



---

# Social and Economic Characteristics of Residents of Public Housing

---

Participant's Workbook



---

# **Social and Economic Characteristics of Residents of Public Housing**

---

Participant's Workbook  
February, 1979

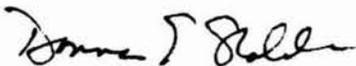
The research forming the basis for this workshop was conducted pursuant to Grant #H-2225G between the U.S. Department of Housing and Urban Development and Temple University. Statements and information contained in this workshop are those of the grantee who assumes sole responsibility for its accuracy and completeness.

## FOREWORD

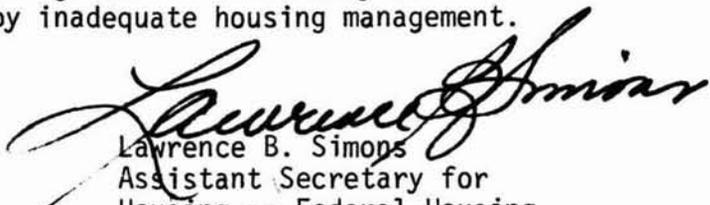
This workbook is one of eighteen in a housing-management curriculum developed by HUD in conjunction with Temple University. It is not easy. The workshops, for which this and the other workbooks are texts, will not be what we used to call Mickey Mouse sessions. And that, of course, is all to the good. Your time is valuable, and you are learning for a purpose. Any course you take should repay the efforts you must put in.

We believe that the workshops will do exactly that. At the end, after putting your new learning to practical use, you should feel not only a sense of satisfaction because of your enhanced competence, but you should also think of yourself as a housing-management professional, capable of dealing skillfully and humanely with anything the job throws at you.

Your instructor has a text similar to this one (with all the answers supplied) and a guide to conducting the workshops. The guide is a good one, stressing that the participants should be encouraged "to explore, risk, share, and feel." We hope you will. From there, and with your help, we can go on to reduce many of the serious problems brought about by inadequate housing management.



Donna E. Shalala  
Assistant Secretary for  
Policy Development and Research



Lawrence B. Simons  
Assistant Secretary for  
Housing -- Federal Housing  
Commissioner

## PREFACE

Each workbook in this series presents a number of learning objectives targetted to a selected area of management. Successful completion of the learning objectives presented in each workbook provides a series of building blocks to buttress the spectrum of skills required of a housing manager.

In preparing these workbooks, an attempt has been made to incorporate the range of knowledge that housing managers might be required to draw upon. Likewise, an attempt has been made to reflect the present state-of-the-art of housing management. Inevitably, whatever is captured in print reflects a body of knowledge and practice up to the point of publication. Therefore, the students and instructors making use of these workbooks will want to keep alert to new developments that should be integrated into the workbook material. Furthermore, like any attempt to codify knowledge in a particular field, the material presented in these workbooks is open to differences of interpretation and emphasis. We are aware that there may be some techniques and procedures described in these workbooks with which some experts in the field might disagree. The best test of such procedures and techniques will come when they are applied in the field by housing management practitioners. Through this process, the state-of-the-art will continue to be improved. Instructors in the future will undoubtedly want to incorporate such acknowledged improvements into their delivery of the workbook material.

One final point is worth mentioning. An initial impetus for these workbooks was the need to upgrade management skills in HUD-related housing. However, many of the principles presented should be viewed by students and instructors as applicable to multifamily housing management practices in the private sector.

# ACKNOWLEDGEMENTS

## PROJECT STAFF

Seymour J. Rosenthal, Director  
Center for Social Policy and Community Development

Archibald Allen, III, Director  
Housing Management Institute

Alex Urbanski, Curriculum Specialist  
Housing Management Staff

Center for Social Policy and  
Community Development  
School of Social Administration  
Temple University

of the

Commonwealth System of Higher Education  
Philadelphia, Pennsylvania 19122

TABLE OF CONTENTS

SOCIAL AND ECONOMIC CHARACTERISTICS OF RESIDENTS OF PUBLIC HOUSING

	<u>PAGE</u>
I. INTRODUCTION	ii
II. CONTENT	1
GOAL AREA 1	2
Social Legislation	
Financial Policies and Real Estate Legislation	
GOAL AREA 2	8
Definition of Poverty	
Theories Concerning Poverty	
Characteristically Poor Families	
GOAL AREA 3	12
Socio-Economic Characteristics of the Poor	
III. POST-TEST	16
IV. ATTITUDE ASSESSMENT	21

## INTRODUCTION

An important element which determines how well the manager responds to residents and their needs is the manager's sensitivity to the socio-economic factors which impact their lives. This workshop strives to enable you to be more sensitive to such factors. Accordingly, it has three overall goals:

- (1) To acquaint you with legislation which has affected the residential composition of public housing,
- (2) To provide you with a theoretical background on poverty and its implications, and
- (3) To acquaint you with the social and economic characteristics of the disadvantaged poor.

Each goal has several learning objectives. These learning objectives are, simply, measurable statements about the specific knowledge you are expected to acquire in the workshop.

Each learning objective, in turn, has what is called an anticipated practice outcome. Anticipated practice outcomes are those practical skills you can be expected to implement on the job using the information acquired in the workshop.

In other words, anticipated practice outcomes refer to the ways knowledge acquired in the workshop can be applied to real problems and situations.

The workshop, organized around the learning objectives and anticipated practice outcomes, requires one half-day session.

GOAL AREA 1:

TO ACQUAINT YOU WITH LEGISLATION WHICH HAS AFFECTED  
THE RESIDENTIAL COMPOSITION OF PUBLIC HOUSING

GOAL AREA 1: TO ACQUAINT YOU WITH LEGISLATION WHICH HAS AFFECTED THE RESIDENTIAL COMPOSITION OF PUBLIC HOUSING

LEARNING OBJECTIVES

1. You will identify and describe the implications of three (3) relevant pieces of public housing legislation.
2. You will identify four (4) ways in which financial policies and real estate legislation negatively impact low-cost housing programs.

ANTICIPATED PRACTICE OUTCOMES

1. You will demonstrate a sensitivity to the impact of legislation on housing residents.
2. You will demonstrate a sensitivity to the impact of financial policies and real estate legislation on housing residents.

CONTENT

Social Legislation Which Has Affected the Nature of Public Housing Residents

The first Federal legislation to establish federally-assisted housing was the Housing Act of 1937. This Act had three main objectives: to alleviate unemployment; to remedy unsafe and unsanitary housing conditions; and to remedy the acute shortage of decent, safe, and sanitary dwellings for families of low income. Since the Housing Act's primary purpose was to re-stimulate the economy from the adverse effects of the depression, it reflected not a commitment to solving social problems but rather an attempt to stimulate business.

During the 1940's emphasis was placed on housing returning war veterans and their families. The Veterans Emergency Housing Act was primarily designed to stimulate private industry to produce new housing units. This new emphasis on housing veterans made it difficult to provide housing for low-income families and thus forced many into overcrowded slum units.

The 1949 Housing Act expanded housing priorities to include the

following mandates: to remedy the serious housing shortage; to eliminate sub-standard and other inadequate housing through the clearance of slums and blighted areas; and to realize as soon as possible the goal of a decent home and suitable living environment for every American family. The main provisions of the Act were Titles I, II, and III. Title I provided for a program of slum clearance and community development. Title II provided for Federal mortgage insurance. Title III provided for public housing.

Title I of the 1949 Act created a new demand for public housing units. The impact of urban renewal had far-reaching consequences for many local housing authorities: housing authorities could be less and less selective in their admission policies because relocation of all families affected by urban renewal was a priority. Due to rising site and construction costs, new public housing units in many cases were located in high-density institutional-looking developments, generally unsuitable to the needs of the low-income problem families who were moving in. Originally, public housing units had been designed and constructed for families who had both social and economic skills and required little in the way of amenities and services. Eventually, public housing became housing for the permanently poor and the problem poor. At the same time, a growing number of minority families were also beginning to reside in public housing.

These changes, brought on by urban renewal, were significant. Public housing was originally intended to serve only as temporary housing. Early occupants were carefully screened. Before the Second World War, residents were often termed "the genteel poor." After the war, veterans displaced many low-income individuals. However, by the mid-1950's

differences were seen in the applicants for public housing: large numbers of families who were unable to secure private housing on their own, families with larger numbers of children, a high percentage of families who were solely dependent on welfare for their income, and increasing numbers of non-white families.

The growth of public housing in this period led to the formation of strong housing and political lobbies dedicated to protecting the private housing industry. These groups, fearful of the public housing movement from its beginning, became the core of opposition to public housing programs at the national and local levels. The groups actually succeeded in reducing the total number of units built by having several states adopt laws requiring that all proposed housing programs be subjected to referendum. The high-density developments also resulted in a negative public image, causing many communities to reject public housing construction altogether.

#### Financial Policies and Real Estate Legislation Which Negatively Impact Low-Cost Housing Programs

Housing costs are a significant expense for most families. On the average, fifteen percent (15%) of a family's income goes toward housing. For poorer families, this percentage may often exceed twenty-five percent (25%). Still, lower-income families are often relegated to the worst housing stock.

Several factors determine housing costs: tax policies, zoning laws, building codes, and financing procedures. All of these factors tend to discriminate in favor of private housing.

*Tax policies* - Present tax laws tend to favor owner-occupied, single-family, high-cost housing and give homeowners little tax incentive to

reduce housing expenditures. The government has tried to induce builders and developers to build low-cost housing by providing tax incentives. Section 10(h) of the 1937 Housing Act required that public housing units be exempt from local real estate taxes. Payment in lieu of taxes is paid to the local community in an amount equal to ten percent of shelter rents (gross rent less utilities.)

*Zoning* - Zoning typically prescribes how each parcel of land in a community can be used. Zoning regulations normally cover such items as permitted uses, population density, building bulk and size, off-street parking and minimum house size. Zoning is a legitimate exercise of the authority of the state to protect the health, safety, morals, and general welfare of its citizens. However, zoning is sometimes used in an exclusionary fashion, permitting only uses which add more dollars to local property tax revenues to pay for public services. Exclusionary zoning policies include requiring large lots, requiring a minimum house size, or expressly prohibiting multi-family housing. Exclusionary zoning often restricts the building of low-cost, multi-family housing and encourages racial and economic segregation.

*Building Codes* - Building codes are standards and specifications designed to establish minimum safeguards in the erection and construction of buildings. Although generally a positive factor in housing construction, they sometimes cause increased costs and construction delays.

*Financing Procedures* - After the 1929 Depression, Congress and the President were faced with two major problems - the collapse of mortgage credit and the need to generate jobs. To alleviate these problems, several pieces of legislation were enacted.

- (1) The Federal Home Loan Bank Act - Established in 1932, this act created the Federal Home Loan Bank Board. The Board was authorized to extend loans to its member savings and loan institutions through regional Federal Home Loan Banks.
- (2) Mortgage Insurance (Housing Act of 1934) - The Federal Housing Administration (FHA) was established by the Housing Act of 1934. One of the act's provisions was for an insurance program designed to reduce financial risk for mortgage lenders in order to induce them to make credit available on more liberal terms. In return for a premium paid by the borrower, the FHA insures the lender against the risk that the borrower may default. FHA financing has placed home ownership within the reach of millions of U. S. families.
- (3) Federal National Mortgage Association - This Association was created in 1938 with an initial capitalization of \$10 million to buy insured mortgages for the creation of secondary market facilities on which government-insured mortgages could be bought and sold.

There are several sources of mortgage funds. Savings and loan associations were specifically designed to channel savings into housing and are the largest source of funds for private housing. Mutual savings banks, the second largest source of funds for housing, hold about one-fourth the total of FHA-insured mortgages. Commercial banks are generally the major purchasers of local housing authority bonds which finance the cost of public housing. Life insurance companies and retirement funds are also sources of funds for housing.

Mortgage lenders have been instrumental in the rapid growth of suburban communities; in fact, mortgage lending aided and encouraged

suburban development. At the same time, investment in older, deteriorating neighborhoods has been declining. Redlining policies have aggravated this decline. (The term "redlining" describes the supposition that mortgage lenders draw a line on a map around neighborhoods they consider to be a bad risk and as a matter of policy refuse to mortgage properties within such neighborhoods.) Such policies naturally tend to discourage people from buying into older neighborhoods.

**GOAL AREA 2:**

**TO PROVIDE YOU WITH A THEORETICAL BACKGROUND  
ON POVERTY AND ITS IMPLICATIONS**

GOAL AREA 2: TO PROVIDE YOU WITH A THEORETICAL BACKGROUND ON POVERTY AND ITS IMPLICATIONS

LEARNING OBJECTIVES

1. You will cite three (3) elements of an operational definition of poverty.
2. You will cite three (3) relevant theories concerning poverty.
3. You will cite five (5) types of families who are commonly poor.

ANTICIPATED PRACTICE OUTCOMES

1. You will demonstrate a sensitivity to the effects of poverty on residents.
2. You will demonstrate a sensitivity to the effects of poverty on residents.
3. You will demonstrate a sensitivity to the effects of poverty on residents.

CONTENT

Definition of Poverty

The effect of public housing legislation has been to concentrate the chronically poor and the problem poor in environments which often increase their social and economic problems. Such problems include a high percentage of female-headed households, excessive unemployment, limited access to formal education, dependence on welfare, weakened neighborhood stability, high incidence of criminal activity with concomitant fear of criminal victimization, and racial segregation. All of these problems are closely related to poverty.

Poverty is difficult to operationally define. Recognizing this, the Bureau of Census developed poverty threshold levels for specific individuals and family types in relation to place of residence. In 1970, the poverty threshold level for an average non-farm family of four headed by a male was \$3,743.

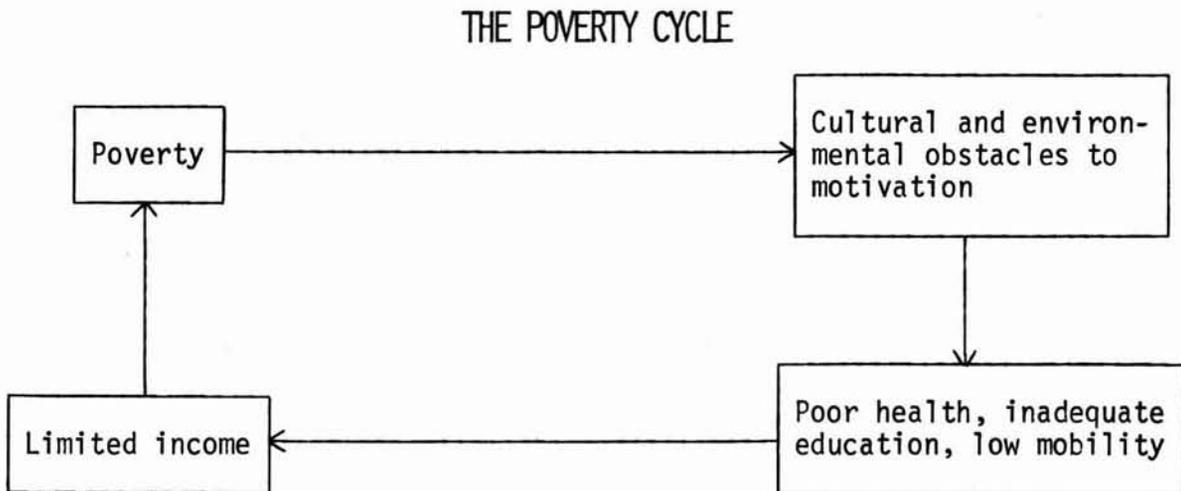
Theories Concerning Poverty

Theories concerning poverty range along a continuum from placing

total responsibility on those who are poor to placing total responsibility on those who are rich and powerful. Both extremes bear an element of truth. There are some persons who are so physically, mentally, and emotionally handicapped that they cannot compete effectively in modern society. At the same time, an increasingly complex economic system makes it even more difficult for the poor to break out of the cycle of poverty.

As with most dichotomies, the more plausible theories lie nearer to the midpoint of both extremes. Poverty can result from imbalances in supply and demand based on the nature and location of the labor force or from a strong personal sense of powerlessness in the face of a complex labor market.

The interrelationship of these factors is seen in the following diagram.



Most poor workers are unskilled workers. A highly technical society draws from skilled labor pools rather than from excess labor pools of unskilled workers. Poverty may occur due to changes in the methods of production, the demand for production, or the cost of production. Whenever these changes occur, especially in rural, mining, or industrial centers, chronic unemployment can be the result. Only those families who are able to afford to resettle and who are psychologically prepared to resettle can participate in new job markets. Moreover, poor people lack the power to change the nature of the job market for their advantage. They are less unionized and less politically organized.

#### Characteristics of Poor Families

Most families either temporarily or permanently in poverty fall into one or more of the following categories:

1. Families whose heads have been disabled by accident or disease. (These are heads of families who are usually of working age and who at one time were members of the working force, but who are totally disabled for an indefinite period.)
2. Families whose heads are female (because of widowhood, desertion, separation, or divorce.)
3. Families whose heads are 65 years or older.
4. Families whose heads are 25 years or younger.
5. Families whose heads have less than an eighth grade education.
6. Families with six or more children whose heads have less than a twelfth grade education.
7. Families in which there is no wage earner.
8. Families of racial and ethnic minorities who are highly visible in the population at large, due to skin color, language, or religion.
9. Families located in specific residential areas: central cities, rural areas, and isolated areas such as Appalachia.

GOAL AREA 3:

TO ACQUAINT YOU WITH THE SOCIAL AND ECONOMIC CHARACTERISTICS  
OF RESIDENTS OF PUBLIC HOUSING

GOAL AREA 3: TO ACQUAINT YOU WITH THE SOCIAL AND ECONOMIC CHARACTERISTICS OF RESIDENTS OF PUBLIC HOUSING

LEARNING OBJECTIVE

1. You will describe five (5) social and economic characteristics of the disadvantaged poor.

ANTICIPATED PRACTICE OUTCOME

1. You will demonstrate a sensitivity to the effects of the social and economic characteristics of the disadvantaged poor.

CONTENT

Social-Economic Characteristics of the Poor

Public housing developments contain a high concentration of the very poor. Poor people suffer a higher incidence of social problems than the population at large. Common problems include a high percentage of female-headed households, lack of formal education, dependence on welfare, weakened neighborhood stability, high incidence of criminal activity with concomitant fear of criminal victimization, and racial segregation. Below are listed some socio-economic characteristics of the poor:

1. *Labor Force Participation* - Long periods of unemployment and/or intermittent employment.
2. *Occupational Participation* - When employed, hold jobs at the lowest levels of skill.
3. *Family and Interpersonal Relations* - High rates of marital instability (desertion, divorce, separation), high incidence of female-headed households, high rates of illegitimacy, unstable interpersonal relationships characterized by considerable suspicion of persons outside the immediate household.
4. *Community Characteristics* - Residential areas with very poorly developed voluntary associations, and low levels of participation in such local voluntary associations as exist.

5. *Relationship to Larger Society* - Little interest in, or knowledge of, the larger society and its events; some degree of alienation from the larger society.
6. *Value orientations* - A sense of helplessness and low sense of personal efficacy; dogmatism and authoritarianism in political ideology; fundamentalist religious views, with some strong inclinations toward belief in magical practices. Low "need achievement" and low levels of self-aspiration.

Moynihan (1969) found that the alleged "special" characteristics of the poor are characteristics they share generally with the "working class" or "blue-collar" component of the labor force. The poor are different, but the difference is mainly a matter of degree rather than of kind.

Moynihan surveyed the available literature and found that the lower the socio-economic level:

- (1) The higher the incidence of family disorganization: divorce, desertion, unhappiness in the marital relationship, illegitimacy, and so forth.
- (2) The greater the sense of alienation from the larger society; the poorer the knowledge concerning matters of public interest; the less participation in voting, parapolitical organizations, and associations in general.
- (3) The higher the incidence of symptoms of mental disorder, and the higher degree of maladjustment as evidenced on personality tests.
- (4) The less competence with standard English, the more likely to score poorly in tests of verbal and scholastic ability, and the more likely to drop out of school before completion.
- (5) The higher the rate of mortality and the incidence of physical disorders.
- (6) The lower the "need for achievement" and the less likely to defer gratification.

- (7) The less likely are parents to socialize their children through the use of explanation for obedience to rules and the more likely to assert such rules without presenting reasons.
- (8) The higher the crime and delinquency rates.
- (9) The more likely to be liberal on economic issues and the less likely to be liberal regarding civil liberties or political deviants.

POST-TEST

POST-TEST: WHAT DID YOU LEARN?

1. Match the following pieces of legislation with their implications:

- |                                       |   |
|---------------------------------------|---|
| _____ Housing Act of 1937             | A. Primarily designed to stimulate private industry to produce new housing units. Forced many low-income families into overcrowded slum units.  |
| _____ Veterans' Emergency Housing Act |   |
| _____ Housing Act of 1949             | B. Had three main objectives: to alleviate unemployment; to remedy unsafe and unsanitary housing conditions; and to remedy the acute shortage of decent, safe, and sanitary dwellings for families of low income. |
|                                       | C. Provided for slum clearance and community development, Federal mortgage insurance, and public housing.   |

2. Match the following pieces of legislation or financial policies with their impact on low cost housing programs.

\_\_\_\_\_ Tax policies

\_\_\_\_\_ Zoning laws

\_\_\_\_\_ Building Codes

\_\_\_\_\_ Financing procedures

A. Generally a positive factor in housing construction; sometimes cause increased costs and construction delays.

B. Aim to increase mortgage credit and generate jobs. Have been instrumental in the rapid growth of suburbs; discourage investments in declining neighborhoods.

C. Favor owner-occupied, single-family, high-cost housing.

D. When used in an exclusionary manner, restrict the building of low-cost, multi-family housing.

3. Which of the following elements should be considered when determining if a family is poor? *Circle the correct answers.*
- A. Net income.
  - B. Number of members.
  - C. Assets (bank accounts, bonds).
  - D. Extraordinary expenses, such as medical care or educational costs.
  - E. Ability to meet basic needs for food, shelter, and security.
  - F. Child care costs due to employment.
  - G. Inheritances, insurance payments, sporadic gifts.
4. Which of the following are causes of poverty? *Circle the correct answers.*
- A. The inability of some individuals to compete effectively in a technological labor market.
  - B. The complexity of the economic system which makes it difficult for individuals to break the cycle of poverty.
  - C. Changes in the method of production.
  - D. Changes in the cost of production.
  - E. Lack of unionization and political organization of the poor themselves.

5. Cite five types of families who are characteristically poor:

A. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

D. \_\_\_\_\_

E. \_\_\_\_\_

6. Cite five social and economic characteristics of the disadvantaged poor:

A. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

D. \_\_\_\_\_

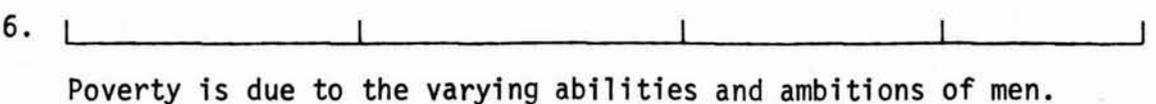
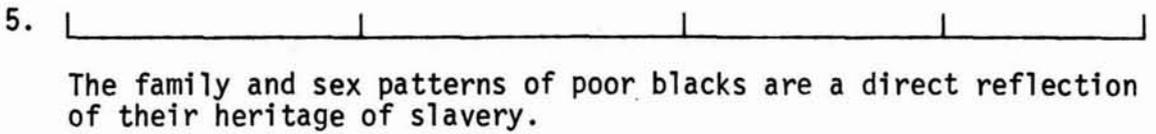
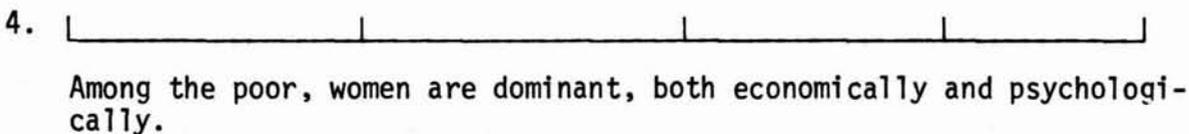
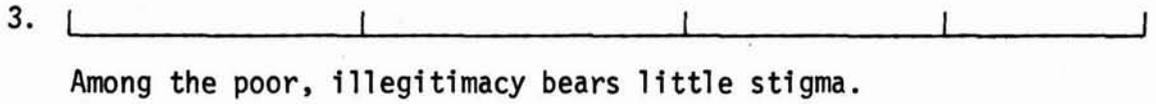
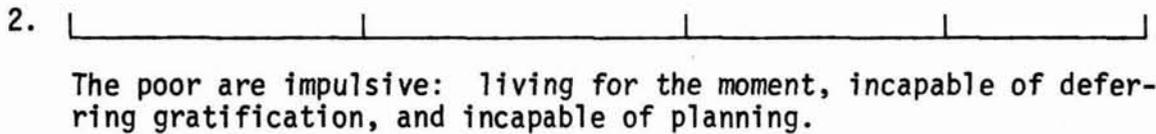
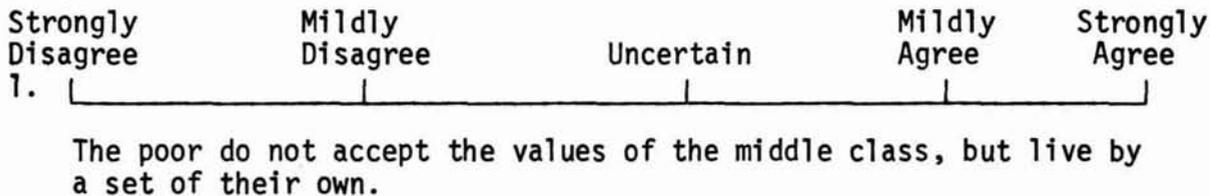
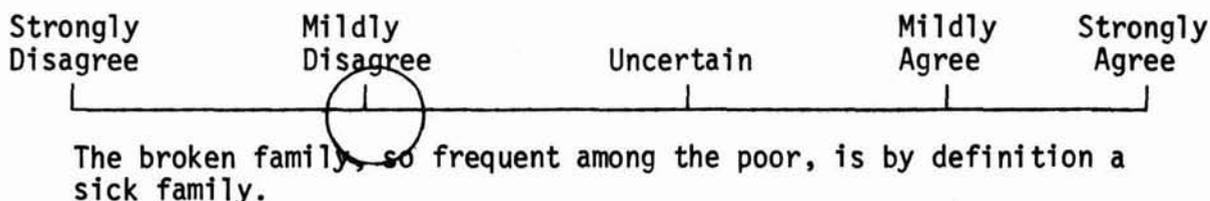
E. \_\_\_\_\_

ATTITUDE ASSESSMENT

ATTITUDE ASSESSMENT: WHAT DO YOU THINK ABOUT PUBLIC HOUSING RESIDENTS?

Indicate the Degree to Which You Agree or Disagree with the Following Statements:

Example:



Strongly Disagree                      Mildly Disagree                      Uncertain                      Mildly Agree                      Strongly Agree

7. \_\_\_\_\_

According to Social Security Administration guidelines, approximately 10-15% of the American population is poor.

8. \_\_\_\_\_

Poor people are poor because they lack sufficient education or job training.

9. \_\_\_\_\_

Poor people are thriftless and manage money badly.

10. \_\_\_\_\_

Forces in our social and economic structure, such as lack of job opportunities, inequalities in the system, inflation, taxation, low wages, and discrimination cause poverty.

11. \_\_\_\_\_

Poor people generally lack ability and talent.

12. \_\_\_\_\_

Poor people drink more than middle-class people.

13. \_\_\_\_\_

Poor people are less educated than the population at large.

14. \_\_\_\_\_

Poor people generally make little effort to improve their condition.

15. \_\_\_\_\_

Many people are poor because they suffer chronic illness or physical handicap.

Strongly Disagree      Mildly Disagree      Uncertain      Mildly Agree      Strongly Agree

16. |-----|-----|-----|-----|

Schools for the poor are generally of sub-standard quality.

17. |-----|-----|-----|-----|

Poor people are taken advantage of by the system.

18. |-----|-----|-----|-----|

Poor people suffer more from inflation.

19. |-----|-----|-----|-----|

There are too many people receiving welfare money who should be working.

20. |-----|-----|-----|-----|

Many people getting welfare are not honest about their need.

21. |-----|-----|-----|-----|

Many women getting welfare money have illegitimate babies to increase the money they get.

22. |-----|-----|-----|-----|

Generally speaking, we are spending too little money on welfare programs in this country.

23. |-----|-----|-----|-----|

Most people on welfare who can work try to find jobs so they can support themselves.

24. |-----|-----|-----|-----|

One of the main troubles with welfare is that it doesn't give people enough money to get along on.

25. |-----|-----|-----|-----|

A lot of people move to different states to get more welfare money.

BIBLIOGRAPHY

Downs, Anthony, *Who Are the Urban Poor?*, New York, Committee for Economic Development, 1970.

Feagin, Joe R., *American Attitudes Toward Poverty and Anti-Poverty Programs*, University of Texas, Austin, 1971.

Herzog, Elizabeth, *About the Poor*, U. S. Department of Health, Education, and Welfare, U. S. Government Printing Office, 1967.

Irelan, Lola M., *Low Income Life Styles*, U. S. Department of Health, Education, and Welfare, U. S. Government Printing Office, 1966.

Moynihan, Daniel P., *On Understanding Poverty*, New York, Basic Books, 1969.

Schorr, Alvin, L., *Poor Kids: A Report on Children in Poverty*, New York, Basic Books, 1966.

Seligman, Ben B., *Permanent Poverty: An American Syndrome*, Chicago, Quadrangle Books, 1968.

**U.S. Department of Housing and Urban Development**  
Washington, D.C. 20410

Official Business  
Penalty for Private Use. \$300

Postage and Fees Paid  
Department of Housing  
and Urban Development  
HUD - 401



**FIRST CLASS MAIL**

April 1980  
HUD-PDR-537-8