

Does Public Housing Have a Future?



By [Peter Dreier](#) - June 8, 2010, 5:14PM

Everybody hates public housing, except the low-income people who live there and the people on the long waiting lists to get in.

Now, after years of neglect, the Obama Administration wants to save public housing for future generations. It has a plan to inject billions of dollars into the developments to make long-deferred repairs.

But a few liberal Congressmembers, advocacy groups, and left-wing academics view the proposal with skepticism, worried that it is really a scheme to "privatize" the government-run housing projects and lead to rising rents, evictions, and perhaps the elimination of scarce affordable housing.

A recent memo written by some radical urban studies professors makes it seem like Obama wants to hand public housing over to Goldman Sachs or turn the low-income projects into luxury housing. And separately, in an [article for Huffington Post](#), George Lakoff, the well-known UC-Berkeley linguistics professor, warns that the Obama administration is trying to "privatize all public housing in America" and "give conservatives a victory they could not have anticipated." It is, Lakoff wrote, evidence of Obama's "move to the right."

The critics raise some important concerns, but their attacks on the Obama administration's motives and objectives are misguided. By doing so, they are playing into the hands of most Republicans, who would like nothing more than to destroy public housing, which to them is a symbol of "big government" and an excessive "welfare state" for the poor. The liberal critics - including some tenants groups, anti-poverty lawyers, and academics -- need to stop the scare tactics and figure out how to seize this rare opportunity to take advantage of having a president who actually wants to preserve public housing for the long term.

As the National Low-Income Housing Coalition stated in its Congressional testimony: "Private resources could be public housing's savior or its greatest enemy." What's important is how the White House and Congress shape the legislation. Recent experience with big banks, the oil industry, the coal mines, the insurance companies, and other sectors suggests that government has to be more than a just a neutral watchdog when it comes to business. The progressive agenda is for government to establish tough rules and regulations, and enforce them with adequate inspectors and penalties, to make corporations behave responsibly.

Ever since it began in the Depression as part of the New Deal, public housing has been a political orphan. The nation's economic collapse provided reformers with a political opening to push their then-radical idea that the federal government should subsidize

"social housing" and help create a noncommercial sector free from profit and speculation. They envisioned that public housing would be for the middle-class as well as the poor. They pushed for well-designed, mixed-income, government-subsidized housing projects, sponsored by unions, church groups, other non-profit organizations, and government agencies.

During its first few years, the New Deal built a few model developments that reflected this vision, described by historian Gail Radford in her book, *Modern Housing for America*. They included day care centers and playgrounds, involved residents in cultural and educational activities, and were physically attractive enough so that middle-class families wanted to live there.

But the reformers were soon outmaneuvered by the real estate industry. The industry -- worried that well-designed and affordable government-sponsored housing would compete with the private sector for middle-class consumers -- warned about the specter of "socialism." After World War Two, recognizing the pent-up demand for housing and fearing competition from public housing, the industry mobilized a major campaign against the program. Especially with the federal housing act of 1949, the industry sabotaged the program by pressuring Congress to restrict its funding, give local governments discretion over whether and where to locate developments, and limit it to the very poor. Senators from the South made sure that local governments had the authority to keep public housing racially segregated.

With limited budgets, many projects were poorly constructed and/or badly designed - ugly warehouses for the poor - stigmatizing "government housing" as housing of last resort. The local housing authorities - at the time owned by local governments but whose boards were dominated by business and real estate representatives -- often sited public housing developments in areas without adequate stores, transportation, or schools, and isolated from middle-class neighborhoods, contributing to the concentration of poor people in cities.

In other words, the problems we now associate with public housing were not inevitable. They were due to political choices made in Congress and at the local level.

Even so, the best-kept secret about public housing is that it actually provides decent, affordable housing for many people. Properly run, it remains one of the best options for housing the poor. Vincent Lane, former chairman of the Chicago Housing Authority (CHA), remembers when public housing was new. In the 1950s, Lane's family moved from the South to a cold-water flat opposite the CHA's Wentworth Gardens public housing development. The CHA project boasted broad playgrounds, heat, hot water, and basketball courts. "I envied the kids in public housing," Lane recalls. "The best housing in the community was Wentworth Gardens."

In many places, this is still true. There are also probably more than 500,000 families on the waiting lists of the nation's 3,060 local housing authorities. In many cities, it takes between two and five years -- and sometimes longer -- to get off the waiting list and into

public housing. Public housing developments are often better - and certainly more affordable -- than apartments available to the poor in the private housing market, which is why the waiting lists continue to swell.

Despite the popular stereotypes, a decade ago high-rises accounted for only one-quarter of public housing buildings. Many of those high-rise projects have been demolished in the past two decades. As a result, most public housing developments today are garden apartments, low-rise walk-ups, and single-family homes or townhouses. But the high-rise projects, most of them in the largest cities, accounted for many of the most problematic developments and cast a giant shadow on the whole program.

Right-wing politicians have long used misleading stereotypes about public housing to attack the very idea of government activism. In the 1980s, the Reagan administration wanted to sell off public housing and eliminate the federal government's commitment to house the poor. During his 1996 campaign, for example, Republican presidential nominee Bob Dole said that public housing was "one of the last bastions of socialism in the world", calling local housing authorities "landlords of misery." More recently, after the Katrina hurricane, Congressman Richard Baker (R-LA) was overheard telling lobbyists, "We finally cleaned up public housing in New Orleans. We couldn't do it, but God did."

Years of opposition to public housing - from the real estate industry and conservatives -- meant that very little of it actually was built. Public housing represents less than one percent of the nation's overall housing stock and only about one-third of government-subsidized housing for the poor. (The Section 8 housing voucher program -- a kind of food stamp program for housing -- is larger in terms of the number of families served, but most low-income families get no federal housing subsidy of any kind).

Most of today's public housing developments were constructed in the 1950s, 1960s, and early 1970s, before the Nixon administration and Congress ended construction of new projects in 1973.

Since then, Congress has failed to provide adequate funding to maintain and repair these developments. Today there are roughly 1.2 million public housing apartments that house about 2.3 million low-income people. Although many of its residents work, they are among the nation's poorest citizens. The average annual income for a public housing household in the United States is \$13,414. Without public housing - for which they pay 30% of their incomes, with the federal government paying the rest - they would inevitably be living in awful substandard slums, or paying half or more of their income just to keep a roof over their heads, or find themselves homeless.

Previous administrations have had little use for public housing and the poor people who live there. In the past 15 years alone, about 200,000 units have been torn down, forcing the tenants to find housing in the private market, where affordable apartments are extremely hard to find. Only about 50,000 of those units have been - or are planned to be - replaced. After years of neglect, the nation's remaining public housing projects now need \$20 billion to \$30 billion of critical repairs, such as new roofs, heating systems,

window, and energy-efficient appliances. The federal government subsidizes tenants' rents, but that isn't enough to pay for decades of deferred maintenance.

The best solution would be for Congress to simply allocate the funding for a one-time infusion to make long-neglected repairs. But because there are so few people who live in public housing, and because they are not well organized, Congress has little incentive to do so. (Last year's stimulus bill include \$4 billion for public housing capital improvements, but that was a one-time emergency measure).

So HUD Secretary Shaun Donovan, who has spent his career improving housing for the poor, has proposed that local housing authorities be permitted to borrow money from private lenders to help fill the funding gap. Officially, his proposal is called the Preservation, Enhancement, and Transforming Rental Assistance Act, or PETRA. Under the plan, HUD would allow local housing authorities to raise rents to market levels, in order to attract private investors. HUD would then fill in the gap between what low-income tenants can afford and the rents. Tenants will continue to pay only 30% of their income for rent.

The Obama administration has asked for \$290M for the first year of the PETRA program, which would attract enough private mortgage loans to repair about 200,000 to 300,000 units. This, however, is simply a downpayment. To leverage the \$25 billion in private funds to upgrade the entire public housing stock, Congress needs to allocate a total of \$800 million to \$1.6 billion a year.

Some tenant groups and their allies worry that, if PETRA passes, private lenders will care more about the bottom line than about tenants' needs, and put their lives, and their housing, at risk. It is, wrote the group of urban studies academics, "the latest attempt to remove safety nets" from the poor. They worry, too, that private investors might be careless stewards of this valuable housing resource. As one public housing tenant activist testified to Congress in May: "Make no mistake, the private market's only motivation here is profit and let us not forget that this is the same private market that just crashed our economy, took billions in taxpayer funded bailouts, and aren't fixing the messing they created."

Given public housing's history, these concerns are understandable. But given the political and fiscal realities, what's needed is a way to allow local housing authorities to borrow private funding while maintaining ownership and control of the developments, and protecting the rights of current and future tenants to decent, affordable, well-maintained housing.

Secretary Donovan needs to do a better job than he did in recent testimony before Congress to address the concerns raised by tenants and their supporters, including Congressmembers Barney Frank and Maxine Waters. For example:

- Donovan's proposal has no cap on the interest rate that lenders can charge housing authorities. This is a serious problem. We've had enough recent experience with

predatory and irresponsible lenders to know that the federal government needs to toughen regulations to protect consumers from greedy lenders. We also need to protect public housing agencies, and their tenants, from rapacious lenders. The best solution would be to require all project to have Federal Housing Administration (FHA) insurance, so they fall under the relatively strict FHA standards for loans.

- Under Donovan's plan, local housing authorizes could, with HUD's permission, charge rents that are 10% over market rates if this is needed to attract private loans. He hasn't yet spelled out what criteria HUD would use before granting these increases. Some critics worry that, under this scenario, tax dollars could be used to give banks and investors a huge, and unnecessary, windfall, especially in high-rent areas like Los Angeles.
- How can Donovan guarantee that Congress will allocate sufficient subsidies to fill the gap between what tenants pay and the higher market rates? This is particularly worrisome if Americans elect a subsequent president or Congress that has less concern for the poor.
- If Congress doesn't provide the needed funds, how will HUD guarantee that local public housing authorities will be able to repay the loans to private banks? And if they don't, what's to stop private lenders from foreclosing on the developments? Some critics warn that once banks take possession of these projects, they could allow the housing to further deteriorate, or sell them off to private developers for market rate housing, especially in cities where they are located in gentrifying neighborhoods? The bill specifies that even in the event of a foreclosure, the units have to remain affordable to low-income renters for at least 30 years.
- Indeed, the current proposal requires that all the public housing repaired under PETRA be affordable to the poor for another 30 years. But the genius of public housing was to provide a permanently affordable stock of noncommercial housing. The nation has already lost hundreds of thousands of privately-owned, government-subsidized housing because the low-income "use restrictions" expired after 20 years. Let's not make that mistake again. When taxpayers' dollars build or repair public housing, those units should be available "in perpetuity" for the nation's poor.
- Although Donovan insists that the local housing agencies will retain both ownership and control of the public housing projects, his proposal allows HUD to wave this obligation. Although the Obama administration may never exercise this option, the legislation needs to lock in public ownership so that subsequent administrations don't put public housing on the auction block.
- Moreover, HUD should not paint all public housing with the same brush. Only developments that really need repairs should be allowed to participate in the PETRA program. HUD needs an updated assessment of the physical condition, and cost of repairs, of every public housing development in the country.
- According to Donovan, PETRA preserves and even strengthens tenants' rights against rent increases and unfair evictions - and gives tenants groups an unprecedented right to organize and have a much stronger voice in the day-to-day operations of their developments. Even so, HUD needs to make sure that the next generation of public housing managers - whether they are on the government

- payroll or hired by local housing authorities to manage the projects - are experienced, qualified, and respect tenant organizing. Perhaps what's needed is a landlord-tenant counterpart to the National Labor Relations Act , giving tenants the right to organize and negotiate collectively with management over issues like maintenance, eviction rules, job training programs, and the provision of social service programs.
- Donovan's plan requires local housing authorities to give tenants the right to return if they have to temporarily vacate their apartments so they can undergo extensive repairs. The plan requires housing agencies to pay tenants for temporary housing and relocation back to public housing. This is an important protection. To make this work, HUD needs to require that local housing agencies keep track of those tenants, inform them of their right to return, and pay for both their temporary housing and their relocation back to public housing.
 - Donovan wants to allow local housing authorities to rent public housing apartments to working class, even middle class, families to restore the original Depression-era vision of mixed-income housing. He wants to remove public housing's stigma as government-subsidized ghettos that concentrate and isolate the poor from the rest of society. This is absolutely the correct idea, but to make it work, Donovan needs to make sure that it is not achieved at the expense of low-income tenants. That means providing poor tenants who voluntarily choose to leave with housing vouchers so they can find and afford private housing, preferably in middle-class neighborhoods. But for that scenario to work, HUD needs to guarantee that there is sufficient low-income rental housing in the area, or market-rate apartments whose landlords who will accept families with HUD vouchers. But tenant-based vouchers are not an adequate replacement for when real units are lost. HUD needs to toughen that part of PETRA that requires local housing authorities to replace any low-income units lost, and the money must be allocated to make this happen.
 - The federal funds used to carry out this PETRA program should not come at the expense of other HUD programs, especially the expansion of the housing voucher program for families now living in private apartments that are too expensive or so run down that they put the tenants, especially children, at risk for their health and safety.

Let's put this debate over public housing in perspective. Last year, the federal government provided American homeowners with \$110 billion in tax deductions for mortgage interest and property taxes. In principle, using tax breaks to help working and middle class families buy and keep their homes is a good idea. But about one-third of this tax subsidy - over \$33 billion - goes to the wealthiest 2.6% of taxpayers with incomes over \$200,000. That annual government subsidy for the richest homeowners could, on its own, pay for the one-time repair of every deteriorating public housing development in the country. Congress has the money to fix public housing, but it lacks the political will.

Unfortunately, the Obama White House and progressive Democrats in Congress cannot simply snap their fingers and usher in a new wave of progressive legislation. We saw this during [the health care debate](#), where reform advocates met enormous resistance from the

drug companies, insurance industry, and their allies in Congress - both Republicans and moderate Democrats. As a result, progressives who wanted a single-payer system, and liberals who wanted a robust "public option," all had to compromise in order to win the landmark legislation that Obama signed in March, expanding coverage for over 30 million Americans and improving existing coverage for many more. Progressives know that this bill is not the end of health care reform, but a foundation on which to build in the future.

In one way or another, health care reform affected a majority of all Americans. In contrast, public housing has very little direct impact on most Americans. It is not very high on the nation's political radar, certainly far below other housing issues, like the epidemic of foreclosures facing families and communities across the country.

So having a President, a HUD Secretary, and Congress that wants to invest their political capital - as well as real money - in public housing is a rare moment. This may be the last chance for public housing advocates to make a difference, because many of the projects have already reached, or will soon reach, the tipping point when they are beyond repair.

Challenging the Obama administration to clarify and improve its PETRA plan is a good strategy. But they should be pushing for what the radical Michael Harrington called the "left wing of the possible." This is no time for progressive housing activists and advocates to waste time on finger-pointing, name-calling, and fear-mongering, or confusing most Republicans' disdain for the poor and public housing with Obama's willingness to find solutions that will preserve public housing for America's neediest families.