

***CONFERENCE SUMMARY FOR  
THE FANNIE MAE FOUNDATION***

**“Building the Promise:  
Housing Assistance as Social Investment”**

Fifth Annual Berkeley Conference on Housing and Urban Policy  
Andersen Auditorium, Haas School of Business  
University of California, Berkeley  
March 25, 2004

**A DRAFT REPORT FOR KNOWLEDGEPLEX**

**SUBMITTED BY:**

**BERKELEY PROGRAM ON HOUSING AND URBAN POLICY  
UNIVERSITY OF CALIFORNIA  
BERKELEY, CA 94720-6105**

**“Building the Promise:  
Housing Assistance as Social Investment”**

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Andersen Auditorium, Haas School of Business  
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**CONFERENCE PROGRAM**



**Berkeley Program on  
Housing and Urban Policy**

**<http://urbanpolicy.berkeley.edu>**

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***Conference Agenda***

**BUILDING THE PROMISE:  
HOUSING ASSISTANCE AS  
SOCIAL INVESTMENT**

***Fifth Annual Berkeley Conference on  
Housing and Urban Policy***

*Sponsored by  
Berkeley Program on  
Housing and Urban Policy*

*Thursday, March 25, 2004*

*Andersen Auditorium  
Haas School of Business  
University of California, Berkeley*

*Goldman School of Public Policy  
Haas School of Business  
College of Environmental Design*

*Institute of Business and Economic Research  
Fisher Center for Real Estate and Urban Economics*

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**BUILDING THE PROMISE: HOUSING ASSISTANCE AS SOCIAL INVESTMENT**

8:00am - 8:30am

**Registration & Morning Coffee**

8:30am - 8:45am

**Welcome and Introductions**

John Quigley  
UC Berkeley

Tom Campbell  
UC Berkeley

8:45am - 10:15am

**Housing as Social Investment:  
What Do We Know?**

Raphael Bostic, Moderator  
University of Southern California

Sandra Newman, Presenter  
Johns Hopkins University

Discussion Panel

Amy Bogdon  
Fannie Mae Foundation

Roberta Achtenberg  
San Francisco Chamber of Commerce

James Buckley  
Citizens Housing Corporation

10:15am - 10:30am

**Break**

10:30am - 12:00pm

**Investment in Homeless Facilities and  
Services**

Eugene Smolensky, Moderator  
UC Berkeley

Sam Davis, Presenter  
UC Berkeley

Discussion Panel

Carol Wilkins  
Corporation for Supportive Housing

Amy Lemley  
Fist Place Fund for Youth

Darius Kayhan  
San Francisco Department of  
Human Services

12:00pm - 1:00pm

**Lunch**

1:00pm - 1:30pm

**Presentation:  
Knowledgeplex.org**

Troy Anderson  
Fannie Mae Foundation

1:30pm - 2:30pm

**Keynote:  
Philanthropy, Entrepreneurship, and  
Revitalizing the Urban Core**

Michael Stoll  
UC Los Angeles

Kevin Johnson  
St. Hope Foundation

Bradley Inman, Moderator  
UC Berkeley

2:30pm

**Adjournment & Reception**

**“Building the Promise:  
Housing Assistance as Social Investment”**

Fifth Annual Berkeley Conference on Housing and Urban Policy  
Andersen Auditorium, Haas School of Business  
University of California, Berkeley  
March 25, 2004

**CONFERENCE SUMMARY**

## ***Introduction***

Since its founding in 1998, the Berkeley Program on Housing and Urban Policy (“BPHUP”) has established a reputation as a center of academic excellence and national leadership in housing studies and the application of knowledge to the study of housing and urban policymaking. To further its mission, BPHUP sponsors an annual Berkeley Conference on Housing and Urban Policy, attended by over 300 nonprofit and private-sector housing development professionals, government officials, community organizers, graduate and undergraduate students, and academics. The annual conference has garnered a well-earned reputation as a forum for thought-provoking discussion panels, important research presentations, networking opportunities, and broad-minded content pertinent to leading professionals and academics in the housing and urban policy field.

The annual conference, supported by the generous sponsorship of the Fannie Mae Foundation, honors the legacy of BRIDGE Housing Corporation founder I. Donald Turner, who devoted his professional life to the goal of providing housing affordable to all American households. Turner's multifaceted career – featuring noteworthy stints in academia, government, and the private and nonprofit sectors – mirrors the multidisciplinary imprint of the annual conference and its core audiences.

This report summarizes “Building the Promise: Housing Assistance as Social Investment,” the Fifth Annual Berkeley Conference on Housing and Urban Policy held March 25, 2004 at the Andersen Auditorium, Haas School of Business on the Berkeley campus. The conference this year focused primarily on facilitated discussion rather than formal research presentations, and this report presents the reader a reprise of the discourse and debate, on sensitive policy questions, which marked the day.

## ***Social Investment in Housing Assistance***

Berkeley's conference this year explored ways in which housing subsidy programs constitute forms of investment generating returns for recipient households, their communities, and the society around them. The conference day was designed to address two important aspects of these questions. The first essentially concerns whether resources invested to assist suppliers and demanders of affordable housing "pay off" in terms of social improvement. As informed by research in economics, sociology and other fields, can we show that these investments are sustainable as sound public policy from a social-returns perspective? The second focus relates to programs specifically designed to assist homeless individuals and families. How has homeless assistance evolved to include forms of direct social investment in recipients, the organizations which sponsor housing and supportive services for them, and the cities and regions around them? Conference panels addressed each of these focus areas.

BPHUP's director John Quigley, who holds UC Berkeley's I. Donald Turner Distinguished Professorship, framed the proceedings in his opening remarks. Quigley indicated the conference would address key linkages between housing policy expenditures and their desired social outcomes. He acknowledged that traditional justifications for such expenditures have concentrated upon the redistributive impulses of taxpayers to provide assistance to less fortunate households, in a form often more acceptable politically than outright cash transfers. The conference program's emphasis would be on a different kind of policy motivation, Quigley noted. He asked whether housing programs might actually be viewed as socially profitable for the operators of government programs and the taxpayers who fund them, under conventional economic criteria. Many housing programs have economic returns on investment that are tangible and credible, although they may not be captured by traditional measures of housing

policy effectiveness. For example, some homeless programs seem to generate social benefits in the form of reduced demand for other social services. Quigley said conference speakers would address the extent to which housing assistance can yield economic returns beyond lowering the cost of housing.

On being introduced by John Quigley, Haas School of Business Dean Tom Campbell added his own brief welcome to the conference participants. As a former member of the US House of Representatives and both houses of the California Legislature, Campbell brought his own specific experiences to bear on the day's agenda, and related them as anecdotes for the audience. He said that while it might not always be recognized as such, housing is central to a wide range of policy issues. It is a social investment that compliments other programs and efforts, including poverty alleviation, transportation, and community development. Campbell emphasized that while research on housing as a social investment is crucial, having a meaningful impact also requires becoming engaged in practice and politics as well. In order to make a difference, Campbell added, it will be necessary to form coalitions and include a wide range of stakeholders in discussion about the importance of housing policy.

***Panel Discussion: "Housing Assistance as Social Investment: What Do We Know?"***

The introductions were followed by a panel discussion addressing research and experience informing the linkage between housing assistance and measurable social and policy benefits. The discussion prominently featured question-and-answer exchanges with participating audience members. Raphael Bostic, an urban finance economist and professor at the University of Southern California's School of Policy, Planning, and Development, moderated. Bostic was joined by Sandra Newman of Johns Hopkins University, who delivered a presentation entitled "Housing Assistance as Social Investment: What Do We Know?"; Amy Bogdon, Managing

Director of Housing Finance and Development at the Fannie Mae Foundation in Washington, DC; Roberta Achtenberg, Senior Vice President for Public Policy for the San Francisco Chamber of Commerce, and former Assistant Secretary at the US Department of Housing and Urban Development (HUD) in the Clinton administration; and James Buckley, President of the Citizens Housing Corporation in San Francisco.

Sandra Newman's presentation first provided an overview of the research on housing as social investment to date. She began by defining "social benefits" – of the type possibly traceable to housing assistance - as broadly including all measurable, positive effects on a person's well-being, including their health, income, education and other dimensions. She focused in particular on public housing, since this is the arena offering the most rigorous research approaches and concrete findings on the linkage to date.

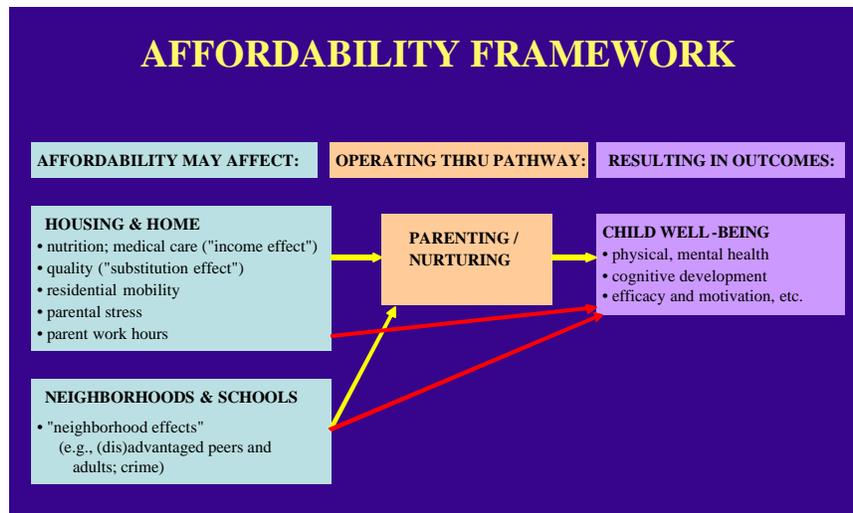
Newman said the concept of housing as social investment is hardly a new idea. In fact, the concept originates with early public housing programs in the 1930s, when housing was viewed in terms of social goals and economic opportunity for slum residents, rather than simply as a form of economic assistance for the poor. In *Slums and Housing* (1936), James Ford wrote "[t]here has been lacking in the housing programme the vision ... in which each home will be a positive element in the self-development of its occupants and of the community .... This may be taken as the criterion by which the success of housing programs is to be gauged ...." The idea of housing as social investment has also appeared in various research contexts for many years, although several factors have provided the topic even more research cachet of late.

First, the 1996 welfare reform law, and accompanying state policy experiments and policy evaluations, sparked a deepening in our thinking about housing as social investment. Over half of all public housing residents are also welfare recipients, and this fact gained

prominence as the provision of public benefits became conditioned ever more explicitly on individual social advancement and workforce participation among recipients. This new perspective emphasizes the role of benefit programs as explicit social investment. Early research on welfare reform focused on whether housing assistance may impede the progress of welfare-to-work programs.

A second factor is the increasing awareness of persistent street homelessness, particularly as illustrated in powerful journalistic accounts such as Ken Auletta's *The Underclass* (1982) and academic pieces such as William Julius Wilson's *The Truly Disadvantaged* (1987). These accounts make housing issues and their social consequences more vivid and palpable, increasing their visibility on the social agenda. Third, a new body of research by social epidemiologists emerged, beginning to demonstrate effects of social environments and economic straits on individuals' biochemistry (e.g., stress-related hormones) and overall health. Because housing is an important factor in defining social environments, this link raises the possibility that housing programs have social benefits well beyond those associated with merely reducing the cost of housing consumption.

For research purposes, the question has generally been conceived of in terms of the impact of housing policy on the well-being of children. Unaffordability problems, and the housing assistance programs meant to address them, can affect children either directly or through their impact on parent behavior. Variables that are affected by housing assistance can include parental stress, work hours, income and substitution effects from lowering the housing cost burden, residential mobility, and neighborhood effects, particularly a child's peers.



Framework: Social Impacts of Unaffordability (from Sandra Newman's presentation)

Newman said there are several schools of thought on the incentives and impacts created by housing assistance. Some argue that housing assistance reduces the incentive to increase work hours and salary, since the requirement to pay thirty percent of income under housing subsidy programs effectively imposes an equivalent tax rate on increased earnings. Public housing, in particular, has also been thought to concentrate poverty geographically, with attendant negative social impacts on surrounding neighborhoods. More optimistically, others conjecture that the residential stability provided under housing programs provides opportunities to sustain long-term employment. These various hypotheses aside, in 1980 one prominent housing economist remarked that "[m]ore than 40 years' experience with public housing and other subsidized programs, and a large body of independent research findings, have provided little evidence that better housing does, indeed, yield benefits to society over and above the improvement in housing itself."

Newman reviewed a number of rigorous studies released since that time, which have provided some compelling indicators of the social impacts of housing policies. Summarizing this work, she declared that public housing has been found to have verifiable, beneficial effects

on children in recipient families, while the research on adult effects has been relatively neutral (about as much evidence for positive as for negative effects). Newman noted that the evidence on public housing is imperfect, since it is observational rather than experimental.

Newman first described her own study, conducted with fellow Johns Hopkins researcher Joseph Harkness, involving children who lived in public housing while they were 10-16 years old (compared with those who did not). The economic and social circumstances of the children – in terms of history of overall earnings and participation in welfare programs - were observed for three years during their mid-20s. The study controlled for a wide range of variables such as race, education, economic factors, and family characteristics. The research confirmed significantly better economic and social outcomes among children who lived in public housing. Specifically, residence in public housing increased the chances of study participants' working by seven percent, raised annual earnings about \$1,860, and reduced welfare tenure by an average of over 8 months.

Newman interpreted these findings to mean that disadvantaged people tend to live in public housing in the first place, and this leads to the general assumption that housing programs themselves contribute to the persistence of poverty. Contrary to such beliefs, however, the provision of public housing in fact has a beneficial effect on its recipients, when other influences on social advancement are properly controlled for in the study of longitudinal data tracking these individuals. Thus, poor young-adult outcomes of children who grew up in public housing are attributable to their more disadvantaged family-background characteristics, not to public housing itself.

Newman then mentioned similar findings in other studies, focusing more on short-term impacts of public housing residence. For example, work by Currie and Yellowitz (2000) at

UCLA finds that children who live in public housing are eleven percent less likely to be held back in school than their demographically similar non-public housed peers. On balance, then, Newman concluded that the research establishes relatively clearly that public housing programs provide measurable benefits to children, benefits which represent positive social returns on social investments in housing assistance.

Newman then turned to the less pronounced results in work studying housing assistance impacts on adults. HUD researcher Mark Shroder, in a 2002 review published in the *Journal of Housing Economics*, evaluated eighteen studies of employment outcomes for adults who had lived in public housing. He found that while disadvantaged people tend to live in public housing, the housing itself had neither positive nor negative effects on labor force participation, welfare receipt, work hours, or earnings. Newman's own further research on this matter shows that without appropriate controls for the greater disadvantage prevalent among public housing residents, adults seem to work less, earn less, and spend more time on public assistance. Once controls for greater disadvantage are included in the model, however, these negative effects disappear. Variation in the nature of the housing benefit conferred (i.e., changing "policy regimes" over time) seems to have little effect on outcomes.

Newman concluded her remarks by pointing to a number of new housing benefit studies underway, moving beyond the focus on public housing programs toward a variety of other subsidy regimes, such as the low-income housing tax credit. She remains optimistic that further research will help elucidate the true effects of these policies and lead toward improvements in program design and the delivery of the most appropriate and useful shelter and service packages to needy recipients.

Responding to Newman's paper, Amy Bogdon complimented the presenter on her fine work and on her highlighting of the connections between housing assistance and welfare programs. Bogdon said that while it is extremely important to conduct research on the social effects of housing assistance, there is a great deal of basic information that is as yet unknown. A major hurdle is the shortage of research funding to support what is a rather daunting social science enterprise, a situation further hampered by the absence to date of a very strong catalog of existing research with credible findings.

There are a number of things that research has taught us about the effects of housing policy as social investment. However, Bogdon continued, we know little about the economic cost to society of not providing assistance, and the effects on individuals who lack assistance. First, more research is needed on some aspects of voucher programs. One of the things we do know is that vouchers are more cost effective than many other programs, but that there seem to be substantial problems with vouchers in tight housing markets. In addition, there is inadequate information on voucher utilization rates. Research from HUD's "Moving to Opportunity" program has shown positive effects among families that move to better neighborhoods using vouchers, but not enough is known about why this is the case. Second, more research is needed on the interaction between welfare reform and housing policy. Welfare-to-work programs have been well studied, due in no small part to the state-waiver evaluations in the 1990s. However, not enough is known about the other factors in addition to employment efforts that are needed to help people attain self-sufficiency, such as housing. Third, more research is needed on the nonprofit housing industry. While there is a great deal of knowledge among nonprofit housing groups, much of it is very localized. More information is needed to understand the systematic

ways in which nonprofit organization of the industry affects shelter and service delivery, and in turn the measurable social returns on taxpayers' investment in these programs.

Bostic then posed the question whether this kind of housing-benefit research does in fact influence the setting of policy priorities. Roberta Achtenberg spoke about her experiences in government, observing how infrequently research seems to affect the policy process in any direct fashion. She said when she was a member of the Board of Supervisors in San Francisco, research played little perceptible role in setting housing policy. While easing housing unaffordability was viewed among her colleagues as a clear policy priority, and humane toward those in need, few politicians stop to ponder the broader picture of housing assistance as a form of social investment requiring measurable returns. While serving at HUD, Achtenberg noticed considerably greater attention within the agency being devoted to housing research and its policy implications. However, this was not typically the case in relations with oversight and appropriation committees in Congress. Thus, even when HUD bolstered its policy design with research findings, the research did not seem to influence funding decisions very strongly.

While serving as an officer at the Federal Home Loan Bank in Achtenberg, Achtenberg witnessed a great emphasis on research, with decisions being specifically based on statistics and other quantitative information to a much greater degree than in legislation and politics. Politically, housing programs are not often discussed in terms of social investment, because that is not a popularly understood framework for policy evaluation. But to the degree that research on housing as social investment can be advantageous to housing advocates, it may be increasingly used to make the case for housing policies.

As a housing developer, Jim Buckley emphasized the importance of qualitative, experiential evidence in addition to conventional statistical research. Buckley recalled his work

at BRIDGE Housing Corporation in San Francisco in its earliest phase. He said Don Turner taught that in-person observation of subsidized projects is the most immediate way to provide citizens useful perspective on housing policy. This strategy works both for policy makers, who need to understand the inner workings of housing policy, and for a proposed project's neighbors who are hesitant to accept affordable housing in their neighborhoods. While statistics and other research are essential, actually going out and observing the social impacts of successful housing policy can have a profound effect in making housing a real and tangible issue for people.

Bostic then facilitated a panel discussion with audience members. One member of the audience asked whether the creation of temporary construction jobs constitutes an effective political argument in favor of housing production. Buckley remarked that the case for housing can be persuasive to local politicians and opinion leaders, both in terms of new jobs and because in the Bay Area limits on housing supply are a substantial brake on economic growth. Achtenberg agreed but cautioned fears over deleterious effects of new housing on neighborhood character can create obstacles, as in the failure of Proposition J, a workforce housing initiative, in San Francisco in March 2003.

Another member of the audience acknowledged that most behavior and attitude is triggered by personal motivations and asked how housing advocates can we appeal to voters' self-interest. Panelists emphasized the negative impacts of under-providing housing and the positive benefits for neighborhoods, cities and regions when families of various income segments are adequately housed. Newman described evidence that employers opt not to locate new plant facilities in metropolitan areas suffering a shortage of reasonably priced housing. As a result, producing inadequate supply of affordable housing slows the regional economy as a whole. In response to a question regarding raising the profile of housing as an issue on the

public agenda, Bogdon said the Fannie Mae Foundation is initiating new polling projects to discern what features of housing initiatives most resonate with voters. Comprehending the nature of public opinion and perception is a key motivation for this kind of research, and resulting data should assist housing advocates, developers, and policy analysts hone their arguments. Buckley worried that voters sometimes miss important connections between housing and other key political questions. Most everyone is concerned with commuting and mass transit, but one key influence on transportation demand is the location of new residential construction relative to the location of new job growth.

***Panel Discussion: “Investment in Homeless Facilities and Services”***

The next conference panel explored trends in homeless shelter design and service delivery. Eugene Smolensky, a professor and former dean at Berkeley's Goldman School of Public Policy, moderated. Smolensky was joined by Sam Davis of Berkeley's architecture faculty, who delivered a leadoff presentation to start the discussion; Carol Wilkins, Director of Intergovernmental Policy with the Corporation for Supportive Housing; Amy Lemley, founder and Executive Director of the First Place Fund for Youth in Oakland; and Dariush Kayhan, Director for Housing and Homeless Programs at the San Francisco Department of Human Services (participating in the conference on behalf of Mayor Gavin Newsom).

In his very compelling photographic presentation, UC Berkeley architecture professor Sam Davis said the design of homeless facilities is now considered a critical factor in their overall success. He said designers were learning from mistakes of the past, including now antiquated “warehouse” models of homeless shelters.

Davis noted that homelessness is a result of many factors, including inadequate income, high housing prices, substance addiction, poor mental health services, withering social safety

nets, and a host of behavioral issues such as domestic abuse. Demographically, the homeless are a diverse population including people of all ages and family backgrounds. Davis said only roughly one-fifth of the homeless are the chronically so, but this group largely informs the national perception of homeless people. Because of the great diversity of the population and the wide-ranging causes of homelessness, numerous policy factors contribute toward the solution. Sensitive, resourceful architectural design is one of these factors.

Davis showed several slides of innovative new shelter facilities from California and elsewhere. These projects include such amenities as schools and gyms and offer innovative use of buildings and spaces. Shelters and transitional housing for the homeless are thus evolving from the heritage of facilities designed to provide only temporary respite from the streets. Davis believes a number of identifiable design features now constitute best practice in the field.

First, homeless facilities should have large, open lobbies, because clients wish to ensure safety and comfort before risking entry. Second, medical and other treatment facilities must be accommodated on-site, given that up to eighty percent of arriving residents initially suffer from a number of ailments common among the street population. Unless help is immediately available upon guests' registration at the facility, such maladies can become critical.

Designers must also plan for adequate computer facilities, Davis asserted, to help residents learn, access information, and find jobs. Unlike shelters of the past which placed numerous beds per room, it is common to provide each resident the dignity and convenience of divided sleeping areas. These spaces provide privacy and allow administrators the flexibility to separate different populations when necessary. However, operators must also balance privacy with the kind of openness necessary to adequately monitor and supervise residents, so that all enjoy a safe, secure facility.

In the past, boarding houses and single room occupancy (SROs) hotels served the predominant share of the homeless. While cheap to procure and provide, these buildings are often physically undesirable; indeed, due to their age and disrepair, many feature inordinate risks of fire and collapse. As the stock of this type of housing is depleted through attrition, social-service agencies find innovative ways to renovate and reuse these structures to provide safe shelter and services for marginal populations. Davis added that supportive housing, which offers mental health, substance abuse, career counseling, and other services on-site, shows great promise. A major study by researchers at the University of Pennsylvania shows such facilities often pay for themselves by reducing other public costs, and therefore constitute a promising form of social investment.

Another innovative idea is to build very small structures, reminiscent of the historic earthquake shelter houses used after large disasters. These homes offer a measure of privacy and self-sufficiency to the occupants. However, although the idea is creative, such dispersed small structures do not provide a sustainable solution; the lack of construction economies makes it onerous to build such projects in sufficient numbers to have any last effect on the homeless population as a whole. Interestingly, some larger facilities echo their own metaphors. One building was designed to look like an ark, communicating to its audience and users that it is a safe haven from the disruptions of street life. Another building tried to capture the street-level appearance of a shopping mall, with storefronts containing service providers rather than retailers, thereby providing visual evidence of inclusion within the mainstream environment and community cohesion.

Davis then displayed and described some of his own projects for the homeless. They included the redesign of an armory-style emergency shelter. For this facility Davis utilized

discarded construction materials to develop a small urbanscape of buildings within the larger warehouse space. The design provided private living quarters and a commercial production kitchen used for operations and for job training. Davis' Larkin Street project in San Francisco is the first housing specifically targeting for homeless youth with HIV/AIDS. The building is designed to resemble a house – it has a foyer, common room and dining room. It incorporates lively color schemes to make it less institutional and hence more appealing the young people it serves. All of these features make the project more costly than some other homeless shelters, but Davis believes the added expense is necessary for sustained, successful operation, and thus constitutes a worthwhile housing investment.

Echoing the prior panel's themes, Wilkins stated that supportive housing is one area where research has had quite a profound effect. Greater information and new technology have helped us understand better who the chronic homeless are, and what special needs they have. Wilkins then assessed the current state of the federal response to homelessness. Significant attention and, in some cases, increased social resources are being directed at ending long-term homeless. One of HUD's three current major policy priorities is its commitment to end chronic homelessness nationally by 2012. Supportive housing is a cost-effective means of doing so. Wilkins estimated that society pays approximately \$40,000 to support a person living on the street, including shelters, medical costs, treatment, public safety costs, and other factors. Supportive housing as an investment reduces these costs, targeting actual long-term solutions to the population's problems, rather than just services.

Research on the benefits of supportive housing has clearly had an impact at HUD's planning. Credible estimates hold that there are about 250,000 chronically homeless individuals nationwide, and approximately 150,000 supportive housing units will likely be needed to manage

this demand. Serving the chronically homeless is a bipartisan goal, Wilkins said, and both executive and legislative branches of the federal government have shared in this commitment. For example, President Bush's current budget proposal would provide \$70 million for non-governmental groups to provide services to chronically homeless individuals.

Efforts are underway to develop interagency partnerships and better interaction between levels of government to meet the goal. The current aim is to develop a "housing first" model, under which most chronically homeless individuals will receive supportive housing quickly upon being registered in the care system. Unlike in the past, there will be no initial waiting period during which clients must first live in shelters, nor will sobriety requirements be used to exclude certain residents from supportive facilities. Instead, such individuals will be required to access on-site addiction services once they are housed. The trend is slightly counter to the social-contract features of welfare-to-work programs, inasmuch as the shelter provision itself will no longer be directly conditioned upon satisfactory maintenance of certain performances and agreements by the client.

Wilkins cautioned there is also reason for some pessimism regarding changes in federal housing policy as it affects homelessness. Many families face dire economic straits and are thus continuously threatened with short-term spells of homelessness. For this population the solution would be permanent affordable housing, rather than support-enriched temporary housing. But the Bush administration is proposing to slash and reshape the Section 8 voucher program, possibly block-granting all aid to the states, and these housing policy changes may have drastic implications for funding and for the homeless population. These changes could immediately exclude 250,000 people from housing assistance, Wilkins noted.

Amy Lemley, founder of Oakland's First Place Fund for Youth, described how the current foster care system is failing to address the broader needs of emancipated youth. Foster care is currently just a housing program, she said, and it often fails to address the destructive behaviors and relationships pushing children into foster care in the first place. Lemley believes finding stable housing for these children, especially as they become old enough to transition out of government care, is a key indicator of success for the entire enterprise, while homeless spells its failure. Unfortunately, problems facing emancipated foster youth are directly linked to homelessness. Lemley cited a recent Los Angeles study finding that one-third of the chronic homeless are former foster children.

The demographics of foster care are changing, Lemley said. Increasingly, youth are poorer and staying in the system for longer periods of time. Often they fail to transition out of the system prior to their eighteenth birthdays, when state obligations for their shelter and well-being suddenly terminate. Worse, current approaches to foster housing are costly and ineffective. California spends \$4 billion per year on inefficient "congregate" housing. The average age at which economic independence is first attained has now increased to approximately twenty-six, making the years after emancipation especially onerous for those lacking typical sources of continuing family support.

Lemley identified three core elements marking her organization's approach to the problems of recently emancipated foster youth. First, she aims to integrate well-designed housing with services and standard amenities. While her organization does not develop housing on its own, it looks for units that are attractive and provide a sense of normalcy and social anchoring for young adults. Quite in contrast with institutional placements and social service facilities, Lemley chooses only those units which are naturally attractive to young people, near

transit and retail, so that clients are able to develop connections and stability occupying their first real homes as adults. Second, her organization follows the “housing first” model, where individuals receive permanent housing immediately, without moving through transitional housing or facing unrealistic standards to qualify for shelter. This approach is a crucial step toward improving engagement and maintaining clients' participation in the program over the long term.

Third, Lemley attempts to establish a high level of peer engagement among her clients as a group. Individuals are placed in a cohort of their peers, who then take financial literacy and other classes together. The hope is that participants will establish relationships with these peers and learn from – and support – each other. Such peer relationships are often ignored by government agencies, but ultimately can provide crucial social networks offering more lasting impacts than those found in clinical or administrative contacts with social workers or counselors. Lemley's sense is that these three core elements – quality housing, housing first, and peer cohorts - produce positive results for clients' employment, education, and overall welfare.

In his remarks, Dariush Kayhan noted it was important to put homelessness back on the national political agenda. He suggested that, despite some positive news at the federal level, homelessness appears absent from the menu of issues prominent in the 2004 presidential race. However, Kayhan said, at the local level there is now enough data to know what types of strategies are most effective. In San Francisco, newly elected Mayor Gavin Newsom is working to use the city's stock of SROs effectively, through purchase and rehabilitation programs. In addition, Newsom is working to end cash grants, which can contribute to the problems of chronically homeless individuals, and use the administrative savings to pay for increased supply of housing units and supportive services. The vehicle for this change is Proposition N, the 'Care

Not Cash" initiative, approved by San Francisco voters in 2002. Kayhan added that good shelter design is necessary but not sufficient; there must also be a financial commitment by the city as well as a reliable method for matching clients with available services. He agreed that supportive housing appeared to be an essential tool for ending chronic homelessness, and that "Housing First" programs are the best available policy alternative.

***Presentation: Knowledgeplex.org***

After the conference luncheon, Troy Anderson, Managing Director of Knowledge Initiatives at the Fannie Mae Foundation, introduced the latest version of Knowledgeplex.org, a web portal for housing and community development practitioners. The site includes access to research resources, such as feeds from Lexis-Nexis™ and other sources. In addition, the site offers a "week-in-review" feature, surveying news and events in housing and community development throughout the nation. The site also contains an industry-wide calendar of events, where participants can post notices for conferences, lectures, and the like. Visitors can search Knowledgeplex by subject for articles, papers, and other resources, from a database of information prescreened for quality. The site features a chat room, where online interactive sessions are scheduled. In the future, the site will also feature access to a wide range of data from the American Housing Survey, mortgage data, and other sources, some of which will be disaggregated to the detail-level of census tracts.

***Keynote Address and Interview: Kevin Johnson***

Michael Stoll, Professor of Policy Studies at UCLA, introduced Kevin Johnson, former Cal basketball standout and NBA star, who founded and runs Sacramento's St. Hope Corporation, a \$14 million, 230-employee community services organization pursuing projects in education, housing, and community development. After Johnson's brief opening remarks, Brad

Inman, a journalist and teaching fellow at UC Berkeley's School of Journalism, sat down with Johnson and asked him several questions about his theories of community development, his strategies as a neighborhood builder, and his experiences as a retired star athlete, philanthropist and social entrepreneur.

Johnson said that housing is central to community development, because a stable home environment is a necessary precondition for those who will become the predominant contributors toward the economic health of the neighborhood. He said the three central elements of community development are housing, education and economic development, all interrelated. He described Oak Park, the Sacramento community in which his organization is most active. The area was the first suburb of Sacramento, but since a deadly incident in the 1960s involving the Black Panthers and the police, the area has suffered from high unemployment and a dearth of thriving new business. The area is very racially and ethnically diverse, where sixty percent of households are renters. Johnson observed that such low levels of homeownership can mean commensurately low levels of civic engagement, since those with the highest economic stakes in the well-being of the neighborhood live elsewhere.

He said government was an important player in social investment, but that involvement from the private sector is also critically important. He described St. Hope's retail projects in Oak Park, built subsidies from the City of Sacramento's Redevelopment Agency. Excessive bureaucratic requirements increased costs and delay, and led to frustration among St. Hope's leadership. Ultimately, private sector participation was necessary; otherwise the projects could not have been financed and completed. Community development is based on creating wealth, not just redistributing it, and this is where the private sector excels.

Johnson then described social barriers to community revitalization. First, community members in places like Oak Park often lack knowledge about basic economic issues. What many people take for granted, such as basic money management skills and an understanding of the advantages of homeownership, are too often foreign concepts among the poor. Johnson believes education about these issues is an important ingredient in improving the economic viability of the neighborhood. Second, businesses are hesitant to invest in troubled neighborhoods where there is no established history of success. For example, Johnson described why a coffee chain like Starbucks™ might be hesitant to invest in Oak Park, because sales data show that communities with similar demographic characteristics do not consume much coffee. However, ultimately such demographics are driven by insufficient presence of fine coffee purveyors in these places historically, not vice versa. Once such retailers take the business risk and locate outlets in these communities, however, they discover to their delight substantial pent-up demand for their products in minority neighborhoods.

Johnson emphasized the evaluation of results instead of ideology. As an example, he described St. Hope's takeover of a failing school in Sacramento. He said some residents and civic leaders at first objected to private control of the school. However, Johnson characterized the situation at the school as desperate, with only twenty-percent of ninth graders reading at grade level, meaning that drastic, transformative action was clearly necessary.

When asked which of the three components he had mentioned (housing, education, and economic development) should come first, he said housing may be the most important in the . In the case of Oak Park, however, St. Hope's programming started with a focus on public education. This focus responded to the community's abiding sense of urgency concerning its failing schools.

Johnson believed that other components of community investment would have to wait, since individual children might never recover from such inferior education.

Johnson said that business promotion should not be viewed in a dim light, as some progressive citizens are inclined to believe. Business is fundamental to a community's economy and therefore its overall well-being, he said. In addition, businesses have developed practices and techniques that can be useful for economic development. Communities failing to understand how business operates may create disincentives for growth, driving away new sources of employment and reducing prospects for a neighborhood's long-term economic recovery.

Johnson acknowledged that gentrification is a real concern when working with impoverished communities. Unfortunately, undesirable effects on poor incumbents are often a natural side effect of successful economic development. In Oak Park, he noted, neighboring property values rose thirty percent after his organization completed one of its retail projects. At the margin such development may price out the very communities it aims to serve. At the same time, Johnson said, neighborhoods should not stifle economic development simply to avoid gentrification. Persistent poverty is a problem, not a solution.

Asked what role race plays in community development, Johnson said it is an important factor which, like everything else, is ultimately trumped by economics. He related anecdotes in which shared business opportunities actually undid racial biases among participants. Obviously, discrimination has sometimes become so deleterious that government intervention is required to temper the majority's worst inclinations. However, Johnson believes that one of the most powerful ways to overcome racism is by aligning economic incentives among different racial groups.

**“Building the Promise:  
Housing Assistance as Social Investment”**

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Andersen Auditorium, Haas School of Business  
University of California, Berkeley  
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**PARTICIPATING SPEAKERS**

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**Roberta Achtenberg** is the Senior Vice President for Public Policy at the San Francisco Chamber of Commerce. Achtenberg served in the Clinton Administration for four years, first as Assistant Secretary of Fair Housing and Equal Opportunity at the US Department of Housing and Urban Development, then as Senior Advisor to then-HUD Secretary Henry Cisneros. Previously, Achtenberg served on the San Francisco Board of Supervisors, from 1990 to 1993. Prior to her election to as supervisor, Achtenberg worked for more than fifteen years as a civil rights attorney, nonprofit director, and legal educator. She has served as Teaching Fellow at Stanford University Law School and Dean of the New College of California School of Law. Achtenberg currently sits on the Board of Trustees of the California State University. She is formally a director of Coro Northern California, The United Way of the Greater Bay Area and The Federal Home Loan Bank of San Francisco.

**Troy Anderson** is Managing Director of Knowledge Initiatives and KnowledgePlex.org at the Fannie Mae Foundation. He has extensive experience in web development, entrepreneurship and housing. He served as President and Chief Operating Officer at StockMaster, as General Manager of content distribution at Red Herring, and Senior Vice President at the Industry Standard. Anderson was Crain Publishing's B2B eChampion of 2001. He has worked extensively in housing and community development with his tribe, the Coquille of Oregon, where a firm he helped start ultimately built 180 homes and created more than 500 jobs in southwestern Oregon. Anderson holds bachelors and master's degrees from Stanford and an MBA from the Kellogg School of Management at Northwestern.

**Amy Bogdon** is Managing Director of Housing Finance and Development at the Fannie Mae Foundation, where she is also Associate Editor of *Housing Policy Debate*. Bogdon's current research areas include multifamily housing, homeownership, housing affordability, fair lending, and the impact of welfare reform on housing. Among her many publications, she is co-editor of a forthcoming book, *A Place to Live, A Means to Work: How Housing Assistance Can Strengthen Welfare Policy*. Bogdon recently served on the Board of Directors of the American Real Estate and Urban Economics Association and previously served as co-editor of *Journal of Housing Research*. Earlier Bogdon served as Research Associate at the Urban Institute, where she participated in evaluations of the Community Development Block Grant and HOME programs. Bogdon holds a Ph.D. in Economics from Harvard University.

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**Raphael Bostic** is Associate Professor at the School of Policy, Planning, and Development, University of Southern California. His extensive research on housing markets and homeownership includes a recent study on barriers to homeownership and determinants of gentrification. He has written extensively on consumer banking issues, with a particular focus on mortgage and small business lending, bank branching patterns, and credit scoring and automated underwriting. His current research explores how the Community Reinvestment Act influences lender behavior and credit markets. Previously a Senior Economist at the Federal Reserve Board, he received his B.A. in psychology and economics from Harvard University and his Ph.D. in economics from Stanford.

**James M. Buckley** is President of Citizens Housing Corporation in San Francisco. He previously served as Vice President at BRIDGE Housing Corporation, where he participated in the development of over 2,000 new rental and ownership homes and 100,000 square feet of neighborhood-serving retail space. Mr. Buckley holds a BA from Yale and a Masters in City and Regional Planning and Ph.D. in Architecture from UC Berkeley.

**Tom Campbell** became the thirteenth Dean of the Haas School of Business in 2002. Campbell had been a law professor at Stanford University since 1983. He was elected five times to the United States Congress, representing the Silicon Valley area of California. He also served as California state senator from 1994 to 1996. A native of Chicago, Campbell earned his bachelor's and master's degrees in economics at the University of Chicago, and a law degree from Harvard in 1976. He then returned to the University of Chicago, earning a Ph.D. in economics there in 1980. Campbell's doctoral dissertation was the first quantitative measurement of discrimination against women in federal civil service employment.

**Sam Davis** has been on the architecture faculty at the University of California at Berkeley since 1971. He served as Chair of the Department of Architecture from 1993 to 1996 and as Associate Dean of the College of Environmental Design from 1998 to 2002. He has written three books on housing including *The Form of Housing* and *The Architecture of Affordable Housing*. His upcoming book, *Designing for the Homeless: Architecture that Works* will be published by UC Press this fall. Davis is the founding principal of Sam Davis Architecture, an award-winning firm in Berkeley, which has designed housing for special-needs residents including young people with HIV and AIDS, homeless youth, and homeless adults. He is a graduate of the schools of architecture at UC Berkeley and Yale and was elected to Fellowship in the AIA in 1985.

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**Bradley Inman** is an award-winning journalist and I. Donald Turner Teaching Fellow at UC Berkeley's School of Journalism, where he lectures on urban development reporting. He has also lectured on E-commerce at the Haas School of Business. He is the founder and CEO of HomeGain.com, an online site helping consumers maximize the value of their homes. A nationally syndicated consumer real estate newspaper columnist and noted technology expert, Inman has built several successful on- and off-line businesses, in partnership with such firms as Microsoft, Yahoo!, The Los Angeles Times and Intuit. Inman's news service, Inman News Feature (<http://www.inman.com>), delivers real-time real estate stories to more than 3,000 newspapers and websites, including those hosted by MSNBC, The Chicago Tribune, The Wall Street Journal Online and CBS MarketWatch.

**Kevin Johnson** retired from the NBA in 2000 after 12 seasons with the Phoenix Suns. During his career, Kevin was named an NBA All-Star three times and won a gold medal in the 1994 World Championship Games held in Toronto, Canada. He is currently president of Sacramento's St. HOPE Corporation ("SHC"), a nonprofit community development firm working to revitalize inner-city communities through public education, leadership training and economic development. To that end, SHC established a K-12 public school model in Johnson's hometown neighborhood of Oak Park. In August 2003, St. HOPE Public Schools began instructing more than 2,000 students at two new charter schools, Sacramento High School and Public School 7 (K-4<sup>th</sup> elementary). Additionally, SHC has just completed the rehabilitation of the 40 Acres Art Gallery and Cultural Center, a 20,000 square foot mixed-use facility located in the heart of Oak Park's commercial district. When not leading St. Hope's efforts, Johnson speaks regularly on economic development and public policy issues, as well as on the importance of being a good neighbor and giving back to communities. Johnson holds a BA from UC Berkeley.

**Dariush Kayhan** is Director for Housing and Homeless Programs at the San Francisco Department of Human Services. He manages programming in supportive and SRO housing, emergency shelter, and administration of the city's federal McKinney grant assistance. He also serves on multiple taskforces coordinating the city's multifaceted, interagency approach to homelessness and related housing policy. Earlier he has served in varying capacities with the Virginia Center for Housing Research, San Francisco Mayor's Office of Housing, and San Francisco Lawyers' Committee for Civil Rights. He did his graduate work at Virginia Tech and holds a bachelor's degree from San Diego State University.

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**Amy Lemley** is a recognized leader in the effort to end homelessness among former foster youth. After receiving her Master’s Degree in Public Policy from the Goldman School of Public Policy (GSPP) at UC Berkeley, Lemley was awarded an Echoing Green Fellowship, providing seed funding to start Oakland’s First Place Fund for Youth (FPFY). Since its inception in 1998, FPFY has provided safe, affordable housing to 125 recipients and transitional assistance (such as emancipation planning, therapeutic case management, and food assistance) to an additional 750 youth. FPFY has grown to become a \$1.6 million organization with 17 employees. Lemley has received the prestigious Do Something Brick Award and has shared GSPP’s Alumni of the Decade Award with FPFY cofounder Deanne Pearn. She has also received UC’s Peter Haas Community Services Award, the Ashoka Fellowship, and the Manhattan Institute Social Entrepreneurship Award.

**Sandra J. Newman** is Professor of Policy Studies and Director of the Institute for Policy Studies at Johns Hopkins University, where she holds joint appointments with the Departments of Sociology and Health Policy and Management. Her research focuses on the role of housing in the lives of families, children, and disabled populations. This research typically requires an examination of the intersection of housing, employment, welfare and health. Her current studies include work on the long-term effects of housing assistance receipt on life outcomes such as teen out-of-wedlock childbearing, welfare dependence, labor force participation, income and education; the effects of welfare reform on housing; and the effects of homeownership on the long-term outcomes of poor children. She is co-editor of *Housing Policy Debate* and serves on the editorial boards of *Journal of Policy Analysis and Management* and *Cityscape*, and as board member of the Center for Housing Policy, the National Foundation for Affordable Housing Solutions and the Allan A. Berman Real Estate Institute at Johns Hopkins.

**John M. Quigley** is the I. Donald Turner Distinguished Professor of Affordable Housing and Urban Policy, and Professor of Economics, at UC Berkeley. In addition to the Department of Economics, he also holds appointments in the Goldman School of Public Policy and the Haas School of Business. He directs the Berkeley Program on Housing and Urban Policy. His current research is on the integration of real estate, mortgage and financial markets; urban labor markets; housing; spatial economics; and local public finance.

**Eugene Smolensky** is an economist and professor of public policy at UC Berkeley. He studies welfare policy and the impact of political, economic and demographic changes on the distribution of income among various social groups. He is a member of the National Academy of Public Administration and the National Academy of Social Insurance, and serves on the Board of Trustees of the Russell Sage Foundation. Smolensky is past editor of *Journal of Human Resources*, and he served as chair of the Department of Economics and director of the Institute for Research on Poverty at the University of Wisconsin-

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Madison. He was dean of the Graduate School of Public Policy at Berkeley, from 1988 to 1997. He has served on three committees of the National Academy of Sciences, including the Committee on Child Development Research and Public Policy. His research interests and areas of expertise include public policy, income distribution, poverty policy, public finance, and welfare reform. Smolensky has a Ph.D. in economics from the University of Pennsylvania.

**Michael A. Stoll** is Associate Professor of Policy Studies in the School of Public Policy and Social Research, and Interim Director of the Center for the Study of Urban Poverty, at the University of California, Los Angeles (UCLA). He also served as a Visiting Scholar at the Russell Sage Foundation in New York City in 1999-2000. His research interests include the study of urban poverty and inequality, specifically the interplay of labor markets, race/ethnicity, geography and workforce development. Stoll's published work addresses the labor market difficulties of African Americans, welfare recipients, and less-skilled workers, in particular the role that racial residential segregation, job location patterns, employer discrimination, transportation and job information play in limiting employment opportunities. Currently, Stoll is pursuing major projects examining labor market consequences of mass incarceration in the United States. He holds a Ph.D. in urban planning from the Massachusetts Institute of Technology and a bachelor's in Political Economy from the UC Berkeley.

**Carol Wilkins** is Director of Intergovernmental Policy with the Corporation for Supportive Housing (CSH). She has overseen CSH's Health, Housing and Integrated Services Network, delivering affordable housing and services to homeless and disabled adults in California. She has more than 25 years of experience in public finance, human services and policy work, including stints with California's Office of Legislative Analyst, the State Assembly Ways and Means Committee, as Deputy Mayor of Finance in San Francisco, and as Finance Director for the San Francisco Housing Authority. Among her publications are "Laying a New Foundation: Changing the Systems that Create and Sustain Supportive Housing," "Financing the Support in Supportive Housing: Challenges and Opportunities in the Medicaid Program" (published by CSH), and "Making Homeless Programs Accountable to Consumers, Funders and the Public" (published by HUD and HHS). She has served as faculty for a series of Policy Academies for state and local policymakers, convened by HUD, HHS, the VA, and DOL, to improve access to mainstream services for people experiencing chronic homelessness and for homeless families with children.