ensure services genuinely add to the quality of the development and the community.**

That budget, says Costigan, "is where you pay for things that are integral to maintaining a healthy property. Well, this is one of those things."

Fortunately, a number of states have begun to permit services to be funded through rent proceeds or grants. A dozen states are working with the National Resident Services Collaborative to develop model state policies for incentivizing, underwriting and monitoring resident services for families in Low-Income Housing Tax Credit properties, the largest source of financing for affordable housing.

# Conclusion

## *What housing officials need to know about services, and vice-versa*

The majority of this paper has been devoted to the "what" and "how" of resident services: how the various approaches to these services are organized, what service personnel do, what outcomes to expect, and how costs are (or should be) covered. Yet it would be a mistake to lose the underlying point in a technical discussion about methods, tactics and finance. The more important point not just of this report, but of the growing movement toward resident services nationwide - is that the purpose of affordable housing is not well served by simply building walls and roofs and keeping them intact. For housing policy to have its intended effect, to help families live securely and build an independent life, that policy needs to include some means of supporting residents in overcoming the obstacles to security and independence.

This support should be both modest and well integrated into the management of the housing itself. It should not create a clinical environment or duplicate services already available in the community, but just the opposite: It should help residents choose and make the greatest use of local resources, join in the life of the neighborhood, and view their housing as part of a wider community in which they have opportunities, responsibilities and support. Resident services should, in short, provide the link between shelter and life, housing and community, physical assets and human potential. Still, government programs are not organized - or, in most cases, even conceived - in ways that encourage such connections. Both the funding and the policymaking behind housing, children's services, employment services and other elements of a complete antipoverty strategy are kept hermetically separate, in ways that severely limit their effectiveness. The separation between housing and human

services is among the most absolute of these divisions, with harmful results to both categories of programs and to the people they try to serve.

### **Resident services should provide the link between physical assets and human potential.**

But in fact, even among the human services, crossconnections among various programs for poor families are tenuous at best. Child care under Temporary Assistance for Needy Families is largely unconnected with after-school services funded under, say, the 21<sup>st</sup> Century Learning Centers program, or with employment services funded under the Workforce Investment Act. Yet for a single parent struggling to raise children and hold down a job: a typical situation for residents of affordable housing - all three issues are inextricably bound together, along with the need for stable, safe, affordable housing.

Jim Rouse, co-founder of Enterprise, famously referred to affordable housing as a "platform for a decent life." He meant that the overarching purpose of such housing is to be a foundation on which a family can assemble the main elements of its future: its ability to earn a decent income, raise children, see to the health and well-being of all its members, and pursue education and self-improvement.

Housing, defined solely as walls and ceiling at an affordable price, is the necessary underpinning for all of that. But without the means to build the rest of the structure of an independent life, the housing fails in its fundamental mission as a platform.

Yet even if this basic principle of housing policy is overlooked completely - even if one remains concerned solely with the real-estate value of the public's investment in walls and roofs - resident services are still a convincingly cost-effective, prudent approach to property maintenance. This case has already been made in some detail in previous sections of this report. It can be summed up in a single sentence, quoted earlier, from Mercy Housing Senior Vice President Chuck Wehrwein: "Our family properties get less wear and tear in places where we have integrated programs and services."

The services that reinforce families' independence, protect the value of public assets and stretch the effectiveness of housing management dollars are not, in themselves, particularly expensive. In fact, most of the services actually delivered to families, whether on site or off, are already being funded (albeit

disjointedly) through other programs. The incremental expenditures specifically associated with services in affordable housing - whether described as resident services coordinators, family advocates, learning centers or in some other terms - generally consists of one or two on-site staff helping to make the connection between available services and resident needs. The typical annual program cost for basic service referral and some on-site services of \$500 to \$650 a unit is usually manageable, especially in larger developments, if conflicting regulations, program restrictions or standard financial underwriting practices don't stand in the way.

Affordable housing is a public asset in pursuit of a public interest, bearing substantial public investment. It is more than reasonable - in fact, many people find it increasingly obvious - that the return on that investment, the quality of the asset, and the success of the public policy underlying it all depend on public funding for two essential elements. The first is the ability of families to find the services they need close to the place where they live. The second (really just the flip side of the first) is the ability of housing developers and managers to pursue the whole mission of affordable housing: to provide a platform on which their residents can build a stable, healthy and independent future.



Enterprise Community Partners  
10227 Wincopin Circle, Suite 500  
Columbia, MD 21044 410.964.1230  
[www.enterprisecommunity.org](http://www.enterprisecommunity.org)