

8

Homelessness and Housing Conditions

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8

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By a convenient coincidence, this year marks the fiftieth anniversary of the Housing Act of 1949, celebrated widely in housing circles (and unnoticed elsewhere). That act enunciated the national housing goal: “a decent home in a suitable living environment for every American family.” That’s a useful framework for considering the housing and neighborhoods in which children live: (1) housing—whether children live in decent homes, (2) neighborhoods—whether children live in suitable living environments, and (3) the homeless—the people who do not live in any home at all.

Housing policy is different from other social welfare issues. Housing programs are fundamentally different from the other programs discussed in this volume, and housing policy analysts use different data sources and different measures of well-being. This chapter therefore describes housing data sources in some detail before discussing the substantive questions.

One fundamental difference between housing and other social welfare programs is that housing assistance is not an entitlement. Until TANF (Temporary Assistance for Needy Families), housing was the only major low-income benefit program that was not an entitlement, and in the entire history of federal housing programs, going back to the 1930s, it never has been. Less than 30 percent of eligible households with children receive assistance.

We are all familiar with the stereotypical welfare mother living in public housing, so it is worth pointing out that the stereotype is not the norm in either welfare or housing. In 1996, only about 25 percent of the households on AFDC (Aid to Families with Dependent Children)

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received housing assistance; conversely, only about 25 percent of the households receiving housing assistance were on AFDC. One reason that last proportion is so low is that about one-third of those who receive housing assistance are elderly. It is also worth noting that families with children have traditionally not been a group of special concern to housing policymakers, unlike the elderly, minority groups, and residents of rural areas. The first separate discussion of their housing appears to be by Nelson and Khadduri.¹ In the past few years, the U.S. Department of Housing and Urban Development (HUD) has begun to report them separately from other groups in required annual reports to Congress.²

Housing: A Decent Home

American Housing Survey data. These facts imply that neither housing program administrative data nor welfare program administrative data are adequate to describe the housing circumstances and neighborhood environments of low-income families with children. National sample surveys are the first data source.

The most useful is the American Housing Survey (AHS), which is conducted by the Census Bureau for HUD.³ It has come out biennially since 1985, and annually from 1973 to 1981. It is based on a longitudinal national sample of 45,000 households by housing unit (not by household). The current sample has been in use since 1985. The questionnaire and survey technique were changed in 1997, and there appear to be some inconsistencies between the 1995 data and the 1997 data.⁴ So, unfortunately, post-welfare reform data will not be directly

¹Kathryn P. Nelson and Jill Khadduri, "To Whom Should Limited Housing Resources be Directed?" *Housing Policy Debate* 3 (1992): 1–55.

²U.S. Department of Housing and Urban Development. Office of Policy Development and Research, *Rental Housing Assistance—The Crisis Continues: The 1997 Report to Congress on Worst Case Housing Needs* (Washington, D.C.: U.S. Department of Housing and Urban Development, 1998).

³U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in (various years)*, Current Housing Reports, Series H150 (Washington, D.C.: U.S. Government Printing Office, various years).

⁴The 1997 survey differs from that of previous years in several ways. The 1997 AHS was conducted using "computer-assisted personal interviewing," meaning that the interviewer brought a computer to the interview that contained the household's responses from the 1995 survey; the 1997 responses were entered into the computer during the interview. Also, the 1997 questionnaire was reorganized, and the Census Bureau changed computer platforms and processing software/language, so all the software had to be rewritten.

comparable to pre-reform data. It is certainly true that 1996 was not the year in which welfare reform actually occurred, but for those interested in welfare reform, there could not be a worse year for a discontinuity in the data. In this chapter, I will limit myself almost entirely to pre-reform data so as to describe trends in housing on a reasonably consistent basis. The chapter will thus provide a benchmark against which post-reform housing and neighborhood conditions can be evaluated. I will also provide a brief discussion of the 1997 data, explaining the difficulties in comparing 1995 with 1997, with particular reference to welfare reform.

In addition to detailed housing data, the AHS includes some demographic and economic information on households: composition, including presence of children; and income, including sources and poverty status. It is therefore possible to identify welfare recipients and other low-income households.

The AHS includes separate, smaller surveys of forty-five large metropolitan areas, on a four-year cycle. The metropolitan samples are about 3,000 housing units each. The data could perhaps be used to analyze the effects of different state welfare reforms on the housing of children, but attempts to analyze rent control with them have not been encouraging. Disentangling the effects of the policy from the demographic and economic characteristics that vary across metropolitan areas is difficult.

Assisted households are not easily identified in the AHS. Respondents appear to know whether they live in public housing, but not whether they receive some other type of assistance. Public housing constitutes only about one-third of all subsidized housing, so this situation is obviously unsatisfactory for analytical purposes. HUD has identified subsidized units in the AHS by matching addresses with program records and has published separate national tabulations of them in *Characteristics of HUD-Assisted Renters and Their Units*, published biennially from 1989 to 1993; the 1995 and 1997 volumes are forthcoming.⁵ The volumes include comparable data for unsubsidized eligible households.

Because the AHS is longitudinal by housing unit, we do not know what happens to individual families when they move. When they move into a surveyed unit, we have some information about the unit they used to occupy and why they moved; when they move out, they are lost. If a welfare household moves out of the survey, we do not know whether the household has moved up because the adults are working and making more money, or whether it has moved

⁵U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Characteristics of HUD-Assisted Renters and Their Units in (various years)* (Washington, D.C.: U.S. Department of Housing and Urban Development, various years).

down, or onto the streets, because the adults are worse off and cannot afford the rent. We do know what is happening in the aggregate.

Administrative data. HUD also produces some purely administrative data, which began only in 1996—barely pre-reform. It is published as *A Picture of Subsidized Households*.⁶ The data are published down to the project level and include “percentage with children” and “percentage on welfare.” As of 1998, welfare constituted more than half of the income for 16 percent of assisted households, and there were children in 47 percent of assisted households. The data can be used for tracking the economic well-being of a subset of families with children but not the conditions of the families’ housing.

The data provide some information about the changes since welfare reform was enacted. Between 1996 and 1998, the proportion of subsidized households who were on welfare declined by five percentage points and the proportion who were working increased by three percentage points. That ratio—3:5, or 60 percent—is at the high end of the range identified by other authors in this volume, that 50 to 60 percent of the people who leave welfare seem to be employed.

The Housing Circumstances of Children

One important way in which housing programs differ from other social welfare programs is in the matter of income limits. Housing program eligibility is determined by household income relative to the median income of the metropolitan area or nonmetropolitan county, not by dollar income or poverty status. The relevant measures are as follows:

- “Low income”: income below 80 percent of local median, the statutory upper limit for assistance.
- “Very low income”: income below 50 percent of local median, traditionally defining priority for housing assistance.
- “Extremely low income”: income below 30 percent of local median, currently used to establish the proportion of households who must receive different forms of assistance.

To put these measures in a more familiar context, the poverty line is about 33 percent of the national median income for a family of four. That line is roughly similar to extremely low income, although the poverty line is set nationally and adjusted only for inflation, whereas

⁶U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *A Picture of Subsidized Households* (Washington, D.C.: U.S. Department of Housing and Urban Development, various years).

housing eligibility limits are set locally and adjusted for changes in nominal income. About 86 percent of extremely low-income households are poor. Only about 57 percent of very low-income households are poor.

Because the household income distribution has been gradually but steadily becoming more unequal since the late 1960s, this type of measure results in a larger number of households in each low-income category, although not necessarily a larger number of households with children.

A further difference is that income is measured for different entities: families and unrelated individuals in the Current Population Survey (CPS) and the decennial census, and households in the AHS. Among other consequences, the number of individuals below the poverty line varies. It is quite possible for two unrelated people who live together to have incomes below the poverty line, but for their combined income to put them above the line as a household. It is even possible if one of them also has a child, because the poverty threshold for a two-person family is about 32 percent above that for an individual; for a three-person family, it is about 56 percent above the individual threshold. Thus the incomes of subfamilies are included as part of the household, and the incomes of cohabitators are combined. Both categories have been growing in importance since 1970.⁷ In addition, income in the two surveys is measured for different time periods: the previous calendar year for the CPS, the most recent twelve months for the AHS.⁸

Housing policy typically has focused on “very low-income renters.” That focus is relevant for this volume. Renters constitute about 80 percent of the nonelderly households who report that welfare or SSI accounts for more than half their income. This chapter ignores the small number of homeowners who are on welfare.

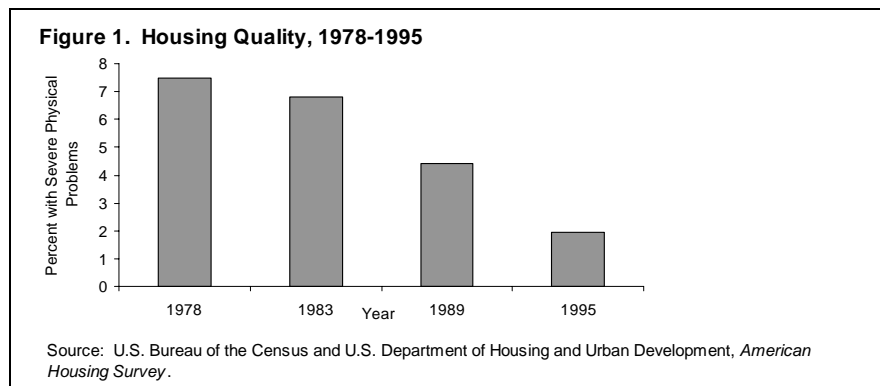
⁷New data on the changes in cohabitation have recently been calculated by three Census analysts. See Lynne M. Casper, Philip N. Cohen, and Tavia Simmons, “How Does POSSLQ Measure Up? Historical Estimates of Cohabitation,” paper presented at the annual meeting of the Population Association of America, New York City, 1999.

⁸The result can be a substantial difference between the CPS and AHS, and even movement in different directions. In 1993, the CPS reported a poverty rate of 15.1 percent (39.3 million individuals), while the AHS reported 15.0 percent (36.8 million); but in 1995 the CPS poverty rate fell to 13.8 percent (36.4 million), while the AHS rate rose to 15.3 percent (38.9 million). In 1997, the CPS rate declined further to 13.3 percent (35.6 million), whereas the AHS rate remained at 15.3 percent (39.4 million). The CPS population is larger than the AHS population because the AHS includes only “population in housing units;” the CPS also includes group quarters such as orphanages, nursing homes, penitentiaries, and dormitories. In 1997, the difference was 14.3 million people.

Traditionally, the key indicators of housing circumstances have been quality and space. More recently, affordability has been added to the list.

Quality. The official measure of housing quality used by HUD, the Congressional Budget Office, and most independent analysts categorizes housing units as having “serious physical problems” or “moderate physical problems.” The criteria are complicated (see the appendix). As an approximation, severe physical problems are those that will probably cost more to remedy than it is worth to do so. Moderate physical problems can probably be remedied cost-effectively.

Among very low-income renters with children, 2.0 percent (127,000 households) lived in housing with severe physical problems as of 1995. As figure 1 shows, the incidence of severe physical problems has been declining steadily at least since 1978 (and surely much longer), when it was 7.5 percent.⁹ These figures exclude households receiving housing assistance from the numerator, but not the denominator, of the ratios. A total figure can be obtained for 1993 by including the data on assisted households for that year: 164,000 unassisted and 53,000 assisted households lived in housing with severe physical problems, about 2.5 percent of the total. My preference is to exclude assisted households because their housing circumstances are not likely to be affected by a change in their income or welfare status; at least, their housing quality and space are not likely to be affected, although their rent burden might be.



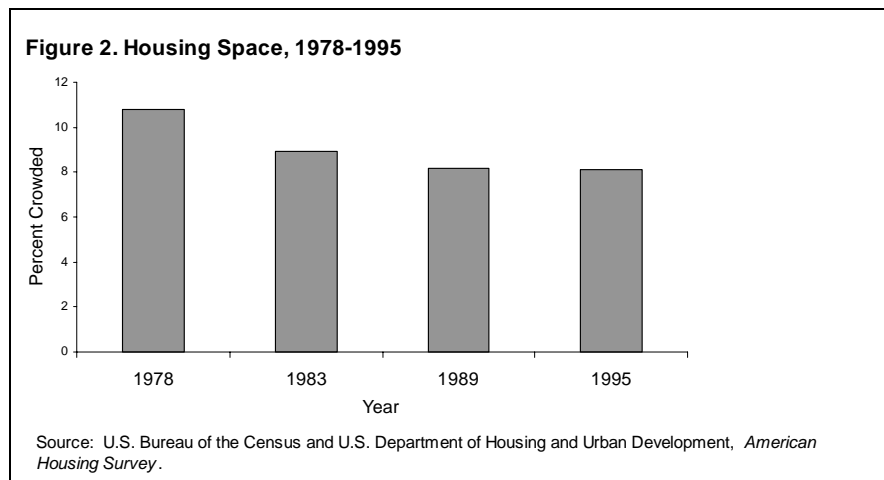
Severe physical problems have become uncommon to the point that the percentage is about the same for all income categories of renters with children. Measuring income relative to

⁹AHS data for all renter families, and for all renters and owners, show a decline in severe physical problems since 1974. Prior quality data from the decennial Census, using a different measure, show a sharp decline since 1940 (the earliest year for which quality data are available).

the median for the area, as HUD does for program purposes, the incidence of severe physical problems in 1995 was about 2 percent for every income category from the lowest (0 to 20 percent of area median) to the highest (above area median). It also was about the same for all households as for very low-income renters with children: 2.0 percent for the latter, compared with 2.1 percent for all households, both renters and owners, of all incomes in all demographic categories. In 1978, the difference was large: 7.5 percent for unassisted very low-income renters with children, compared with 3.4 percent for all households.

Space. The most common measure of adequacy is the ratio of people living in the unit to the number of rooms in it. A household is “overcrowded” if it has more than one person per room.

The incidence of overcrowding among unassisted very low-income renters with children was about 8.1 percent in 1995 (527,000 households), which represents a decline from 10.8 percent in 1978 (450,000 households), as figure 2 shows.¹⁰ The incidence of crowding among all



renters has been declining since at least 1950, when it was first reported in the decennial census using the current criterion, and it is reasonable to assume that it has been declining for very low-

¹⁰ These figures are lower bounds because the published data do not separately tabulate those renters who are crowded among households with severe physical problems or paying more than half their income for rent. In 1995, as many as 71,000 of the households with these problems could also have experienced crowding.

income renters with children over that longer period as well.¹¹ In 1950, about 24 percent of renters were crowded; in 1995, less than 8 percent were. This comparison excludes single-person households, who by definition cannot be crowded.

Overcrowding among very low-income renters with children is much higher than among the general population: 8.1 percent versus 3.5 percent (again excluding single-person households). In 1978, the difference was similar: 10.8 percent versus 5.3 percent.

Affordability. The 1990 Cranston-Gonzalez National Affordable Housing Act added affordability to the national housing goal: “The Congress affirms the national goal that every American family *be able to afford* a decent home in a suitable environment.”¹² Affordability is typically measured as the ratio of rent to income; public policy is primarily concerned with renters. A ratio of 30 percent or less generally is considered acceptable and is the target level in most housing subsidy programs. A ratio of 50 percent or more is a high rent burden, and for the past decade was a federal criterion for priority among households eligible for assistance.

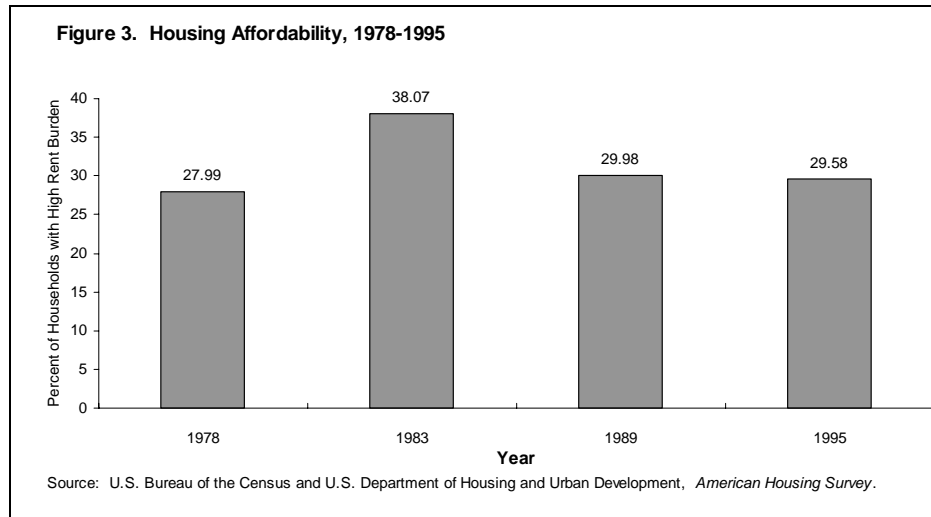
By these ratios, housing affordability for very low-income renters with children is a major problem and has worsened slightly, as figure 3 shows. In 1995 about 29.6 percent (about 1.9 million households) paid more than half their income for rent, up from 28.0 percent in 1978. More than half (51.1 percent, or 3.3 million households) paid more than 30 percent, about the same percentage as in 1978 (50.9 percent, or 2.1 million households.) The 1983 spike in the data results from the twin recessions of 1980 and 1981–1982. The changes in affordability are not large, but they stand in noticeable contrast to the improvements in housing quality and space during the same period.

High rent burden is strongly correlated with income. More than 40 percent of extremely low-income renters with children (those with incomes below 30 percent of the area median) paid more than half of their income for rent. Among those with very low but not extremely low incomes (between 30 percent and 50 percent of the area median), only 13 percent had a high rent burden. Among those with low but not very low incomes (between 50 percent and 80 percent of the area median), only about 1.5 percent had a high rent burden. There were virtually no households with a high rent burden at higher incomes.

¹¹In the 1940 Census, “crowding” was defined as more than 1.50 persons per room. By this criterion, crowding has been declining steadily since 1940.

¹²Italics added. Although the act states that it is “affirming” the goal of affordability, in reality the statute added affordability to the 1949 goal. No previous legislation identified affordability as a housing goal. Public policy discussions have increasingly centered on affordability since the early 1980s, however.

Subjective rating. The AHS also includes a different kind of housing measure: the subjective opinion of the household. In 1995, about 10 percent (629,000) of all very low-income renters with children rated their housing as “poor” (defined as a score of 1 to 4 on a scale of 10).¹³



Housing ratings are correlated with income, although not as strongly as with rent burden. About 11 percent of extremely low-income renters with children rate their housing as poor, compared with 8 percent of those with very low but not extremely low incomes and 5 percent of those with low but not very low incomes. In this case, however, the incidence of poor ratings does not particularly decline among households with higher incomes.

Fewer than 3 percent of all households (2.9 percent) considered their housing poor as of 1995. This percentage has actually increased since 1978, when the percentage was 2.5 percent. The subjective rating has not moved in the same direction as nearly all objective measures of housing quality. At least two explanations are possible: Either subjective standards have risen as our society has become richer, or households are considering other aspects of their housing beyond those measured in the AHS. The former appears to be more likely, given the large number of attributes in the survey.

¹³Through 1983, households rated their housing as “excellent, good, fair, or poor;” after that year, they were asked to use a scale of 1 to 10. The number of responses in the 1 to 4 range in 1985 corresponded roughly to the number reported as “poor” in 1983.

The 1997 data. Generally the most recent data show a deterioration in housing conditions for all households. An increased number of units present severe physical problems for renters (not owners), and units increasingly are crowded and have high cost burdens for both owners and renters at all income levels. The incidence of households reporting that they live in poor housing is also higher, but this may simply be because nonresponse is higher and the offsetting reduction comes almost entirely from those rating their housing as a “10.” Among unassisted very low-income renters with children, the incidence of severe physical problems is up to 2.8 percent, a somewhat larger increase than among all renters, but the incidence of crowding is down slightly and the incidence of high rent burden is up slightly, to 31.0 percent. The latter changes are smaller than the corresponding changes among all renters. It seems likely that the differences between the 1995 and 1997 data reflect the survey differences mentioned earlier rather than any reaction to welfare reform; any effect of welfare reform is overwhelmed by the technical differences.

Interpreting the Data

By every objective measure, housing quality has been steadily improving for virtually every identifiable demographic group of interest for as long as we have data. Since 1974, according to the AHS, and since at least 1940 for the smaller number of attributes reported in the decennial Census. This trend includes low-income families with children. Affordability, however, has not been improving; indeed, earlier data suggest that this problem was worse in 1995 than in 1974, and probably worse in 1974 than earlier.

A possible explanation is that people are choosing to spend more of their income on housing as their economic situation improves. Decent housing may have become more affordable, however. From 1974 to 1995, the median renter income quadrupled, whereas the rent component of the Consumer Price Index—which measures the rent on the same quality unit over time—tripled. Nonetheless, the typical unsubsidized, poor, renter family in 1995, which had an income of about \$6,600, reported paying about \$4,700 for housing. Even allowing for food stamps and Medicaid, that sum does not leave much for anything else.

It is also possible that the calculated rent burden may be in part the result of data problems. For example, households may be underreporting their income. The AHS tabulations of assisted households show that about 20 percent of residents in public housing and other subsidized projects report rent-to-income ratios above 40 percent, even though the program rules specify a rent-to-income ratio of no more than 30 percent. For that matter, about 10 to 15 percent report rent-to-income ratios below 20 percent. The best explanation appears to be that

gross incomes are understated and rents are overstated.¹⁴ This explanation, however, does not account for the rising trend in high rent burden. A second data problem is nonresponse. In the 1991 AHS, 24 percent of surveyed households did not answer the question about their income. The Census Bureau has not published nonresponse rates for earlier surveys, so there is no way of identifying any trend in AHS nonresponse rates or relating nonresponse to reported rent burden over time. Renters do have a slightly higher response rate than owners (78 versus 76 percent).

My judgment is that the best housing indicator of changes in the well-being of welfare recipients and former recipients is likely to be the rent burden, despite the measurement problems. That burden is strongly correlated with income, more so than the other measures, and can be measured fairly easily in survey research. The drawback is that rent burden has been increasing over time, so it may be hard to disentangle any effects of welfare reform from the long-term trend. Crowding is probably the second-best indicator; it, too, is easy to measure, and has been declining over time.

The main shortcoming of these measures is likely to be the absence of pre-reform benchmark data in the post-reform surveys, especially for rent burden.

Neighborhood: A Suitable Living Environment

Data sources. The national AHS has little useful geographic information, and not much more is in the metropolitan area surveys, because of the Census confidentiality rules. The surveys, however, do include information on the characteristics of the neighborhoods in which people live, even though they do not identify the neighborhoods. The data include subjective ratings of the neighborhood on a scale of 1 to 10, which corresponds to the subjective ratings of housing. They also include respondent or enumerator identification of some neighborhood problems.

The most detailed, relevant data come from the HUD reports, *Characteristics of HUD-Assisted Renters and Their Units*, which include information on all very low-income renters. The

¹⁴This issue is discussed in detail in the 1989 volume of *Characteristics of HUD-Assisted Renters and Their Units*, 11–13, 33–34. Among the hypotheses investigated that did not make a noteworthy difference in the rent-to-income ratio distribution were allocation procedures for missing data, calculation of utility allowances, state welfare rules governing rent payments, and inclusion of nonrent costs (such as garbage collection and property insurance) as part of rent. Adjustment for each of these factors did reduce the incidence of high rent-to-income ratios in subsidized housing, but only marginally; as reported in the text, the incidence of high ratios (and also low ones) remains unexpectedly large, and the explanation appears to be underreporting of income and, perhaps, overreporting of utilities.

most recent data are for 1993. Because the reports only go back to 1989, there is not much to be gained by looking at trends.

For extensive neighborhood data, we must turn to the decennial Census, which is almost the converse of the AHS. The census offers much geographic and demographic information and makes it easy to determine neighborhood characteristics, but it has limited information on housing quality. Much noncensus information is available by tract, such as data on schools and crime. Census data are reported by income or poverty status, not by the HUD measure of “low income,” and it is a difficult task for anyone outside HUD to convert one to the other.

A Picture of Subsidized Housing lists the Census tract so that the project neighborhood can be located. Sometimes the project is the tract; more often, the project is a substantial but minor fraction of the housing and population in the tract. Project data can be combined with neighborhood data from other sources, including the decennial census.

The living environment of families with children. The best currently available measure of neighborhood circumstances is the AHS subjective ratings. In 1995, 16 percent (1.0 million) of all very low-income renters with children rated their neighborhood as poor.

Neighborhood ratings, like housing ratings, are correlated with income, although not as strongly as rent burden. About 19 percent of extremely low-income renters with children rate their neighborhood as poor, compared with 12 percent of those with very low but not extremely low incomes. Higher-income groups give lower ratings, in the range of 6 to 10 percent. Renters with children, in all income ranges, are less satisfied with their neighborhood than with their housing.

The same is true for all households. About 5 percent of all households (5.4 percent) considered their neighborhoods poor as of 1995. This percentage also has increased since 1978, when it was 3.6 percent. In this case, the AHS does not have much objective information about the neighborhood. The enumerator describes the neighborhood with respect to the type of housing or other land use, the condition and age of nearby buildings (including whether windows are barred), and the condition of the streets, including the presence of trash, litter, or junk. There is no particular reason to assume that residents consider these the most important attributes of their neighborhood. Published tabulations for “poor renters,” just over half of whom are households with children, identify the biggest problem as “people” (unspecified) at 18 percent of all households, followed by crime at 15 percent and noise at 12 percent. All of these problems are identified on the basis of the opinion of the household interviewee, not the observation of the enumerator. This ranking of problems is not very different from the opinions expressed by all surveyed households.

Interpreting the data. In one sense, it is perhaps surprising that very many households give a poor rating to their neighborhood or, for that matter, their housing. People who dislike their housing or neighborhood, even very low-income households, have the option of moving. Low-income renters have high mobility into and out of poverty areas. Given their mobility, they should be able to find neighborhoods that are at least “fair” or satisfactory.

Residents of subsidized housing, particularly those in public housing, are not so mobile. They are unable to move without losing their subsidy, and they do not move often. The decennial census, as well as anecdotal evidence, indicates that quite a few public housing projects are in very undesirable neighborhoods. Public housing residents give their neighborhoods substantially worse ratings than other very low-income renters. Among nonelderly public housing residents (two-thirds of whom are families with children), 39 percent rate their neighborhood as poor. Residents like their housing much better; 13 percent rate it as poor, not very different from the 11 percent of all very low-income renters with children.

Past census data provide some basis for believing that the neighborhood environments of welfare recipients and other very low-income renters have changed for the worse. The geographic extent of poverty is spreading within urban areas because nonpoor households tend to move out of poverty areas and near-poverty areas faster than poor households do. (It is important to remember that “poverty areas” are officially defined as census tracts with at least 20 percent of the population below the poverty threshold. Most of the urban poor live in poverty areas, but most people in poverty areas are not poor.) The traditional poverty neighborhoods—those identified from the 1960 census—have been losing population because both poor and nonpoor residents have been moving out. Roughly speaking, in the 1960s, white nonpoor households moved out of poverty neighborhoods; in the 1970s, black nonpoor households moved out; in the 1980s, anyone who could moved out.¹⁵ The remaining adults were typically not in the labor force; they lived on income-conditioned transfers, such as welfare or social security. In addition, in most of those neighborhoods the housing stock is shrinking as units are abandoned or razed. Anyone who has lived in one of these neighborhoods for a decade or more is indeed likely to have felt that the neighborhood has deteriorated. (These data refer to all poor people, not just poor families with children.) Anecdotal evidence suggests that the deterioration has continued in the 1990s.

¹⁵John C. Weicher, “How Poverty Neighborhoods Are Changing,” in *Inner-City Poverty in the United States*, edited by Laurence E. Lynn Jr. and Michael G. H. McGeary (Washington, D.C.: National Academy Press, 1990). The data reported in my 1990 study cover only the years from 1960 to 1980. When I was at HUD in the first Bush Administration, I analyzed the 1990 data on urban poverty neighborhoods and found that population in the traditional poverty areas had declined sharply since 1980.

The 2000 decennial census will provide the information we need to analyze changes in neighborhoods for very low-income renters with children, including present and former welfare recipients, although numerous problems are posed by the fact that welfare reform was passed about halfway through the decade. The census information will lose its freshness within a few years, but it can still be used to study welfare reform. Specifically, census data can be used in combination with surveys of current and former welfare recipients. If the households have moved since welfare reform, it should be possible to form some opinion about whether their neighborhoods are better or worse. The census will provide socioeconomic and demographic characteristics of the neighborhoods, such as the income level and distribution, the proportion of families that are intact, and the proportion of adults employed or at least in the labor force. Local governments' administrative data can be used to provide relevant information on public services and community problems, which are perhaps the most important indicators of neighborhood conditions, particularly data on crime and schools. The census data are less useful for describing households who have not moved since welfare reform, but some of the local government data will still be relevant and important.

The best indicator of the neighborhood environment is probably the crime rate, which may be the easiest data to obtain as well as the most timely. It is relevant both for those who move and those who remain in their old neighborhood and is especially useful over time, as the socioeconomic and demographic composition of neighborhoods changes. School achievement is certainly at least as important, but it is less timely and often harder to obtain.

The Homeless: Those with No Housing at All

Data sources. Data about the homeless are extremely important for analyzing welfare reform. If welfare recipients lose their benefits, can they still pay the rent? If not, where do they go?

Unfortunately, reliable data on the homeless are very hard to come by, even more so if the purpose is to track the experience of that group over time. The AHS misses them; as a longitudinal survey of housing units, it is not designed to find people with no residence. The 1990 census made a special effort to count them, and the 2000 census includes another such effort. The 1990 survey, although criticized by homeless advocates, has been the basis for much analysis and some policymaking in the decade since.

Otherwise, we have only special surveys of various kinds. The most recent is the National Survey of Homeless Assistance Providers and Clients, conducted by the Census Bureau in 1996;

the data were analyzed by the Urban Institute.¹⁶ This survey is the successor to a similar 1987 study.¹⁷ It is based on a geographic sample that includes the 28 largest metropolitan areas, with smaller metropolitan areas and rural areas sampled on a random basis. Interviews were conducted with the operators of some 12,000 programs and facilities, such as homeless shelters and soup kitchens; through these programs, a sample of program clients was identified and interviewed. Most of the clients were homeless at the time of the interview or had recently been homeless. The survey is not designed to reach homeless people who are not served by programs for the homeless.

The survey comes at a convenient time, coinciding with welfare reform. The fact that there were nine years between surveys suggests that it may be a long time before similar data are available on what has happened under TANF.

Some localities have attempted to count the homeless population; those studies are useful for local policy purposes, but they are of mixed quality and difficult to use for national policy purposes or analysis. Local administrative data on shelter use are available, but interpreting them over time is complicated by the growth in shelters and other programs to serve the homeless.

Homelessness among families with children. The data that we have indicate that families with children are not a large share of the homeless population.

The Urban Institute estimated the number of homeless individuals at two different times in 1996, finding a substantial variation. The estimate was 440,000 in October 1996, and 842,000 in February 1996.¹⁸ The homeless composed 0.17 to 0.32 percent of the total population at the two dates, or about 1.2 percent to 2.3 percent of the poverty population. The 1987 Urban Institute study estimated that about 500,000 to 600,000 people were homeless, including those on the streets who are not being served by shelters, soup kitchens, or other programs. Burt and her

¹⁶Martha R. Burt, Laudan Y. Aron, Toby Douglas, Jesse Valente, Edgar Lee, and Britta Iwen, *Homelessness: Programs and the People They Serve: Findings of the National Survey of Homeless Assistance Providers and Clients*, Summary Report (Washington, D.C.: Urban Institute, December 7 1999), available from: <http://www.urbaninstitute.org/housing/homeless/homeless.html>, accessed September 26, 2001.

¹⁷Martha R. Burt and Barbara E. Cohen, *America's Homeless: Numbers, Characteristics and the Programs That Serve Them*, (Washington, D.C.: Urban Institute Press, 1989).

¹⁸Renu Shukla, "Millions Still Face Homelessness in a Booming Economy," press release, Washington, D.C.: Urban Institute, February 2, 2000.

coauthors judge that the higher 1996 figure is more comparable to the 1987 numbers; if so, then the number of homeless increased during the period.

These figures include about 50,000 to 100,000 homeless families with children, which contain about 100,000 to 200,000 children. In all, about one-third of the homeless are members of homeless families with children.

The Urban Institute also estimates the number of individuals who are homeless at any time during a year. Those figures are larger: 0.9 percent to 1.3 percent of the total population, or 6.3 percent to 9.6 percent of the poverty population.

Interpretation. The data perhaps provide a baseline for studies of welfare reform, but the numbers are not large, and the seasonal variation is high. For both reasons, it is probably difficult to measure the effects of welfare reform or any other policy change on homelessness among families.

Some studies have indeed asked whether former recipients are now homeless or have been homeless since they went off welfare. A joint Hudson-Mathematica study of former welfare recipients in Milwaukee found that 8 percent reported being homeless at some time during the preceding year.¹⁹ This figure is within the range for homelessness among the poverty population reported by the Urban Institute. Thus the Urban Institute data provide a benchmark for homelessness among low-income families and, for what it is worth, suggest that former welfare recipients are about as likely to be homeless during a year as other poor people. Otherwise, unless the study includes a nonwelfare control group, there is generally no context in which to evaluate whether the responses show a high or low incidence of homelessness or other housing-related problems.²⁰ Certainly we have far too little information to offer any serious opinion on homelessness since welfare reform.

Some Concluding Thoughts

This chapter has been concerned primarily with housing conditions. It has not attempted to relate housing circumstances to measures of child well-being. If an urban reformer of 60 or

¹⁹Rebecca Swartz, Jacqueline Kauff, Lucia Nixon, Tom Fraker, Jay Hein, and Susan Mitchell, *Converting to Wisconsin Works: Where Did Families Go When AFDC Ended in Milwaukee?* (Indianapolis: Hudson Institute, 1999).

²⁰The Urban Institute's National Survey of America's Families is an exception. It does have a control group, and it reports a higher incidence of housing problems for former welfare recipients than for other low-income women.

100 years ago were to come back today, she or he would be very surprised by the omission. Slums were seen as the location of most urban problems, and were thought to be the breeding grounds of physical disease, mental illness, juvenile delinquency, and crime. Urban reformers believed that these problems were not only located in the slums, but also were caused by poor housing. If the slums were razed and replaced with decent housing, the problems of their poor residents would be solved. Public housing was seen as a war on poverty, all by itself.

Obviously these views have not been borne out by events. Within twenty years, erstwhile supporters of public housing became bitter critics; by 1961, Jane Jacobs could refer to “low-income projects that have become worse centers of delinquency, vandalism and general social hopelessness than the slums they were supposed to replace” without attracting much criticism.²¹ At the same time, more sophisticated academic studies in various disciplines were concluding that housing was a much less important contributor to the medical and social problems of the poor than were education, income, and other socioeconomic characteristics. An exhaustive review of this literature in the mid-1970s found virtually no evidence that better housing by itself had any beneficial effect.²² Since then, the subject has died out of the literature.

Nonetheless, housing circumstances are important for the well-being of children and their families. The affordability data certainly indicate that the cost of housing leaves very little for other goods and services, and makes it difficult for poor families to achieve any minimally adequate standard of living.

²¹Jane Jacobs, *The Death and Life of Great American Cities* (New York: Vintage Books, 1961).

²²Stanislav V. Kasl, “Effects of Housing on Mental and Physical Health,” in *Housing in the Seventies, Working Papers*, U.S. Department of Housing and Urban Development, *National Housing Policy Review*, Vol. 1 (Washington, D.C.: U.S. Government Printing Office, 1976). Exceptions may exist for very specific housing attributes. Ingestion of lead-based paint in large enough doses by small children, for example, can result in lead poisoning and serious mental and physical damage. Lead paint, however, is not a special problem for poor families with children. It was very widely used in housing of all qualities between the 1900s and the 1950s, and then to a diminishing extent until it was prohibited by the Consumer Product Safety Commission in 1978, under federal statute. The most extensive survey of lead paint concluded that it was found about equally in housing built before 1978 at all price ranges, and about equally in housing occupied by households in all income ranges. See U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Comprehensive and Workable Plan for the Abatement of Lead-Based Paint in Privately Owned Housing: Report to Congress* (Washington, D.C.: U.S. Department of Housing and Urban Development, 1990). Lead paint was found in about three-quarters of all housing built before 1980, and in about 55 percent of the total housing stock.

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Appendix
Housing Quality Measures²³

Severe Physical Problems

A unit has severe physical problems if it has any of the following five problems:

1. Plumbing: lacking hot or cold piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure for the exclusive use of the unit.
2. Heating: having been uncomfortably cold last winter for twenty-four hours or more because the heating equipment broke down, and it broke down at least three times last winter for at least eight hours each time.
3. Electric: having no electricity, or all of the following three electric problems: exposed wiring; a room with no working wall outlet; and three blown fuses or tripped circuit breakers in the last ninety days.
4. Upkeep: having any five of the following maintenance problems: water leaks from the outside, such as from the roof, basement, windows or doors; leaks from inside structure such as pipes or plumbing fixtures; holes in the floors; holes or open cracks in the walls or ceilings; more than eight by eleven inches of peeling paint or broken plaster; or signs of rats or mice in the last ninety days.
5. Hallways: having all of the following four problems in public areas: no working light fixtures; loose or missing steps; loose or missing railings; and no elevator.

Moderate Physical Problems

A unit has moderate physical problems if it has any of the following five problems, but none of the severe problems:

1. Plumbing: on at least three occasions during the last three months or while the household was living in the unit if less than three months, all the flush toilets were broken down at the same time for six hours or more.

²³See U.S. Department of Housing and Urban Development (2000), Appendix D, A-28, A-29.

8: Homelessness and Housing Conditions

2. Heating: having unvented gas, oil, or kerosene heaters as the primary heating equipment.
3. Upkeep: having any three or four of the overall lists of six problems mentioned above under severe physical problems.
4. Hallways: having any three of the four hallway problems mentioned above under severe physical problems.
5. Kitchen: lacking a kitchen sink, refrigerator, or burners inside the structure for the exclusive use of the unit.

Comments

*Jason Turner**

This chapter covers the topics of welfare management, homelessness, private housing, and public housing. I first want to describe how New York City tries to influence and manage the welfare system. First, not enough attention has been paid to big-city management in the research field. If welfare outcomes are influenced by background cultural factors and assumptions, program design, and program execution, I would argue that the background cultural factors are by far the most important. In Wisconsin, for example, as the mood and the communication shifted quickly to obligations to work, the welfare population picked up on the message, internalized it, and acted on it in short order. We see this response in New York City in other ways, as well.

Program execution is a more salient factor in welfare outcomes than is program design. Part of the reason is that big cities, in particular, have weak management systems, not only because of their complexity but also because of low-functioning, low-educated site managers and staff; top management tends to be weak and does not demand accountability from the system.

In Milwaukee, when designing Wisconsin Works, we literally walked away from managing the program through the county, privatized it by geographic area, and provided financial incentives to the vendors. In most places, we would not be able to do that.

In New York City, we are decentralizing management of the system down to the level of the job-center office. We are shifting from welfare offices to job centers. We adapted “Compstat,” the police department’s method of managing in precincts, into what we call “Jobstat.” The managers come in weekly—on a rolling basis—and confront top management and staff at 180 Water Street, central headquarters. We use data to determine the operational problems that need to be overcome to get everyone engaged in work activity. Getting people engaged in work activity is our central management objective.

In 1995, the welfare population—men, women, and children—peaked at 1.2 million. In 1999, that number was 630,000 people, a reduction of almost 50 percent. Every thirty days, we lose around 1 percent of the remaining welfare population. The rate has not yet leveled off.

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8: Homelessness and Housing Conditions

A survey we did to find out where people were six months after their case closed for any reason showed that 56 percent were working, two-thirds of whom were working full time; of the others, 13 percent had come back to TANF, 17 percent had moved on to SSI, and 14 percent were supporting themselves in other ways, including getting help from family and friends.² The response rate was only 27 percent, because the survey was done by telephone and by going door to door.

Who are the homeless? Defining them is difficult. Someone is homeless who:

- spends the night outside, with no roof;
- has a place to stay, but leaves because he or she is in physical danger;
- leaves his or her home because legal eviction is imminent;
- is living doubled up and is asked to leave by his or her host; or
- is living doubled up but leaves to look for a better living alternative.

Most people who come into the shelter system in New York City fall into the last two categories. Half of them say they are there because they are doubled up. Another 32 percent say they were going to be evicted, but they were probably doubled up as well.

Has the number of homeless people in New York City increased since 1995, when the welfare caseload was reduced by about half? No. In 1995, 11,900 people were in the shelter system on any given night. In 1999, that number was down slightly, to 11,600. For families, it declined from 5,600 to 4,800. Homelessness is declining slightly in spite of the decline in the welfare caseload.

I recently interviewed sixteen people in depth at a homeless shelter—families and mothers with children. Three-fourths of the group were doubled up, but they had a place to stay before they went into the shelter system, although it was not always a good place to stay. Others were subject to eviction. The level of homelessness has less to do with underlying circumstances and the environment and more to do with the supply of homeless shelter slots and the rules under which people are obligated to live there.

In the Dinkins administration, the way to get a subsidized housing slot was to declare yourself homeless and jump to the front of the line, which caused a big increase in the homeless population that had nothing or little to do with the underlying circumstances. We want to require

²Andrew S. Bush, *et al.*, “Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipient,” Human Resources Administration Working Paper 98-01, September 1998.

8: Homelessness and Housing Conditions

able-bodied homeless shelter residents to participate in work activity as a condition of remaining in the shelter, among other things. We had a disappointing court decision in 1999 on that subject.

New York City has 2.6 million households and 270,000 welfare cases, yet 300,000 actions filed in housing court by tenants or landlords in the city. This statistic indicates a major social breakdown in responsibilities on both sides.

The court system has been set up in such a way that it rewards people who resort to the judicial system; one can “buy out” his or her problems that way in New York City. Housing court judges want to prevent evictions, and the tenants know this. They come in with an eviction notice. They can either go to the Human Resources Administration (HRA) to buy off their back rent, or they can go to get a “JIGGITS” application, which is a court-ordered rent supplement. As a practical matter, the landlords benefit from this arrangement financially. The tenants certainly benefit from it. And no one at the table is pressing for responsibility on both parties’ sides.

Recently, HRA stopped this practice. People requesting assistance are now required to negotiate with the landlord and HRA to pay their back rent over time; renegotiate their rents downward; or, perhaps, even move to a lower cost housing arrangement. In the 1,200 cases handled in this way, negotiations have worked at least 25 percent of the time, saving the agency money and, more important, shifting the locus of responsibility back to the tenant and landlord to work things out.

John Weicher said that the problem with public housing is that residents are stuck. They cannot move because of the terms of their lease. What do we do about this?

Tenants are interested less in physical surroundings and more in social surroundings; that is what people want out of a good housing arrangement. In the past, the problem has been federal preferences for housing that were income-driven and not behavior-driven. People were moved into public housing without regard to their personal level of responsibility (for example, being employed, law abiding, or even married). With the elimination of the federal preferences, we can now obligate landlords to give preference to people who meet certain requirements.

For instance, it would be a wise idea to permit segregation of public housing units by a number of norms, such as having a job, not committing crimes or dealing drugs, or even being married. Better housing units reserved for people who meet the standards. The long waiting list means that it can be done.

Mayor Giuliani pressed earlier in the year for our public housing system to favor people who are working over people who are not working. Because the system relies on income categories to determine eligibility, even among those who are below 30 percent of the median income in the metropolitan area who, by definition, almost never are working in the private sector), working families can be favored by taking into account whether they are fulfilling their

8: Homelessness and Housing Conditions

work obligations under welfare. So both categories—those working for cash income and those working for welfare—should be favored over nonworking families, and people engaging in criminal activities or drug use should be evicted.

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Andrew S. Bush, *et al.*, “Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipient,” Human Resources Administration Working Paper 98-01, September 1998.

Discussion

Housing and Child Well-Being

Kristin Moore: I am just not seeing the connection with child well-being. At Child Trends, we have actually looked at the housing literature, and there is virtually nothing on how housing relates to the development and well-being of children. Some studies on mold have taken place in Great Britain, but little exists beyond that. Clearly, issues of human decency are important with regard to housing, but we do not know how housing or neighborhoods relate to child well-being. Through the research on marriage we now know that two biological parents in a low-conflict family augments children's development, and we know that teenage childbearing undermines children's development.

I thought John picked the best measures: Overcrowding and affordability are a good guess in the absence of a body of research. Some work is now being done on neighborhoods—not nearly enough—and it is turning out to be complicated. Anyway, we need to connect this conversation with child well-being, and in the absence of a research literature, it is hard to do that.

Peter H. Rossi: The research literature on the effects of housing quality and overcrowding on all sorts of social characteristics of the family, including health, behavior, and the like, found no discernible effects, so it has died.

Lorraine V. Klerman: Housing affects children's health in three ways. First, obviously, is lead. We still have houses with lead in them, so moving children out of lead-painted houses will have a positive effect on the children.

Second is the much more recent research on asthma, which indicates that mites and mold and all those things affect asthma, which is beginning to be our major way of looking at the health of children. Again, moving children from houses that had mold or had cockroach infestation would have a positive effect on their health.

Third, we have studies of homeless parents and we know, for example, that the outcomes of pregnancy are worse in situations in which women are living in shelters or do not have permanent homes. So at least three indicators of health relate to housing.

Robert Lerman: When we last ran the tapes, what was most interesting was that we took a look at working-poor families with children, defining "working poor" as those with earnings equal to at

least half-time, year-round, minimum-wage earnings. We found that among working-poor families with children off the 1995 AHS, the same data source, 42 percent were paying more than half of their income for rent. So that is a pretty substantial figure.

On the research side, an interesting body of research from the Gautreaux Project in Chicago is looking at welfare reform or welfare female-headed families on welfare, mostly minority families. One group moved within the city, and one group moved to the suburbs (they matched the two groups well before the moves). The most striking result of the research was that the children in the suburban families had much higher high school completion, college attendance, college graduation rates, and so forth.

The Moving to Opportunity Project was started, in large part, because of the Gautreaux findings. The project is in five cities and is replicating a Gautreaux-type experiment, providing vouchers for people to move (largely) out to the suburbs. Research evaluating the project is underway.

I recently read an interesting study by Larry Katz on the Boston Moving to Opportunity Project. It is much too early for them to have data on earnings or employment or high school graduation, but the study looked at the incidence of crime and violence that children in these families encountered, and there was a dramatic reduction after the move.

The research in this area is important. It is also of particular policy interest, because Congress just created a new welfare-to-work voucher program, and 50,000 new vouchers were just ordered. For the first time, housing authorities must partner with welfare agencies to get the vouchers.

Interestingly, the latest housing bill is moving toward taking the voucher program, which is now balkanized among 3,400 public housing authorities, with different ones in the cities and the suburbs, and putting operation of that program up for competition, not limited to public housing authorities. The ultimate goal is metropolitanwide administration—maybe in some cases a welfare agency, rather than a housing agency, would run it—along with better integration with other programs and more emphasis on mobility.

I am fascinated by the Manpower Demonstration Research Corporation's study of the Minnesota Family Independence Program. The study found higher rates of earnings and employment gains among Section 8 voucher holders than among other welfare recipients in the study. Now, is that a robust enough finding to mean anything? If it does stand up, to what is it attributable? Did some of those families move to areas with better job locations? Did they have more stability? Did they not have as many moves in and out of housing because they were not doubled up?

In all of these early stages of research, a glimmer of hope exists that some policies and interventions in the housing voucher-related area may hold promise both for children and for families.

John C. Weicher: With respect to Moving to Opportunity and Gautreaux and so on, we know that most of the people who receive housing vouchers—whereas they certainly have the ability to move and are a lot better off than public housing residents in this respect—most of them do not move to neighborhoods that are very different from the neighborhoods in which they start. They move to neighborhoods that may have a little bit higher income or a little bit less poverty, but few move to neighborhoods that are the sort of neighborhoods that most of us in this room would live in.

Affordability

Douglas J. Besharov: When we asked John Weicher and Jason Turner to speak on this topic, it was to address this question of affordability. The discussion about Wendell Primus' and Richard Bavier's charts was a debate on whether the numbers were \$256 or \$800 a year—to some of us, that was a sign of serious social need. If you believe the affordability numbers, the pressure that the increasing proportionate cost of housing that John reports on makes those other numbers pale in significance.

So we are going to need a little balance here in what we are talking about. If we were worried about Richard Bavier and Wendell Primus' numbers, affordability becomes important. If, like Robert Rector, you do not believe in them, it does not become important. But there is a certain consistency here that we ought to be thinking about.

Robert Rector: The main problem that I find with the affordability numbers is exactly what we talked about yesterday. The Consumer Expenditure Survey finds that low-income households spend 60 percent of their income on rent, 40 percent on food, and 30 percent on clothing, and it adds up to 130 percent. It does not mean anything at all. The same problem pertains to the AHS. It is in all of these surveys. They spend 130 percent of their income. You cannot just take out the rent and say the rent is too high. There is something discordant between the consumption data and the income data.

Second, to reaffirm what Mr. Rossi said, there never has been any indication of a connection between most of these material-deprivation income measures and anything that is happening with children. My favorite anecdote is that in 1950, about a third of all households did not have indoor toilets. Even at the beginning of the war on poverty, something like 15 to 16 percent of households still did not have indoor toilets. What bearing did that have on child outcomes? None at all. It has no bearing at all. It is all in the social variables.