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Asset-based social welfare policy is an emerging theme in public policy that focuses on accumulation of wealth rather than on levels of household consumption. In this paper, housing policy is used to illustrate asset-based policy for the poor. Rather than increasing income-based rent subsidies, asset-based housing policy would promote homeownership. Homeownership has played a critical role in the upward mobility of immigrant groups (Bauman, 1987) and the exiting of families from public housing (Fuerst & Williams, 1983). U.S. public policy promotes homeownership for the nonpoor, and we spend quite a lot of money on it. But for the poor, we mostly promote rental subsidies rather than homeownership. The authors view current policy as fundamentally misguided, and they make recommendations for extending homeownership to the working poor and welfare poor populations. Several previous federal programs, as well as the current HOPE housing initiatives, provide a foundation upon which effective policies of homeownership for the poor can be built.

"Social welfare" is typically defined solely on the basis of household income. Income is assumed to be directly related to the level of consumption and it is seldom questioned whether the level of household income and consumption is an adequate

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definition of the welfare of households. The major welfare debate is over who provides (or does not provide) the income and how much it should be. Discussions generally center on what income is, how much income is required to live above the poverty level, how to distribute or redistribute income, and whether and to what extent income transfers affect work behavior. Regardless of the category of social welfare—health care, housing, direct financial assistance, education, nutrition, or any other—the overriding emphasis has been on levels of income provided and consumed, either through cash transfers or direct provision of goods and services. The underlying assumption of this policy is that poverty and hardship are defined by insufficient consumption, and the solution, one way or another, is to make the consumption more sufficient.

In our view, this exclusively income-based definition of welfare is misguided. The welfare of households is determined not only by income, but also by the accumulation of assets. For the non-poor, wealth accumulation occurs within institutional structures with special subsidies designed particularly for this purpose. These subsidies operate primarily through the tax system. In two categories alone, home mortgage tax deductions and tax-deferments for retirement pensions, the U.S. government foregoes more than $100 billion in revenue each year. This money contributes directly to asset accumulations in home equity and retirement accounts of the nonpoor. The poor have little access to these asset-building tax benefits because they are less likely to be homeowners, less likely to have jobs that offer retirement accounts, and their incomes are too low to obtain much benefit from tax deductions.

Moreover, for impoverished welfare recipients, asset accumulation is not encouraged—and in most cases it is not even permitted. Welfare transfer programs such as Aid to Families With Dependent Children (AFDC) and Food Stamps have asset tests, which prohibit accumulation of more than minimal financial assets. This is asset-based welfare policy, but it is going in exactly the wrong direction. Sherraden (1991) argues that income-based, consumption-oriented policies alone are inadequate. Conceptualizations of the welfare of households must also include the accumulation of assets.

The policy position in this paper is that the asset-based transfers available for nonpoor households should be extended to working poor and even welfare poor households. Housing policy is used to illustrate a practical application of this approach. Currently, American housing policy follows a two-tiered system. Income-based rent subsidies benefit a small portion of the poor, and asset-based mortgage interest tax deductions benefit most of the nonpoor. The various tax benefits for homeownership contribute to home equity by subsidizing borrowing costs and contributing to rising housing values. In addition, the exclusion of capital gains on the sale of a home for persons over the age of 55 is another major asset-based subsidy to the nonpoor.

Asset-Based Social Welfare Policy

From an asset-based perspective, social welfare policy for the poor would be guided in part by the concepts of saving, investment, and asset accumulation, rather than entirely by the concepts of income, spending, and consumption that guide current policy.

The reason for this proposed policy shift is that assets provide important welfare effects *in addition to deferred consumption* (this viewpoint takes explicit exception to consumption-oriented neoclassical economic theory). Some of the most important of these effects are as follows: Assets stabilize households by serving as a cushion against income shocks; assets stimulate development of other assets, including human capital; assets enable specialization and risk taking; assets increase personal efficacy and social influence; assets increase political participation and community involvement; and assets enhance the welfare of offspring. Perhaps most important, assets create a cognitive and emotional stake in the future for those who hold them. Simply put, people think and behave differently when they are accumulating assets. While incomes support consumption, assets change psychological outlook, behavioral effort, and social interaction (Sherraden, 1990, 1991).

Today, income transfer policies such as AFDC severely restrict asset accumulation. If assets have important welfare effects beyond deferred consumption, then AFDC policy should encourage asset accumulation. In order to accomplish this, special categories of assets would be established. For example, there might be long-term accounts that accumulate assets in the name of each child. Other possible applications include saving for eventual homeownership rather than perpetual reliance on rental subsidies, and educational savings accounts rather than reliance on educational loans. The key policy instrument would be long-term accounts that accumulate savings for particular purposes and life goals. These accounts might be called Individual Development Accounts (Sherraden, 1988, 1991), or some other name. Such policy would be designed explicitly to improve life chances and alter psychological and social functioning. It would combine the concepts of economic development and social welfare.

Current Housing Policy

Financial assistance in American social welfare policy comes in two major forms — direct expenditures and tax expenditures (leaving aside, for the moment, discussions of social insurance vs. income transfers, or other ways to categorize social welfare expenditures). In either form — direct expenditures or tax expenditures — the effect on individual households and the federal budget is the same. Although long ignored or considered secondary in welfare policy discussions, policy analysts are beginning to view tax expenditures in the correct light, i.e., as no different from direct expenditures (Gilbert & Gilbert, 1989).

American housing policy clearly illustrates this two-tiered system. For the poor, means-tested and income-based rental assistance programs provide rent supplements paid to landlords or public housing authorities. For the nonpoor, as mentioned above, mortgage tax deductions provide individual homeowners with direct benefits and asset accumulation (Ryan, 1981).

Means-Tested Rental Assistance

Unlike most safety net programs which serve poor households, housing assistance is not an entitlement. Rather, the number of eligible households that receive benefits is determined by the amount of money appropriated by Congress for these programs (Leonard, Dolbeare, & Lazare, 1989). Although very little is known about how means-tested welfare payments such as AFDC and SSI interact with housing assistance programs, the housing affordability costs of poor persons who receive both benefits is about 33% below the average costs of those receiving welfare alone (Newman & Schnare, 1989; U.S. Department of Housing and Urban Development, 1981). Due to the rise in the numbers of all poor households, poor renter households, and poor households who have grown poorer (Apgar, 1989), the demand for assisted housing has been great since 1978. For example, requests for assisted housing in 26 cities have increased an average of 25%. The average wait for subsidized housing is nearly two years. With only one-third of eligible low income households receiving federally assisted housing, most cities have closed their waiting lists (U.S. Conference of Mayors, 1987).

The demand for assisted housing is also fueled by a decrease in federal rental subsidies. Between 1978 and 1988, federal subsidized housing outlays through the U.S. Department of Housing and Urban Development (HUD) were cut more than 80%, adjusted for inflation. During this same period, rental assistance appropriations from the Farmers Home Administration (FMHA) of the U.S. Department of Agriculture decreased nearly 70% (Leonard et al., 1989; Congressional Budget Office, 1988).

In addition to the shortage of assisted housing subsidies, low-cost housing availability has been further hindered by a 19% decline in the number of low income rental units since 1970 (Leonard et al., 1989), a loss attributed to the demolition of Single Room Occupancy (SROS) hotels (Kasinitz, 1984); gentrification (Adams, 1986); condominium conversion; government eminent domain actions and redevelopment (Johnson, 1992); fire, arson, and abandonment; and inadequate construction levels (Hartman, 1983). Apgar (1989, p. 61) concludes that "since 1974, rapid inflation in housing costs, combined with the inability of renter income to keep up with inflation. . . have exacerbated the problems of affordability and inadequate housing for low income renters."

Homeownership Entitlement Benefits

At the other end of the housing spectrum, homeownership entitlement benefits are standard policy for the nonpoor. Homeownership subsidies are the most extensive form of federal housing support, accounting for billions of dollars in benefits yearly through government payment of FHA-VA insurance costs for homeowners, income tax deductions for mortgage interest and property taxes, and deferment and exclusion of capital gains. These tax deductions, going mainly to the middle and upper classes, altogether represent a large, asset-based, federal housing subsidy, amounting to an estimated $47.2 billion in 1990. In contrast, an estimated $17.6 billion was spent for targeted housing assistance during the same period (Sherraden, 1991).

Moreover, in the means-tested rental assistance programs, lending institutions, the construction industry, and real estate agents profit from financing, construction, and management subsidies. In contrast, homeownership subsidies go fully and directly to homeowners (Silver, McDonald, & Ortiz, 1985).

Increasing costs of rental housing have been matched by equally large increases in the cost of homeownership. Since 1981, the rate of homeownership, which had steadily increased to an all time high of 65.6% in 1980, declined for the first time since World War II to 63.9% in 1985 (U.S. Bureau of the Census, 1970–1980, 1980–1985). By 1982, higher home prices, interest rates, and utility costs brought the total cost of owning a home to nearly 40% of median income. These costs were especially high in certain regions of the country, such as Los Angeles, San Francisco, Boston, and New York (Brown, Case, & Baker, 1983). Those particularly hard hit were first time home buyers whose incomes could not keep up with the increasing cash costs of homeownership (Baker & Brown, 1985). Yet despite decreasing affordability, homeownership remains by far the preferred form of housing tenure in America (Tremblay & Dillman, 1983).

Not being able to become a homeowner has long-term negative financial effects. Today's elderly poor are more likely than the non-elderly poor to own their own homes, and thus spend a smaller proportion of their income on housing. These smaller cost burdens result from ownership free of mortgage payments among the elderly poor (Leonard et al., 1989). Thus, a straightforward, long-term effect of homeownership is a lower housing cost burden for those living on minimal retirement incomes. In addition, the home asset can, if necessary, be spent down in later years through home equity loans or reverse mortgages.

Homeownership for the Poor

One straightforward extension of asset-based policy would be to extend homeownership policy to working poor and welfare poor households. This should be done because of the positive welfare effects of ownership, mentioned above, as well as for reasons of equity and preference. Fortunately, several policy precedents exist and, as examples for developing asset-based housing policy for the poor, reviewing these precedents may be instructive.

An Issue of Equity

When income-based rental subsidies and asset-based tax deductions are compared, an issue of equity arises. The nation's most affluent citizens, those with incomes over $30,000, receive the largest federal housing subsidy. According to housing policy expert Cushing Dolbeare:

> Benefits from federal housing programs are so skewed that *the total of all the assisted housing payments ever made under all HUD programs, from the inception of public housing in 1937 through 1980, was less than the cost to the federal government of housing-related tax expenditures in 1980 alone* (quoted in Bratt, 1985, p. 170).

More recently, the total amount of asset-based tax expenditures for 1987 and 1988 alone almost equalled the total amount spent for subsidized housing during the entire 1980s (Leonard et al., 1989). Thus, it seems, at least in the interest of fairness, income-based subsidies should be expanded, or alternatively, as we suggest, asset-based subsidies should be extended to working poor and welfare poor populations.

Preference for Homeownership

A second reason for extending homeownership to the poor is the strong personal preference for homeownership over rental tenancy in America. The positive "mystique" of homeownership is well-accepted — aside from the real difference it makes legally and economically to own a home (Marcuse, 1980, p. 41). As an indicator of socioeconomic status, a mark of accomplishment, and the "embodiment of the American dream" (Hoffman & Heisler, 1988, p. 159), homeownership is often credited with bringing about an increased stake in the local community and, at the same time, offsetting disparities related to occupation and income (Janowitz, 1976; Perrin, 1977; Sternlieb & Hughes, 1982).

According to Marcuse (1972, p. 134), homeownership is "more than merely shelter, but a whole complex of results — outputs — of housing...which include comfort, social satisfaction, economic well-being, creativity, security, and perhaps, political stability." In addition to its tax benefit, the tenancy of homeownership generally provides more control for the occupant, including location (where one wants to live), actions (what one can do in and to the unit), and access (keeping others out or in more easily). Although not a panacea for all social problems, homeownership is, nonetheless, an important step in the right direction (Marcuse, 1975, 1980).

Van Vliet (1988, pp. 329 and 331) succinctly summarizes the material and psychological meaning of American homeownership:

> Not only does it provide shelter that is relatively more secure than that afforded by rental dwellings; it is also seen as a symbol of *success and accomplishment*, expressed in its interior, exterior, and locational characteristics. A private homeowner is viewed as someone who "has made it," in contrast to renters who are typically viewed as transients, still on their way to make it or, when in public housing, stigmatized as an underclass. Private homeownership also confers significant *financial advantages* on owners in terms of tax breaks, helps to provide *security during retirement*, and has been found to *benefit the housing situation of the next generation* (italics added).

These results are consistent with the welfare effects of assets suggested by Sherraden (1991). Moreover, homeowner equity is an historically proven method of exiting poverty for immigrant groups (Bauman, 1987), which suggests asset-accumulation as a strategy for combatting persistent poverty.

Historical Precedents

Prior to 1965, federal low income housing programs did not include the idea of owner/occupancy. And after more than fifty years of extensive experimentation in subsidy strategies, the bulk of directly-assisted housing consists of income-based rental subsidy. This includes a wide variety of programs such as Public Housing, Section 8 New Construction, Moderate Rehabilitation, Substantial Rehabilitation, Section 202 housing for the elderly and handicapped, Section 221(d)(3) below-market interest rates, Section 515 FMHA rental assistance, and other rent supplements (Hayes, 1988).

Only three relatively small programs — Turnkey III, Section 235, and part of Section 236 — have attempted to address the problem of housing the poor through an asset-based approach, i.e., by extending homeownership downward. Historically, a relatively small number of impoverished households have been assisted to buy homes (Silver et al., 1985).

The original effort to make homeowners of the poor began under the provisions of Section 221, but was extended significantly under Section 235 and the public housing Turnkey III program. Grigsby and Rosenburg (1975, pp. 106–107) observe that these program innovations were based on all the traditional rationales for homeownership for the middle class, but added one more point:

> To the extent that black and poor families are denied opportunities to own their homes, they are also denied the most viable hedge against inflation that is open to white and middle income households, and are precluded from participating in an important method of capital accumulation. . .in a society where homeownership is such an integral part of the dominant culture, [the] inability to own one's residence constitutes a basic deprivation in and of itself.

Although the advocates of homeownership for the poor saw it as an instrumental goal which would enable low income homeowners to reach other valued objectives, opponents argued that homeownership would burden poor families with responsibilities that they either did not want, or were not prepared to assume. Furthermore, it was argued that the generally poor quality of housing available for sale to the poor was expensive to maintain and capital appreciation was not likely to occur. There was also controversy about whether poor households had the same preference for homeownership as higher income households (Grigsby & Rosenburg, 1975). Despite these objections, three federal homeownership programs for very poor households eventually were developed.

Turnkey III. The purpose of Turnkey III was to make homeowners out of very low income people who were eligible for public housing. Marcuse (1980, p. 42) explains:

> Under the Turnkey III program, the housing authority...said to the tenant: "You maintain your unit yourself, and we, the housing authority, will take the amount that we would otherwise allocate to maintenance and put it into a homeowners' reserve. When that homeowners' reserve exceeds $2000, you are considered a home buyer (not a homeowner yet, but a homebuyer)." In the meantime, the housing authority is continuing to use its subsidy to pay off the construction cost...[When] the amount that the housing authority still owes on the bonds equals the amount of the homeowners' reserve.... the individual becomes a homeowner.

The design of the Turnkey III program illustrates that homeownership also requires responsibility and resources for the ongoing maintenance and repair of the structure. The Turnkey program also provides a model which enables low income persons to obtain and practice "housing" skills over time; this is consistent with Turner's (1976) view that housing is an "action" as well as a means of shelter. Following the Turnkey III example, future programs to facilitate homeownership for poor households might allow federal subsidy to cover mortgage repayment, while requiring the future owners to invest their time, labor, and resources directly into maintenance and repair as part of the asset accumulation process. Should a "buyer" choose not to retain tenancy in a certain unit, the accumulated reserves could be returned to the "buyer" for an alternative investment.

Such policies would also help with what Hoffman and Heisler (1988) have termed the second component of homeownership, namely "keeping" the home. since financing a home commonly means taking on a 15 or 30 year mortgage, homeownership is actually a two-part process — buying and keeping:

> Policies and programs that aim at supporting the first do not necessarily support the second. The first involves insuring buying affordability, that is, encouraging people to buy by making houses and money available and by providing financial incentives for homeowners. Keeping a home involves policies that permit households to make monthly mortgage payments even though their income and general revenues may suffer temporary setbacks. The continued viability of homeownership is dependent upon both processes, buying and keeping (Hoffman & Heisler, 1988, pp. 149–150).

Section 235. Section 235 was designed to be a mortgage interest support program for low and moderate income families (80% or less of median income) to own a home. The government paid all but 1% of the interest and the homeowner paid up to 20% of his adjusted monthly income on the mortgage. The program obtained 30 year mortgages for both new construction and existing housing. It created about a half a million units, and generally served low income clients well (Hayes, 1988).

In some cities, however, the major flaw in the Section 235 program was not with the welfare participants and public housing tenants who purchased homes, but with the program and the way it was administered. Unethical real estate agents and speculators fraudulently manipulated low income buyers. Unsophisticated buyers were sold homes in terrible condition, with holes in the roof, termites, and non-working water heaters and furnaces. In Chicago, for example, new homes with four-inch outside walls and no insulation were built over a dumpground and underground springs (Fuerst & Williams, 1983).

How did this happen? Boyer's (1973) investigation of the Section 235 program in Detroit uncovered extensive corruption at the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA) which eventually led to more than 16,000 vacant structures and 4000 vacant lots. While HUD pushed the rehabilitation of existing structures (Chandler, 1988), "economic soundness" criteria in HUD policy procedures was lacking. Both the buyer and the home could be approved if certified as a "reasonably accepted risk" (Boyer, 1973, p. 22). In practice, the FHA appraiser frequently "windshielded" the house, i.e., made the appraisal from the car. Phony credit and job reports were often submitted to "ghost buyers." Speculators would purchase a house in an unstable neighborhood for $3000, have it fraudulently appraised by FHA for $12,000, and sign the purchase order themselves. Thus, excessive and fraudulent profits were made on these cosmetically improved, overappraised structures.

This was a set-up for failure. With mortgage insurance approved on a great number of houses with major defects, "homeowners with marginal incomes — faced with major repairs and little equity — frequently abandoned their homes" (Chandler, 1988, p. 77). In other cases, because mortgage rates increased as the owner's income went up, this additional income was not available for necessary repairs. In the end, the real winners were the mortgage companies who charged interest to these first time homeowners as high as 24% (Boyer, 1973). One official described the situation:

> The mortgage and credit companies did not investigate the job and credit information: none of the mortgage companies did in Detroit because the FHA never required them to. The FHA never investigated the information either, because it assumed the mortgage companies checked them out as they do for conventional mortgages. But the mortgage firms felt checking was unnecessary because even if the house foreclosed they got paid by the FHA (Boyer, 1973, p. 145).

This is one more example of hogs in the financial world feeding at the trough of federally-backed loan guarantees. In this case, it was the poor who suffered the most through loss of their homes and discrediting of a potentially successful homeownership program.

Although the program failed in Detroit (Chandler, 1988) and had difficulties elsewhere (McClaughry, 1975), an investigation in Philadelphia, Little Rock, St. Louis, and Denver found that minority families had been helped "to obtain decent housing and to enjoy the benefits, both material and psychological, of is homeownership" (States Commission on Civil Rights, 1971). Nationally, a high rate of families also outgrew the need for subsidy — 37% by the end of fiscal year 1976 (Brownstein, 1977) and an estimated 50% by 1980 (Schussheim, Vanhorenbeck, &

Milgram, 1980). In Chicago, with no inspection, no credit check, and no social service or assistance for these first time homeowners, 80% of Section 235 loans were successful. The Chicago program also provided upward mobility for many large families exiting from public housing:

> It may well be that the single most important aspect of this homeownership program is the fact that it was able to provide in such large measure for these families in a way that is so difficult to achieve in public housing (Fuerst & Williams, 1983, p. 58).

Overall, the primary lesson of Section 235 concerns the unregulated implementation of asset-based, public policy for the poor. Revitalizing Section 235 with strict regulations prohibiting the sale of substandard structures and providing capital funds for moderate rehabilitation could make the program workable. Since young single-parent families are most shut out of the homeownership market in America (Apgar & Brown, 1988), a well-run program along the lines of Section 235 program could be a very positive antipoverty strategy for these families.

Section 236. Although Section 236 was mainly a family rent program run by non-profit groups, a small portion of Section 236 subsidized the construction and operation of housing by cooperatives. In this model, the occupants of public housing had a dual relationship to the dwelling unit, one as a shareholder in the corporation which owned the building, and one as a tenant of the corporation. However, in order to prevent the "inequities of public payment for private ownership," the FHA prevented tenants from selling their share of ownership in the corporation at a profit — a policy contrary to the basic notion of property rights and the commonly-accepted meaning of homeownership (Marcuse, 1980, p. 44).

Current Homeownership Policies for the Poor

In response to the withdrawal of federal housing policy during the 1980s, a wide variety of small, nongovernmental housing experiments have begun in which homeownership and asset accumulation by poor persons has been subsidized (Community Service Society, 1984; Fuller & Scott, 1986; Weiksnar, 1988). In housing, as in many other areas of social welfare, community-based non-profit organizations are attempting to carry out functions previously performed by the public sector. In the case of homeownership programs, many of the non-profit experiments are highly creative and successful, and it would be very desirable for public policy to support such experiments with at least modest funding.

Concerning more direct federal policy, with the passage of the Cranston-Gonzalez National Affordable Housing Act (PL 101-625) in 1990, the Bush administration became the first since Lyndon Johnson's to aggressively pursue homeownership-centered low-income housing policy (Stegman, Quercia, McCarthy, Foster, & Rohe, 1991). A strong voice arguing for asset development and homeownership has been that of HUD Secretary Jack Kemp. Kemp has used his position to emphasize asset accumulation by the poor as a broad theme in domestic policy, hosting asset briefing sessions with top HUD officials and taking the idea to the White House with asset-based proposals in cabinet meetings.

Indeed, proposals for asset development for the poor have begun to appear across the political spectrum. During 1991, Rep. Mike Espy (D, Mississippi) highlighted asset development in a legislative forum of the Congressional Black Caucus and a meeting of the Mississippi Delta Caucus. The Democratic Leadership Council officially endorsed Individual Development Accounts, with matching deposits for the poor, to save for home purchase and other purposes. Bills to establish Individual Development Account demonstrations were introduced in both houses of Congress — in the House by Rep. Tony Hall (D, Ohio) and Rep. Bill Emerson (R, Missouri), and in the Senate by Senator Bill Bradley (D, New Jersey). Hearings on this concept were held in the House Select Committee on Hunger, with other meetings and discussions in such diverse settings as the Center on Budget and Policy Priorities and the White House Domestic Policy Council.

Secretary Kemp's housing initiative, Homeownership and Opportunity for People Everywhere (HOPE), includes a commitment of $3.1 billion dollars over two years (U.S. Department of Housing and Urban Development, 1991). According to David Caprara, a deputy assistant secretary, HOPE programs "link homeownership with job training, economic development, and supportive social services in an attempt to assist low-income people not only in acquiring homes but also in retaining and maintaining them" (National Neighborhood Coalition, 1990, p. 5).

One HOPE initiative promotes ownership of public housing units. However, like the Section 236 program, mentioned above, it is not clear that this would mean full property rights. This proposal would facilitate the sale of public housing to tenant management groups, an idea supported by the successes of a several tenant groups which manage public housing, notably Kenilworth-Parkside in Washington, D.C. and Cochran Gardens in St. Louis, Missouri (Fuerst, 1989). Under these proposals, HUD would sell the property to the tenant management corporation, which in turn would sell individual units to low income households.

This process of selling public housing units to low-income individuals consists of a step-by-step process: (1) making the community secure and drug-free, (2) establishing resident management, (3) setting up job creation and supportive services, and (4) developing a homeownership program design and implementation plan (U.S. Department of Housing and Urban Development, undated). Most observers would agree that the transition of public housing to homeownership is a challenge that will require intensive social support and development (e.g., Stegman, 1991). In St. Louis, for example, negotiations are underway to sell Carr Square Village to tenants. Under this proposal, HUD would provide the money for extensive rehabilitation, and as a condition of the sale, HUD would agree to rehabilitate or build new low income housing units to replace a portion of those that were lost.

Opponents charge that the plan is symptomatic of Bush administration intentions to divest the government of ownership, maintenance costs, and overall responsibility for public housing. From this perspective, the sale of public housing to tenant managed groups is another part of the "fire sale" of federally subsidized properties already being carried out through a variety of mechanisms, including program abandonment, foreclosure, debt collection, transfers of physical assets, and mortgage prepayment (Bratt, 1985: Achtenberg, 1989). Because it is not clear that individuals ever will be able to own their units with freedom to sell at market rates, this is not homeownership in the sense that most Americans understand it. In order to benefit from the material and psychological effects of homeownership, asset-based policy is perhaps better built upon Turnkey III or Section 235 type programs wherein full property rights are promoted.

Conclusion

As this paper indicates, we believe that social welfare or well-being should be thought of as more than a certain level of income. Social policy has been too much focused on income and not enough on assets. In our view, the welfare states of Western Europe and North America have not sufficiently recognized this distinction. This may be particularly true for the United States, a nation that has traditionally upheld the ideal of small property ownership as the basis of a participatory democracy.

During the remainder of the 1990s and beyond, public policy should incorporate asset-based conceptions of social welfare policy for the poor. In many cases, asset-based policy could be combined with income-based policy. The two types of policies would serve complementary, rather than conflicting, purposes.

As this paper suggests, one possibility for extending asset-based policy to poverty households is the rejuvenation of federal homeownership programs, not only the current HOPE initiatives which target public housing residents, but also a variety of homeownership possibilities for working poor and welfare poor populations who currently do not receive public housing assistance. In particular, Turnkey III and Section 235 programs, with revised and improved regulations and administration, could provide opportunities for homeownership to assist more poor households in escaping poverty.

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