Introduction

Since its inception, the W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors has been concerned that the implementation of W-2 would lead to increased housing instability for low-income families. AFDC provided a meager yet steady stream of income to families, and many feared that W-2’s elimination of the entitlement to public assistance and the steep decline in the number of families receiving cash grants would have far-reaching repercussions. A number of community monitoring studies have repeatedly highlighted housing affordability and stability as a top priority concern among those on welfare and those transitioning from welfare to work (Pieper, 2001 and WPPEI, 2000). This report chronicles the research that that Task Force has conducted on low-income housing issues and proposes a solution that would promote housing stability for a group of families transitioning from welfare to work or working in low-wage jobs.

Indicators of Need

Income instability in low-income families can be related to several factors. Irregular hours of employment, which is a common problem in low-skilled sectors of the labor market, is often a cause of income fluctuation for those who have transitioned from welfare to work. For those still on the W-2 cash grant caseload, financial sanctions for non-participation affected one-third of the families in W-2 in Milwaukee each month of 1999. This resulted in $10.6 million dollars being withheld from W-2 participants in that year alone. In the first two years of W-2 operations, the financial sanctions against W-2 participants in Milwaukee County totaled 297%; more than was expected in the budget. State-wide, the amount of sanctions was 156% of what had been budgeted (DWD).

Another problem that affects the income level of new entrants into the W-2 program is the time lag between enrollment in the program and the issuance of a participant’s first full W-2 grant check, which typically takes 60 days to arrive. Nearly a year ago the Department of Workforce Development promised to remedy this situation, but to date no change in the W-2 payment schedule has been made.

In 1999, the W-2 Monitoring Task Force conducted an effort to document the types of housing assistance being provided by Milwaukee County W-2 Agencies with the discretionary funding in their contracts. TANF funding can be used to provide housing assistance, and it only counts against the recipients’ TANF time limit if more than four months of ongoing housing assistance is provided. One-time payments of many month’s worth of past due rent does not count as “assistance” for TANF purposes.
The information in the following table was provided to the W-2 Monitoring Task Force by the W-2 Agencies in Milwaukee County and covers approximately the first 18-24 months of W-2 operations. In some cases the agencies stated that the figures they were providing were estimates.

Roughly half a million dollars was spent on emergency housing needs over this time period, in the form of grants and loans. According to a report by the state Legislative Fiscal Bureau (99-3), the W-2 Agencies in Milwaukee County expended $125 million, which was 81% of the total contract value for the first year of W-2 operations.

<table>
<thead>
<tr>
<th>W-2 AGENCY</th>
<th>LOANS</th>
<th>GRANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YW Works</td>
<td>$16,145</td>
<td>$61,948</td>
</tr>
<tr>
<td>UMOS</td>
<td>$64,924</td>
<td>*0</td>
</tr>
<tr>
<td>OIC</td>
<td>$114,543</td>
<td>$4,652</td>
</tr>
<tr>
<td>Employment Solutions</td>
<td>$100,000</td>
<td>$75,891</td>
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<tr>
<td>(administers two W-2 regions)</td>
<td></td>
<td></td>
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<tr>
<td>Maximus</td>
<td>$68,745</td>
<td>$60,903</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$364,357</td>
<td>$203,394</td>
</tr>
</tbody>
</table>

*UMOS stated that they funded homeless prevention programs in two community agencies at a cost of $150,000, but do not provide grants to individuals for paying rent.

In addition to the requests for housing assistance made to W-2 Agencies, numerous other indicators of housing need in the Milwaukee area have been identified by the W-2 Monitoring Task Force and local and national groups. We present some of this information here as part of our efforts to understand the relationships between welfare reform, the low-wage labor market, housing stability, and family well-being.

**Housing Affordability and Income**

The current HUD fair market rent for Milwaukee is $619 per month for a two bedroom apartment. Following HUD’s methodology, the “housing wage” in Milwaukee would be $11.90 per hour. This is the hourly earnings needed to afford this level of rent and not be paying more than one-third of the family’s income for housing.

Families who pay 50% of their income for rent and who are not receiving housing assistance are called “extreme need” cases, and are considered to be in danger of becoming homeless. According to HUD, there were 35,000 low-income households in Milwaukee County that were paying more than 50% of their income in rent in 1990. These households accounted for 38% of state households trying to maintain stable housing in this situation. (US HUD, January, 2000)
As HUD has reported, the U.S. is facing a worsening crisis in the area of affordable housing. It is likely, therefore, that 2000 Census data (which will be available later this year) will show an increase in the number of "extreme need" renters and a worsening housing crisis in the city of Milwaukee (US HUD, July 2000).

A number of recent studies show that a substantial portion of former AFDC recipients have found employment, but many remain in poverty. The survey conducted by the Hudson Institute in Milwaukee County found 41% of former recipients employed at a regular job. The average income from all sources (including Food Stamps) for this group was $1,504 per month. 16% of former recipients were not working and not in any type of public assistance program. Their average monthly income was reported to be $621. Those participating in a work component of the W-2 program had grant and other income (including $186 in Food Stamps) that averaged $1036 per month. Using the 30% threshold, the highest rent that the average family who left AFDC for work could afford would be $451, well below the Milwaukee area fair market level of $619. All the other families had lower incomes, and are therefore farther away from being able to afford fair market rents. 26% of survey respondents in the Hudson study were receiving some type of housing assistance. 19% reported turning to friends, family or neighbors for a place to stay, and 8% reported they had been homeless at some point in the past year.

Public Housing Assistance

In the spring of 2000, the Housing Authority of the City of Milwaukee opened the waiting list for housing assistance for the first time in several years. The W-2 Agencies in Milwaukee County assisted in publicizing this occasion by printing flyers and distributing them. Housing Assistance can mean a public housing apartment unit or a Section 8 rent voucher.

Approximately 16,500 calls to the automated hotline were received in 35 hours, and then it was closed. Some of the total calls may be families who called twice, because all of their information was not entered in their first call.

Representatives from the Housing Authority predict that 350 to 400 new families will obtain a public housing unit this year, and another 1,500 to 2,000 new families will get rent vouchers. So a best case scenario estimate, then, is that 15% of those who called in to put themselves on the waiting list will receive one of these types of housing assistance.

An additional factor in the availability of affordable housing in Milwaukee is that the renovations of public housing developments will mean a net loss of units for the city. There have been some reports that it is harder as of late to find private landlords who will accept Section 8 vouchers, and this trend needs to be examined in more detail.
Overcrowding

Newspaper stories in the past three years have noted a considerable increase in the number of families doubling or even tripling up in apartments. Private landlords, the Apartment Association, and housing advocates have all identified the implementation of W-2 as part of the reason for this trend. Concerns about health and safety were expressed by many of those interviewed for these articles.

Evictions

A representative from the Milwaukee County Sheriff’s Department made an informational presentation to the W-2 Monitoring Task Force in 1999, sharing information that Sheriff-assisted evictions in Milwaukee County has not changed significantly since W-2’s implementation. However, the increase over the past decade has been substantial. 1,337 families were evicted in 1988. In 1998, the number was 3,701. This is an increase of 177%.

Homeless Shelter Usage

Homeless shelter usage has increased since W-2 was implemented, with the number of women utilizing the Emergency Overflow Shelter (originally gym mats on church basement floors, “overflow” is now housed in the gymnasium at the Rescue Mission) tripling since the program began in 1997 (Interfaith Conference of Greater Milwaukee). The number of families who call Milwaukee’s centralized shelter referral system (A-CALL) who are temporarily stabilized but known to be at risk for needing emergency shelter space is 20 times higher than it was in 1998.

Emergency Assistance Program

More than 2,000 homeless families have accessed approximately $1.3 million in funding from the state Emergency Assistance Program for homeless families over the past 3 years. This funding is used as a down-payment amount ($150 per family member) for families to move out of shelters and into their own apartment.

W-2 Monitoring Task Force Activities

In response to the growing evidence of problems with housing stability problems, the Task Force considered promoting a resolution in 1999 that would ban evictions during winter months in Milwaukee, similar to the ban on utility cut-offs during the cold months of the year. Instead, to more specifically address W-2’s potential role in family destabilization, the Task Force authored a resolution (99-85) that would direct the W-2 Agencies to make contact with the regional Safety Services office of Child Protective Services to make arrangements that would help prevent families that were facing sanctions of their entire W-2 check from becoming homeless. Most importantly, the resolution also called for the establishment of an “Emergency Rent Payment Plan and Voucher System” for reducing evictions.
Making emergency rent payments to help stabilize families who are in jeopardy of losing their housing situation due to a disruption in income is an allowable activity for W-2 agencies and for the Safety Services component of the child welfare system, although the existence of these resources does not appear to be widely understood or promoted.

The resolution notes that avoiding evictions through the limited provision of emergency rent payments “will result in saving an unnecessary expenditure of taxpayer dollars,” which are spent on court proceedings, Sheriff’s fees, moving and storage fees for evictions, and also for operating homeless shelters and the child protective services system—the safety nets for some families who are evicted. The resolution also notes that instituting communication between these two institutions (child welfare and W-2) would also serve to “reduce the number of families made homeless and to reduce the number of children placed in foster or kinship care for primarily economic reasons.”

Efforts to implement this resolution were somewhat hampered by legal concerns on the part of both the Department of Workforce Development and the Department of Health and Family Services. Many advocates for low-income families did not agree with the W-2 Monitoring Task Force decision to bring the child welfare system into the lives of struggling families. We wrestled with this decision, but in the end decided that it was important to promote access to available funds and services. An agreement between DWD and DHFS was reached, but the Task Force has no formal means to gauge whether there has been improved access to services for families in need.

In late 2000, the W-2 Monitoring Task Force again contacted the private W-2 Agencies in Milwaukee County for information on the types of housing assistance they provide. Task Force members were disturbed by reports from the housing specialists at each W-2 Agency that the primary resource now offered was the Emergency Assistance Program for Impending Homelessness.

The Emergency Assistance Program was expanded in 2000 to include funding to help prevent homelessness, a change that is viewed as an improvement over waiting until families were actually homeless to help them. The administration of this part of the EA Program was assigned to the W-2 Agencies. Once every thirty-six months, families who have been given an eviction notice can apply for funding ($150 per family member) to help avoid being evicted. Since the implementation of this program, however, spending on housing from the Agencies’ own discretionary funds seems to have declined dramatically, but there are still many stories of families in need. The Task Force decided to pursue another means to help promote housing stability for low-income families. Milwaukee.
Proposed Pilot Project To Meet Housing Needs

The W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors has proposed a project that would draw on recent welfare reform studies that demonstrates a gap between families' real incomes and the amount they need to earn to maintain stable housing. The proposal also builds on research that has demonstrated that families receiving housing subsidies were more successful in welfare-to-work programs. Nearly all the employment and income gains in the Minnesota Family Investment Program were made by families that also had housing assistance (MDRC 2000). This pilot project would utilize state funding that must be spent to draw down federal TANF dollars (referred to as "Maintenance of Effort" or "MOE" funding) to create a program to help stabilize 2,000 low-income families in Milwaukee. The program would be tested over a three year time period, and it would be open to families in two Milwaukee neighborhoods; one on the north side and one on the south side.

The key feature of the program would be a newly created housing subsidy. The subsidy would last for three years, starting out at $200 per month in the first year, decrease to $150 per month in the second year, and end at $100 per month in the final year of a family's participation.

Another important element would be a cooperative agreement with landlords in the two neighborhoods to negotiate lower rents for the program participants and to ensure that they would adhere to minimum standards of quality for those rental units. This cooperative compact with landlords to make their housing units more affordable and to improve the upkeep of apartments in the targeted neighborhoods, would be based on the assurance of more steady rental income.

Creating a stable housing base for a proportion of low-income families in these two neighborhoods will serve two very important purposes in community revitalization. At the individual family level there would be several benefits. One of the foremost issues that influence a family’s success in transitioning from welfare to work is stable affordable housing. The high mobility rates of low-income families can be linked to a number of negative indicators related to family well-being. In addition, a time-limited housing assistance program that would be gradually phased out over a three year period would support progress towards economic self-sufficiency in a manner designed to avoid some of the "cliffs" needy families experience when exiting public assistance programs. A budget management component would be included in the program to help the participating families plan for the eventual termination of this transitional assistance.

The neighborhoods would be chosen based on the presence of other community partners, such as schools, churches, neighborhood organizations, transit services, child care facilities, and recreational facilities/programs that could offer assistance that would foster stability and growth for the participating families.
On a broader societal level, such a program would serve to decrease household mobility in two neighborhoods in Milwaukee. This effort could very well serve as a catalyst for further development efforts.

This proposal, which would cost approximately $12 million in its current form, was forwarded to Sen. Peggy Rosenzweig and the Department of Workforce Development in mid-2000. A fiscal bureau paper has been produced which verifies that such a project is allowable under TANF regulations, and the paper also provides examples of other states and cities that have implemented similar programs.

In addition to the pilot project for providing housing subsidies proposed by the W-2 Monitoring Task Force, the Wisconsin Council on Children and Families forwarded a proposal to Sen. Gwendolynne Moore that also seeks to help families maintain stable housing through a monthly subsidy. The details of the two plans differ slightly, but the existence of these two proposals demonstrates the widespread recognition among advocacy groups that there is a pressing need for new funding for some type of housing assistance program.

Although DWD agreed that housing assistance was viewed as an important work support, the proposed departmental budget does not include funding for any type of rental subsidy.

Although we have been repeatedly told that the state budget situation is extremely tight, the W-2 Monitoring Task Force nevertheless requests that the housing needs of low-income families be recognized as a priority. There are two compelling reasons for addressing this issue now: the current slowing of the economy will affect such families greatly, and the housing instability that may have been an unintended result of welfare reform should not remain an unaddressed legacy of W-2’s implementation. The W-2 Monitoring Task Force calls on the State of Wisconsin to make meeting the basic needs of low-income families a priority in TANF and MOE spending in the upcoming budget.

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