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Assets and Financial Management Among Poor Households in Extreme Poverty Neighborhoods

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Proposals supporting the accumulation of assets in poor households are hopeful of creating upward mobility. The experiences of poor families in managing assets and other elements of daily economic life were explored through interviews with low-income Hispanic and Anglo families. All families exhibited planning and management skills needed for assets accumulation, but were unable to escape the effects of unrewarding neighborhood environments. Assets did not provide clear avenues out of poverty. If assets-based programs are to raise the economic status of poor families in extreme poverty neighborhoods they must include mechanisms to protect value and reduce uncertainty.

In recent years a number of social welfare policy proposals and initiatives have addressed the ownership or control of assets among the poor, in the form of housing or incentives for savings. These proposals have assumed that opportunities for asset accumulation would encourage desirable behavioral changes—responsibility, planning and community involvement, as well as provide an avenue out of poverty. However, little is known about the meaning of assets in the lives of the poor or the value of household assets within poor communities. We examined the actual experiences of a sample of low-income families

in extreme poverty neighborhoods of Cleveland with the accumulation and use of assets. From in-depth interviews with twenty Anglo and Hispanic families we were able to conclude that assets in the context of poverty serve many purposes, and the behaviors and attitudes which are expected to foster assets accumulation do exist. However, the conditions within impoverished neighborhoods can threaten the accumulation and retention of assets, making it less likely that they can serve as a vehicle for upward mobility.

Assets and Social Welfare

Poverty and social welfare policy in the United States has focussed mainly upon income standards for the poor and upon the ability of the poor to purchase or consume a minimal supply of necessary goods and services, with the ultimate goal of enabling the short-term poor to regain their footing in the mainstream economy of paid employment and self sufficiency. However, family economics involves more than the balance sheet of cash flow (Strumpel, 1972; Segal & Felson, 1972; Varcoe, 1990). The focus upon income, consumption and short-term standard of living is insufficient to address the more complex and longer-term issues of family economic welfare and self-sufficiency.

As documented by Sherraden (1991), Oliver and Shapiro (1990) and others, wealth or asset accumulation, in the form of savings, investments, homeownership, retirement funds, etc. more accurately reflects the long-term economic well-being of a population than does income. At the same time, the distribution of wealth in the U.S. is even more skewed between upper and lower segments of the population than is the distribution of income, and it is becoming more so (Sawhill, 1988; Lenski, 1984). Blacks, Hispanics, and female-headed households fare far worse than the average in distribution of assets (U.S. Bureau of the Census, 1991; Blau & Graham, 1990). Sherraden (1988) argues that lack of access to wealth in the form of assets among lower-income groups is a major barrier to moving out of poverty.

Sherraden's (1991) argument is based on the fact that assets or wealth accumulate over time, build equity, serve as a buffer against unexpected crises, yield savings on the costs of living by

reducing transaction costs, and link owners to institutions and information which reinforce mainstream behaviors and values. Because assets, unlike income, can be transferred across generations, the possession of assets is seen as primary in encouraging future planning and long-term upward mobility. What asset-related policies and programs propose is to empower the poor (Berger and Neuhaus, 1977) by linking them with mainstream wealth accumulation structures such as savings, credit, homeownership, etc. Several federal and state initiatives now allow poverty-level families to save without penalty for asset accumulation such as homeownership, education, or small business development. Chances for economic betterment and successful marketplace behaviors are expected to follow as a result.

In spite of the interest raised by proposals to link the poor with asset building mechanisms, little is known about the experiences of the poor with regard to asset accumulation and the mechanisms and institutions that facilitate it. Often such proposals fail to consider the environmental conditions which bind their members to social and emotional obligations which are counter to the independence of the upwardly or outwardly mobile (Stack, 1974; Stolz, 1985). Furthermore, raised expectancies and motivational influences are conditioned by factors such as individuals' perceived certainty about environmental events (Arrow, 1984): Do job opportunities really exist? Will discrimination or lack of family support interfere with efforts toward advancement? Are benefit levels likely to be cut in response to efforts to save or purchase a home? A troubling source of uncertainty for poor households comes from conditions in neighborhoods which have lost their linkages with the mainstream, have high concentrations of social ills, and where housing values and the viability of the local housing market are in a downward spiral (Wilson, 1987; Coulton, Chow & Pandey, 1990).

This study began with two questions: 1) What assets do the poor have, and 2) How do low-income families manage finances in order to accumulate assets and maintain them. Sherraden (1991) defined assets as "rights or claims, related to property, concrete or abstract . . . enforced by custom, convention, or law." (p. 100). Assets include items that yield some type of earnings in the form of capital gains, rent payments,

interest, dividends, profit from sales, user fees, and household efficiency or reduction in transaction costs. We explored the following categories: real property, "hard assets" (jewelry, collectibles), savings (including cash, checking accounts, retirement funds, insurance), tools or machinery, autos and durable household goods. Besides these legally held assets, we also included access to credit as an asset category because of the close link between borrowed capital and entrepreneurship (Sheraden, 1991). Respondents were also encouraged to identify other categories or items which served the function of assets to them. Thus we added some unexpected items such as social benefits (SSI, AFDC, Medicaid), to our inquiry. Financial management, such as planning, decision-making, and management of debt were explored whenever possible to understand how assets were or were not used to maximize benefits.

Methods

We interviewed ten Hispanic and ten Anglo urban families, all of whose incomes were at 150% of poverty or below. The interviewees resided in neighborhoods where the poverty rate exceeded 30%. All but one of the Hispanic families immigrated from Puerto Rico, Central or South America as adults. The sample provided an opportunity to compare those who were presumably acculturated to American institutional and value systems, and those who were not. We expected the Anglo group to have greater access to wealth mechanisms than the immigrant Hispanics, the former group perhaps benefitting from intergenerational transfers, better educational opportunities, and lack of discrimination. We also expected these groups to represent polar positions on a number of factors relevant to assets—institutional linkages, cultural values, awareness of the market system, intergenerational wealth transfer, among others.

We recruited the respondents through community agencies, who were asked to refer low-income working and non-working families with children. All respondents received a small (\$20) stipend for the in-depth hour interview. The Hispanic interviewer conducted most interviews in Spanish, later translating them to English. The interviewers used a questionnaire which assured that all questions were covered in the same order and

with comparable wording, but allowed respondents to describe their personal experiences and explain their reasoning in their own terms. All but a few of the interviews were electronically recorded, with the interviewees consent, and transcribed for future coding.

Seven interviewees were single or divorced female household heads (five Hispanic and two Anglo), the remainder were married or cohabiting and sharing incomes. In both the Hispanic and Anglo households, the females had more formal education than the males. Five females (three Anglo, two Hispanic) had one or more years of college, although none had degrees. Twelve of the households had at least one adult with a high school education or more. All households had one to four children under 18 years of age. Families in this stage of development are not likely to have accumulated much wealth compared to older families or families without dependents (Oliver & Shapiro, 1990).

Three-fourths of the twenty households received some form of public assistance—ADC, SSI, GA, or unemployment compensation as part of their household income. Parents, siblings, children or unrelated persons sharing the household were sometimes the source of these funds. Three households received Section 8 housing assistance. More than half of the respondents had some income from work, including paid employment in the market economy as well as the underground economy of crafts, baby-sitting, home repair, or training, often paid in cash. This is not unusual; many poor families supplement their income through the underground economy (Edin, 1991). A number of households had experienced repeated spells of poverty related to intermittent employment, involuntary movement from the manufacturing sector to the service sector of the economy, or changes in family composition due to divorce, death, childbirth, etc. Nationally, between 1974 and 1983, 26–34% of all households in the U.S. experienced at least one drop of 50% or more in their ratio of income to needs, with 11–18% falling to a level of 150% of poverty or less. The primary causes of these shifts in economic welfare are changes in family composition and changes in employment status (Burkhauser & Duncan, 1989). Thus the shifts in the financial welfare of the families in

this sample are broadly experienced, particularly in the current economy.

This small purposive sample, while useful for eliciting themes and concepts relevant to asset accumulation, provides little basis for estimating the magnitude of the phenomena discovered, or their generalizability. Thus, these findings should be interpreted as suggestive of relevant dimensions of assets, rather than confirmatory.

ASSET ACCUMULATION

Housing

In our sample there are three categories of homeownership status: renters, homebuyer (one family), and three homeowners. Some renters saw themselves as potential homeowners; most of them were very young families who saw public "dependence" as a temporary situation. The Hispanic family in the process of buying a home was waiting for bank approval.

The homeowner families experienced substantial difficulties not as much in obtaining their homes initially, but in maintaining their homes once they had them. In order to afford homeownership, they were limited to low-cost, run-down, inner city homes in crime-ridden areas. Taxes and utilities were high relative to income, and services were poor. Their homes were a constant drain on resources, both monetary and emotional. The owners spoke not of home equity, property values, or endowments for their children, but of keeping ahead of the code inspectors, the utility bills, and the burglars which had victimized all three households. They also feared that the home, for which they had sacrificed and which represented all their savings and much of their labor, would be lost due to debt in other areas. One household was filing bankruptcy in an effort to protect its home from creditors. Another was selling because costly repairs and insurance, robberies, and poor employment opportunities had been a continuous financial strain. A third homeowner family, Hispanic, in less than two years of occupancy had invested about \$2000 in materials for repairs and improvements. Because this family's only access to lending

was through credit cards, property enhancement through family labor (an effective method of adding value to middle-class homes) was mitigated by the high costs of borrowing.

Two of the owned homes had rental units, often an asset in traditional terms. One had purchased the duplex to provide free housing and care for an elderly parent. Since the parents death, the unit had been either vacant, or served as a temporary shelter for a troubled adult child. The interviewee gave two reasons for not capitalizing on the rental potential, 1) The costs of repair, maintenance, and insurance were prohibitive for the rent (about \$200 per month) one could expect, and 2) potential renters were perceived as undesirable. The other owner of rental property had similar problems, but, because of pressing needs, tried to keep the units rented often.

My husband's a carpenter by trade. There's nothing he can't do. We were doing real good up until a few years ago. But everything we were making we were putting into the property, so we didn't have anything, really. Then a couple of years ago the company he was working for started bouncing payroll checks. [After thousands in attorneys fees and no settlement he now works day labor for \$5/hour]. It's been really hard. If it wasn't for the little bit of rent we had coming in, we would really be in trouble. At least they pay our food and mortgage. After next month we'll be in debt again because I don't have the money saved for the house insurance or taxes. We can't depend on both rental units being rented. Last year the \$250 unit was rented all year, but the renter gave us a car with a broken valve to pay one month's rent. The \$300 unit was rented only three months.

Continuous problems with renters—bounced checks, legal expenses, damages, disruptions caused by tenants, including a major uninsured robbery of a landlord's home by one tenant—did not facilitate the building of assets.

The Hispanic homeowner did not technically have ownership rights to the property. As part of an assisted homeownership program they lived in and maintained the home, paying into a fund established by a non-profit corporation which would transfer title after fifteen years. Should they choose to move before then, they will lose their equity. Even under this program

assets and opportunities for asset accumulation were neutralized by the expenses associated with residing in a high-risk neighborhood. During their brief tenure in this house the family lost \$1300 in one burglary, excluding damages to the door and walls. Although the non-profit corporation helped with materials for the necessary repairs, their labor again went, not to improving the value of the property, but to merely maintaining its value. Tax benefits of homeownership to households at this income bracket were likely to be minimal, and the same could be said of the labor-added value to the home.

The commitment to homeownership was high, however, and the pride associated with having achieved this goal made one individual state that her home, purchased land-contract for \$9000, was "worth a million to me." Commitment to homeownership was also evident in the psychological price that families were willing to pay. The Hispanic woman in the homeownership program intensely disliked the neighborhood where her home was located, but was committed to staying in the home fifteen years to obtain full possession. Another family sacrificed a planned visit to frail elderly parents in Peru to invest the money in homeownership.

About five months ago we borrowed some money [\$3000] for a vacation to visit parents, and then we decided to buy the house instead. We deny ourselves, we always deny ourselves. I buy second hand clothes for my children. We do not have vices or go to dances or anything. We have the lights off as much as possible.

A health worker told the interviewer that this family does not eat properly: "too much soup and no meat".

The dream of homeownership was alive. All households were asked how they would use an unexpected lump sum of \$3000, say from lottery winnings. Six Hispanic respondents would apply it to a down payment for a house. Two renters would use it for housing repairs. One family would repair a home abandoned in Puerto Rico, not for its improved economic value, but because it represented a link to home and the security of having a place they could call their own. Most of the respondents also indicated they would attempt to pay off current debt.

Automobiles

Homes were not the major source of investment for most of these households, however. The major material investment, identifiable as an asset by the respondents, was an automobile. Autos served as an asset that reduced transaction costs and enhanced household efficiency. Cars saved lengthy and unreliable bus commutes to work or school, assured parents that their children arrived at school safely, and allowed their owners to shop in less expensive suburban supermarkets. Several interviewees mentioned that a car was required for the employment opportunities available to them, even day labor.

In spite of this asserted necessity, cars were also viewed as a drain on a family's resources. Several automobile owners saw their cars as either unaffordable and an invitation to trouble because of costly repairs, insurance premiums, and emission standards, frequent breakdowns, and theft.

We don't buy new cars anymore, although we used to. The new cars were a lot of trouble, and in this neighborhood you always have to worry about it getting stolen. A used car is cheaper and less likely to be stolen, so we buy used. [Anglo homeowner].

Ivan Illich (1978) suggests that possession of items such as automobiles, which dominate the major culture, but are less beneficial for the poor, transforms poor people into modernized paupers.

Tools

Respondents also identified tools and other smaller items as serving the function of assets in their lives. Home and car repair tools saved labor costs and improved property; typewriters helped with personal correspondence, could be used for typing services, and enhanced typing speed; sewing machines maintained clothing and produced some income from crafts or tailoring. However, these assets were very marginal as sources of income. Sewing machines trimmed only a few dollars off the clothing or gift giving budgets; to the neediest families a sewing machine would not even be an asset, as clothing obtained at second hand stores would be less expensive than the materials needed to make clothing.

Small tools were also priced for their exchange value. One Puerto Rican family purchased a portion of the plane tickets that brought them to the mainland with the money obtained from the sale of welding tools, the man's trade instruments. Because of the market or use value of these items, and their portability, tools, sewing machines and typewriters were often the targets of theft.

Savings

While few households had any long-term savings or investments, many had savings experience. Most savings which did exist were short term. Savings and checking accounts served as a safe place to put money until enough was accumulated to spend, or until an emergency came along. Two Anglo households with concrete plans to become homeowners repeatedly saw small savings for homeownership ravaged by bouts of unemployment, illness, or other emergencies—a broken down car, a social obligation, a utility disconnection, attorney's fees. One respondent described as a "savings plan" the practice of selling plasma twice a week and not cashing the checks until the week before her child's birthday, or until a month before Christmas. Savings come, and savings go. They are short-term, and they are vulnerable.

We've been planning for a wedding but it just seems there is never enough money to save. I'm making payments every month to an attorney to fight for the custody of the youngest children and there isn't any money left over. Another reason I haven't saved is that you never know with welfare if they'll take your money away. Do you take your chance and lose your check? Then what do you do?

Rather than concern with interest rates or return on investments, the primary concern among these savers was to protect their cash against loss through theft or service charges, and to reduce transaction costs. The benefit of a savings account was that checks could be cashed without paying a fee. In fact, most discussions of banking, checking and bill paying practices focussed defensively on how to avoid fees, not proactively on how to build assets. To many of these families "saving"

meant coupon clipping, bulk buying, energy conservation, budgeting, and managing benefit eligibilities to maximize financial rewards.

Financing of assets

Cars and other assets (such as the driveway improvement to one home) were often purchased on credit cards or received as gifts, hand-me-downs from relatives or friends, or in exchange for services. One woman painted the interior of an auto engine shop in exchange for a used car for her husband. Homes, too, may not be purchased through traditional market mechanisms, such as bank loans. A home purchased through a community program provides a different market experience. This type of asset financing does not lead to the educational benefits and institutional linkages that create a stake in the market system of savings, credit and planning for asset acquisition as Sherraden (1990) suggests.

The multiple costs of rental housing (rent = 30% of income for this sample; major repair needed in rental property; and losses due to housefires, water damage, etc.) was one of the largest barriers against these families accumulating or financing assets. Renters often contributed to the value of the landlords' assets not their own. One landlord's refusal to invest in a roof repair not only cost tenants loss to furniture when the roof fell in on their apartment, but they also did the repairing themselves.

They started to fix the roof. They tore the roof apart and they left it like that, without protection . . . At night we had a rain storm. Water ran down all the walls. During six months (including some winter months) this place was in terrible condition. We had to be helped by bretheren from the church. The plaster off the living room fell down on the floor and I had to take it out. People from the City came to investigate this. After six months . . . he bought the materials and I fixed it myself and painted it. If I had not done it, still it would not be fixed. But he took the money for the rent. [Disabled Hispanic renter (male)]

Two other respondents were the victims of housefires in rented apartments. A third tenant was thinking of adding an extra stairway to his rented house because of his fear of a housefire.

Credit and Debt

Three Hispanic families had no debt at all, and were the poorest in the sample. All other families had substantial debt. Four families had debt under \$500, usually for unpaid utilities. Eight had debts in the \$1500 to \$5200 range for utilities and cars. The remaining five had debts over \$5200. All were Anglo, perhaps reflecting differential access or acculturation to credit. Of these, three families had debts in the \$7200–10,000 range, and two, debts of \$24,000 and \$28,000 (including mortgages). Five of the debtors, including both of the high-debt families, had substantial credit card balances. Generally, Hispanic families had less debt than Anglos.

Utilities and car debt were the major problems. A utility assistance program in the state of Ohio allows low-income customers to accumulate utility debt while paying a percentage of their income to keep utilities connected. This program, combined with the low energy efficiency of their housing, left many poor in substantial debt. A few had incurred educational debt for themselves or for private school tuition for their children. Medical debt was minor, since most of the families were eligible for Medicaid, and those who were not did not use medical services regularly. Two families had medical insurance through employment. At least one family left the labor market in order to obtain the medical protection offered by AFDC.

Families with substantial debt paid an emotional premium. Some simply lost hope of ever paying back debt and preferred “not to think about it.” The high emotional and financial cost of living and the debts incurred to sustain it play into the financial, employment and social benefit decisions discussed in the next section.

Financial Management

In addition to asset accumulation, an important element of welfare policy, and particularly asset-development policy, is the development of appropriate marketplace skills, behaviors, and thinking so the poor can make it on their own in the mainstream economy. We found that many of the savings, planning and management skills necessary for marketplace success were evident to some extent among many of the respondents, but

were applied to far less rewarding contexts. Delayed gratification is appropriate in a market system as a means of asset accumulation, but when there is no gratification to delay, and market connections are few and tenuous, it may be unreasonable to expect rewards from delaying gratification. Sacrifices come from necessity, not choice.

Social Welfare Benefits

Social welfare benefits were viewed as assets by many of these families. These benefits could be counted upon for future security to a much greater extent than the employment opportunities in their experiences. Social welfare benefits provided for children with more certainty than child support payments did. Moreover, social welfare benefits could be managed to maximize rewards and offer a true sense of accomplishment at obtaining hard-to-get resources. Several families were aware that to be eligible for supplemental utility assistance, which becomes available in December each year, one had to have a disconnection notice from the utility company. So, in October or November utility bills were not paid, so the disconnection notice would come about when the aid program went into effect. The few hundred dollars saved by not paying utilities and receiving energy assistance was "the only way my family gets Christmas."

Supplemental food pantries, clothing centers, etc., which restrict beneficiaries to certain residential neighborhoods or certain times of the year (Thanksgiving baskets, school clothing drives) became part of the pool of resources which astute families could manage and coordinate to maximize their benefits. All of the families interviewed benefitted from food pantries and many admitted to "doing the rounds" of several assistance programs each month. Others talked about shopping mid-month instead of when the welfare checks first arrive, because "everyone knows the store owners raise prices on everything at the first of the month for the welfare checks." Generally, the Anglo families were more familiar with the intricacies of program eligibilities and benefits management than the Hispanics, perhaps due to longer contact with the system, greater familiarity with bureaucratic processes, or greater facility with the language.

Benefits management

If one defines eligibility for public benefits as an asset, which many of these families did, then those educated in the system, like good financial planners, could receive a much higher return. Those who knew how the welfare system works were more able to maximize its benefits to them. By inventorying available services, classifying categories of services and eligibility requirements, keeping annual calendars of when and where to apply for benefits, these families worked to survive within the confines of the welfare system. Knowing what to say or not say to an intake worker is a very complicated task especially when funding and regulatory changes cause eligibility criteria to continuously change. It is "work" to stay on welfare under these circumstances. Some interviewees admitted to operating, out of necessity, on the fringes of legality, for instance, selling Food Stamps to pay rent. While manipulation of benefits, such as the eligibility for utility assistance, may be socially condemned for the public assistance or charity recipient, these same skills, when viewed in an assets framework, are highly admired in a good tax accountant, insurance representative, attorney or benefits coordinator in the private sector, and the rewards are much greater.

Managing without

Although social welfare benefits might be a steady, reliable source of income, the demands placed upon household financiers were rarely as predictable. Resources seldom met all the subsistence demands. Householders had to make decisions almost daily as to what essential needs should not be met. This experience we termed "managing without".

Economic behavior for the poorest of these families demonstrated weak links to the marketplace to obtain life's essentials—food, housing and transportation. Many did not even have marketplace food or housing, relying on Food Stamps and church pantries, Section 8 housing, and utility assistance to get by. Most economic behavior was defensive, oriented to avert disaster: drastically reducing needs, spending the minimum always for every item—managing without. While not all families in this

study fit this description, many did, warranting further examination as to how the planning and organization necessary to achieve asset accumulation would apply to their circumstances.

Managing without is different from saving, investing, making a profit, delaying gratification, etc. For the better-off classes in our society, self-denial is often the first step in a process that ends up in increased savings. Postponing gratification funnels resources into higher level options. For the extremely poor, however, self-denial means 1) compromising basic needs (nutrition, warmth) or needs that are standard in Western society (access to a clothes dryer, telephone, car, etc.), 2) failing to accumulate assets, and 3) living, perhaps permanently, without any goal achievement or reward in sight. There is no choice.

Smart shopping has a very limited function in this type of economy since survival is predicated on: 1) severely reduced consumption, 2) meeting the most immediate needs by buying the cheapest merchandise (regardless of its usefulness, quality, durability, versatility), and 3) dependence on charitable donations. Permanent and pervasive managing without amounts to dropping out of the marketplace.

Economic decisions made by those who managed without do not make sense from a market point of view. Managing without was seen as a permanent, inescapable burden. Relief from managing without came in temporarily avoiding the present economic circumstances and satisfying some longed-for need. For example, one respondent came to the U.S. shortly after completing high school. In the ensuing 13 years, she married, had two children, but never returned to visit her immediate relatives in South America. Last summer, while permanently laid off, she decided to borrow \$2,000 which was her credit card limit, and visit her parents in a war torn country. While perhaps impulsive and economically unwise, the decision relieved a heavy emotional burden.

Now I am about to travel to my country because I have been here for thirteen years and I have never returned to visit my parents. . . . I cannot delay my trip because my brother-in-law has been assassinated. I came here when I was eighteen years old. We are in an economic crunch but my parents are asking me to go

there . . . I am afraid that I will not see my parents again, and my children do not know my parents. So, be what it might be, I am going there. My husband with his little job he has found will try to pay the bills. . . . I want to [take extra money with me] to buy a stove for my mother. I want to leave a little money for them.

Similarly, three of the Anglo families, who initially responded that they would pay off debts with a hypothetical \$3000 lottery winning, reconsidered their choice when they realized these debts would just accumulate again. They fantasized about exotic travel or an amusement park vacation for their children.

These decisions illustrate that sustained managing without in an affluent society encourages periodic self-rewarding behavior, even if circumstances make these choices appear irrational. Managing without, not delayed gratification, characterizes the economic lives of the extremely poor. In order for managing without to become the kind of longer-term planning and delayed gratification necessary for assets to accumulate in a real sense, basic needs must be met. If they are not, the small savings account will always be expended on an uninsured medication, a utility deposit, or a brief, but satisfying self-reward.

Conclusions

This study was initiated, in part, to expand our understanding of how targets of asset-based policies and programs actually see the role of assets in their lives. Results of this exploration with this small sample cannot be generalized to all poor persons, or to all residents of poverty neighborhoods. Nevertheless, important themes have emerged that should be studied further. Moreover, these themes suggest that contextual factors must be taken into account when developing assets oriented programs and policies for the poor.

There were not as many differences between Hispanic and Anglo families as had been anticipated, perhaps because economic status more than ethnicity dominates their decisions and attitudes toward assets. Anglos were somewhat more knowledgeable about the welfare system and had accumulated more debt.

Material assets such as homes, cars and appliances do not appear to benefit the people interviewed in the way they have benefitted the upwardly mobile. Nevertheless, there is an attachment to the values which promote homeownership and savings. There is evidence that planning, organizing, rational market-type behaviors exist. Managing without among the extremely poor is the antithesis of assets accumulation.

Environmental constraints and barriers must be eliminated to reduce the vulnerability of both assets and low-income asset holders, and to increase mainstream institutional linkages, before asset accumulation can really benefit these families. While asset limitations on public assistance eligibility may be a barrier to the accumulation and use of assets in the move out of poverty, it was not mentioned by many of the respondents. More frequently mentioned were the conditions of impoverished neighborhoods: vulnerability to robbery or fire; unreliable transportation; banking fees; high housing costs and absence of low-cost technical assistance (legal, accounting, consumer) prohibiting the ability to obtain, maintain or improve upon one's assets. Disinvestment in urban poverty areas makes it unlikely that property values will be maintained or increased at rates comparable to rates in other areas.

Recent studies which examine not only the incidence but the concentration of neighborhood distress in the Cleveland area suggest that the concentration of neighborhood distress is in itself a barrier to overcoming the conditions of poverty (Chow & Coulton, 1992). Merely providing opportunities for homeownership or savings without addressing the hostile environmental context of these assets will be insufficient to move these families out of poverty.

Nevertheless, there is value in pursuing homeownership and savings programs for the poor. A home or bank account symbolizes the realization of the American dream. Asset ownership is a rite of passage that gives the poor a sense of dignity and control that otherwise eludes them (Finn, 1994). Whether or not the home produces material gain is another issue and one that requires a broader package of policy initiatives than we have seen.

Among our recommendations for further research would be a determination of where on the income distribution managing without can become delayed gratification; i.e., where essentials of life are not neglected, and where the expectation of a material reward or payback can be termed realistic within a reasonable period of time. For these twenty families, all at 150% of poverty or less, there appears to be little possibility that sacrifices, such as those required to purchase a home, are worth it in an economic sense, although all greatly valued these accomplishments. Additional studies are also needed to determine the kinds of urban neighborhoods in which assets have a good chance of maintaining their value or appreciating.

All homes and economic environments are not equal in their potential to provide avenues out of poverty. For a marketplace policy such as assets to be effective, the same marketplace supports and protections offered other urban investors (legal and financial services, research data, loan guarantees, insurance, etc.) must be offered to those who are risking the essentials of life to better their futures through asset investments.

Finally, in most cases, the behaviors and attitudes of the poor we interviewed did not appear to be a major barrier to improving their economic welfare. In fact, many laudable behaviors that could work in the marketplace were evident in the daily lives of these families. Being able to apply these behaviors to situations where there is a resultant improvement in economic welfare is the problem. In order to effectively raise the economic status of the poor, better access to mechanisms for accumulating assets must be coupled with community building initiatives that can make these assets secure and allow poor families a greater degree of control over the now uncertain circumstances that effect the value of their assets.

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