HAC

Housing Assistance Council

EASING THE TRANSITION: HOUSING ASSISTANCE FOR RURAL TANF RECIPIENTS

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HAC, founded in 1971, is a nonprofit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from a revolving fund, housing program and policy analysis, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

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In the years following the implementation of the Temporary Assistance to Needy Families (TANF) welfare reform program, studies have found that housing assistance is an important support for welfare recipients. For example, housing assistance has been linked to lower welfare usage, decreased financial stress, and increased job stability. Stable housing is also a factor in job retention, since adverse housing conditions such as eviction, or even simply a rent increase requiring a move, may disrupt the work schedule of a person who is transitioning from welfare, thereby jeopardizing his or her employment.

According to recent data, however, only three states provide TANF benefits that are sufficient for families to obtain modest housing with less than their entire grant, and only about 30 percent of families receiving TANF also receive federal housing subsidies to assist them with their rent. In order to meet their TANF clients' housing needs, therefore, several states have designed housing assistance programs that provide additional support to families transitioning from welfare to work. This publication presents the findings of research undertaken by the Housing Assistance Council in 2003 to examine how these programs were being implemented and whether they were reaching rural households.

As of summer 2003, 12 states provided housing assistance with TANF funds or welfare reform funds from other sources. Their programs varied in terms of eligibility requirements, duration of subsidy, and average award.

Four of these 12 states were able to provide specific data on the number of rural residents that accessed their housing programs. In those four states, between 2 and 64 percent of program beneficiaries lived in rural places. State officials identified a number of obstacles preventing them from administering the program as effectively in rural areas as they would like. Common barriers included a lack of opportunity for well-paying long-term employment, transportation difficulties, participants' credit issues, complications related to the eligibility requirements of the individual TANF-funded housing programs, limited local provider networks to administer or support TANF and TANF-funded housing programs, and a shortage of available decent and affordable housing.

Some of the states and administering entities found ways to address these challenges. For example, some provided job-hunting assistance by connecting participants with local employers and providing job training. One state handled transportation problems by providing small auto repair grants or funds for participants to fill their gas tanks in order to get to their jobs. Such aid enabled participants to keep their jobs and remain in their homes.

While many programs reported that they encountered families with serious credit issues, they used homeownership counseling and/or partnered with local lenders in order to qualify these families for mortgages or private market apartment rentals; some required program clients to participate in housing or financial counseling. Issues related to eligibility for housing programs, such as required minimum incomes, were overcome in at least one state simply by asking the funding agency to change the requirements to enable more families to participate.

Rural participation rates seem likely to be linked to the existence of networks of local providers. Local organizations or offices helped state governments to identify need, refer clients, and administer the program. For example, Oregon reached rural clients through a network of community action agencies. These organizations had knowledge about housing needs, additional resources, and local context that could help to address the multi-level needs of their clients. Conversely, Connecticut, which served only three families in rural areas, reported that its local networks were closing as a result of budgetary constraints. The existence or nonexistence of local social service providers (e.g., TANF offices, housing authorities, or nonprofits) can facilitate or limit how and whether rural residents access the programs.

Another significant gap in rural places is the shortage of affordable housing units. Overall, states found it difficult to impact this problem. In one state, however, the issue was addressed for at least some program participants through a partnership with a local nonprofit housing developer.

Although not enough time has passed to assess the long-term impacts of TANF-funded housing programs in rural areas, as of 2003 it was apparent that the programs were working efficiently in certain respects while at the same time barriers remained to be overcome. Development of a nationwide system or database is recommended to track the rural reach of states' TANF-funded housing programs. When it can be ascertained more clearly whether these programs meet rural housing needs and whether their administrative methods allow full rural participation, any needed improvements can be made to ease rural families' transitions from welfare to work.

INTRODUCTION

For families leaving welfare, finding and maintaining affordable housing can present a great challenge. On average, a person leaving welfare earns $1,261 in monthly wages or $15,132 per year[1] and spends more than half of that income (58 percent) on housing costs (Sard 2002). Although resources such as public housing and Section 8 vouchers exist, these programs either have long waiting lists or face drastic programmatic changes.[2] Many families that qualify for traditional housing assistance programs based on need may not receive aid since these programs are not entitlement based.

Housing is consistently the most expensive monthly expenditure in a family's budget. According to guidelines established by the U.S. Department of Housing and Urban Development (HUD), housing should account for no more than 30 percent of a household's income (HUD 2003). Despite these guidelines, studies show that many households pay as much as 60 percent of their monthly income for housing costs (NLIHC 2002). When households pay much of their income for housing, little is left over to pay for other necessities such as food, utilities, health care, or clothing.

In rural America, where over 21 percent of all households are cost burdened (that is, they pay more than 30 percent of their income for their housing) and 10 percent are dependent on Temporary Assistance for Needy Families (TANF), the connections between housing assistance and welfare reform are particularly interesting. Research has shown that housing assistance is crucial to maintaining self-sufficiency, easing the transition to work from welfare. States have realized the importance of housing subsidies and have created programs to support this need. This study will examine how TANF-funded housing assistance programs are implemented and assess whether they are reaching rural households.

TANF and Housing

The TANF program authorized by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 replaced need-based entitlement with limited assistance. In addition to their economic needs, potential recipients of TANF must meet stringent requirements for work and work-related activities in order to receive benefits. In the years following the implementation of TANF, several states have created housing assistance programs and many studies are beginning to document the importance of housing assistance for welfare recipients. For example, housing assistance has been linked to lower welfare usage, decreased financial stress, and increased job stability. Zedlewski (2002) found that 58

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[1] When this research was conducted in 2003, for a family of four living in the contiguous 48 states including the District of Columbia the poverty level was $18,400. In Alaska and Hawaii, the poverty levels were $23,000 and $21,160 respectively (HHS 2003).

[2] Programmatic and budgeting changes to the Section 8 program in recent years include failed attempts by the administration in 2003 and 2004 to turn the program into a block grant. In 2005 and 2006, public housing agencies – which administer the public housing program and often also Section 8 – must implement a new calendar year budgeting system and accommodate new operating fund regulations.

percent of former welfare recipients who had housing assistance maintained their employment compared to 52 percent of those not receiving assistance. Additionally, a Johns Hopkins study found that for every year of public housing residence, the amount of time spent on welfare decreased by nearly three quarters for people aged 20 to 27 (Newman and Harkness 2002).

A Wilder Research Center study (2003) found that despite cash grants, food benefits, and medical coverage, many welfare recipients cited housing as a serious concern. Further, a Johns Hopkins study (Newman and Harkness 2002) found that 19 percent of welfare leavers who were receiving housing assistance reported not being able to make ends meet, compared to 25 percent of welfare leavers who were not receiving housing aid.

Stable housing is also a factor in job retention. Adverse housing conditions (e.g., eviction) may cause a disruption in the work schedule of a person who is transitioning from welfare, thereby jeopardizing employment. Bratt and Keyes (1998) found that "housing must be secured first before people can pay serious attention to employment."

Rural Experiences with TANF

In general, rural and urban welfare recipients face many of the same challenges as they transition to work. Unlike their urban counterparts, however, rural recipients face additional barriers due to circumstances unique to nonmetro areas. Specific barriers in rural areas include depressed local economies and lack of reliable transportation (Tickamyer et al. 2002). Without access to public transportation or personal automobiles, rural recipients are subject to additional barriers to securing and maintaining employment. Thus, transportation is a major factor that could prevent rural recipients from securing income that would allow them to obtain decent housing.

Residents in rural areas also have lower levels of education than their urban counterparts. In nonmetro areas, 77 percent of the population has a high school diploma, while more than 81 percent of urban residents have obtained one. Less than 16 percent of nonmetro residents have a bachelor's degree while more than 26 percent of urban residents have one. This clear disadvantage in educational attainment may add to the difficulties of those living in rural areas as they try to obtain employment. A lack of education prohibits many rural residents from obtaining better opportunities in employment as they transition from welfare to work and often limits them to the low-wage service or manufacturing jobs.

Another economic factor affecting rural TANF recipients is the informal economies that often operate in rural areas. Many people in rural areas are paid for participating in informal work or odd jobs,[3] which often provide economic support that allows them to make ends meet.

This poses a problem when they become TANF recipients, however. The mandates of the program do not recognize informal work, so recipients are often forced to terminate their

[3] Examples of informal work include seasonal harvesting, day labor, construction, child care, auto repair, sewing, and taxi services.

informal employment in order to seek employment in the formal economy to enable them to continue to receive TANF benefits. This in turn causes the participant to lose an important source of income and often s/he is unable to replace it with employment in the formal economy (Weber, Duncan, and Whitener 2000). Since informal work often provides more income than TANF cash assistance,[4] families often maintain work in the informal economy in lieu of accepting the cash assistance (Harvey and Summers 2000).

In rural areas, where there is a higher dependence on welfare than in central cities (HAC 2002), residents experience further obstacles to affordable housing. Although the cost of living is lower in rural areas than in urban areas, nonmetro residents nevertheless experience housing affordability issues as well as a lack of rental units and decreased federal funding. Since the inception of TANF, many rural recipients report falling behind on their rent or other housing payments. For example, in rural Louisiana, TANF recipients are evicted more often than their urban counterparts (Tickamyer et al. 2002).

Methodology

In order to meet the housing needs of TANF recipients, states have designed housing assistance programs that provide additional support to families transitioning from welfare to work. Given the unique barriers that exist in rural areas, the Housing Assistance Council (HAC) questioned the extent to which rural recipients can effectively participate in these programs. In order to address rural access to TANF-funded housing programs, HAC investigated the following issues.

- *How are TANF-funded housing programs administered?*
- *Is TANF-funded housing assistance reaching rural populations?*
- *Are the housing programs designed or administered in a way that would prevent rural residents from fully participating?*

In order to quantify the effect of TANF-funded housing programs on rural areas, HAC reviewed the TANF plans for each state.[5] If the TANF state plan had a provision for housing assistance, HAC selected the state for further study. Therefore, the analysis is representative of the field of TANF-funded housing assistance programs.

As of summer 2003, 12 states used TANF or maintenance of effort (MOE)[6] funds to provide housing assistance (see Table 1). Telephone interviews were conducted with representatives

[4] TANF benefits vary from state to state. However, in Texas and Mississippi a family of three receives on average $180 in TANF benefits.

[5] Washington, D.C. and New Jersey were not reviewed because they do not have nonmetro populations.

[6] Maintenance of effort (MOE) funds are state funds that states must spend to continue receiving their full federal TANF block grants.

from these states' TANF administering agencies.[7] Through the interviews HAC obtained statistical and background information regarding the housing assistance programs and rural TANF recipient access to these programs. Follow-up interviews were conducted with local practitioners (e.g., program contractors and housing authority staff) who helped to administer the housing assistance programs.

Table 1
TANF Housing Programs[8]

TANF-funded Housing Assistance Programs	
State	***Program Name***
Connecticut	Transitory Rental Assistance Program (T-RAP)
Illinois	Metrolinks
Kentucky	TANF Homeownership Program
Maryland	Family Investment Program
Michigan	Affordable Housing Fund
Minnesota	Supportive Housing and Managed Care Pilot Program
New Jersey	Housing Subsidy Program
Ohio	TANF Housing Program
Oregon	Housing Stabilization Program
Pennsylvania	Housing Collaboration Initiative
Virginia	SHARE Homeless Intervention Program
Washington	Work First Homeless Intervention and Diversion Cash Assistance Programs

[7] The interview protocol can be found in Appendix B.

[8] At least one state, Minnesota, has since cancelled its TANF-funded demonstration housing program.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) became law. This legislation was a hallmark of the Clinton Administration, which promised to "end welfare as we know it." PRWORA marked a radical shift in how the U.S. provides social support to needy families. (For the purposes of this report, the terms "PRWORA" and "welfare reform" will be used synonymously.)

The Temporary Assistance for Needy Families (TANF) program authorized by PRWORA replaced the guarantee of need-based aid with limited assistance. TANF took the place of Aid to Families with Dependent Children (AFDC). TANF imposes a five-year lifetime limit on benefits in order to encourage recipients to move from welfare to work. In addition to demonstrating economic need, potential recipients of TANF must meet stringent requirements for work and work-related activities in order to receive benefits.

The passage of PRWORA also devolved welfare administration from the federal to the state level. AFDC and other programs were administered according to guidelines established by the U.S. Department of Health and Human Services (HHS) that were uniform nationwide. In contrast, TANF funds are given as block grants to the states, which are allowed to utilize these funds as they desire, as long as they adhere to a series of general guidelines.[9] Consequently, a single, unitary system has been replaced by 51 distinct approaches. In addition, states may set more stringent criteria than federal standards; states are prevented only from setting eligibility more liberally than TANF requires.[10]

The TANF Program

The goals of TANF distinguish the program from its predecessors. TANF was chartered to meet four goals:

- assist needy families so children can be cared for in their own homes;
- reduce dependency of needy parents by promoting job preparation, work, and marriage;
- prevent out-of-wedlock pregnancies; and
- encourage the formation and maintenance of two-parent families (ACF 2003).

Perhaps the most commonly identified provision of welfare reform is that recipients must work or engage in work-related activities (e.g., vocational education, job search, community service) in order to receive assistance. The other major restriction of the TANF program is the lifetime

[9] Guidelines can be found on the Administration for Children and Families (ACF) website (http://www.acf.dhhs.gov).

[10] For more information on TANF, including the reauthorization of its governing statute, see the websites of the Center on Budget and Policy Priorities (http://www.cbpp.org), the Center for Law and Social Policy (http://www.clasp.org), or the Welfare Information Network (http://www.financeprojectinfo.org/win).

five-year time limit for assistance. Both requirements were intended as remedies to the so-called cycle of dependency perpetuated by the former welfare system.

TANF funds are provided to states as block grants. The states are obligated to match federal funds as a condition of the TANF grants. State grant levels and state contributions are based on funding levels from the years prior to the enactment of PRWORA. State contributions, known as maintenance of effort (MOE) funds, may be reduced if the states meet specific benchmarks for program performance (e.g., reduction in rolls).

The organization of state MOE-funded programs can be best understood in terms of the stringent demands of these TANF requirements. States are able to segregate their MOE funds from federal TANF grants. Once the MOE funds are separated from TANF grants, the MOE funds are exempt from federal restrictions. The only restriction on states' application of MOE funds is that they be spent in support of TANF's program goals. Therefore, if a recipient has exceeded the five-year time limit for TANF s/he may still receive assistance from MOE funds. It is common practice for states to provide support from MOE funds first, in order to preserve clients' TANF eligibility (ACF 2003). The concept of the "TANF clock" for recipients is a central one, organizing state agencies' approaches to the provision of assistance.

TANF funds may be spent on any type of benefit or service that supports one of the program's four goals. HHS, which administers the program, stresses the flexibility of TANF grants. Appropriate uses for funds include:

- support for work activities;
- child care;
- transportation;
- education and training;
- mental health services;
- substance abuse services;
- domestic violence services;
- developmental and learning disabilities services;
- enhancing family income or assets;
- child welfare services;
- family formation and pregnancy prevention; and
- community development.

For instance, state support for work activities may range from vocational training to job search assistance to wage subsidies provided to an employer. In order to enhance family assets, a state may establish an Earned Income Tax Credit program or an Individual Development Account (IDA) program, or make loans directly to needy families.

Rural Challenges

Rural TANF recipients face unique challenges that must be acknowledged, including limited economic bases and a lack of transportation and other critical resources. Studies show that it is more difficult for rural people on welfare to find work and to obtain transportation, childcare, and other support services necessary to stay at work (Whitener, Weber, and Duncan 2001). Also, nonmetro welfare recipients are usually concentrated in areas with persistent economic problems. In 2000, 363 nonmetro counties were considered to be persistent-poverty counties.[11] These counties are inhabited by a disproportionate number of economically at-risk people, including racial and ethnic minorities, female-headed households, and people lacking a high school diploma (Whitener, Weber, and Duncan 2001).

Poverty clearly remains a problem in many nonmetro communities in the U.S., especially among minorities, female-headed households, and children. These groups are not only much poorer than other nonmetro residents, they are also generally poorer than their metropolitan counterparts (HAC 2002).

As the entire country benefitted from an unprecedented period of economic growth during the 1990s, many rural areas have gained from this growth as well. In the years immediately after PRWORA was enacted in 1996, many low-income families in both rural and urban areas experienced an increase in earnings, and unemployment rates dropped. During the same time, poverty decreased while the number of welfare caseloads also went down (Henry 2001). In the latter part of the 1990s, however, the country experienced a downturn in the economy and in 2000, poverty in nonmetro areas remained 2 percentage points higher than in metro areas, with over 14 percent of the nonmetro population living below the poverty level. In nonmetro labor markets, unemployment and underemployment were higher than in metro areas. Per capita income and earnings per job were lower in nonmetro areas and rural families had fewer job options than urban families (Whitener, Weber, and Duncan 2001).

The low skill and education levels of workers in high-poverty rural areas discourage companies offering higher paying jobs from locating there. Residents depend largely on low-paying, often part-time positions (Henry 2001). In 2000, the median income of nonmetropolitan households was $33,687, compared to $44,755 for metropolitan households. Additional economic and employment issues can determine the effectiveness of TANF in rural areas. Many of the jobs in rural communities are based on agriculture and tourism, which provide low paying jobs on a seasonal basis and may fluctuate in response to the weather. The number of agricultural workers needed in a particular area may be drastically reduced because of a drought, while a lack of snow may have a negative impact on the number of jobs in rural areas that are dependent on the ski industry (HAC 2001).

Service and retail industries experienced dramatic growth in rural areas between 1990 and 2000. By the end of the decade consumer service industries comprised 33 percent of nonmetro jobs – up 7 percentage points from 1990. However, these jobs tend to be somewhat lower paying than other jobs, such as manufacturing. Manufacturing jobs accounted for 18 percent of all jobs in nonmetro areas compared to 14 percent nationwide. Public sector and government jobs also have a significant impact on the rural economy. They accounted for 20 percent of nonmetro earnings compared to 15 percent for metro areas.

[11] Persistent-poverty counties are those with poverty rates of 20 percent or higher consistently over the last four censuses (USDA Economic Research Service 2004).

Transportation in rural areas is much less reliable than in urban areas and can make the transition from welfare to work much more challenging for rural residents. Most of the housing and social service providers in rural counties are located in county population centers that many rural residents in remote communities cannot access. Often, these services are administered by multi-county organizations that are headquartered in neighboring counties. The only option for many rural residents is to travel long distances by automobile; many do not own cars, however, or they have vehicles that are not reliable enough to travel far (HAC 2001).

Childcare and healthcare also pose unique problems for low-income families in rural areas. Lack of transportation and remote locations make it difficult to connect welfare clients to child care providers. In addition, many of the daycare centers that provide childcare services operate only during standard business hours, which complicates the efforts of welfare recipients working in retail and service jobs that require night and weekend work. Health insurance is also a potential barrier to employment for welfare recipients. Medicaid coverage is available only up to 12 months after recipients find work. A medical emergency could severely impact a family's finances once its coverage expires (HAC 2001).

TANF-FUNDED HOUSING ASSISTANCE

Recent studies have shown that the provision of housing assistance is essential in supporting the efforts of people transitioning from welfare to work (Sard and Lubell 2000). When stable or adequate housing is not available, it is often difficult to secure employment and the high cost of housing can also be a burden (Sard 2002). According to recent data, only three states have TANF benefits that are sufficient for families to obtain modest housing with less than their entire grant, and only about 30 percent of families receiving TANF receive federal housing subsidies to assist them with their rent (Sard 2002).

Housing assistance is necessary to close the often wide gap that exists between what TANF recipients receive and the cost of housing and other necessities. When research for this study was undertaken in 2003, households that previously received welfare benefits and had at least one working member had an average monthly income of only $1,261. In order to rent a two-bedroom unit at Fair Market Rent (as defined by the Department of Housing and Urban Development) in jurisdictions with rental costs at the national median, a typical family transitioning from welfare would have to pay 58 percent of their income (Sard and Waller 2002). Also, the number of affordable rental units is steadily declining and in 2000, rents increased faster than inflation for the fourth consecutive year (Sard and Waller 2002). A rural worker would need to earn a "housing wage"[12] of $9.23 per hour (NLIHC 2002), far more than the $5.15 federal minimum wage, in order to afford the national average Fair Market Rent for a two-bedroom apartment; for the most part, this is not realistic for rural TANF or post-TANF recipients.

State Programs[13]

Each of the 12 states found to have a TANF-funded housing program had its own unique goals and methods of operation (see Table 2). These programs varied in terms of eligibility requirements, duration of subsidy, and average award.[14]

Five states provided tenant-based housing assistance using TANF funds:

- Connecticut;
- Illinois;
- Maryland;
- New Jersey; and
- Washington.

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[12] For each jurisdiction, NLIHC's report calculates the amount of money a household must earn in order to afford a rental unit of a range of sizes (0, 1, 2, 3, and 4 bedrooms) at the area's Fair Market Rent (FMR), based on the generally accepted affordability standard of paying no more than 30 percent of income for housing costs. From these calculations the hourly wage a worker must earn to afford the FMR for a two bedroom home is derived. This figure is the housing wage.

[13] A table with additional state TANF data can be found in Appendix A.

[14] For more information on the state programs see Appendix A or Sard and Lubell (2000).

Tenant-based assistance programs ranged from one-time payment of security deposits (New Jersey) to temporary direct cash assistance for rental costs, including utilities (Washington). Only one state (Minnesota) provided project-based rental assistance and this was a pilot program.

Two states (Kentucky and Pennsylvania) provided home mortgage assistance to low-income families transitioning from welfare to work. The Pennsylvania program provided no-interest home mortgages for qualified borrowers. Initially, Kentucky's K-TAP was created to provide down payment and closing cost assistance to families that had formerly received TANF benefits. Families received grants of up to $25,000. The program was then changed to provide benefits to a wider range of low-income families. Four states (Michigan, Ohio, Oregon, and Virginia) provided blended rental and homeownership housing assistance programs.

Table 2
State TANF-Funded Housing Program Descriptions

State	Program Name	Program Description
Connecticut	Transitory Rental Assistance Program (T-RAP)	Tenant-based rental assistance paid directly to landlord
Illinois	Metrolinks	Section 8 rental vouchers for families moving from welfare to work
Kentucky	TANF Homeownership Program	Home mortgage assistance for low-income families
Maryland	Family Investment Program	Tenant-based rental assistance
Michigan	Affordable Housing Fund	Tenant-based rental assistance and homeownership loans and grants
Minnesota	Supportive Housing and Managed Care Pilot Program	Project based pilot program
New Jersey	Housing Subsidy Program	Rental assistance, one-time payment of security deposits, moving expenses and security deposits
Ohio	TANF Housing Program	Rental assistance and homeownership assistance
Oregon	Housing Stabilization Program	Housing placement, move-in assistance, rent/mortgage assistance, repairs assistance, transportation, food, medical, child care, education, employment, case management
Pennsylvania	Housing Collaboration Initiative	No-interest home mortgages for low-income buyers
Virginia	SHARE Homeless Intervention Program	Cash assistance for rent or mortgage payments
Washington	Work First Homeless Intervention Program and Diversion Cash Assistance Program	Direct cash assistance for rent and utilities

Delivery Systems

Given the transportation issues identified above, it is important that programs are administered in a way that enables rural recipients to access them. The location of the agencies or organizations providing services is an important factor that determines whether and how potential clients are referred to the program and whether they can participate. For most rural residents, traveling long distances to access essential services can be a barrier to participating in programs that could improve quality of life (Needles Fletcher et al. 2000). TANF programs, which are administered by state level social service agencies, must acknowledge the spatial issues relevant to rural areas when designing programs that are intended to reach all residents.

The states studied utilized a variety of delivery systems in order to connect transitioning TANF recipients with housing resources (see Table 3). Overwhelmingly, they used local organizations and networks to deliver housing assistance programs. Several states (Maryland, Minnesota, and Oregon) relied on social service providers to identify needs and refer clients to the housing assistance programs. Social workers, shelter staff, and other providers who were on the front line of delivering services identified needs and referred clients to the administering agencies.

Virginia adopted an interesting and potentially useful method of referral. Program staff often received referrals from mortgage companies and landlords who were in a position to identify families who are seriously delinquent on their housing payments. In this way, the mortgage holder and landlords became important resources for the agencies that administered the program. Further, they helped families avoid eviction or foreclosure by promoting contact and communication between families in need of support and resources.

Four states (Connecticut, Maryland, Oregon, and Virginia) contracted with local organizations or agencies to administer the housing assistance program. Typically, the housing contractors included community action agencies (CAAs), local housing authorities, or nonprofit organizations. Once clients were referred to the housing assistance program, the contractors or grantees facilitated the provision of the subsidy (e.g., counseling, distribution of funds). Consequently, the local contractors were an important part of the housing assistance provision system.

States like Ohio and Michigan had local offices in each county that administer the housing programs. This allowed residents from many parts of these states to access the program. The state agency in Ohio also provided technical assistance to the local county offices to ensure that the program was being run efficiently. Pennsylvania partnered with local governments and redevelopment authorities to assist with the administration of their housing program.

Table 3
TANF-Funded Housing Assistance Delivery

Program	Delivery System
Connecticut Transitory Rental Assistance Program (T-RAP)	Eligibility workers referred recipients who had met the 20-month time limit to the housing agency contractor. Contractor worked with 13 local subcontractors, 12 housing agencies, and one community action agency (CAA) located around the state.
Illinois Metrolinks	Illinois Department of Human Services provided housing subsidies in the form of a Housing Choice Voucher to help TANF families address housing barriers in order to retain or obtain employment in the Chicago metropolitan area.
Kentucky TANF Homeownership Program	Kentucky Housing Corporation worked with a network of lenders statewide to market the program. Program was also marketed by a regional nonprofit agency that develops housing and underwrites loans.
Maryland Family Investment Program	Housing assistance resources were awarded on a competitive basis to counties that applied for them. Participants were referred by the local social service agency or RAP agency and then, if necessary, to a local housing agency or community action agency.
Michigan Affordable Housing Fund	Michigan State Housing Development Authority administered the program along with the Family Independence Agency (FIA). Local FIA offices in each county provided assistance to eligible families.
Minnesota Supportive Housing and Managed Care Pilot Program	State issued an RFP and counties competed for limited funds. Social workers were typically the first point of contact with the homeless program.
New Jersey Housing Subsidy Program	The State Department of Human Services administered the program, through partnerships with local government offices and private sector organizations.
Ohio TANF Housing Program	The local county offices of the Ohio Department of Jobs and Family Services (ODJFS) administered the program to eligible families. The state ODJFS office provided technical assistance to local offices.
Oregon Housing Stabilization Program	Program operated through a network of community action agencies (CAAs) throughout the state. Social service offices, including the state TANF office and emergency shelter staff, referred clients to CAAs in local areas for assistance.

Program	Delivery System
Pennsylvania Housing Collaboration Initiative	The funding obtained by nonprofits and for-profits could be used for no-interest home mortgage loans, the development of cooperative housing, subsidized apartment preservation, and the expansion of low-income rental family service programs. Local governments and redevelopment authorities were limited to using the money for housing rehabilitation.
Virginia SHARE Homeless Intervention Program	29 grantees across the state, which included nonprofit organizations and housing authorities, administered the program. Clients were also referred through mortgage companies, apartment managers, and landlords. Assistance was determined on a month-to-month basis and was required to be accompanied by financial education.
Washington Work First Homeless Intervention Program and Diversion Cash Assistance Program	TANF counselors informed clients of the program and assisted them in applying for benefits.

Rural Usage

Thus far, a careful, systematic tracking system to monitor usage of state TANF programs by rural participants does not exist. Consequently, data on rural use of housing assistance programs is uneven. Two of the states studied did not administer the program in rural areas at all; the Metrolinks TANF Program in Illinois was available only for residents in the Chicago metropolitan area, and New Jersey has no nonmetro counties. Further, six of the 12 states surveyed did not have specific data on their rural recipients. Our analysis, then, focused on the four states that collected specific rural data:

- Connecticut;
- Maryland;
- Oregon; and
- Washington.

The following analysis reflects rural usage in these four states.

Table 4.
Rural Usage

State	# of TANF Recipients	# of Rural Recipients
Connecticut[15]	150/month	3 (2 percent)
Maryland	558	117 (21 percent)
Oregon	1,180	750 (64 percent)
Washington	2,147	644 (30 percent)

<u>*Connecticut*</u>

Connecticut reported that 150 families per month on average utilized its Transitory Rental Assistance Program (T-RAP). Only three of these participants were identified as rural residents (i.e., residing in one of the state's nonmetro counties). Several potential barriers to program participation were identified by state and local practitioners.

Poor rural participation rates might also be attributable to strict eligibility requirements that might be difficult for rural families to meet. Connecticut required T-RAP recipients to be former TANF participants who had reached the time limit and who were employed. It was suggested that high unemployment rates in rural areas could contribute to potential participants' inability to obtain employment, resulting in their disqualification from the T-RAP

[15] Connecticut collected data on a monthly basis, while the other states provided data on a yearly basis. Thus, it is difficult to compare.

program (Paletsky 2003). However, unemployment rates in Litchfield and Windham counties, the two nonmetro counties in the state, were only 2.7 and 3.1 percent, respectively. Consequently, other factors must have been at work.

Maryland

Maryland's Family Investment Program (FIP) reported a much higher rural participation rate. Of the 558 participants statewide, 117 (21 percent) were rural recipients. Maryland's eligibility requirements were less strict than those of Connecticut. Maryland's FIP eligibility requirements were intentionally vague in order that the program be as inclusive as possible, requiring either participation in the Welfare to Work program with prior receipt of temporary cash assistance in the previous 12 months (or eligibility to receive this temporary cash assistance) or an ability to demonstrate financial need (Baumback 2003).

Oregon

Oregon sponsored the Housing Stabilization Program through which people who were homeless or at risk of becoming homeless could receive assistance in the form of rent or mortgage assistance, utility assistance, transportation assistance, food acquisition, medical care, child care, educational services, and employment related services and case management. Of the 1,180 participants statewide, 750 (64 percent) were rural families. While Oregon's program was the most extensive illustrated here for serving rural families, Social Service officials suspected that they could reach even more people if funding was increased. Waiting lists for this program were lengthy and unemployment rates in Oregon were the highest in the nation. Many families who needed help also might not qualify because of the stringent income requirements. As of June 2003, Oregon was struggling with budget cuts and staffing deficits while demand for the program continued to increase (Gauvin 2003).

Washington

Washington's Work First Homeless Intervention program and its Diversion Cash Assistance (DCA) program required families to qualify for TANF assistance in order to participate. Of the 2,147 families served by these programs statewide, 30 percent (644 families) were categorized as rural (Kone 2003).

Challenges and Barriers Identified

State officials administering TANF housing programs in rural areas revealed a number of obstacles that prevented them from administering the programs as effectively as they would have liked.[16] Some jurisdictions experienced barriers specific to their region, while some challenges were similar in many states. Common barriers to implementing TANF-funded housing programs in rural communities included:

[16]Some state representatives who could not provide specific rural data were able to describe barriers specific to the rural populations that they serve. Thus, these states are included in this analysis.

- **Employment:** Struggling rural economies can inhibit residents from obtaining gainful employment. This is especially true in the most remote and disadvantaged areas where residents do not have the ability or opportunity to commute to larger, urban communities for employment. The inability of some people to obtain steady employment has an effect on whether they can qualify for some housing programs (e.g., Connecticut).

- **Housing stock:** Many rural areas lack decent, affordable housing for low-income people. Even when families are able to afford housing with the assistance of a subsidy, rural units are often not adequate since a substantial amount of the housing in nonmetro areas is substandard. Approximately 1.6 million or 6.9 percent of nonmetro units are moderately or severely substandard (HAC 2002). Many states, such as Connecticut, Virginia, and Kentucky, reported that most of the housing available in the rural service areas was either substandard or inaccessible to their clients.

- **Affordability:** One-quarter of all nonmetro households pay more than 30 percent of their income for housing. While overall quality of housing has improved, the cost of housing in rural areas continues to increase at a rate much greater than the incomes in these areas. The National Low Income Housing Coalition (2002) has reported that no minimum wage worker in rural America can afford a two-bedroom apartment at the Fair Market Rent established by HUD. The lack of affordable units in rural communities adds to the difficulty of administering housing programs. One of the program administrators in southwestern Virginia cited affordability as the region's primary housing issue. Most of the available housing in Connecticut is larger, more expensive homes, which are inaccessible to low-income families. Sudden increases in housing prices in Oregon are also creating difficulties for low-income families who are trying to purchase a home.

- **Lack of a local provider network:** While welfare reform required the devolution of TANF to the state level, in several states it had not gone past this point. In many instances, such as in Kentucky, the state agency was the only agency in the state administering the housing assistance program. This made it extremely difficult for residents in rural areas or other parts of the state to take advantage of the program. Even when the program was administered on the state level, there were still groups of people that were unable to take advantage of the program due to inaccessibility. Further, some states that did administer the programs locally, such as Connecticut, reported that because of budgetary constraints they were closing local offices. Thus, rural residents were increasingly finding themselves without local social service offices.

The state staff interviewed also reported a number of similar complications related to the eligibility requirements of the individual TANF-funded housing programs. Virginia encountered this situation, for example. When Kentucky administrators found that not enough families were eligible for their program, they loosened the requirements. Additional difficulties included families' credit issues, poor housing stock, transportation, and program mandates that made it difficult for participants to follow up.

Transportation posed a serious issue for rural program participants in Minnesota. Most of the recipients of the program in Blue Earth County lived in the county seat of Mankato. There was quality housing available outside of Mankato but many people had no way to get to it (Harder 2003). Another obstacle confronting this county was the opposition of conservative residents to the welfare programs. This same group of people also displayed Not In My Back Yard (NIMBY) attitudes, expressing that they did not want low-income people living near them. Blue Earth County had a high demand for rental vouchers, with approximately 500 families on the waiting list to receive Section 8 vouchers. The county was given the opportunity to appeal previous denials for Section 8 vouchers, which helped people obtain housing who otherwise would not have been able to. Despite these and other obstacles, Blue Earth County was able to help nearly 40 families secure housing through its TANF-funded housing program between 2001 and August 2003 (Harder 2003).

Kentucky's housing finance authority, the Kentucky Housing Corporation (KHC), partnered with lenders in its state to help administer its housing program. KHC found it difficult at times to ask banks to promote KHC's TANF homeownership program when the banks were also trying to promote their own homeownership programs. Also, the lenders in KHC's network were paid limited fees for working on the TANF program and those could reduce the lenders' motivation to work with KHC when they were trying to make a profit and would rather work on market rate loans. KHC also found it difficult to work with families with poor credit histories, which could prevent them from obtaining homes (Etchen 2003).

Mountain Shelter, the organization that administered the Homeless Intervention Program in southwestern Virginia, experienced its own set of housing problems. The majority of the housing stock (75 percent) in this part of the state is mobile homes, which are financed with loans with very high interest rates. As a result, many purchasers lose their homes quickly. The shortage of rental properties in the area and the need for this type of housing, as well as homeownership units, continues to increase. Housing affordability is the main problem in the region and this issue was being addressed through the state's TANF-funded housing program (Kegley 2003).

On the southern tip of the Delmarva Peninsula, the Eastern Shore Council on Aging/Community Action Agency, Inc. experienced a number of obstacles that prevent more rural clients from benefitting from the program. The council's housing program provided one-time grants of up to $1,000 for housing assistance and additional funding beyond that amount in the form of a loan. If a client received more than $1,000 for mortgage assistance, the excess was required to be repaid, which was difficult for many low-income residents. Credit checks were part of the application process, and a number of clients with credit problems were denied assistance at this point (Banks 2003).

Clients had to develop self-sufficiency plans when applying to the Homeless Intervention Program, describing how they would attain self-sufficiency. This posed a problem when some clients had difficulties following through with the plans they developed for themselves. Many clients were turned away from the program due to its strict guidelines and many of them had chronic housing problems that could not be solved by the program. The "one-time" aspect of the program, which allows people to utilize the program once, hurt potential clients (Banks 2003).

Overcoming Barriers to Serve Rural Clients

In order to reach rural clients effectively and allow them to take full advantage of TANF-funded housing programs, steps must be taken to overcome the aforementioned challenges and barriers. While many programs reported that they encounter families with serious credit issues, they were still able to find a way to qualify these families for loans through homeownership counseling and/or partnering with local lenders. Some states, including Kentucky and Virginia, required that program clients participate in housing or financial counseling.

Other groups had difficulty administering their programs due to the strict eligibility guidelines of their states' programs. In Kentucky, the credit barrier was overcome simply by asking the funding agency to change program eligibility requirements to enable more families to participate. The funding agency obliged and the housing assistance program went from serving only previous TANF recipients to serving one-parent and two-parent households who were income eligible (Etchen 2003).

Poor housing stock, which often was identified as a barrier to administering the TANF housing programs, is a problem that plagues many rural communities. KHC addressed this issue by partnering with a local nonprofit organization, the Federation of Appalachian Housing Enterprises (FAHE). FAHE develops housing as well as underwrites its own loans. As of June 2003, FAHE had underwritten 14 loans that utilized TANF funding (Etchen 2003).

Overall, states found it difficult to affect the larger issue of lack of affordable housing units. States were able, however, to provide supportive services to stabilize housing for clients. While many program participants had problems securing employment, some of the administering entities, such as Blue Earth County in Minnesota, assisted them in finding jobs by connecting them with local employers and providing job training. Consequently, participants were able to retain their subsidies and afford to remain in their housing units.

Transportation, another issue identified as a specific problem in rural areas, was also addressed to stabilize employment and, thus, housing. Minnesota provided families with small auto repair grants or money to fill their gas tanks to ensure that they were able to get to and from their jobs. Again, these resources enabled families to work and maintain their benefits and their homes.

CONCLUSIONS AND IMPLICATIONS

TANF-funded housing programs were administered differently in the 12 states that had such programs in 2003, affecting the states' rural residents in various ways. The programs were run by a variety of agencies, ranging from multi-service state agencies to county-level human service departments. The four states that provided specific data on the subject reported that between three and 750 rural families overall had accessed their TANF-funded housing programs since the inception of their programs. Although these numbers reveal that the programs were in fact reaching rural families, they were doing so at different rates for different states. This might be a result of the numerous barriers facing rural residents and the varying abilities of families and agencies to surmount these barriers.

Many rural residents and administering agencies were faced with challenges that often limit the effectiveness of all affordable housing programs, including TANF-funded programs. The lack of employment opportunities, poor housing stock, housing affordability, and the lack of provider networks were four major barriers often found in rural communities. In addition, transportation issues contributed to the difficulty of administering and taking advantage of TANF programs. While some of the states that were interviewed were finding ways to alleviate a number of these problems, additional resources were still needed to address these issues.

TANF-funded housing programs were typically administered through a network of providers. The presence of organizations to help identify need, refer clients, and administer the program was one the most striking features of all housing assistance programs. For example, Oregon, which had the highest proportion of rural housing clients, operated through a network of community action agencies. These organizations had knowledge regarding housing needs, additional resources, and local context that could help to address the multi-level needs of potential clients. Conversely, Connecticut reported that local networks were closing as a result of budgetary constraints. The lack of local social service providers (e.g., TANF offices, housing authorities, nonprofits) can limit how and whether rural residents access the programs. A provider network is essential; however, in far too many rural areas there is a lack of organizations to assist in program administration.

Although not enough time has passed to assess the long-term impacts of TANF-funded housing programs in rural areas, as of 2003 it was apparent that the programs were working efficiently in certain respects while at the same time barriers remained to be overcome. The first step in determining the level of success or failure of these programs in rural areas is to develop a tracking system or nationwide database to which each state can contribute in order to track the rural reach of TANF-funded housing programs. When it can be ascertained more clearly whether these programs meet rural housing needs and whether their administrative methods allow full rural participation, any needed improvements can be made to ease rural families' transitions from welfare to work.

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APPENDIX A: TANF-FUNDED HOUSING PROGRAM TABLE

State TANF Program	TANF-FUNDED HOUSING PROGRAM	TYPE OF SUBSIDY	ELIGIBILITY	AVERAGE AWARD
Connecticut *Jobs First* (*Temporary Family Assistance component*)	Transitory Rental Assistance Program (T-RAP)	Tenant-based rental assistance Benefits paid directly to the landlord	Program administered by CAAs; recipient must be former TANF participant who has reached the time limit; an adult must be employed; funded by MOE	Depends on family size and income
Illinois	MetroLinks	Section 8 rental vouchers for families moving from welfare to work	TANF families moving from welfare to work	30 percent of family's income
Kentucky *Transitional Assistance Program*	Transitional Assistance Program	Homeownership loan/grant	Home mortgage assistance for participating family of KHC homeownership program	$15,000
Maryland	Family Investment Program	Tenant-based rental assistance	Must be participating in the Welfare to Work program and either have received Temporary Cash Assistance (TCA) within the last 12 months, or be eligible to receive TCA, or demonstrate financial need	Based on family size and location in the state
Michigan *Family Independence Program*	Affordable Housing Fund	Tenant-based rental assistance; homeowners HIP loan/grant	Family income must be 80% median for local area; must receive FIF, Medicaid, Food Stamps; income must not be > 200% of poverty level; must be employed	Depends on family size and income
Minnesota *MFIP*	Supportive Housing and Managed Care Pilot	Tenant-based rental project (no longer TANF-funded); also a project-based pilot program	Homeless, HIV/AIDS, suffering from mental illness, or have chemical dependency problems	Varied based on family size and income

State TANF Program	TANF-funded housing program	Type of subsidy	Eligibility	Average award
New Jersey *Work First New Jersey*	Housing Subsidy Program	Tenant-based rental assistance	Employed current and post-TANF recipients must earn 150% of federal poverty line and spend more than 40% for housing; must also agree to close TANF case to receive the housing subsidy	$150 per month for 36 months
Ohio	TANF Housing Program	Rental assistance; homeowners HIP assistance	Must be at 200% of the federal poverty guidelines	Depends on family size and income
Oregon	Housing Stabilization Program	Housing placement, move-in assistance, rent/mortgage payment assistance, utility assistance, repairs to essential services, assistance with transportation, food, medical, child care, education, employment services, case management	Homeless or at risk for homelessness; have minor children in their care, custody, and control; income below 150% of federal poverty line	Depends on family size and income
Pennsylvania *PA Temporary Assistance for Needy Families*	Housing Collaboration Initiative	No-interest home mortgages for low-income buyers, development of cooperative housing, subsidized apartment preservation, and expansion of low-income rental family service programs	Families with children that have an income of less than 235% of federal poverty level or 80% of median area income	Depends on what the funding is provided for
Virginia *Temporary Assistance for Needy Families*	SHARE Homeless Intervention Program	Cash assistance for rent or mortgage paid directly to banks/landlords	Acute crisis through “no fault of their own”	Varies based on housing costs; no limits; $400-$1,000
Washington	Work First Homeless Intervention Program, Diversion Cash Assistance (DCA) Program	Direct cash assistance for rent and utilities	Must be eligible for TANF assistance	$1,500 maximum once in each 12 months (average $600)

APPENDIX B: INTERVIEW PROTOCOL

Round One Interview Questions

- Is the TANF-funded housing program offered by your state intended to serve the whole state or specific populations within the state?
- How long has the program been in operation?
- What is the current program budget?
- How does the program work? How does a participant access the program? Where would an interested participant need to go for assistance?
- How many total families have participated in the TANF-funded housing program?
- How many participating families have been rural? Indicate the number of families served in each of the following rural counties: (rural counties of states listed here)
- Could you refer me to a contact in two of these counties to speak to about the use of this program in their county?

Round Two Interview Questions

- Is there a lot of demand for housing assistance among your program participants?
- Please describe the housing stock in the local area.
- Are there enough jobs to support the need?
- What type of housing assistance do people need most? (rental or homeownership)
- How long has your county been administering the program?
- How much funding has your county received each year for the program?
- Has your county developed specific program goals? If so, what are they?
- Has the TANF-funded program been helpful to local participants?
- What are possible reasons for people not using the program?
- What are the barriers to usage among rural participants?

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In the years following the implementation of the Temporary Assistance to Needy Families (TANF) welfare reform program, studies have found that housing assistance is an important support for welfare recipients. In order to meet their TANF clients' housing needs, several states designed housing assistance programs that provided additional support to families transitioning from welfare to work. This publication presents the findings of research undertaken by the Housing Assistance Council to examine how these programs were being implemented and whether they were reaching rural households.

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