

Comment on Lawrence J. Vale's "Beyond the Problem Projects Paradigm: Defining and Revitalizing 'Severely Distressed' Public Housing"

Richard C. Gentry
Richmond Redevelopment and Housing Authority

Introduction

In 1989 Congress appointed the National Commission on Severely Distressed Public Housing and directed it to develop a national action plan to eradicate severely distressed public housing by the year 2000. Members of the commission visited more than 25 different cities and held more than 20 public hearings on the subject. The commission gathered a wealth of testimony from public housing leaders, city officials, community-based organizations, and, most important, the residents. A comprehensive national action plan was released in August 1992.

Larger systemic problems unquestionably confront the public housing industry, but the commission focused primarily on the elimination of the social and physical blight of the most severely distressed public housing developments in the nation. According to the commission's final report, 6 percent of the nation's public housing stock is severely distressed. Six percent, or 86,000 units, of approximately 1.4 million public housing units are by any definition unsound, unsafe, and intolerable for residents who live there.

Although 94 percent of the nation's public housing developments are not considered severely distressed, there are a disproportionate number that are troubled to a lesser degree. The commission's focus was not to overhaul the entire system, however, but to develop a specific blueprint reversing the downward spiraling trend of the most severely distressed public housing properties.

In his evaluation of the commission's findings, Massachusetts Institute of Technology Urban Studies and Planning Professor Lawrence J. Vale criticizes the commission's finding that only 6 percent of all public housing is severely distressed. He declares that the figure is underreported and misleads policy makers into believing that the rest of public housing is stable.

Vale charges the commission with taking an inadequate approach to addressing public housing's substantial problems. He believes the commission erred by calculating the number of properties in severe distress rather than identifying and eliminating the root problems that cause distress. According to Vale, most public housing residents live in routine distress resulting from the existing social and economic disadvantages within their communities. He contends that the larger implications of distressed public housing reveal deeper design imperfections within the public housing system.

Professor Vale accurately asserts that federal public housing program design is in and of itself problematic. Further, it is true that the public housing program will not be cured of its problems until a broader paradigm is defined incorporating the root causes of distress. However, the need for a broad-based change in public housing program design is not contradictory to either the purpose or the conclusions of the National Commission on Severely Distressed Public Housing. In this article, I offer my own perspective on the dysfunctional nature of the current public housing program.

The problems of severely distressed projects are unique

In addition to the systematic problems caused by federal public housing policy, there are several individual public housing properties currently in various stages of acute distress that are not symptomatic or characteristic of public housing problems in general. These properties comprise a relatively small number of severely distressed inner-city developments that do not fit the norm in the typical public housing inventory. Located primarily in large urban areas such as New Orleans, Philadelphia, St. Louis, and Chicago, these developments experience unique problems such as poor physical condition, bad project designs, high population density, and deteriorating surrounding areas. They tend to be situated in problematic inner-city locations with a diminishing tax base, impoverished citizenry, and escalating crime rates that present special challenges for city officials in the areas surrounding the distressed projects.

My experience as the executive director of the Austin, Texas, Housing Authority (AHA) validates the commission's view that there are a few distressed projects causing negative consequences far beyond their portion of the public housing inventory. Austin

is certainly not a large distressed urban area. Nonetheless, the AHA public housing inventory includes a 300-unit distressed project, Booker T. Washington Homes (BTWH). By 1987, BTWH had been mostly vacated because of a combination of poor management, high crime, poor maintenance, and, most important, physical danger from poor project design. Most of the buildings had been built on a soil base that alternately expanded and contracted with rainy and dry weather.

Over the years, many of the BTWH buildings had cracked and sagged and become uninhabitable. Nearby buildings, although physically safe, had deteriorated through poor management, lack of upkeep, and declining socioeconomic conditions of the surrounding area. The problems associated with this property, although exacerbated by poor federal program design, were not caused specifically by the need for reform of the larger public housing policy issues. BTWH's problems were unique. With much attention and help from the local offices of the U.S. Department of Housing and Urban Development (HUD), BTWH was successfully revitalized utilizing a combination of demolition, new construction, and modernization of existing buildings. Density was reduced, and management and resident regulations were revised; the property successfully underwent a change in character. Since 1989, BTWH has served its purpose well within the broader constraints of federal public housing policy.

The National Commission on Severely Distressed Public Housing was convened to develop an approach dealing with that part of the public housing inventory represented by BTWH in Austin, Texas. The commission, in fulfilling its congressionally mandated task, did not overlook or obviate other areas needing scrutiny. Rather, it merely isolated one part of the public housing program for analysis. Whatever our paradigm of the public housing program may be, it needs to be broad-based and adaptable enough to deal with both the problems related to individual distressed projects addressed by the commission and the dysfunction caused by poor federal program design.

Beyond severely distressed public housing projects

Professor Vale makes an excellent point that addressing the worst public housing properties is not enough in itself to solve the problems in the public housing program. He stresses that an

element of distress permeates the public housing program and that it is related to the broad decline in the income levels of public housing residents nationwide and the attendant socioeconomic problems associated with long-term concentrations of poverty. Professor Vale is right.

The concentration of poverty is the most significant issue in public housing today. Families are devastated by the proliferation of drugs, crime, joblessness, fragmented families, and, in some cases, the physical dilapidation of poorly designed buildings. In addition, public housing has become a breeding ground for apathy and hopelessness. Although these problems are magnified within severely distressed public housing, the long-term distress caused by concentrations of poverty is pervasive throughout the public housing system including those housing developments considered more stable.

The social conditions in which public housing families live is equally disturbing. The commission found that 80 percent of the families in large public housing authorities (PHAs) live below the poverty level and generate income equaling only 20 percent of the local median. Most subsist on public assistance, and two-thirds are single-parent households.

The concentration of very poor families in public housing, referred to by Professor Vale, is partly created by poor federal program design. The poor program design can be characterized by two broad factors that, over the years, have had a disastrous effect on public housing: admission preference and the methodology for determining rent.

Admission preference

From 1937 through the immediate post-World War II period, income eligibility standards for occupancy were based on factors in the local housing market. Families were eligible for occupancy if their incomes did not exceed 80 percent of the income required to rent affordable housing available in the private market.

After World War II, federal housing policy regulations for public housing occupancy were changed by mandating a reduction of income limits and by forcing the rapid eviction of families that exceeded these reduced limits. During the 1960s HUD issued regulations requiring that tenant selection procedures follow a

first-come, first-served approach, restricting the discretion of local housing authorities to screen tenants and maintain a cross-section of lower income occupancy.

Public housing increasingly became occupied by lower income families, including a growing population of single-parent households. In large cities, public housing gradually became the housing for the most deprived and troubled families. The public housing program was not designed to handle the increasing concentration of socioeconomic problems, nor did it have adequate resources to address the increasing problems.

The accommodation of growing numbers of lower income residents paying lower rents generated a corresponding increase in necessary public housing operating subsidies, because the residents could not pay an aggregate rent sufficient to cover costs. Additional federal operating assistance was needed but slow in coming. By the mid-1970s, a structured system of operating assistance was developed, but in the meantime local PHAs were forced to cut costs by deferring maintenance and reducing much needed services. This contributed to severe physical blight on buildings in heavily populated urban areas and further exacerbated the worsening socioeconomic problems.

In the 1980s, the federal government again revised public housing policy and required that a greater percentage of public housing units go to very low income applicants, those whose income is less than 50 percent of median. Also, in the 1980s, federal policy was changed to require that local housing authorities give preference to three categories of applicants: those without or about to be without housing, those living in substandard housing, and those paying more than 50 percent of their income for rent. Although it was a well-intentioned effort to serve the most needy, the cumulative effect of these changes was to further concentrate the very poor in public housing, as dramatically shown in Professor Vale's tables, with the resultant exacerbation of socioeconomic problems.

These changes in federal policy in the 1980s completely reversed the original policy in the 1937 Housing Act (restated as late as the 1974 Housing Act), which allowed a selection of families from a cross-section of income ranges within the eligible income limits. These federal policy changes also completed a long-term erosion of the original policy of granting flexibility on admissions decisions to offices at the local level.

Methodology for determining rent

Arguably, the single most dysfunctional activity within the public housing program today is the methodology for determining rent. This methodology was first enunciated in the Brooke Amendment of 1969 to the U.S. Housing Act, which limited residents' rents to no more than 25 percent of income. Seeming well-intended and innocuous at first, this legislation has had the disastrous effect of limiting public housing residents' upward mobility.

Revisions to the Brooke Amendment in the 1970s and 1980s included the following provisions: The 25 percent rate was revised to 30 percent, ceiling rents were eliminated, minimum rents were severely constrained, exemptions and deductions were restricted, and, most important, local options or variations were prohibited. The effect on public housing residents has been to discourage positive, productive behavior and to encourage the resident family to remain in a position of dependency. The impact is clear: If a resident becomes employed, she automatically loses 30 percent of her income to the local housing authority in increased rent. She loses a percentage to the U.S. Treasury in federal income taxes. If applicable, she loses a percentage to the state and/or local governments in income taxes. She incurs costs associated with employment, such as transportation, clothes, or equipment. She may have child care costs, and, on top of everything, she will likely lose her family's eligibility for Medicaid.

The cumulative effect of all these changes is the typical public housing resident who goes to work and will be fortunate enough to realize 30 to 35 cents on the dollar, excluding the loss of Medicaid. In all of this, the chief culprit is increasing rent. The effect of the loss in income is confiscatory, and the public housing resident is not presented with a realistic way to gradually work her way out of poverty. Sadly, the reform that began in 1969 as a means for protecting public housing residents from unreasonably high rents has itself become a means for enslaving public housing residents in a dependency relationship that requires heroic efforts to escape.

It is federal policy that mandates the methodology for determining rent, just as it is federal policy that mandates admission preferences. The cumulative effect of these federal policies is the concentration and isolation of severely deprived poor families in public

housing. These federal policies contribute to the continuing poverty of families living in public housing because of the severe disincentives for positive, productive behavior. And it is these same disastrous federal policies that have caused the broad decline in the income levels of public housing families nationwide and the attendant socioeconomic problems associated with long-term concentrations of poverty. These same federal policies must be changed if the long-term problems of public housing are to be solved and if the program is to be cured of its underlying distress.

Conclusion

A need exists for more than one paradigm in dealing with the problems of distressed public housing. The National Commission on Severely Distressed Public Housing was correct to focus on the dire problems of the most severely distressed public housing projects in the nation. There are relatively few properties with problems that are not the norm in the public housing industry. These critical problems need to be addressed in project-specific, nontraditional ways. The commission was correct to address the problems of these most distressed properties as a separate, unique endeavor.

Nonetheless, Professor Vale's observations concerning the degree of distress permeating the public housing program are also accurate and true. Unlike the "severe distress" addressed by the commission, which is focused on particular, unique properties, the underlying distress running throughout the public housing program is systemic in nature and grounded in federal policy. Regulatory and statutory barriers erected by the federal government, ostensibly serving the very poor through admissions preference and rent methodology, have had a disastrous countereffect. The real effect of federal policy has been the concentration of very poor families in public housing and the entrapment of these families in long-term dependency.

There is a great need for reform and revision of federal policy associated with the design of the public housing program. The reform must be systemic and industrywide. In particular, the reform must focus on the broad areas of admissions preference and methodology for determining rent. Until we return to a national policy grounded in the broad overriding principles of

local decision making and resident upward mobility, the level of distress in the public housing program will continue to rise.

Author

Richard C. Gentry is the Executive Director of the Richmond, Virginia, Redevelopment and Housing Authority and former Executive Director of the Austin, Texas, Housing Authority.