



Resident Services for Families in Affordable Housing

A Background Paper

More than four million families living in federally assisted rental housing units earn less than 30 percent of area median income. These families are living in poverty, with an average income of \$18,000 a year for a family of four, across most urban markets. Another one million residents in assisted housing are the working poor, earning less than 50 percent of the area median income or about \$30,000 a year for a family of four. Most of the families in assisted rental housing are headed by single women, and more than 50 percent are unemployed and lack a high school diploma.

The rationale for supplementing affordable family housing with social services is rooted in the literature on poverty. Summarizing research on the subject, especially as it bears on children, Lisbeth Schor concluded, “risk factors leading to later damage occur more frequently among children in families that are poor and still more frequently among families that are persistently poor and live in areas of concentrated poverty.”¹ She goes on to note that, “no one circumstance, no single event, is the cause of a rotten outcome. School failure, delinquency, teenage pregnancy – none is dependent on a single devastating risk factor.” But just as the cumulative impact of multiple risk factors causes poor outcomes, “each risk factor vanquished does enhance the odds of averting later serious damage. A healthy birth, a family helped to function even though one parent is depressed and the other seldom there, effective preparation for school entry – all powerfully tip the scales toward favorable outcomes.”² Poverty puts families at a greater risk for poor outcomes. But a supportive environment helps to ameliorate those risks.

WHAT ARE RESIDENT SERVICES?

Resident services³ are supports designed to help low-income families find and access services that foster positive outcomes. While affordable housing is extremely important in creating stability, conquering other risk factors has a cumulative effect on enhancing a family’s life prospects. We define property-based resident services as *permanent rental housing in which social services focusing*

¹ Within Our Reach: Breaking the Cycle of Disadvantage, 1989 p.29.

² Ibid. p. 32

³ Also called service-enriched housing.

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on personal and community asset building are available through referral and/or on site with at least one part-time staff person to coordinate and deliver services.

Resident services-enriched housing is largely a spontaneous, bottom-up phenomenon to respond to the needs of resident families: A recent environmental scan⁴ identified the most common issues in family developments: problem tenants (e.g. substance abuse, visitor and housekeeping issues); adverse changes in economic circumstances; crime and safety; desire for children and youth activities; increasing income through workforce development (education, training, job search, transportation and child care); and solving family crises. Crisis intervention and referral to effective community services are among the most basic and common resident services. Depending on availability of funding and capable social service agencies willing to partner, some high-priority services can be delivered on site. These might include early-childhood school readiness, after-school youth programs to improve educational performance and provide recreation in a safe environment, computer learning opportunities, workforce development, financial literacy and homeownership preparation.

The emerging field of service coordination⁵ in service-enriched housing is described by The American Association of Service Coordinators as linking “residents with supportive services that allow them to maintain self-sufficiency in their homes.” HUD uses an almost identical definition⁶. Throughout this paper we use the term resident services coordinator (RSC) to describe facilitators who:

- Identify resident goals,
- Develop strategies to link residents with services and overcome barriers that impede access to those services,
- Bring services on site for high-priority tenant goals, and
- Monitor the outcomes of services.

In practice, the role of RSC varies considerably, from organizing social functions and helping residents manage personal crises to operating highly-structured after-school programs.

⁴ Environmental scan by Sussman Associates in 2003.

⁵ This is a term of art that emerged in HUD public housing and special needs programs. It has been widely adopted by others.

⁶ HUD Management Agent Handbook 4381.5

These services contribute indirectly to property management by reducing turnover, decreasing maintenance costs, and freeing property managers from the burden of handling personal and interpersonal issues. RSCs generally work closely with property managers, in some cases working out of the property manager's office. Anecdotal evidence shows that most resident services are loosely structured—the idiosyncratic product of the RSC's abilities and interests on the one hand and the expressed needs and opportunities at specific developments on the other. The activities include referring residents to services, bringing social-service delivery on site as well as organizing social or community-building opportunities. Historically, resident services programs have operated on an ad hoc basis, with the RSC working fairly independently, having amorphous job-performance standards, and reporting to someone without significant RSC experience, most likely a property manager. Nonetheless, owners report that RSCs are highly committed to the tenants, show considerable compassion and are sometimes exceedingly creative. They generate goodwill and serve managers by being well informed about what is happening in the development and intervening with problem tenants. An emerging trend among nonprofit owners who are highly committed to resident services is to treat them as a separate and complementary function to property management. There is also a growing body of work that is bringing the RSC function into a framework of increased structure and accountability for positive outcomes.

HOW DO RESIDENT SERVICES DIFFER FROM SUPPORTIVE HOUSING?

Resident services for working families in affordable housing is very different from supportive housing for special-needs populations such as the mentally or physically disabled, chronic substance abusers, homeless individuals or ex-offenders with incomes under 30 percent of median. These special-needs populations require much deeper levels of on-site specialized services that usually include case management. Costs range from \$5,000 to as much as \$15,000 per household per year.

Family property resident services, in contrast, usually require a core capacity of facilities, staff and management systems at a cost of about \$300-\$400, and in some cases as much as \$600 per unit. This core capacity leverages additional funds from external sources and partners to develop services that typically cost less than \$3,000 per household. RSCs are generally trained not to assume a “case management” level of responsibility and liability. They may be good listeners, but they do not counsel tenants in the clinical sense. If needed, RSCs will partner with social-service agencies for individuals who require case management to maintain their living situations or to manage multiple or complex conditions. Typically, “case management” is limited to an outcomes-targeted model that

provides assistance for the specific purposes of helping families achieve successful tenancies and/or improve their employment status.

WHAT ARE THE COSTS OF RESIDENT SERVICES?

Limitations in accounting systems make it difficult for even large, fully-committed nonprofit owners to determine the precise cost of their resident services program. In fact, the accounting associated with grants and contracts for human-services programs is a particular headache for nonprofit developers. The most typical staffing pattern described during the environmental scan included RSCs earning roughly \$30-35,000. The number of units per RSC varied widely depending on the funding for the program and the needs of the resident population. A larger staff is often desirable in the years immediately after development or redevelopment, while the owner establishes a stable tenancy. In smaller projects, RSCs may divide their time among multiple properties, while larger properties are more likely to have full-time, on-site RSCs. Larger owners generally have a regional resident services manager, earning \$45-70,000, who supervises five to ten RSCs. Larger owners often have a senior manager responsible for all resident services and a full-time fundraiser.

Developers need to build the cost of physical space for services into their development budget. Minimally, they need space for the RSC's office, but multipurpose space and/or space for a computer learning center are extremely valuable and necessary for many on-site services. Many existing multifamily properties have some community space.

To provide a high level of resident services, especially in neighborhoods with a scarcity of community facilities, the development program should include large, freestanding community facilities. The Foundation Communities in Austin, Texas has built seven freestanding learning centers that range in cost from \$450,000 to \$900,000. In Low-Income Housing Tax Credit (LIHTC) properties, the developer includes the cost of community and services space into the property development budget. In other situations, the developer has to rely on public and private fundraising, such as Community Development Block Grants (CDBG) and grants from foundations.

Based on anecdotal data, the per-unit cost of the core capacity for resident services can add five to six percent to the operating budget. One of the challenges for resident services advocates is quantifying the investment return on these services. This return includes outcomes for residents, internal benefits to the property owner and external benefits in reduced social costs and increased tax receipts.

HOW ARE RESIDENT SERVICES FUNDED?

Funding resident services is very challenging and time consuming for owners of family affordable rental housing. With no stable source of funding, resident services are typically made possible through a combination of sources: individual and corporate donors, foundation grants, corporations, local fundraising events, Block Grant funds from local government, categorical grant funds for specific on-site programs, financing from the housing development budget (fees or reserves), development cash flow or reserves, and in-kind services from local agencies (with their own funding sources).

Although there is federal funding available for resident services in senior housing⁷, there is currently little likelihood of creating a specific federal funding source for family resident services.

Nonetheless, it should be noted that HUD has allowed the financing of resident services in the operating budgets of properties under the Mark-to-Market program, when HUD and underwriters are convinced of the need for services and the commitment of the owner. HUD also allows owners to access residual receipts to help fund Neighborhood Networks centers—typically a community room equipped with computers, internet access and staffed at least part time.

Many states encourage the provision of resident services in LIHTC developments but, paradoxically, most neither underwrite them in a way that permits even minimal funding of the services through the operating budget nor provide grant funding for this purpose. There are exceptions. In New York State, Enterprise Social Investment Corporation investments have provided reserves sufficient to support 15 years of resident services in projects with subsidies provided through the City of New York. Rhode Island Housing Mortgage Finance Corporation specifically provides grant funds for services.

In the absence of specific grant programs, affordable housing developers committed to resident services are having some modest success in capitalizing or recapitalizing housing to generate core capacity funds. The development period offers a particularly promising opportunity to plan and finance social services. Developers need to obtain significant front-end commitments and negotiate for others in the context of the transaction. Because there will be inevitable pressures to compromise during negotiations, developers must persuasively communicate their commitment to this funding goal to every member of the development team.

⁷ Through the Resident Opportunity Self-Sufficiency program, HUD makes grants available annually on a competitive basis to help fund resident services in elderly, special-needs and public housing.

On the other hand, two powerful forces are at work against transaction-related investments in resident services. First, developers face market pressures. While resident services may be attractive to some tenants, rents must be kept at competitive levels. Second, federal and state housing programs will never have enough money to meet housing needs: housing policy is heavily biased in favor of allocating limited funding to the core mission of creating affordable housing units.

Recognizing the improbability of public grant funding, Neighborhood Reinvestment, The Enterprise Foundation, The Community Builders and other members of the National Resident Services Collaborative and NeighborWorks® Learning Center Consortium envision a sustainable funding model for resident services including a core component generated through the project's financing. Their formula relies on a stable source of recurring funding sufficient to support the core capacity of a resident services program. With this stable core, it should be possible to consistently leverage the balance through annual fundraising from a variety of private donations, foundation grants and public-sector contracts.

IMPROVEMENTS IN RESIDENT-SERVICES MODELS

Emerging trends over the past five years in the family resident-services field include (1) the creation of more specialized, better-funded and more highly-structured resident-services programs with clearly articulated goals, program designs and measurable outcomes; (2) the increasingly differentiated roles of property management and resident services—a change that is also reflected by organizational reporting relationships; and (3) development of best practices and refinement of various resident-services models. These resident-services programs differ from more informally-conceived and -operated resident-service activities in that they represent a *planned system of response designed to achieve specific outcomes*.

The growth of resident services in family affordable housing is part of a general shift toward creating assets. Most housing managers with resident services use terms such as asset building, self-sufficiency, empowerment, well-being and independence to describe their programmatic goals. Delivery of programs in every housing development is uniquely tailored to the demographics and needs of residents as well as financial and in-kind resources available in the community. In a recent environmental scan⁸, we observed five predominant clusters of resident service functions:

- Successful tenancies

⁸ Environmental scan conducted by Sussman Associates in 2003 and updated in 2005.

- Economic self-sufficiency
- Child and youth development
- Community building services
- General resident services

Successful Tenancies

In residential communities where the resident-service function is treated as an extension of property management, successful tenancies is an important strategy for maintaining stability for low-income families at risk of homelessness as well as keeping the cost of unit turnover low.

- One property management firm has instituted an eviction-prevention program. After 10 days, when the property manager sends a late-rent-payment notice to a tenant, a copy goes to the RSC. The property manager gives the RSC a grace period to resolve the delinquency or to propose a payment plan. A study of the program by a graduate student indicated that 66 percent of the delinquencies were successfully resolved (an eviction was prevented) through this procedure.⁹
- Another property owner reports that it maintains a “watch list” of tenants who have come to the attention of property managers because of chronic late payments, behavioral issues, noise complaints, etc. The RSC staff has a protocol for maintaining closer contact with these residents.
- Another developer runs housing-readiness workshops for residents in an effort to create a different culture of property management. The training helps former public-housing residents succeed as market-property tenants by understanding that they will have greater choices as well as more expectations and responsibilities.

Tenants at risk of eviction benefit from efforts to help them navigate the kinds of temporary economic setbacks that can catastrophically destabilize low-income families. These services also establish the foundation for a strong and productive partnership between the resident-services and property-management functions that, in turn, facilitates the work of the RSCs.

⁹ The anecdotal impression is that it was a better tenant retention rate than previously existed.

Economic Self-Sufficiency

An outgrowth of welfare reform and recent anti-poverty strategies, individual and family asset building and economic self-sufficiency have become increasingly important themes of resident-services initiatives. Resident services designed to promote economic self-sufficiency include:

- Computer learning centers where the RSC runs classes and coaches tenants on using computers to write resumes and search for jobs as well as classes to develop computer skills
- Comprehensive family asset-building programs that include financial-literacy classes, household-budgeting trainings, individual development accounts and other personal savings plans, and first-time homebuyer counseling
- Referral of residents to organizations that assist low-income individuals to apply for Earned Income Tax Credit and childcare subsidies or financial assistance such as supplemental security income or TANF benefits

In some of its developments, The Community Builders' RSC assists residents to prepare and pursue a "Family Success Plan." These individualized plans provide a blueprint for economic mobility to help the resident become more economically stable and self-sufficient. The Foundation Communities of Austin, TX, operates an asset-building program at two of its developments. The program offers selected residents an Individual Development Account (IDA), which enables them to take advantage of a \$2 match for every \$1 deposited in the savings account. The IDA savings can be used for college, buying a home or starting a business. The Foundation Communities also offers financial-literacy classes.

Child and Youth Development

In family developments, childcare, youth development and after-school programming are extremely important components of the service mix. RSCs generally arrange services through organizations that serve youth, either on or off site. In some cases, the housing developer or an affiliated entity provides the services. Fordham Bedford Children's Services, a resident-services affiliate of Bronx-based nonprofit housing developer, Fordham Bedford Housing Corporation, operates two community centers in close proximity to their affordable housing developments. In addition to an after-school program in each of these centers, Fordham Bedford runs a teen center and a very extensive summer-camp program. These after-school programs focus on improving school performance as well as providing recreational safe havens for children during their out-of-school time.

Community Building and Civic Leadership

Community-building and civic-leadership services range from organizing social events to programs designed to give residents a voice in property management and services and to develop resident leadership. RSCs often have responsibility for improving the development's image and building bridges to the wider community through participation in Rotary and other civic groups. At the Hawthorne, the largest affordable housing community in Missouri, the director of social services has found that a problem like crime can galvanize residents to work together. With the assistance of resident-services staff, tenants have organized a crime watch and meet monthly. In other developments, residents have developed active partnerships with local police and neighborhood organizations to improve community safety.

Referral Services

RSCs are often called upon to help a family facing a crisis or to identify resources and refer residents to services. They are often asked to help with emergency funds to help pay rent, locate health and mental health services, refer residents to substance abuse programs or solve transportation problems. These referrals may have varying degrees of success depending upon the services available and the skill of RSCs in matching families with the most appropriate and effective service to meet their unique circumstances. The Enterprise Foundation is training resident-services staff of several nonprofit housing managers to evaluate the most effective services and develop partnerships to ensure that residents achieve the desired outcomes.

On the demand side, the mix of services depends on the socio-economic and demographic characteristics of the tenants, the size and design of the property, proximity to transportation and community services and broader neighborhood and community dynamics. On the supply side, the level and type of services depends upon the availability of resources, community opportunities and the owner's mission and priorities.

TREND TOWARD IMPROVED OUTCOMES MEASUREMENT

The Enterprise Foundation and Neighborhood Reinvestment and their network and consortium partners provide two examples of best practices emerging from the resident services field. They focus on managing services that will achieve desired outcomes or targets and tracking and verifying results for children and families. This reflects the trends in the public sector and philanthropy to focus on specific measures of success, not just numbers of participants or people served. These efforts also

focus on developing best practices in a field that has thus far operated with little agreed-upon structure.

The Enterprise Foundation Resident Services Initiative

For the past three years, The Enterprise Foundation has operated a Resident Services Initiative¹⁰ with three local nonprofit partners. The goals are to improve outcomes for families and properties, document best practices and document three resident-services models to share with the community-development field. Enterprise worked with the local nonprofit partners to develop and implement resident-needs and -interests surveys in both English and Spanish. Based on survey results and local partners' experiences with existing resident services, they collected baseline data and set specific targets for improvements. The success, not just participation, of children and families had to be verified. For example, targets for families and the properties included:

- Number of children in after-school programs who raised their grades,
- Number of adults who obtained jobs or advance on their careers,
- Number of adults who mastered a level of English as a second language,
- Number of people who opened savings accounts,
- Number of children who felt safer, and
- Amount of increased rent collections.

At its core, the Resident Services Initiative focuses on refining resident referral to quality services and follow-up efforts with community social-service agencies to ensure success. This includes training for RSCs on skillfully evaluating a wide variety of neighborhood or community service agencies. Enterprise is also developing best practices in partnering with community social- service agencies that provide job-placement, job-retention and career-advancement services as well as childcare and development. Best practices are also being tested in on-site services that meet the most pressing needs of the resident families, including after-school care to improve educational performance and provide safe havens for children, computer access and education, English as a second language classes and financial literacy.

Neighborhood Reinvestment Learning Center Consortium

The NeighborWorks® Learning Center Consortium, begun in 2002, is composed of fifteen NeighborWorks affiliates and three large owners of affordable rental housing--The Community

¹⁰ Also known as the Family Advocates Program.

Builders, Mercy Housing and CommonBond Communities. The members have developed a list of common programs, defined measurable outcomes for those programs and are collecting and sharing outcome data.¹¹ The consortium has identified ten categories of asset-building outcomes – eight individual or family categories and two community categories:

Individual-asset categories:

- Early-childhood education/school readiness
- Elementary school success
- Teen academic success, extracurricular success and post-secondary readiness (i.e. any formal post-high school education)
- Adult employability
- Financial literacy
- Homeownership readiness
- Health/access to health insurance
- Seniors

Community-asset categories:

- Leadership development
- Property safety/security

One of the early benefits of the Consortium has been improved planning for outcome measurement. In keeping with the adage “what gets measured, gets managed,” participants report that the initiative is generating more focus and discipline in implementing programs and developing job descriptions. One category of indicators includes short-term, leading indicators – to assist RSCs in managing their programs weekly and monthly toward maximum outcomes at the end of the year. These managerial indicators include the percentage of the target market that is enrolled, attending and actually completing activities. The Consortium’s data collection will have value in a field that often lacks empirical examination—for example, determining the value of after-school activities.

¹¹ See NeighborWorks’ publication, “Community Learning Centers: Investing in Multifamily Excellence,” in the Summer 2004 issue of *Bright Ideas*:
<http://www.nw.org/network/neighborworksprogs/multifamily/documents/CLCsbridgetideas.pdf>

INSTITUTIONAL INFRASTRUCTURE

As resident services are becoming more established in affordable housing communities, a variety of intermediaries, associations and agencies have mobilized resources to buttress these efforts:

- **Neighborhood Reinvestment** has hosted the NeighborWorks® Learning Center Consortium (NRLCC) comprised of local and regional affordable housing owners/developers. The Consortium provides peer exchange, best practices development and training/consulting. It also seeks funding and policy advocacy through a best-practice framework—members exchange outcomes and program management costs/structures. As of 2005, NRLCC currently consists of 18 affordable housing developers, adding five per year, that provide service-enriched family housing. To date, NRLCC has created a measures dictionary, implemented standardized quarterly reporting, developed a standardized budget form and published a report on learning center's entitled "Partnerships in America's Dreams." The report is available online at www.nw.org/network/neighborworksprogs/multifamily/documents/LearningCenterFinal.pdf. The dictionary and other tools are available online at www.nrlcc.org.
- **The Enterprise Foundation** is working with several local nonprofit housing developers across the country to improve program performance and demonstrate effective models for quality coordination of resident services for families and children in affordable rental housing. Enterprise plans to add three to five additional organizations per year to its resident services network. Enterprise is using an outcomes-based management approach to operate this program that, in addition to resident referral and follow up services, includes adult and youth employment, financial literacy, English as a second language, community safety, after school recreation and educational enrichment, child care and adult educational attainment. Enterprise is developing a resident-services initiative report, manual and online tutorial for practitioners, which will be available to the field in 2006 at www.enterprisefoundation.org.
- **American Association of Service Coordinators (AASC)** is a nonprofit trade association representing RSCs who serve families, the elderly, persons with disabilities, and others who are creating and maintaining service-enhanced housing environments. AASC primarily focuses on senior and service-enriched properties, but in FY 2005 it called for the expansion of service-coordinator funding to Section 811 housing program and Low-Income Housing Tax Credit (LIHTC) projects. Through a Department of Commerce grant, AASC is

developing a Resident Services Data Collection Network, which will list 60 types of services and allow users to request data on various measures. More information can be found on the AASC website at www.servicecoordinator.org.

- The Enterprise Foundation and its key Enterprise network members involved in resident services joined with the Neighborhood Reinvestment Learning Consortium and the American Association of Service Coordinators in 2003 to form the **National Resident Services Collaborative**. This Collaborative meets several times annually to address: increased funding for improved resident services, development of best practices and training, and agreement on key program outcomes to bolster advocacy efforts for public policy and private-sector underwriting to finance resident services. Information about the efforts of the NRSC will be available at www.residentservices.org, a site that is currently under construction.
- HUD **Neighborhood Networks** are multi-service community learning centers built around computer labs in HUD-insured and -assisted properties to provide residents with computer access, promote literacy, offer technology skills training, expand employment opportunities and expand access to services. The centers tend to rely on local public/private partnerships for financial and technological support. HUD has retained the services of a consulting firm, DB Consulting Group in Silver Spring, MD, to provide technical assistance and organize an annual conference. For more information visit <http://www.hud.gov/offices/hsg/mfh/nnw/nnwindex.cfm> or call the Neighborhood Networks Information Center toll-free at (888) 312-2743.

This background paper was prepared by Carl Sussman, a consultant to The Enterprise Foundation, and edited by Diana Meyer, Senior Director at The Enterprise Foundation, for The Resident Services Symposium co-hosted by The Enterprise Foundation and Neighborhood Reinvestment on March 31, 2005 in Washington, D.C.